

# Corporate Governance

The Bank is fully committed to living its core values and fair dealing in all its activities. The Bank's core values are captured as LIFRR which stands for Lasting Values, Integrity, Forward-looking, Respect and Responsibility. The Bank upholds the highest standards of corporate governance and complies in all material aspects with corporate governance regulations, code and guidelines established in Singapore.

Disclosures made pursuant to the Bank's corporate governance practices are summarised on pages 61 and 62 of this Annual Report.

## Board Matters

### Principle 1: The Board's Conduct of Affairs

The Board is elected by the shareholders to supervise the management and affairs of the Bank. The prime stewardship responsibility of the Board is to ensure the viability of the Bank and to ensure that it is managed in the best interests of the Bank as a whole while taking into account the need to safeguard the interests of shareholders, customers and other stakeholders. The Bank has a board charter approved by the Board.

Broadly, the responsibilities of the Board include the following:

- reviewing, approving and overseeing the implementation of strategic direction and overall business objectives as well as organisation structure, as developed and recommended by management;
- ensuring that decisions and investments are consistent with long-term strategic goals;
- ensuring that the Bank operates in such a way as to preserve its financial integrity and in accordance with policies approved by the Board;
- overseeing, through the Audit Committee, the quality and integrity of the accounting and financial reporting systems, disclosure controls and procedures and internal controls;
- providing oversight in ensuring that the Bank's risk appetite and activities are

consistent with its strategic intent, operating environment, effective internal controls, capital sufficiency and regulatory standards;

- overseeing, through the Risk Management Committee, the establishment and operation of an independent and effective risk management system, processes and internal control mechanism for managing risks on an enterprise-wide basis, and ensuring that the risk management function is sufficiently resourced to manage the various risks exposed by the Bank and that it has appropriate independent reporting lines;
- reviewing any transaction for the acquisition or disposal of assets that is material to the Bank;
- ensuring that the necessary resources are in place for the Bank to meet its objectives;
- reviewing management performance and ensuring that management formulates policies and processes to promote fair practices and high standards of business conduct by staff;
- overseeing, through the Ethics and Conduct Committee, the establishment and review of the code of conduct and ethics as well as the culture and conduct framework emphasising integrity, honesty and proper conduct at all times with respect to internal dealings and external transactions, including situations where there are potential conflicts of interest;
- overseeing, through the Nominating Committee, the appointment or reappointment, election or re-election, resignation and retirement of Directors

of the Bank as well as the appointment, dismissal, resignation and retirement of senior management, ensuring that principles of transparency, accountability and meritocracy are observed;

- overseeing, through the Remuneration Committee, the design and operation of an appropriate remuneration framework, and ensuring that remuneration practices are aligned to and in accord with the remuneration framework;
- providing a balanced and understandable assessment of the Bank's performance, position and prospects, including interim and other price-sensitive public reports as well as reports to regulators;
- ensuring that obligations to shareholders, customers, employees and others are understood and met;
- maintaining records of all meetings of the Board and Board Committees, particularly records of discussion on key deliberations and decisions taken;
- identifying the key stakeholder groups, recognising that perceptions affect the Bank's reputation; and
- considering, through the Board Sustainability Committee, sustainability matters, e.g. environmental, social and governance (ESG) factors, as part of strategy formulation.

Directors with conflicts of interests are required under the Bank's Constitution to recuse themselves from meetings and decisions involving issues of conflicts.

### **Board Approval**

The Bank has documented internal guidelines for matters that require Board approval. These guidelines are communicated to management in writing. Matters which are specifically reserved for Board approval, amongst others, are:

- corporate strategy and related operational plans;
- material acquisition and disposal of assets;
- corporate or financial restructuring; and
- share issuance, dividends and other returns to shareholders.

The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to the Board Committees and management to optimise operational efficiency.

### **Board Access to Information**

Directors are provided with complete information related to agenda items in a timely manner before each meeting to allow adequate time for review. Directors are also equipped with electronic tablets that allow secured access to Board and Board Committee meeting materials, including background information on matters to be addressed by the Board. On an on-going basis, relevant information is also provided to Directors to enable them to make informed decisions when discharging their duties and responsibilities. This includes information such as disclosure documents, monthly internal financial statements, risk management reports, operating plans, forecasts, and reports of variances from operating plans and forecasts.

The Board and its Committees have unfettered access to information which the Bank is in possession of and to the Bank's senior management and Company Secretary. The Directors, individually or as a group, can also take independent professional advice from external advisors (when necessary) at the Bank's expense. The role of the Company Secretary is defined. The Company Secretary attends

all board meetings and ensures that board procedures and applicable regulations are complied with. Under the direction of the Chairman, the Company Secretary ensures good information flows within the Board and its Committees and between senior management and non-executive Directors, and facilitates the orientation of new Directors and professional development of Directors, as required. The appointment and removal of the Company Secretary requires Board approval.

### **Board Committees**

While the Board has ultimate responsibility for the affairs of the Bank, various Board Committees have been established to assist the Board in discharging its duties more effectively. The Board Committees have clearly-defined terms of reference and changes to the terms require Board approval. The Board and its Committees maintain records of all meetings setting out in detail key deliberations and decisions taken. The minutes of each Committee meeting are also circulated to members of the Board who are not members of that particular Committee. The composition and summary terms of reference of each of these Committees are as follows.

#### **• Executive Committee**

The Executive Committee comprises Dr Lee Tih Shih (Chairman), Mr Andrew Lee and Dr Andrew Khoo. A majority of the Committee, i.e. Mr Andrew Lee and Dr Andrew Khoo, are independent Directors.

The Committee has written terms of reference that describe the responsibilities of its members.

The Executive Committee oversees – within the parameters delegated by the Board – the management of the business and affairs of the Bank and the Group. It reviews the Bank's policies, principles, strategies, values, objectives and performance targets. These include investment and divestment policies. It also endorses such other matters and initiates such special reviews and actions as are appropriate for the prudent management of the Bank.

#### **• Nominating Committee**

The Nominating Committee comprises Dr Andrew Khoo (Chairman), Mr Andrew Lee, Ms Christina Ong, Mr Pramukti Surjandaja and Ms Tan Yen Yen. All members, other than Mr Pramukti Surjandaja, are independent Directors.

The Committee has written terms of reference that describe the responsibilities of its members.

The Nominating Committee plays a vital role in reinforcing the principles of transparency, accountability and meritocracy at the Bank. It plans for board succession and ensures that only the most competent individuals capable of contributing to the success of the organisation are appointed. This includes reviewing all nominations for the appointment or reappointment, election or re-election as well as resignation or retirement of Directors and members of the Executive Committee, Remuneration Committee, Audit Committee, Risk Management Committee, Ethics and Conduct Committee and Board Sustainability Committee. The Nominating Committee also has oversight of the appointments of directors to boards of key subsidiaries to ensure governance standards are aligned with the Bank's. On an annual basis, the Nominating Committee is charged with determining whether or not a Director is independent, capable of carrying out the relevant duties and qualified to remain in office. In addition, it reviews nominations for the appointment as well as dismissal, resignation or retirement of senior management, including the Chief Executive Officer (CEO), Chief Financial Officer, Chief Risk Officer and Chief Operating Officer. It makes recommendations to the Board on relevant appointments, including the compensation package for offer of employment, promotion and cessation of employment. The Nominating Committee reviews obligations arising in the event of the termination of the contracts of service of executive Directors and senior management, to ensure such contracts contain fair and reasonable termination clauses.

- **Audit Committee**

The Audit Committee comprises Mr Chua Kim Chiu (Chairman), Ms Chong Chuan Neo and Ms Tan Yen Yen. All members, including the Chairman, are independent Directors and have recent and relevant accounting or related financial management expertise or experience. The Audit Committee members are not partners of PricewaterhouseCoopers LLP, the external auditor of the Bank, and hold no financial interest in the firm.

The Audit Committee performs the functions specified in the Companies Act, the Code of Corporate Governance 2018 (the Code), the Singapore Exchange Securities Trading Limited (SGX-ST) Listing Manual, and the corporate governance regulations and guidelines issued by the Monetary Authority of Singapore (MAS).

The Committee has written terms of reference that describe the responsibilities of its members. The Board approves the terms of reference of the Audit Committee. The Committee may meet any time and no fewer than four times a year. It has full access to and co-operation from management, and has the discretion to invite any Director and executive officer to attend its meetings. It has explicit authority to investigate any matter within its terms of reference.

Further information on the Audit Committee is provided under Principle 10 on pages 56 to 58.

- **Remuneration Committee**

The Remuneration Committee comprises Ms Christina Ong (Chairman), Mr Andrew Lee, Dr Andrew Khoo and Mr Pramukti Surjaudaja. All members are non-executive Directors and, other than Mr Pramukti Surjaudaja, are also independent Directors. All are knowledgeable in executive compensation matters, given their extensive experience in senior corporate positions and major appointments.

The Committee has written terms of reference that describe the responsibilities of its members.

The Remuneration Committee recommends to the Board a framework for determining the remuneration of executive officers, and reviews the remuneration practices to ensure that they are aligned with the approved framework. It is empowered to review the human resource management policies and the policies governing the compensation of executive officers of the Bank and its subsidiaries, as well as the remuneration of senior executives and Directors. In addition, the Remuneration Committee administers employee share ownership schemes. In its deliberations, the Remuneration Committee takes into account remuneration principles, practices and standards that may be specified by MAS from time to time.

- **Risk Management Committee**

The Risk Management Committee, which supports the Board in performing its risk oversight responsibilities, comprises Mr Andrew Lee (Chairman), Mr Chua Kim Chiu, Ms Tan Yen Yen and Ms Helen Wong. All members, other than Ms Helen Wong, are independent Directors. All members have the relevant technical financial expertise in risk disciplines or businesses to discharge their responsibilities. Mr Chua Kim Chiu and Ms Tan Yen Yen also serve on the Audit Committee. The common membership helps to facilitate communication and foster the sharing of information and knowledge between the two Committees.

The Committee has written terms of reference that describes the responsibilities of its members.

The Committee reviews the overall risk management philosophy in line with the overall corporate strategy as set and approved by the Board. It oversees the establishment and operation of an independent risk management system for identifying, measuring, monitoring, controlling and reporting risk on an enterprise-wide basis. This includes ensuring the adequacy of risk management practices for material risks such as credit, market, liquidity,

operational, information security and digital, conduct, money laundering and terrorism financing, legal, regulatory, reputational, strategic as well as ESG risks.

The Committee reviews the scope, effectiveness and objectivity of the Group Risk Management Division. It ensures that the risk management function has appropriate independent reporting lines and is adequately resourced with experienced and qualified employees to monitor risk by the various risk categories. It approves the risk management frameworks, internal control systems and major policies, as well as reviews the risk appetite statement, risk disclosure policy and risk management principles for the approval of the Board. It also reviews the risk profile, risk tolerance level and risk strategy of the Bank for effective risk management, as well as the risk reports to monitor and control risk exposures. The Chief Risk Officer has direct reporting lines to the Committee and CEO.

Activities performed by the Risk Management Committee are also described under the section on Risk Management on pages 70 to 83.

- **Ethics and Conduct Committee**

The Ethics and Conduct Committee supports the Board in overseeing efforts to build and maintain a strong and responsible organisational culture firmly founded on the Bank's LIFRR core values and the spirit of long-term thinking. The Committee comprises Ms Christina Ong (Chairman), Mr Andrew Lee and Ms Chong Chuan Neo. All members are independent Directors.

The Committee has written terms of reference that describe the responsibilities of its members.

The Committee reviews and assesses the state, adequacy, effectiveness and relevancy of the Bank's culture and conduct programmes and initiatives. Such review and assessment take into account regulatory policies, guidelines and expectations and desired outcomes. The Committee also reviews communications to stakeholders on core values, desired behaviours, ethics, culture and conduct.

### • Board Sustainability Committee

The Board Sustainability Committee was established on 7 February 2023 to support the Board in its oversight of the Bank's sustainability matters. The Committee comprises Ms Chong Chuan Neo (Chairman), Mr Andrew Lee and Ms Helen Wong. The members, other than Ms Helen Wong, are independent Directors.

The Committee has written terms of reference that describe the responsibilities of its members.

The Committee provides strategic direction on sustainability issues, with a focus on climate and environmental matters. It approves and oversees the management and monitoring of

ESG factors that are material to the business and considers the Bank's position on relevant emerging sustainability trends and issues. It also has oversight of the Bank's sustainability reporting including climate-related disclosures.

### Directors' Attendance at Board and Board Committee Meetings in 2022

Details of attendance at scheduled Board and Board Committee meetings are described in the tables below. In addition, the Directors also attended management strategy briefings as well as Board Committee briefings at the invitation of the respective Committee on critical subjects such as macroeconomic developments, regional business operations, climate and sustainability and new accounting standards.

Name of Director	Board		Executive Committee (Exco)		Audit Committee (AC)	
	Scheduled	Ad Hoc	Scheduled	Scheduled	Ad Hoc	
	Held <sup>(1)</sup> /Attended	Attended	Held <sup>(1)</sup> /Attended	Held <sup>(1)</sup> /Attended	Attended	
Ooi Sang Kuang <sup>(3)</sup>	5/5	1	4/4	5/5	1	
Chong Chuan Neo <sup>(4)</sup>	4/4	1	–	3/3	1	
Chua Kim Chiu	5/5	1	–	5/5	1	
Andrew Khoo <sup>(5)</sup>	5/5	1	3/3	2/2	1	
Koh Beng Seng	5/5	1	4/4	–	–	
Andrew Lee <sup>(6)</sup>	4/4	1	3/3	–	–	
Lee Tih Shih <sup>(7)</sup>	5/5	1	4/4	–	–	
Christina Ong	5/5	1	–	–	–	
Pramukti Surjaudaja <sup>(8)</sup>	5/5	1	–	–	–	
Tan Ngiap Joo <sup>(9)</sup>	4/4	1	1/1	4/4	1	
Tan Yen Yen <sup>(10)</sup>	5/5	1	–	5/5	1	
Wee Joo Yeow <sup>(11)</sup>	5/5	1	1/1	–	–	

Name of Director	Nominating Committee (NC)		Remuneration Committee (RC)		Risk Management Committee (RMC)		Ethics and Conduct Committee (ECC)		ID Meeting	AGM <sup>(2)</sup>
	Scheduled	Ad Hoc	Scheduled	Scheduled	Scheduled	Scheduled	Scheduled			
	Held <sup>(1)</sup> /Attended	Attended	Held <sup>(1)</sup> /Attended	Held <sup>(1)</sup> /Attended	Held <sup>(1)</sup> /Attended	Held <sup>(1)</sup> /Attended	Held <sup>(1)</sup> /Attended			
Ooi Sang Kuang <sup>(3)</sup>	2/2	4	3/3	2/2	2/2	–	–	–	1	
Chong Chuan Neo <sup>(4)</sup>	–	–	–	–	1/1	1	1	1	1	
Chua Kim Chiu	–	–	–	6/6	–	1	1	1	1	
Andrew Khoo <sup>(5)</sup>	1/1	4	1/1	–	1/1	1	1	1	1	
Koh Beng Seng	–	–	3/3	6/6	–	1	1	1	1	
Andrew Lee <sup>(6)</sup>	1/1	4	–	5/5	1/1	1	1	1	1	
Lee Tih Shih <sup>(7)</sup>	–	–	–	–	1/1	–	–	–	1	
Christina Ong	2/2	4	3/3	–	2/2	1	1	1	1	
Pramukti Surjaudaja <sup>(8)</sup>	1/1	–	1/1	–	2/2	–	–	–	1	
Tan Ngiap Joo <sup>(9)</sup>	1/1	–	2/2	–	–	1	1	1	1	
Tan Yen Yen <sup>(10)</sup>	1/1	4	2/2	4/4	–	1	1	1	1	
Wee Joo Yeow <sup>(11)</sup>	1/1	–	2/2	6/6	–	1	1	1	1	

#### Notes:

- (1) Reflects the number of meetings held during the time the Director held office.  
(2) Other than Chairman of the Board, Board Committees and Group CEO, all other Board Members attended the 2022 AGM through webcast (audio-visual) or audio.  
(3) Ceased to be RMC member on 23 April 2022.  
(4) Appointed as non-executive and independent Director and AC member on 18 February 2022, and as ECC member on 23 April 2022.  
(5) Appointed as NC Chairman, Exco and RC member on 23 April 2022, and ceased to be AC and ECC member on 23 April 2022.

- (6) Appointed as non-executive and independent Director and RMC member on 18 February 2022, and as Exco, NC and ECC member on 23 April 2022.  
(7) Ceased to be ECC member on 23 April 2022.  
(8) Ceased to be NC member and appointed as RC member on 23 April 2022.  
(9) Ceased to be RC Chairman, Exco and NC member on 23 April 2022. Stepped down as Board and AC member on 1 October 2022.  
(10) Appointed as NC and RMC member, and ceased to be RC member on 23 April 2022.  
(11) Ceased to be NC Chairman, Exco, and RC member on 23 April 2022.

Directors attend and actively participate in Board and Board Committee meetings. Their contributions go beyond attendance at meetings. They individually or collectively engage with other Board members and Management outside formal meetings in their oversight of the affairs of the Bank.

In 2022, the Board and its Committees held a total of 33 meetings. The Bank's Constitution provides for Directors to participate in Board and Board Committee meetings by means of video or audio conferencing.

### **Board Orientation and Development**

A formal appointment letter and a director handbook are provided to every new Director. The handbook sets out, along with other corporate information, the time commitment required and the duties and obligations of Directors, as well as relevant rules and regulations such as those relating to the Banking Act and SGX-ST Listing Manual. The Bank conducts a focused orientation programme, presented by the CEO and senior management, to familiarise new Directors with its business and governance practices. The programme also enables the new Directors to be acquainted with senior management, thereby facilitating the latter's interaction with and access to the Directors. Arrangements are made for new Directors to visit the Bank's operations and facilities.

On a continuing basis, the Directors receive appropriate development to perform their roles on the Board and its Committees. This includes updates on global trends and regulatory developments as well as their impact on business, new businesses and products, sustainability, accounting and finance, corporate governance, risk management and anti-money laundering issues as well as fintech, technology and cybersecurity, which are provided by subject matter experts from within and outside the Bank. When deciding on the scope of the development to be provided, the knowledge and skills required to enable Directors to properly discharge their duties as members of the Board and its Committees are taken into account.

The Directors participate in external courses and learning experience as and when needed. The Bank funds the training and development programmes that it arranges for existing and new Directors. There is a formal record of all attendance at training sessions.

Training and updates provided to Directors in 2022 were on subjects that included:

- China's Dual Circulation Strategy and its Implications for Industries and Opportunities for Banks
- Technology Risk Updates
- Environmental, Social and Governance Essentials
- Climate & Sustainability: Strategic Implications and Board & Management Responsibilities
- Briefing on SFRS (I) 17 Insurance Contracts
- Anti Money Laundering / Countering the Financing of Terrorism

### **Principle 2: Board Composition and Guidance**

The Bank has majority representation of independent Directors on its Board.

An independent Director of the Bank is one who is independent of any management, substantial shareholder and business relationship with the Bank, and who has not served for more than nine years on the Board. The Board at present comprises nine Directors of whom six, a majority, are independent Directors. They are Mr Andrew Lee, Ms Chong Chuan Neo, Mr Chua Kim Chiu, Dr Andrew Khoo, Ms Christina Ong and Ms Tan Yen Yen.

Dr Lee Tih Shih is not independent of a substantial shareholder. Mr Pramukti Surjajudaja is not an independent director as he has served for more than nine years on the Board and has an immediate family member, a sister, who is chief executive of the Bank's subsidiary, PT Bank OCBC NISP Tbk. Ms Helen Wong, appointed on 7 February 2023, is deemed not independent by virtue of her executive role as Group Chief Executive Officer of the Bank.

Ms Christina Ong is senior partner and chairman of Allen & Gledhill LLP (A&G), one of several law firms which provides

legal services to and receives fees from the Bank. She did not involve herself in the selection and appointment of legal counsels for the Group. Her interest in A&G is less than 5% and the fees paid by the Group do not form a significant portion of A&G's revenue. She is also an independent director of Singapore Telecommunications Ltd which provides telecommunication services to and receives payments from the Bank, not unlike many organisations in Singapore. The Nominating Committee (with Ms Christina Ong recusing) also notes that these business relationships have not affected her conduct at meetings where her deliberations and constructive views consistently reflect her independent business judgement. Ms Christina Ong is deemed an independent Director.

The Board reviews the size of Board and Board Committees annually and considers the current number of Board and Board Committee members to be appropriate given the size of the Group and its business complexity. It also assesses the diversity of members' profiles and determines the collective skills required to discharge its responsibilities effectively, keeping in view the Group's strategic objectives. A Board Diversity Policy, setting out the approach to diversify the appointment of members and composition of the Board has been established and is published on the Bank's website. The policy embraces the diversity of skills, knowledge, experience including familiarity in the Bank's core markets, age, gender, nationalities and length of service as well as merit and independence. Steps are taken to improve effectiveness where necessary. In assessing the Board's mix of skills, knowledge, experience, competencies and other aspects of diversity such as gender and age, the Board agreed to adopt a gender diversity target that is aligned with the gender diversity target set by the Council for Board Diversity (CBD). The CBD advocates for women board representation of 25% by 2025 and 30% by 2030. The Bank currently has four women directors or more than 25% women representation on its board of directors. It will maintain at least 25% women representation on its board of directors until 2025 and review the targeted representation subsequently.

### Board Competencies and Skills

#### Intrinsic Competencies

Strategy formulation & management experience

Banking & Finance

Insurance

Digital banking & cyber risk

Core market experience in Greater China, Malaysia and Indonesia

Sustainability/ESG

#### Foundational Skillsets

Risk management

Regulatory

Accounting

Law

### Corporate Strategy

#### Drive Growth

1. Capture rising Asian wealth with our Singapore-Hong Kong hubs and digital propositions
2. Support increasing ASEAN-Greater China trade and investment flows
3. Unlock value from New Economy and high-growth industries
4. Drive transition to a sustainable low-carbon world

#### Reinforce Strengths

5. Forge a “One Group” integrated customer experience approach
6. Invest in accelerating Transformation and Digitalisation
7. Strengthen our people assets and culture
8. Build on our capital and risk management strengths

its effectiveness in all aspects of its role; setting its meeting agenda; ensuring that Directors receive accurate, timely and clear information; ensuring effective communication with shareholders; encouraging constructive relations between the Board and management; promoting a culture of openness and debate at the Board and facilitating the effective contribution of all Directors; ensuring constructive relations between executive and non-executive Directors; and promoting high standards of corporate governance.

The Bank does not have a Lead Independent Director as the Chairman of the Board, Mr Andrew Lee, is a non-executive and independent director.

### Principle 4: Board Membership

As a principle of good corporate governance, all Directors are subject to re-nomination and re-election at regular intervals and at least every three years. The Bank’s Constitution provides for the retirement of Directors by rotation and all appointments and reappointments of Directors have to be approved by MAS.

The Board establishes a Nominating Committee to make recommendations to the Board on matters relating to board membership. The Committee reviews the independence of Directors at least annually in accordance with internal due diligence procedures and the Directors’ declarations. It also reviews the succession plans for Directors, including the appointment and/or replacement of the Chairman and executive Director, and ensures that only the most competent individuals capable of contributing to the success of the organisation are appointed. It reviews all nominations for the appointment or reappointment, election or re-election – as well as resignation or retirement – of Directors of the Bank and members of the Executive Committee, Remuneration Committee, Audit Committee, Risk Management Committee, Ethics and Conduct Committee and Board Sustainability Committee. It is also charged with determining annually whether or not a Director is independent, capable of carrying out relevant duties and qualified to remain in office.

The Board has also assessed that its diversity profile in terms of age, nationalities, length of service and skills and knowledge are adequate to foster constructive debate and ensure the effectiveness of the Board and its Committees in supporting the Bank’s strategic objectives. The Board’s current competencies and skills, aligned to serve the Bank’s corporate strategy are depicted above.

To strengthen overall board governance, skills and knowledge on sustainability matters, the Board established a Board Sustainability Committee which will be supported by executives with the relevant knowledge and experience on sustainability matters. The Committee will also consider appointing an external Advisor with the relevant sustainability experience to complement the Committee’s existing skillsets. The Board will also consider appointing a Director with the relevant sustainability experience within the next 3 years. This requirement will be incorporated into the board succession plan and search criteria. To enhance overall Board knowledge, the Board will continue to advocate regular training for Directors on sustainability matters. Please refer to Principle 4: Board Membership for more details on the board renewal process. Details of the Directors’

professional qualifications, background and age can be found on pages 256 to 258.

The non-executive Directors on the Board constructively challenge and help develop proposals on strategy, review the performance of management in meeting agreed goals and objectives, and monitor the reporting of performance. They meet during the year, without the presence of management, to discuss the effectiveness of management.

Separate sessions are also arranged for the independent Directors to meet at least once a year to ensure effective corporate governance in managing the affairs of the Board and the Bank.

The Board and senior executives meet as frequently as necessary to develop or refresh strategies for the Group.

### Principle 3: Chairman and Chief Executive Officer

The Chairman and CEO are not related.

The roles of the Chairman and the CEO are separated, which is consistent with the principle of instituting an appropriate balance of power and authority. The Chairman’s responsibilities, to name a few, include leading the Board to ensure

The Nominating Committee assesses annually the profile of Board members individually and collectively, having regard to the skills, talents, experience and diversity required and their alignment with the Group's strategic priorities, and makes recommendations to the Board on the appointment of new Directors, when necessary. When the need for a new Director is identified, the Nominating Committee will consider a shortlist of candidates with the appropriate profile and qualities for nomination. To improve gender and other aspects of diversity as well as skills, talents and experience in ESG matters, the Nominating Committee may engage external search consultants to identify suitable director candidates from a wider pool. Short listed candidates are assessed by the Nominating Committee and recommendations submitted to the Board for review and appointment, subject to the approval of MAS. In accordance with the Bank's Constitution, the new Director will hold office until the next Annual General Meeting (AGM) and, if eligible, may then stand for re-election.

As part of the Board renewal process, the Board has appointed new Directors, Ms Chong Chuan Neo and Mr Andrew Lee on 18 February 2022 and Ms Helen Wong on 7 February 2023. Mr Tan Ngiap Joo and Mr Wee Joo Yeow retired from the Board on 1 October 2022 and 1 January 2023 respectively, after having served for more than nine years on the Board, the maximum period to be deemed an independent Director. Mr Ooi Sang Kuang retired as Chairman and also as a Director on 31 January 2023. Mr Koh Beng Seng stepped down as a Director on 3 February 2023 to allow more time to focus on his other commitments.

The Bank does not, as a matter of practice, appoint alternate directors.

Directors are aware of their duties and obligations and the expectation to set aside adequate time for their oversight of matters relating to the Bank. They attend and actively participate in Board and Board Committee meetings. The number of such meetings and each

director's attendances at such meetings are disclosed in the annual report. They must provide declarations of any changes in their other appointments and principal commitments, which are disseminated to all Board members. The Bank has guidelines on meeting attendance and the extent of other appointments that a Director can assume. The Nominating Committee, based on the guidelines established, assesses annually each Director's attendance record and degree of participation at meetings to determine if a Director is able to and has been adequately carrying out his or her duties as a Director of the Bank. In respect of other appointments, it takes into account – among various factors – the nature of an appointment (full-time or otherwise), number of meetings to attend, complexity of organisation and degree of participation in sub-Committees. Generally, a Director who has full-time employment in any organisation shall have appointments in no more than three other listed companies, while a Director who has no full-time employment shall have appointments in no more than six other listed companies.

Key information on the Directors' qualifications, working experience, and other directorships and principal commitments/appointments are provided on pages 256 to 258 while information on their shareholdings in the Bank and its related corporations are provided in the Directors' Statement on pages 103 to 108.

#### **Principle 5: Board Performance**

The Board has an annual performance evaluation process, carried out by the Nominating Committee, Nominating Committee Chairman and Board Chairman, to assess the effectiveness of the Board, Board Committees and each Director's contribution. The purpose of the evaluation process is to increase the overall effectiveness of the Board.

An external party is engaged after every three years of internal evaluation to facilitate the evaluation of the Board as a whole and provide the Board with an

independent perspective of the Board's performance, including benchmarking against peer boards and industry best practices. In 2022, the Nominating Committee engaged Aon Solutions Singapore Pte. Ltd. (Aon) for the evaluation. Aon and its consultants are independent and not related to the Bank or its subsidiaries or any of their directors.

The Directors participate in the evaluation. Each Director evaluates the performance of the Board and Board Committees as well as the Board Chairman, whilst the Chairman and Nominating Committee Chairman evaluate the performance of each Director and meet to discuss the matter. The assessments are made against pre-established criteria which include composition, information management, board processes, representation of shareholders and ESG matters, performance management, human capital management, director development, internal controls and risk management and effectiveness of Board Committees. The results of the evaluation are used constructively to discuss improvements to the Board and ensure that each Director remains qualified for office. The Chairman and/or Nominating Committee Chairman acts on the results of the evaluation, and if appropriate, proposes new Directors or seeks the resignation or retirement of Directors, in consultation with the Nominating Committee.

## **Remuneration Matters**

### **Principle 6: Procedures for Developing Remuneration Policies**

The objective of the Bank's remuneration policy is to attract, motivate, reward and retain talented and competent staff globally. The Board ensures that remuneration policies are in line with the strategic objectives as well as code of conduct and ethics of the Bank, and do not give rise to conflicts between the objectives of the Bank and the interests of employees.

The Remuneration Committee is tasked to review and recommend to the Board the general remuneration framework as well as the specific remuneration for each Director and for each key executive. The composition and summary terms of reference of the Remuneration Committee are provided on page 46. No member of the Remuneration Committee is involved in the deliberations regarding any remuneration, compensation, options or any form of benefits to be granted to himself or herself.

In its review of the Bank's remuneration practices, the Remuneration Committee can seek expert advice, if necessary. The Bank used salary surveys conducted by external compensation consultants, Aon, Mercer and Willis Towers Watson for the purpose of benchmarking employee salaries in Singapore and overseas. Aon, Mercer and Willis Towers Watson and their consultants are independent and are not related to the Bank or its subsidiaries or any of their directors. The Bank's compensation practices are also reviewed annually by Aon against local regulations as well as the Financial Stability Forum's principles and implementation standards for Sound Compensation Practices for significant financial institutions.

The Bank's remuneration policy is applied to all OCBC overseas branches and the following subsidiaries:

- Bank of Singapore Ltd
- OCBC Management Services Pte Ltd
- OCBC Securities Pte Ltd
- OCBC Investment Research Pte Ltd
- BOS Trustee Ltd
- e2 Power Pte Ltd
- e2 Power Sendirian Berhad
- OCBC Bank (Malaysia) Berhad
- OCBC Al-Amin Bank Berhad
- OCBC Wing Hang Bank Ltd
- OCBC Wing Hang Bank (China) Ltd

The Bank does not provide for any termination, retirement or post-employment benefits to executive Directors or the top five key management personnel.

### **Principle 7: Level and Mix of Remuneration Compensation for Non-Executive Directors**

The Bank's remuneration for non-executive Directors is intended to attract capable individuals to the Board, as well as retain and motivate them in their roles as non-executive Directors. It aligns their interests with those of shareholders, and recognises individual contributions. The remuneration for non-executive Directors is subject to shareholder approval at the AGM.

The Remuneration Committee has considered market practices for non-executive Director compensation. On its recommendation, the Board has decided to adopt the following fee structure to fix the fee for each non-executive Director of the Bank.

The fee structure is as follows:

• Board chairman's fee	\$1,400,000
• Retainer fee	\$55,000
• Committee chairperson's fee for the Audit, Risk Management and Executive Committees	\$95,000
• Committee chairperson's fee for the Nominating, Remuneration, Ethics and Conduct, and Board Sustainability Committees	\$55,000
• Committee member's fee for the Audit, Risk Management and Executive Committees (Committee chairpersons are not awarded these fees)	\$55,000
• Committee member's fee for the Nominating, Remuneration, Ethics and Conduct, and Board Sustainability Committees (Committee chairpersons are not awarded these fees)	\$30,000
• Attendance fee per meeting	\$4,000

The resolution proposing the fee for non-executive Directors will be presented to shareholders at the 2023 AGM.

In the previous year, shareholders had approved the grant of 6,000 remuneration shares to each non-executive Director. The remuneration shares align the interests of non-executive Directors with the interests of shareholders. At the recommendation of the Remuneration Committee, the Board has decided to continue with the granting of 6,000 new ordinary shares to each non-executive Director. Any non-executive Director who has served on the Board for less than a full financial year will be awarded shares on a pro-rated basis, depending on the length of service. The resolution proposing these share grants will be presented to shareholders at the 2023 AGM.

### **Compensation for Executive Directors**

The compensation for an executive Director is formulated and reviewed annually by the Remuneration Committee to ensure that it is market-competitive and that the rewards are commensurate with the contributions made. The compensation package comprises basic salary, benefits-in-kind, performance bonus, share awards and compensation in the event of early termination where service contracts are applicable. Performance bonus relate directly to the financial performance of the Group and the contributions of the executive Director. The guidelines on the granting of share awards to the executive Director are similar to those for the executives of the Bank.

### **Employee Remuneration**

The total compensation packages for employees comprise basic salary, variable performance bonus, allowances and deferred share awards for eligible executives, as well as benefits. Compensation is tied to the achievement of business and performance objectives based on a balanced scorecard approach, which includes leadership competencies and adherence to core values. Where relevant, financial measurements – adjusted as appropriate for the various types of risk (such as market, credit and operational risks) – include:

- Operating efficiency measures covering revenue, direct and allocated costs and operating profits, net profits as well as efficiency indicators such as unit costs.



- Economic efficiency measures such as cost of capital. Capital is attributed to each business based on the amount of risk-weighted assets held and the return on capital.
- Liquidity is factored into the performance measurement of each business through the application of liquidity premiums charged or credited according to the behavioural maturity of each type of asset and liability booked.

There were no significant changes to the above measures during 2022.

In the Bank's continuous efforts to create sustainable value for stakeholders, relevant performance measures are set for each business unit. These objectives which include broad-based growth across its core markets, delivering sustained earnings momentum from core businesses, driving core competencies of disciplined risk management, diversified funding base and continued investments in technology and people, and ensuring sustainable business practices are also consistent with the Group's risk appetite. In the determination of remuneration of senior executives, risk and control indicators as well as audit findings and compliance issues are taken into account when assessing business performance. Executives are remunerated based on the achievements of their own performance measures, and the demonstration of core values and competencies, while taking into account market compensation data for their respective job roles.

The performance of risk and compliance functions is measured independently of the businesses they oversee. Employees in these functions are assessed based on achievement related to their respective performance measures. Market compensation data on risk and compliance functions is also taken into account for remuneration.

In determining the composition of compensation packages, the Bank takes into account the time horizon of risk and includes, in the total compensation for executives, a significant portion of deferred payment in the form of deferred

shares. All awards of deferred shares or share options (granted in previous years) are subject to cancellation and clawback if it is determined, amongst other things, that they were granted on the basis of materially inaccurate financial statements and/or that the employee has engaged in conduct that results in financial loss, reputational harm, restatement of financial results, adverse changes to the Bank's risk profile/rating and/or is otherwise detrimental to the Bank and/or Group and/or the business conducted by any member of the Group. To ensure that its remuneration packages are competitive, the Bank regularly reviews salary levels and benefits packages based on market data provided by recognised consultants who conduct surveys on comparative groups in the financial sector. The determination of the Bank's variable bonus pool is fully discretionary and the factors taken into consideration include financial and non-financial metrics like the Bank's performance, audit ratings, risk indicators and compliance issues, market conditions and competitive market practices.

The Bank adopts a performance-driven approach to compensation. Compensation packages are linked to personal performance, the performance of each business unit, and the overall performance of the Bank. Compensation is reviewed each year based on information from market surveys provided by reputable management consultants.

As a consequence of the last financial crisis, the Financial Stability Forum developed principles and implementation standards for Sound Compensation Practices for significant financial institutions. The Remuneration Committee made changes to the Bank's compensation structure to increase the proportion of the deferred remuneration component for senior executives. The Bank's compensation practices are reviewed annually by Aon which has confirmed for 2022 that the Bank had met the Financial Stability Forum principles and implementation standards.

The Bank has identified a group of senior executives whose authority and actions are deemed to have a major influence on

the long-term performance of the Bank and whose actions or decisions can materially impact the Bank's risk profile. This group, identified as "Material Risk Takers" comprises senior management (the CEO and her direct reports), employees of Senior Vice President rank and above, key personnel at business units, senior control staff, and employees who had been awarded significant variable performance bonuses as well as senior managers identified under the regulator's guidelines. For the "Material Risk Takers" with bonuses exceeding \$100,000, at least 40% of their variable performance bonuses are deferred in the form of shares. The Board approves the compensation of the CEO, Chief Financial Officer, Chief Risk Officer, Chief Operating Officer and Head, Global Treasury, and the Audit Committee approves the compensation of Head of Group Audit. The Remuneration Committee approves the compensation of all other senior executives of Senior Vice President rank and above, as well as the top five employees who had been awarded significant variable performance bonuses who are below the rank of Senior Vice President.

The performance evaluation for senior executives in 2022 has been conducted in accordance with the above objectives and considerations.

The remuneration practices for staff in bargainable positions are established through negotiation with the Bank's unions.

### **Share Schemes**

- **OCBC Share Option Scheme 2001**

The Bank has ceased granting share options under the OCBC Share Option Scheme 2001 (the Scheme) effective from financial year 2018 remuneration. The Scheme which was extended from 2011 had ceased operation on 2 August 2021. Share options granted in prior years continue to be outstanding until the options lapse or are exercised by the recipients.

The validity period of the options granted is subject to legislation applicable on the date of grant. Options granted to Group executives are exercisable for up to 10 years, while options granted to non-executive Directors are exercisable for up to five years.

The options granted will lapse immediately upon termination of employment or appointment, except in the event of retirement, redundancy or death, or where approved by the Remuneration Committee, in which case the Committee may allow the options to be retained and exercisable within the relevant option periods or such option periods as may be determined by the Remuneration Committee. Shares granted upon the exercising of options are allocated from treasury shares or from new ordinary shares issued by the Bank.

All grants are subject to cancellation and clawback if it is determined, amongst other things, that they were made on the basis of materially inaccurate financial statements and/or that the employee has engaged in conduct that results in financial loss, reputational harm, restatement of financial results, adverse changes to the Bank's risk profile/rating and/or is otherwise detrimental to the Bank and/or the Group and/or the business conducted by any member of the Group.

- **OCBC Deferred Share Plan**

The OCBC Deferred Share Plan (the Plan) aims to increase the performance-orientation and retention factor in compensation packages of executives, and foster an ownership culture within the organisation. It also aligns the interests of executives with the sustained business performance of the Bank. Group executives holding the rank or equivalent rank of Assistant Manager and above, and any Group Executive Director selected by the Remuneration Committee, are eligible to participate in the Plan.

In 2021, the Bank adopted a new OCBC Deferred Share Plan 2021 (DSP 2021). The new OCBC DSP 2021 permits new ordinary shares to be issued to satisfy the Bank's delivery obligations under the Plan. It replaces the previous OCBC Deferred Share Plan, under which no new ordinary shares may be issued. The participants are executives of the Bank, selected overseas locations and subsidiaries.

Under the DSP 2021, share awards are granted annually to eligible executives who are paid variable performance bonuses exceeding \$100,000. The share awards form 20% to 40% of their total variable performance bonus for the year. Half (50%) of the share awards will vest after two years with the remaining 50% vesting at the end of three years in accordance with the guidelines established under the Plan. The grants are part of the performance bonuses for the prior year where the delivery of key performance indicator targets have been completed. There are no further performance conditions imposed prior to the vesting of the share awards, other than those described on pages 52 and 53 of the 2022 Annual Report related to the conditions for cancellation and clawback of these share awards. Prior to the vesting date, the executives will not be accorded voting rights for the shares.

By implementing the DSP 2021, which permits new ordinary shares to be issued, the Bank has greater flexibility in its methods for delivery of ordinary shares to fulfil share grants, as this can be effected through an issue of new ordinary shares, in addition to the transfer of existing ordinary shares (including treasury shares). The unvested deferred share grants will be adjusted to take into account dividends declared by the Bank. The additional shares granted in respect of this adjustment may be acquired from the market in accordance with guidelines established under the Plan.

The awards will lapse immediately upon termination of employment or appointment, except in the event of retirement, redundancy or death, or where approved by the Remuneration Committee, in which case the Committee may allow the awards to be retained and vested within the relevant vesting periods or such periods as may be determined by the Remuneration Committee.

All awards are subject to cancellation and clawback if it is determined, amongst other things, that they were granted on the basis of materially inaccurate financial statements and/or that the employee has

engaged in conduct that results in financial loss, reputational harm, restatement of financial results, adverse changes to the Bank's risk profile/rating and/or is otherwise detrimental to the Bank and/or the Group and/or the business conducted by any member of the Group.

- **OCBC Employee Share Purchase Plan**

The OCBC Employee Share Purchase Plan (ESPP) was implemented for all employees of the participating companies in the Group, including executive Directors, to inculcate in all participants a stronger and more lasting sense of identification with the Group.

The ESPP is a saving-based share ownership plan to help employees own ordinary shares in the Bank through their monthly contributions via deductions from payroll and/or CPF funds. The employees have the option to convert the contributions to ordinary shares after one year or to withdraw the contributions at any time. As a further incentive to employees to enrol in the ESPP, the Bank pays interest on the amounts saved at a preferential interest rate.

The duration of the offering period is 24 months and the share acquisition price is fixed before the offering period based on the average of the last traded prices over the five consecutive trading days immediately preceding the price fixing date. Shares granted upon conversions in accordance with the rules of the ESPP are allocated from treasury shares or from new ordinary shares issued by the Bank.

The aggregate number of new ordinary shares issued by the Bank pursuant to the ESPP, together with the aggregate number of any new ordinary shares issued pursuant to the OCBC Share Option Scheme 2001 and the aggregate number of new ordinary shares issued to awards granted under the DSP 2021, cannot exceed 10% of the Bank's total number of issued ordinary shares (excluding treasury shares and subsidiary holdings (as defined in the SGX-ST Listing Manual)). Notwithstanding the limits allowed under the relevant rules, the Bank has been applying a lower aggregate limit of 5% instead of 10% as a matter of conservative practice.

## Principle 8: Disclosure on Remuneration

The following disclosures should be read in conjunction with the remuneration policies, practices and share plans as described under Principles 6 and 7.

### Directors' and Group CEO's Remuneration in 2022

#### Bank

Director	Fees	Shares <sup>(a)</sup>	Other Benefits <sup>(b)</sup>	Total
	\$	\$	\$	\$
Ooi Sang Kuang	1,656,877	75,000	47,649	1,779,526
Chong Chuan Neo	160,329	65,125	786	226,240
Chua Kim Chiu	281,000	75,000	4,237	360,237
Andrew Khoo	258,123	75,000	1,139	334,262
Koh Beng Seng	373,493	75,000	–	448,493
Andrew Lee	255,247	65,125	–	320,372
Lee Tih Shih	171,205	75,000	4,237	250,442
Christina Ong	259,328	75,000	4,237	338,565
Pramukti Surjaudaja	155,000	75,000	–	230,000
Tan Ngiap Joo	185,233	56,088	4,237	245,558
Tan Yen Yen	274,123	75,000	4,237	353,360
Wee Joo Yeow	220,959	75,000	4,237	300,196
	4,250,917	861,338	74,996	5,187,251

Group CEO	Salary	Bonus	Deferred Shares	Other Benefits <sup>(b)</sup>	Total
	\$	\$	\$	\$	\$
Helen Wong	1,442,400	5,385,000	3,590,000	782,244 <sup>(c)</sup>	11,199,644

#### Subsidiaries

Director	Total
	\$
Ooi Sang Kuang	91,296 <sup>(d)</sup>
Chong Chuan Neo	77,010 <sup>(e)</sup>
Andrew Khoo	170,534 <sup>(f)</sup>
Koh Beng Seng	558,000 <sup>(g)</sup>
Andrew Lee	58,166 <sup>(h)</sup>
Pramukti Surjaudaja	795,760 <sup>(i)</sup>
Tan Ngiap Joo	165,386 <sup>(j)</sup>
Wee Joo Yeow	150,000 <sup>(k)</sup>

#### Notes:

- (a) Value of remuneration shares was estimated based on closing price of ordinary shares on 3 March 2023, i.e. \$12.50 per share.  
(b) Non-cash component such as club and car benefits for Mr Ooi Sang Kuang and Ms Helen Wong, and carparks for Directors.  
(c) Includes the value of shares and cash awarded for loss of compensation from previous employment.  
(d) Fees from OCBC Wing Hang Bank.  
(e) Fees from Great Eastern Digital for services as nominee director on board of Boost Holdings (an associated company of Great Eastern Holdings) and Lion Global Investors Ltd.  
(f) Fees from OCBC Wing Hang Bank.  
(g) Fees from Great Eastern Holdings and its subsidiaries.  
(h) Fees from OCBC Al-Amin Bank.  
(i) Fees from PT Bank OCBC NISP for being Board President Commissioner, a capacity in Indonesia with critical supervisory responsibilities over the organisation.  
(j) Fees from OCBC Bank (Malaysia) and OCBC Al-Amin Bank.  
(k) Fees from Great Eastern Holdings.

### Remuneration of Top Five Key Management Personnel in 2022

The Code recommends the disclosure of the individual remuneration of the Bank's top five key management personnel as well as their aggregate remuneration. The Board considered this matter carefully and has decided against such a disclosure for the time being as it is not standard business practice to do so, having taken into account the highly competitive conditions for talent in the industry.

### Remuneration of Directors' and CEO's Immediate Family

Mr Pramukti Surjaudaja, a Director of the Bank, has a sister, Ms Parwati Surjaudaja, who is chief executive of the Bank's subsidiary, PT Bank OCBC NISP Tbk. Her personal remuneration in 2022 exceeds \$100,000 but for reasons stated above, her individual remuneration is not disclosed. In 2022, apart from Ms Parwati Surjaudaja, none of the Group's employees was an immediate family member of a Director or the CEO.

**Remuneration of Substantial Shareholder's Immediate Family**

A disclosure on remuneration to employees who are immediate family members of substantial shareholders is not applicable as none of the Bank's substantial shareholders are individuals.

**Remuneration Disclosure for Senior Management and Material Risk Takers**

Remuneration Awarded during the Financial Year

		Senior Management	Other Material Risk-Takers
Fixed remuneration	Number of employees	17	389
	Total fixed remuneration	29%	56%
	Of which: cash-based	29%	56%
	Of which: deferred	0%	0%
	Of which: shares and other share-linked instruments	0%	0%
	Of which: deferred	0%	0%
	Of which: other forms	0%	0%
	Of which: deferred	0%	0%
Variable remuneration	Number of employees	17	379
	Total variable remuneration	71%	44%
	Of which: cash-based	43%	27%
	Of which: deferred	0%	0%
	Of which: shares and other share-linked instruments	28%	17%
	Of which: deferred	28%	17%
	Of which: other forms	0%	0%
	Of which: deferred	0%	0%
Total remuneration		100%	100%

**Special Payments**

	Guaranteed Bonuses		Sign-on Awards		Severance Payments	
	Number of Employees	Total Amount (\$)	Number of Employees	Total Amount (\$)	Number of Employees	Total Amount (\$)
Senior Management	2	Not disclosed*	0	0	0	0
Other Material Risk-Takers	3	910,476	3	547,866	0	0

\* Due to confidentiality reason

**Deferred Remuneration**

Deferred and Retained Remuneration	Total outstanding deferred remuneration	Of which: Total outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustments	Total amendment during the year due to ex post explicit adjustments <sup>(1)</sup>	Total amendment during the year due to ex post implicit adjustments <sup>(2)</sup>	Total deferred remuneration paid out in the financial year
Senior management	100%	100%	0%	0%	41%
Cash	0%	0%	0%	0%	0%
Shares	100%	100%	0%	0%	41%
Share-linked instruments	0%	0%	0%	0%	0%
Other	0%	0%	0%	0%	0%
Other material risk-takers	100%	100%	0%	0%	41%
Cash	1%	1%	0%	0%	0%
Shares	99%	99%	0%	0%	41%
Share-linked instruments	0%	0%	0%	0%	0%
Other	0%	0%	0%	0%	0%

Notes:

(1) Examples of ex post explicit adjustments include malus, clawbacks or similar reversal or downward revaluations of awards.

(2) Examples of ex post implicit adjustments include fluctuation in the value of shares performance or performance units.

## Accountability and Audit

### Principle 9: Risk Management and Internal Controls

The Board is responsible for the governance of risk and sets the tone from the top to cultivate a strong risk culture. It approves the Bank's risk appetite and oversees risk activities to ensure that these are consistent with the Bank's strategic intent and operating environment, as well as capital sufficiency and regulatory standards. It oversees, through the Risk Management Committee, the establishment and operation of an independent risk management system for managing risks on an enterprise-wide basis. It also oversees the adequacy and effectiveness of the internal controls and risk management processes and systems. It ensures that the risk management function has appropriate independent reporting lines and is sufficiently resourced to monitor risk by the various risk categories.

Further details on risk management are described under the section on Risk Management Committee on page 46.

The Board is also responsible for ensuring that the Bank's internal controls adequately safeguard shareholders' interests and the Bank's assets. Self-assessment processes are in place for all business units to assess the adequacy and effectiveness of their internal controls, and level of compliance with applicable rules and regulations. The results of the evaluations are reviewed by senior management. The Board has received assurance from the CEO and key management personnel who are responsible regarding the adequacy and effectiveness of the Bank's risk management and internal control systems. The Board has also received assurances from the CEO and Chief Financial Officer that the financial records have been properly maintained and the financial statements give a true and fair view of the Bank's operations and finances.

Based on the established internal control, work performed by the internal and

external auditors, and reviews performed by the management and various Board Committees, the Board – with the concurrence of the Audit and Risk Management Committees – is of the view that the system of internal controls, including financial, operational, compliance and information technology controls, and risk management policies and systems, were adequate and effective as at 31 December 2022, to address the risks which the Bank considers relevant and material to its operations.

The system of internal controls provides reasonable but not absolute assurance that the Bank will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

### Principle 10: Audit Committee

The composition and summary terms of reference of the Audit Committee are provided under the section on Audit Committee on page 46 and the Committee's summary activities are also provided in the Directors' Statement on page 108. The Audit Committee adopts, where appropriate, relevant best practices set out in the Guidebook for Audit Committees in Singapore.

In addition to the review of the Group Financial Statements, which includes reviewing the assurances provided by the CEO and Chief Financial Officer on the financial records and statements, the Audit Committee reviews and evaluates, with the external and internal auditors, the adequacy and effectiveness of the system of internal controls including financial, operational, compliance and information technology controls, and risk management policies and systems. It reviews the scope and results of the audits, the cost-effectiveness of the audits and the independence and objectivity of the external and internal

auditors. When the external auditor provides non-audit services to the Bank, the Committee keeps the nature, extent and costs of such services under review. This is to balance the objectivity of the external auditor against its ability to provide value-for-money services. The Audit Committee members keep abreast of changes to accounting standards and development of related significant accounting policies which have a direct impact on financial statements and Group accounting policies through briefings provided by internal or external subject matter experts. The Audit Committee also reviews significant financial reporting issues and judgements to ensure the integrity of the financial statements. The Committee reviews announcements relating to financial performance.

The Audit Committee is also responsible for the review of the Bank's whistleblowing policy as well as any concerns, including anonymous complaints, which staff may in confidence raise about possible improprieties in matters of financial reporting or other matters. The whistleblowing policy and procedures for raising such concerns are disclosed and clearly communicated to employees. The Committee will ensure such concerns are independently investigated and followed up on. If the case escalated is found to be substantiated, appropriate action will be taken and the Audit Committee updated regularly on its status. The whistleblower's identity is kept confidential and his/her interests will be safeguarded at all times, including a right to appeal to the Audit Committee if reprisals are taken against him/her.

The Audit Committee meets at least once a year with the external auditor and internal auditor in separate sessions and without the presence of management, to consider any matters which may be raised privately. In addition, the Chairman of the Audit Committee meets the Head of Group Audit on a regular basis to discuss the work undertaken, key findings and any other significant matters arising from the Group's operations. Formal reports are sent to the Audit Committee on a regular basis.

### External Audit

The Audit Committee has received the requisite disclosures from the current external auditor evidencing its independence. It is satisfied that the financial, professional and business relationships between the Group and the external auditor will not prejudice the independence and objectivity of the external auditor. The aggregate amount of fees paid to the external auditor for financial year 2022, and the breakdown of total fees paid for audit and non-audit services, are shown in the Notes to the Financial Statements.

The Audit Committee assesses the quality of OCBC's external auditor before its first appointment and at least annually thereafter. The selection of the external auditor is made through a tender process based on an established framework for the selection/ appointment of OCBC's external auditor. This framework lists the considerations and criteria for the external auditor and provides a robust tender process. Considerations include having global reach as well as technical and industry expertise, skills, resources and reputation, and quality of service delivery.

Exercising oversight over the external audit function, the Audit Committee is responsible for making recommendations to the Board in relation to the appointment, reappointment and removal of the external auditor. The Audit Committee also considers the annual fee proposals presented by the external auditor and reviews the scope of the audit plan, the level of materiality, areas of focus and significant risks to be addressed.

For reappointment of external auditor, the Audit Committee considers the length of the external auditor's tenure and the risk this may pose to objectivity and independence. The Audit Committee also takes into consideration the external auditor's compliance with SGX-ST Listing Rules which require the lead engagement partner to be rotated every five years.

The Audit Committee is responsible for monitoring the performance, objectivity and independence of the external auditor. In its evaluation process, the Audit Committee takes into consideration the following:

- the experience and expertise of senior members of the engagement team;
- the audit plan agreed with the external auditor, the areas of audit focus and the external auditor's approach to materiality;
- the quality of reports and findings presented by the external auditor;
- the external auditor's presentation of its Audit Quality Framework and its confirmation of independence pursuant to its policies and processes for maintaining independence and objectivity;
- the external auditor's report to the Audit Committee on main findings on audit quality reviews of the Bank's audit;
- the key highlights or findings on the external auditor's quality control systems by audit oversight bodies and, where relevant, the appropriate steps taken by the external auditor; and
- feedback through an annual evaluation exercise from senior management across geographical regions to gather internal perceptions as to the knowledge, competence, independence, efficiency and effectiveness – as well as communications by and with – the external auditor.

As part of its assurance process on the objectivity and independence of the external auditor, the Audit Committee has in place a policy that lists the non-audit services which may not be provided by the external auditor and sets out the circumstances in which the external auditor may be permitted to

undertake non-audit services. Permitted non-audit services exceeding \$250,000 require the approval of the Audit Committee before the auditor can be engaged. In addition, the Audit Committee reviews reports on non-audit services undertaken by the external auditor to satisfy itself as to the nature of non-audit services being provided and the fees incurred. The nature of the non-audit services provided during the financial year ended 31 December 2022 is shown in the Notes to the Financial Statements.

To reinforce the Audit Committee's effectiveness and enhance the quality of the audit, the Audit Committee meets regularly with the external auditor. The external auditor discusses its audit plan with the Audit Committee and presents its engagement teams and its audit fee proposals. It reports to the Audit Committee on audit focus areas, the support rendered by management, key audit findings, quantitative and qualitative aspects of financial statement disclosures, any unadjusted audit differences (or review differences in the case of a half-yearly or a quarterly review) and any other matters relevant to its engagement. Discussions may be held privately without the presence of management. The external auditor also discusses with the Audit Committee key changes to regulatory requirements and reporting as well as developments in accounting standards.

In the review of the 2022 financial statements, the Audit Committee discussed with management the accounting principles applied and significant judgements affecting the financial statements. Matters raised by Group Audit and the external auditor in respect of governance, risk management, accounting and internal controls over financial reporting were also reviewed. The following key audit matters highlighted in the Independent Auditor's Report on pages 109 to 115 of the Annual Report were discussed with management and the external auditor:

- **Impairment of loans to customers**

The Audit Committee reviewed management's assessment and justification of allowances for impaired loans and non-impaired loans, including the forward-looking assumptions and scenarios adopted as well as the adjustments made to the model-driven requirements to reflect current conditions and forecasts of future economic conditions (e.g. economic and geopolitical developments). The adequacy of allowances for impaired loans set aside for key loan accounts was also discussed with the external auditor. Additionally, the Audit Committee also considered the input from Group Audit's independent assessment of the Group's credit portfolio quality and credit risk management process.

- **Valuation of financial instruments measured at fair value – Levels 2 and 3**

The Audit Committee, with the input of the Risk Management Committee, reviewed management's valuation of financial instruments framework and their control, monitoring and issue escalation processes. In addition, the Committee reviewed both internal and the external auditors' assessment of the controls over valuation which included independent verification of price and validation of valuation models.

- **Impairment of goodwill**

The Audit Committee reviewed management's goodwill impairment testing methodology and results, including the cash flow projections and discount rates used. The Committee also considered the external auditor's assessment of the methodology and testing results.

- **Valuation of life insurance contract liabilities**

The Audit Committee reviewed the approach and methodology applied to the valuation of life insurance contract liabilities in the consolidated financial statements of Great Eastern Holdings

Ltd (Great Eastern) in their review of Great Eastern's financial results together with the Group's financial performance. In considering the valuation of life insurance contract liabilities, the Committee considered the external auditor's assessment of the valuation methodology and assumptions adopted by Great Eastern and its subsidiaries.

The Audit Committee believes that the financial statements are fairly presented in conformity with the relevant Singapore Financial Reporting Standards (International) in all material aspects, based on its review and discussions with management and the external auditor.

#### **Internal Audit**

The Audit Committee approves the Internal Audit Charter of Group Audit and reviews the adequacy and effectiveness of the internal audit function, at least annually. In line with leading practice, Group Audit's mission statement and charter requires it to provide independent and reasonable, but not absolute, assurance that the Group's governance, risk management and internal control processes – as designed and implemented by senior management – are adequate and effective. Group Audit reports on the adequacy and effectiveness of the system of internal controls to the Audit Committee and management, but does not form any part of the system of internal controls. Group Audit meets or exceeds the International Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors.

Group Audit adopts a risk-based approach where audit work is prioritised and scoped according to an assessment of current and emerging risks, including financial, operational, technology, cyber, compliance, sustainability and strategic risks. The work undertaken by Group Audit involves the assessment of the adequacy and effectiveness of the Group's governance, risk management and internal control processes in meeting

its strategic objectives and operating within the risk appetite established. In addition, Group Audit provides an independent assessment of the Group's credit portfolio quality and credit risk management process. Without assuming management responsibility, Group Audit may provide advisory services to line management on certain business initiatives as well as system developments and enhancements where the objective is to add value and improve governance, risk management and controls.

The Audit Committee is responsible for reviewing the independence, effectiveness and standing of the internal audit function and adequacy of resources needed to achieve the internal audit objectives. For the year ended 31 December 2022, the Audit Committee has assessed that the internal audit function was adequately resourced, independent, effective and possessed the right standing within the organisation. The Committee reviews the processes that are in place to deal with recommendations raised in internal audit reports in a timely manner and to closely monitor outstanding exceptions or recommendations. Currently, the number of internal audit staff in the Group is 320. The division is organised into departments that are aligned with the structure of the Group. The Audit Committee approves the appointment, resignation, dismissal, succession and remuneration of the Head of Group Audit and reviews the reasons for the resignation or dismissal of Head of Group Audit.

## Shareholder Rights and Engagement

### Principle 11: Shareholder Rights and Conduct of General Meetings

In 2022, pursuant to the Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Bank convened and held its AGM via electronic means on 22 April 2022, as a precautionary measure in view of prevailing Covid-19 situation.

All Directors attended the virtual 2022 AGM together with the external auditor, senior management and independent scrutineers. The Chairman shared his observations on the operating environment for 2021 and the overall macro-economic outlook for 2022. This was followed by the CEO's presentation of the Group's 2021 financial performance, 2022 outlook and corporate strategy.

Shareholders were given the opportunity to participate in the 2022 AGM despite not being able to attend the AGM in person. Shareholders or appointed proxies who were authenticated via the Bank's verification process, were able to observe and/or listen to the AGM proceedings via live audio-visual webcast or live audio-only stream and cast their votes electronically during the AGM. Shareholders or appointed proxies were also able to submit questions at the 2022 AGM in real time via the virtual AGM platform, or in advance of the 2022 AGM via the registration portal, and by post or email. Responses to all substantial and relevant questions were provided during the AGM and published on the SGX website and the Bank's website.

The Bank conducts voting by poll for all resolutions proposed at its general meetings, for greater transparency in the voting process. The Bank also provides for separate resolutions on each substantially separate issue. It does not "bundle" resolutions, unless the resolutions are interdependent and linked so as to form one significant proposal.

Under the Bank's Constitution, shareholders are allowed to vote in person or appoint up to two proxies unless the shareholder is a relevant intermediary (as defined under the Singapore Companies Act 1967). A shareholder who is a relevant intermediary can appoint more than two proxies to attend, speak and vote at the general meetings of the Bank. For 2022 AGM which was convened via electronic means, all shareholders or appointed proxies were able to perform live voting via the virtual platform during the AGM. Shareholders who were unable to attend the AGM were also allowed to appoint the Chairman of the Meeting as proxy to attend, speak and vote on their behalf at the 2022 AGM. Proxy forms submitted by shareholders were independently verified by the independent scrutineers. The voting results of all votes cast for and against each resolution and the respective percentages, were announced by the Chairman at the 2022 AGM. The detailed voting results were announced on the SGX website and posted on the Bank's website within the same day after the conclusion of the 2022 AGM.

As is the practice, minutes of the Bank's general meetings are made available on the SGX website and the Bank's website. The minutes prepared by the Company Secretary would reflect the proceedings including responses from the Board and management to queries from shareholders.

### Principle 12: Engagement with Shareholders

The Bank has a shareholders communication policy approved by the Board. The Bank recognises the importance of communicating regularly and effectively with its shareholders so that they can better understand its operations, strategies and directions. One of the key roles of the Group's Investor Relations and Group Brand and Communications units is to keep the market and investors apprised of the Group's major corporate developments and financial performance through regular media releases, briefings and

meetings with the investment community and media. As a result of the evolving conditions arising from the Covid-19 pandemic, the Bank's financial results presentations in 2022 were conducted both virtually and physically, with audio recordings of the results briefings uploaded on the Bank's website. The Bank's dividend policy is also disclosed in the Capital Management section on pages 68 and 69 of this Annual Report. In 2022, the Bank held close to 600 meetings and conference calls with the investment community including investors, rating agencies and analysts. In addition, shareholders and the public can access the Group's media releases, financial results and presentation materials used at briefings, and other corporate information via the Bank's website.

Material information is also announced through the SGX website.

Investors can submit feedback and queries to OCBC's Investor Relations Unit through the contact details provided on the Bank's website

## Managing Stakeholder Relationships

### Principle 13: Engagement with Stakeholders

The Bank recognises the importance in maintaining positive stakeholder relationships, and adopts an inclusive approach in the management and engagement of its stakeholders – namely customers, investors, communities, regulators and employees. The Sustainability Report sets out the Bank's approach to stakeholder engagement including key areas of focus and how it responds to stakeholder concerns.

The Bank maintains a corporate website – OCBC.com – to communicate and engage with its stakeholders.



## Related Party Transactions and Interested Person Transactions

The Group has established policies and procedures on transactions involving related parties and interested persons in compliance with relevant regulatory requirements and SGX-ST Listing Rules.

For related party transactions, the Group is guided by relevant authorities governing the definitions of relatedness, limits applied, terms of transactions, procedures for approving and monitoring the transactions and where necessary, the writing off of these transactions. Related party transactions are monitored with particular care, and appropriate steps are taken to control or mitigate the risks of such transactions. The Board reviews the Group policy on a regular basis to ensure it remains relevant and is kept informed of all material related party transactions. During the financial year, there were no material related party transactions between the Bank and its related parties under the Group policy.

For interested person transactions, the Bank's established policy and procedures comply with requirements mandated under Chapter 9 of the SGX-ST Listing Manual. Details of interested person transactions carried out during the financial year under review are set out in the section under "Additional Information Required under the SGX-ST Listing Manual" on page 67.

## Ethical Standards

The Bank's ethical standards are guided by its commitment to uphold its core values or "LIFRR".

The Bank has also adopted the SGX-ST Listing Manual's guidelines on dealings in securities and has a policy against insider trading. Directors and officers are prohibited from dealing in the securities of the Bank and its listed subsidiary, Great Eastern, during the period commencing two weeks before the voluntary disclosures of the Bank's and Great Eastern's first and third quarters' financial results, and one month before the announcement of half-year and full-year financial results (the blackout period) and any time they are in possession of unpublished material price-sensitive information. The Bank will notify Directors and employees of the commencement date for each blackout period. The policy also states that employees are not to deal in the Bank's securities on short-term considerations. In addition, employees are instructed to conduct all their personal securities transactions through the Group's stockbroking subsidiary.

The Bank's insider trading policy also includes instructions pertaining to dealings in the listed securities of customers of the Group. The Bank reviews its policy on insider trading at least annually to ensure it remains relevant and effective.

The Bank has a code of conduct that applies to all employees and reinforces the core values expected of employees. The code covers all aspects of the business operations of the Bank and sets out principles to guide employees in carrying out their duties and responsibilities while adhering to the highest standards of personal and corporate integrity.

Employees are required to observe and comply with laws and regulations as well as company policies, along with the ABS Code of Conduct for Banks and Bank Staff.

The Bank has a suite of policies in place for proper governance and management that staff have to comply with. All policies, including those related to vendor management and procurement, are subject to the Bank's risk management and internal control systems and processes, including management self-assessment and independent audits.

The Bank also has a policy to manage or eliminate any actual or potential conflicts of interest which may impact the impartiality of research analyses or research reports issued by research analysts in the Bank or its financial subsidiaries. These include prohibitions on business units attempting to influence research analyses or recommendations by research analysts, as well as on securities trading by staff who receive information on research analyses or recommendations in unissued research reports.

## Summary of Disclosures

Express disclosure requirements in the Guidelines on Corporate Governance for Designated Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore issued by the Monetary Authority of Singapore (MAS) on 9 November 2021, which comprises the Code of Corporate Governance 2018 and the additional guidelines added by the MAS.

Provisions of the Code of Corporate Governance 2018	Page reference in OCBC Annual Report 2022
<b>Provision 1.2</b> The induction, training and development provided to new and existing directors.	Page 48
<b>Provision 1.3</b> Matters that require Board approval.	Page 45
<b>Provision 1.4</b> Names of the Board Committee members, the terms of reference, delegation of the Board's authority to make decisions, and a summary of each Board Committee's activities.	Pages 45 to 47
<b>Provision 1.5</b> The number of Board and Board Committee meetings and the directors' attendance at these meetings.	Page 47
<b>Provision 2.4</b> The board diversity policy and progress made towards implementing the board diversity policy, including objectives.	Pages 48 and 49
<b>Provision 4.3</b> Process for the selection, appointment and reappointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates.	Pages 49 and 50
<b>Provision 4.4</b> If the Board determines that a director is independent notwithstanding the existence of a relationship with the Company, its related corporations, its substantial shareholders or its officers, which may affect his/her independence, the relationships and the Board's reasons for considering him/her as independent.	Page 48
<b>Provision 4.5</b> The listed company directorships and principal commitments of each director, and where a director holds significant number of directorships and commitments, the Nominating Committee's and Board's reasoned assessment of the ability of the director to diligently discharge his/her duties.	Pages 256 to 258, 49 and 50
<b>Provision 5.2</b> How the assessments of the Board, its Board Committees and each director have been conducted, including the identity of any external facilitator and its connection (if any) with the Company or any of its directors.	Page 50
<b>Provision 6.4</b> The engagement of any remuneration consultants and their independence.	Page 51
<b>Provision 8.1</b> The policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of: (a) Each individual director and the CEO (b) At least the top five key management personnel (who are not directors or the CEO) in bands no wider than \$250,000 and in aggregate the total remuneration paid to these key management personnel.	For CEO and Management: Pages 50 to 55 For the Company's Directors: Pages 51, 52, and 54
<b>Provision 8.2</b> Names and remuneration of employees who are substantial shareholders of the Company, or are immediate family members of a director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds \$100,000 during the year, in bands no wider than \$100,000. The Company should also state clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.	Pages 54 and 55
<b>Provision 8.3</b> All forms of remuneration and other payments and benefits, paid by the Company and its subsidiaries to directors and key management personnel of the Company as well as details of employee share schemes.	Pages 52 to 55, and Pages 104 to 107

Provisions of the Code of Corporate Governance 2018	Page reference in OCBC Annual Report 2022
<b>Provision 9.2</b> The Board has received assurance from: (a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.	Page 56
<b>Provision 10.1</b> The Company publicly discloses, and clearly communicates to employees, the existence of a whistleblowing policy and procedures for raising concerns.	Page 56
<b>Provision 11.3</b> Directors' attendance at general meetings of shareholders held during the financial year.	Pages 47 and 59
<b>Provision 12.1</b> The steps taken to solicit and understand the views of shareholders.	Page 59
<b>Provision 13.2</b> The strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.	Page 59
<b>Additional Guidelines</b>	Page reference in OCBC Annual Report 2022
<b>Additional Guideline 1.17</b> An assessment of how the induction, orientation and training provided to new and existing directors meet the requirements as set out by the Nominating Committee to equip the Board and the respective Board Committees with relevant knowledge and skills in order to perform their roles effectively.	Page 48
<b>Additional Guideline 4.7</b> The names of the directors submitted for appointment or re-appointment are accompanied by details and information to enable shareholders and the Board to make informed decisions. Such information, which accompanies the relevant resolution, includes: (a) date of last re-appointment; (b) professional qualifications; (c) any relationships including immediate family relationships between the candidate and the Directors, the Company or its substantial shareholders; (d) a separate list of all current directorships in other listed companies; (e) details of other principal commitments; and (f) any prior experience as a director of a listed issuer or as a director of a financial institution.	Pages 63 to 66
<b>Additional Guideline 4.11</b> Resignation or dismissal of key appointment holders.	Page 50
<b>Additional Guideline 4.12</b> Designations and roles of all directors.	Pages 20 and 21
<b>Additional Guideline 9.9</b> The appointment and remuneration of the non-director member of the Risk Management Committee.	Not applicable
<b>Additional Guideline 9.11</b> (a) The Board's comments on the adequacy and effectiveness of the internal controls (including financial, operational, compliance and information technology controls, and risk management systems). (b) A statement on whether the Audit Committee concurs with the Board's comment. Where material weaknesses are identified by the Board or Audit Committee, they are disclosed together with the steps taken to address them.	Page 56
<b>Additional Guideline 10.19</b> The Audit Committee's comments on whether the internal audit function is independent, effective and adequately resourced.	Page 58
<b>Additional Guideline 14.5</b> Material related party transactions.	Page 60