



銀行之藝術



UOB Sustainability Showcase

Forging a sustainable future

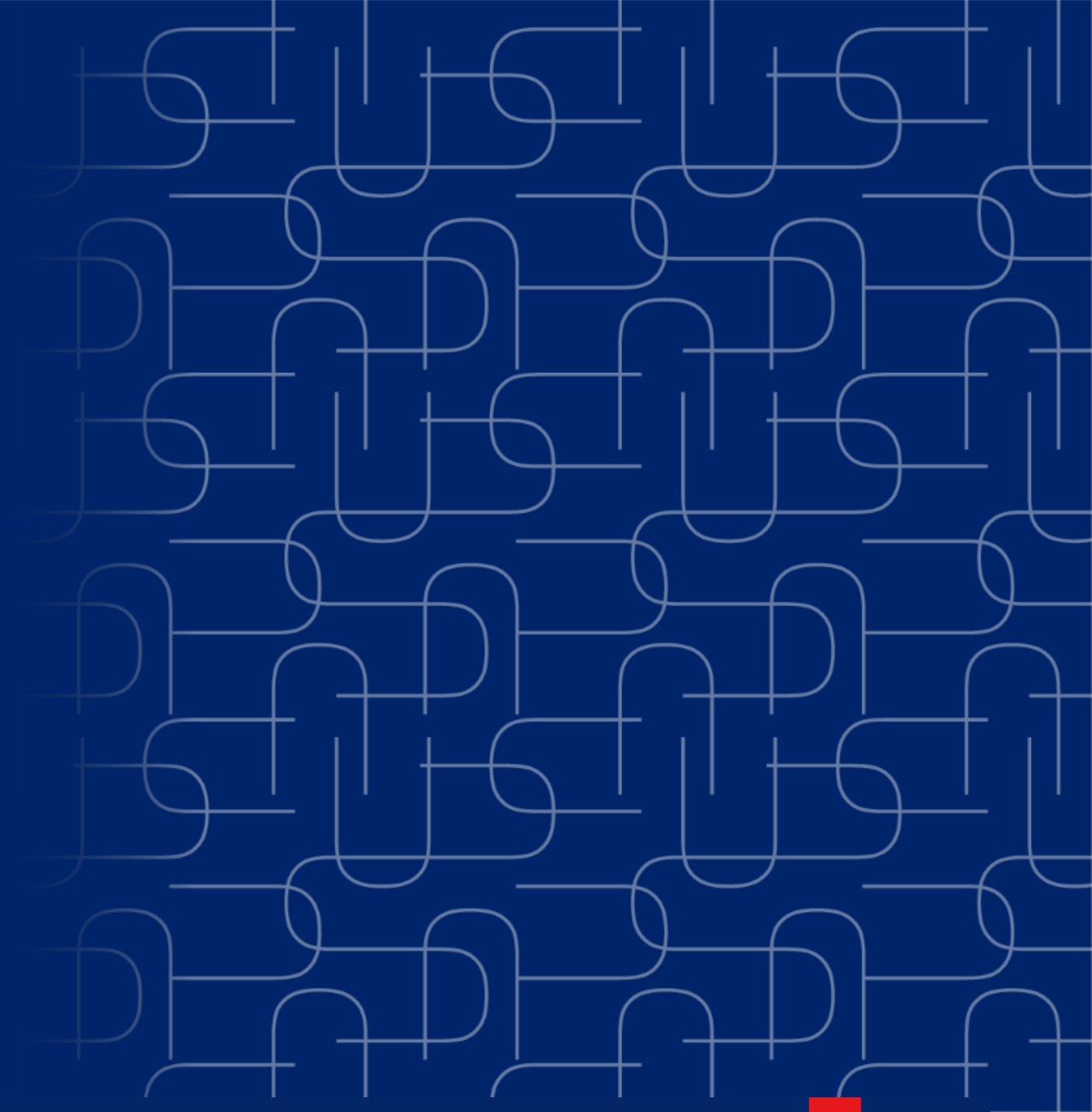
September 2021

Detail of
The Art of Banking by Martin Ding
UOB Art Collection

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Our Sustainability Strategy



Key Stakeholders Driving Sustainability Mainstream



GOVERNMENTS rolling out sustainable development plans (e.g. Singapore Green Plan)
Changing the way our customers work, live, invest (including UOB's own footprint)



ASSET MANAGERS hardening stance on sustainability (e.g. Blackrock)
With increasing effect on asset allocation, investment selection, share price



CUSTOMERS demanding sustainable finance solutions (i.e. Green and SLL¹)
Imply growth opportunities for new-to-bank and defensive strategies for existing-to-bank customers



“UOB’s long term philosophy, coupled with our regional footprint and strong balance sheet, makes us a natural partner in supporting our customers on their sustainability journey”

Four Pillars of Our Sustainability Strategy

UOB supports all 17 UN SDGs and actively promotes them with our stakeholders



Drive Growth Sustainably

- Contribute economically to the progress of our communities
- Embed environmental, social and governance risk in our approach to risk management
- Integrate social and environmental considerations into our credit evaluation and approval processes
- Adopt and promote climate-resilient practices to support our customers in their transition to a lower-carbon economy
- Develop and provide sustainable financing and impact investment solutions



Keep Customers at the Centre

- Protect customer data and privacy through secure and robust systems and practices
- Ensure Fair Dealing
- Create intuitive and impactful customer experiences
- Make banking simpler, smarter and safer through ethical use of technology and data
- Make banking more accessible and inclusive
- Support businesses across all stages of growth



Develop Professionals of Principle

- Develop high-performing teams and future-focused individuals
- Promote work-life harmony
- Encourage volunteerism and advocacy for social and environmental causes
- Ensure employee engagement and satisfaction
- Ensure workplace health, safety and well-being
- Embrace diverse abilities and strengths



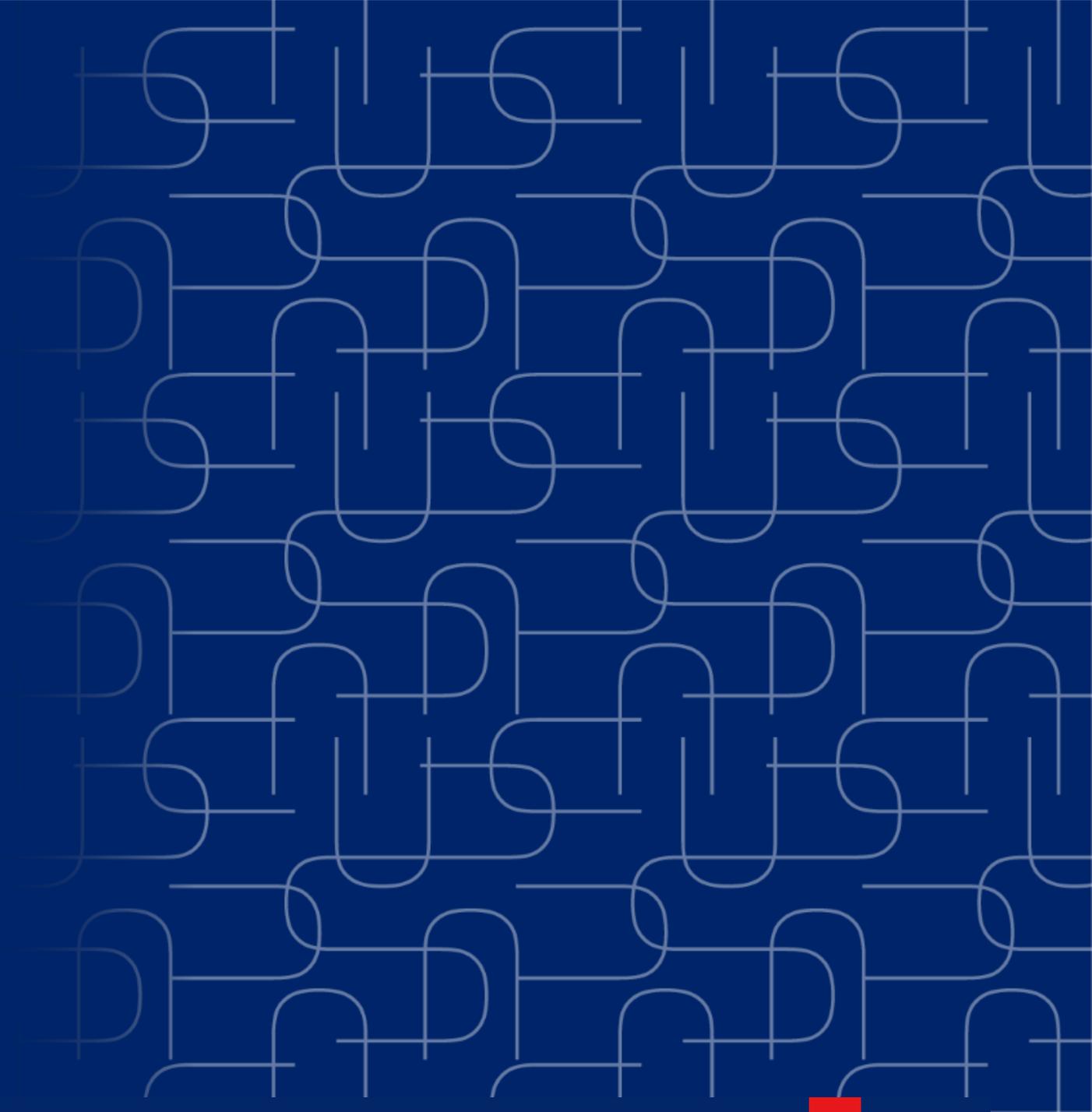
Uphold Corporate Responsibility

- Maintain highest standards of governance and risk culture
- Ensure regulatory compliance
- Protect the financial system against abuse
- Incorporate sustainability principles into our procurement practices
- Encourage environmental stewardship through efficient resource use and waste management
- Champion social development in art, children and education

Rooted in Our Values of Honour, Enterprise, Unity and Commitment



Building our Portfolio of Green Assets



Group Wholesale Banking ESG Strategy

Delivering tangible impact



- ✓ *Across all client segments*
- ✓ *Aligned to respective ASEAN country's ESG agenda and support*
- ✓ *Tailored to industry readiness and adoption*

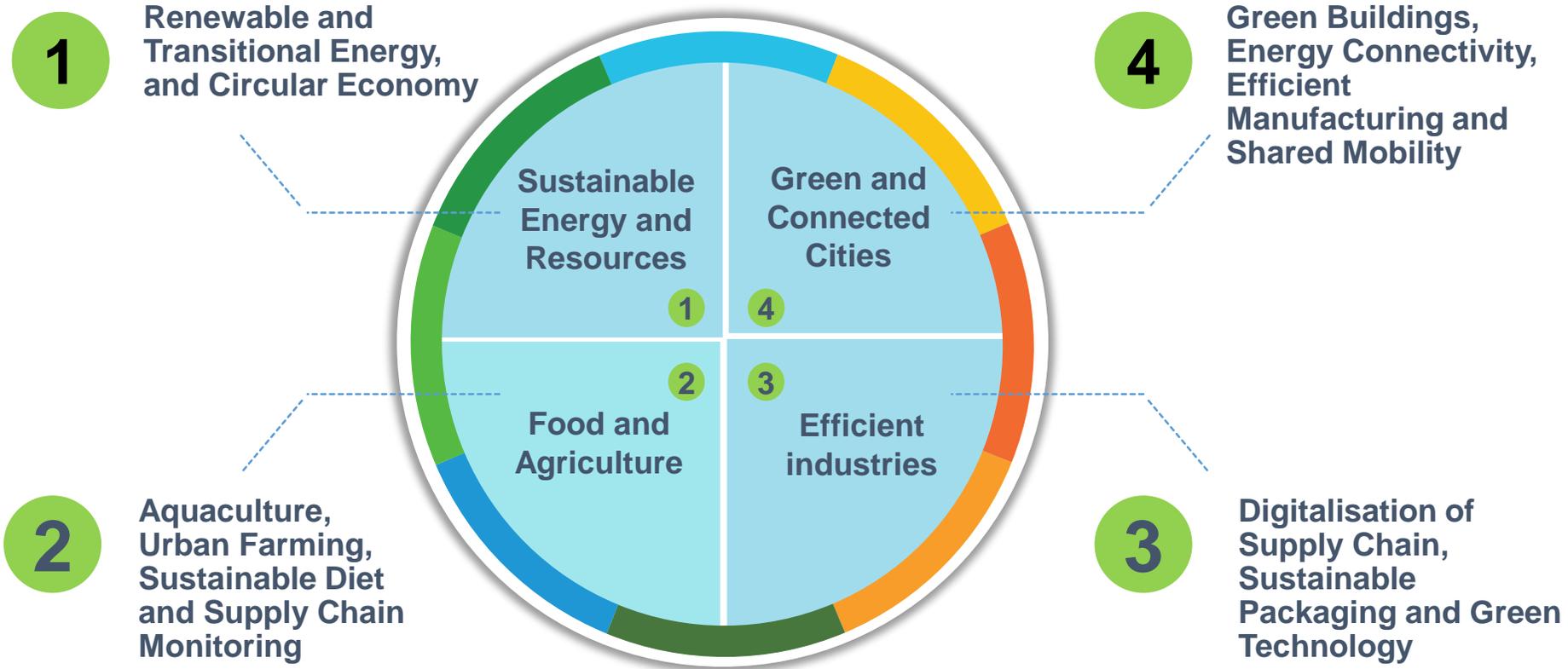
OBJECTIVE

Our solutions aim to **maximise impact** across **industries**; **number of customers** and **partners**, leveraging UOB's core strengths in ASEAN footprint with acceptable risks and returns to the shareholders

US\$1 trillion* in Green and Sustainable Opportunities for Southeast Asia



Targeted SDGs**



Benefits to us

Untapped market with high growth potential

Dovetail with our sector focus

Relevant frameworks are already in place

** Sustainable Development Goals

Four UOB Green Umbrella Frameworks

Frameworks and solution suites are applicable across all sectors



Real Estate Sustainable Financing

Advised by KPMG

Covers both green and sustainability linked financing for global real estate financing across 7 asset classes:



Smart City Sustainable Financing Framework

Framework was supported by MAS GSLS¹ and Carbon Trust provided SPO²

Supports companies contributing to the creation of sustainable and smart cities through the following:



Green Financing for Circular Economy

Vigeo Eiris provided SPO²

Supports companies in the 3R (renew, reuse and reduce) businesses.

Potential applications:



Green and Sustainable Trade Finance and Working Capital

Framework was supported by MAS GSLS¹ and Vigeo Eiris provided SPO²

Supports the needs of companies for shorter term financing (<1 year) using a 'principle based' approach

Eligibility:



Pure play green companies or green projects



Companies with recognised, sustainable industry certifications.



1. GSLS: Green and Sustainability-Linked Loan Grant Scheme

2. SPO: Second Party Opinion

Singapore's Green Plan 2030



Real Estate Sustainable Financing Opportunities

Smart City Sustainable Financing Opportunities

Circular Economy Financing Opportunities



Green Economy
Green Finance, standards, frameworks and innovation pursuits

To be the **Green Finance Hub in Asia** through MAS's **Singapore Green Finance Action Plan (FCAP)**

Become a leading **Carbon Trading and Services Hub**, projected to be a multi-billion dollar industry

Attract **R&D activities in Singapore to develop new sustainability solutions** under Research, Innovation and Enterprise 2025 Plan (RIE2025)



Sustainably Living
Circular Economy, Smart cities and Green Commuting

Aim to introduce zero waste, recycling and closed loop systems in managing our waste and water resources

75% reduction of net carbon emissions from pre-tertiary schools by 2030, and at least 20% of these schools to be carbon neutral by 2030

Expand rail network by 1.5x to 360km and cycling network by 2.9x to 1,320km by 2030



Energy Reset
Electric Vehicle adoption, solar power and green buildings

All newly registered cars to be cleaner-energy models from 2030 and **phase out Internal combustion engine (ICE) vehicles by 2040**

Quadruple the solar deployment by 2025 and five times by 2030 (base year 2020) with at least 2 gigawatt-peak

Reduce energy consumption from public housing by 15% through smart, energy efficient methods. Target 80% of all buildings to be green by 2030



Resilient Future
Food supply chains, Cooling cities and rising sea level mitigation

Climate adaptation infrastructure for coastal areas to tackle rising sea levels

Moderate rise in urban heat with greenery and by design (ie use of cool paint) to cool our cities

Aim to improve self-sufficiency in local food production to 30% by 2030



City in Nature
Biodiversity and Living spaces

Around one third of total land space in Singapore will be covered by trees

One million more trees to be planted across the island, which will **sequester additional 78k tonnes of CO₂**

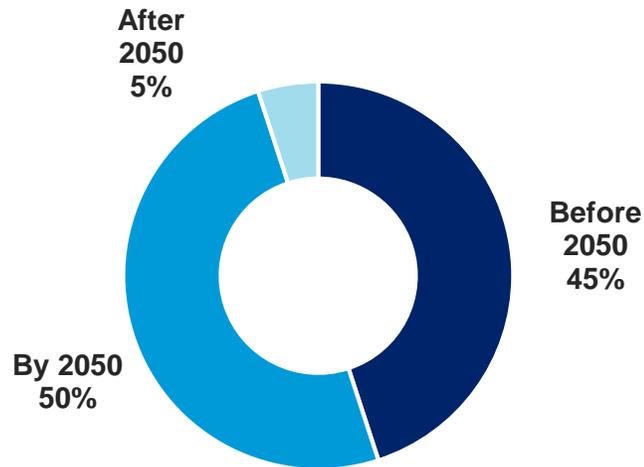
Promote harmony between people and wildlife

Bridging Scope 3 Gaps to Net Zero Commitments...



Companies with net zero targets

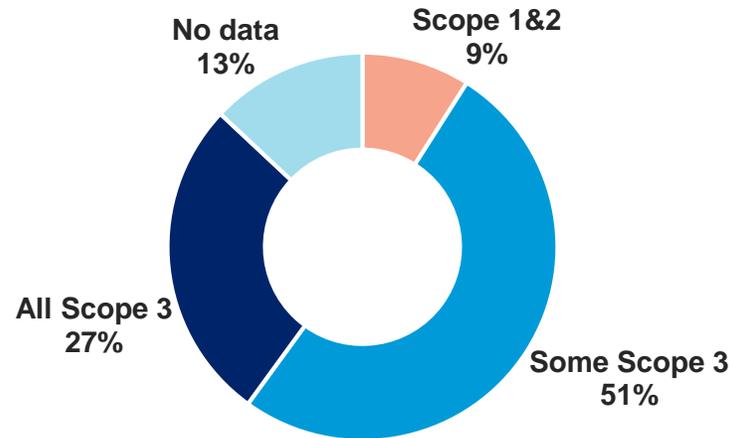
% of targets by sales



Global large corporates with net zero commitments account for nearly **US\$14trn** – 33% of total sales across the top 2,000 public companies.

Net zero targets by coverage

% of targets by sales



78% of these corporates have included emissions across all scopes in various forms.

Scope 3 emissions*



Up to 90% of a corporate's total emissions lies in its value chain.

Emissions from suppliers could be **10x higher** than direct emissions (Scope 1 and 2) for some corporates.

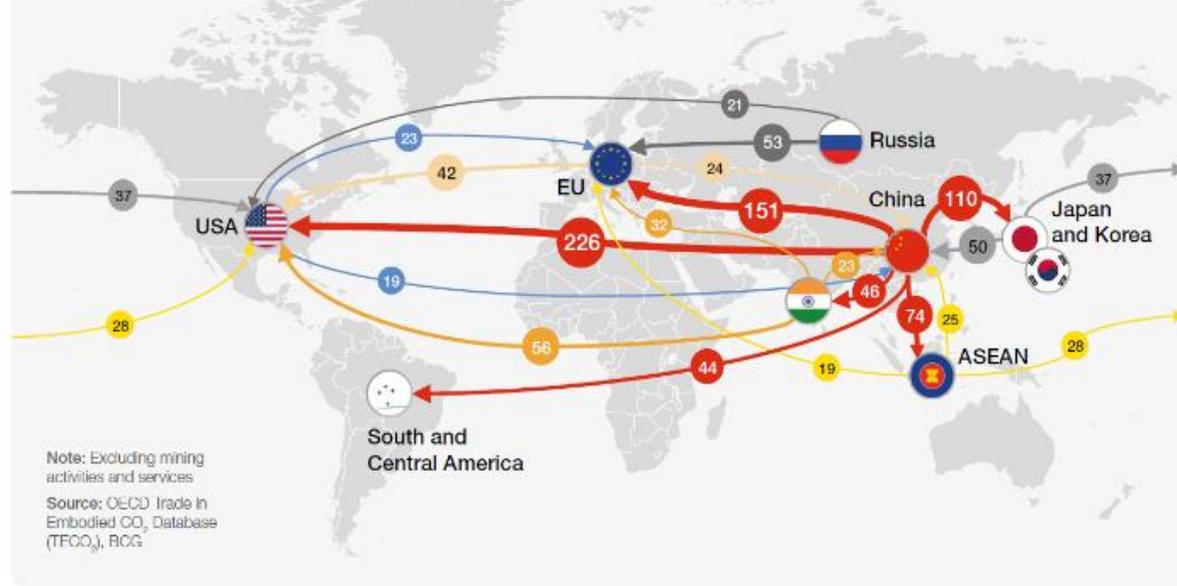
Source: The Energy & Climate Intelligence Unit and Oxford Net Zero, Carbon Trust and GHG Protocol, World Economic Forum (WEF) & Boston Consulting Group (BCG)

* Scope 3 evaluates value chain emissions from both upstream and downstream of an organisation's supply chain, for example, emissions from waste generated during operations.10

... and Asian suppliers play a major role in the ambition

Significant global trade flows from Asia

Top 20 global CO₂ export flows (Mt CO₂, 2015)



Western economies import significant volume of trade and embodied carbon emissions, from Asia

EU Carbon Border Adjustment Mechanism



The European Union is proposing a Carbon Border Adjustment Mechanism (CBAM), effective from 2023.

Under the CBAM, products would be taxed at the European border depending on the amount of carbon emitted during production. The mechanism is needed to prevent carbon 'leakage', where reduction in CO₂ inside the EU will encourage companies to shift production elsewhere.



For suppliers in high carbon intensive sectors exporting to the EU, the direct impact of the CBAM would alter the competitive landscape. **If these companies do not adapt quickly to reduce their carbon footprints, they risk losing market share.**



With significant trade volume from Asia, suppliers in the region, including small and medium enterprises (SMEs), will be affected by the developed world and global corporates' climate ambitions.

Managing Scope 3 Emissions

Global large corporates are likely to prioritise suppliers[#] who can support their net-zero commitments.

2 out of 3



aim to tackle supply chain emissions
by removing suppliers
in the next three years (by 2024)

Up to US\$1 trillion*



worth of opportunities **at risk** for
suppliers who are not stepping up on
their sustainability practices

Responsible sourcing [#]

- Offering preferred supplier status to sustainable suppliers **47%**
- Preferential pricing for measurably sustainable suppliers **30%**

Emissions reduction [#]

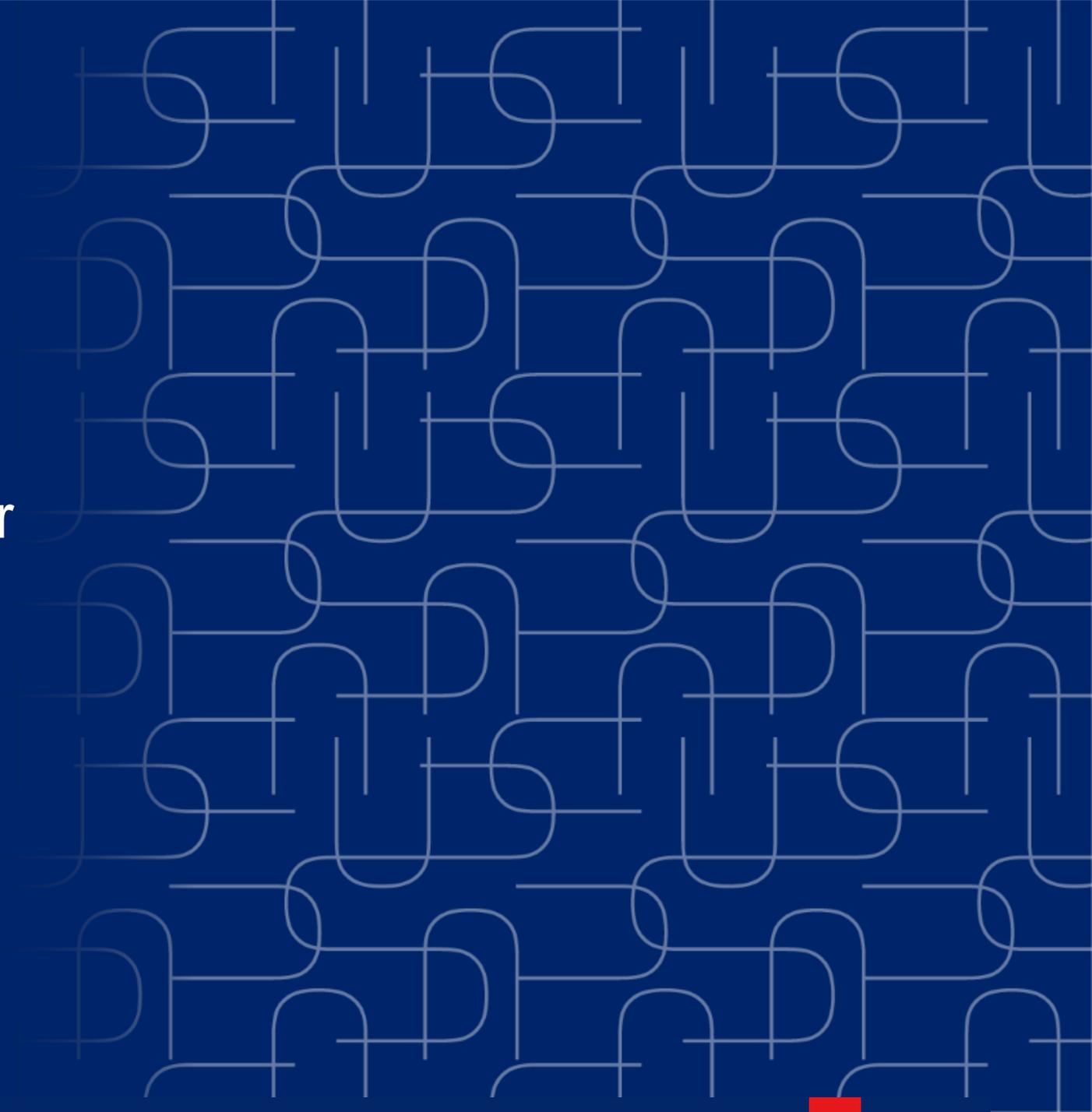
- Investing in new technologies on behalf of their suppliers **46%**
- Helping educate them on effective energy efficiency strategies **37%**
- Helping educate them on reducing waste from their operations **36%**
- Providing access to industry specialists who will help suppliers reduce emissions **35%**
- Investing in clean energy infrastructure in key suppliers' local markets **31%**

Source: Survey responses by Carbon Dated, a study done by a reputable global financial institution

[#] Opinions research done between Mar-Apr'21, with responses from 400 MNCs with at least one supplier based in China, Hong Kong, Indonesia, Malaysia Singapore, other Asian and African markets

* Absolute sum of China (US\$512.3b), Hong Kong (US\$205.5b), Singapore (US\$146.6b), Malaysia (US\$65.3b) and Indonesia (US\$25.6b)

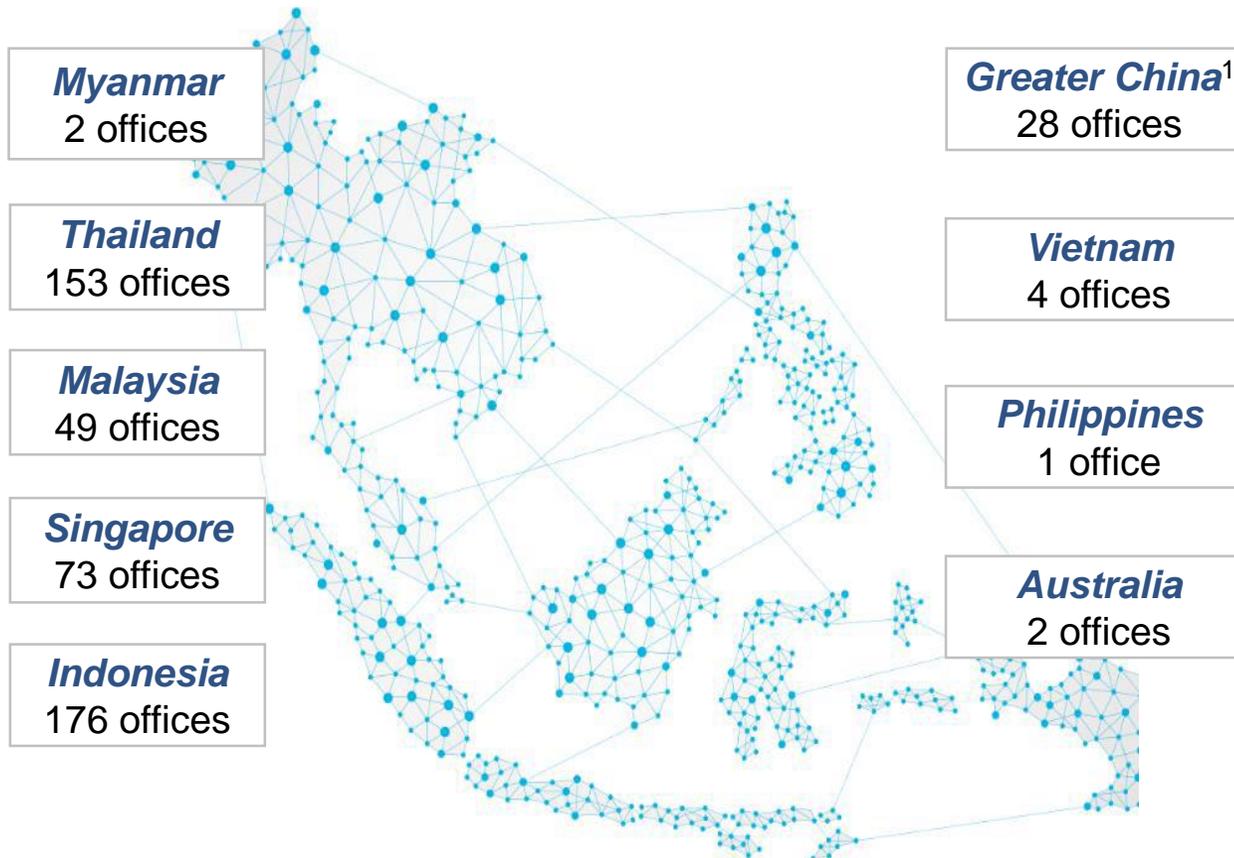
Our Solutions Leveraging our Footprint



Comprehensive Regional Banking Franchise



Extensive regional footprint with ~500 offices



- Most diverse regional franchise among Singapore banks; effectively full control of regional subsidiaries
- Integrated regional platform improves operational efficiencies, enhances risk management and provides faster time-to-market and seamless customer service

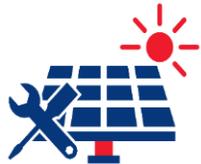
1. Comprise Mainland China, Hong Kong SAR and Taiwan

U-Solar is *Asia's first Integrated Solar Energy Platform* launched by UOB in 2019



Game changer for the solar energy ecosystem in Asia

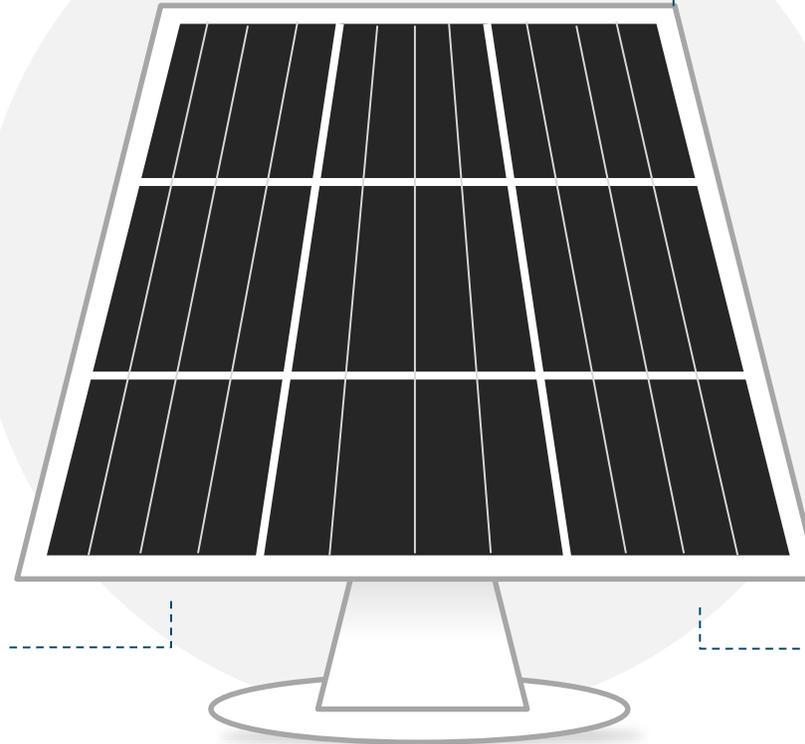
- First in Asia to have an integrated solar platform across the value chain.
- Making sustainable energy accessible with competitive financing packages.



Supporting the solar ecosystem with end-to-end solutions

- Partnering with leading and reliable local solar developers, EPC contractors and suppliers.
- Providing support to U-Solar partners with access to multi-channel marketing avenues to reach its intended customer base.

U-Solar Programme



Coordinated 'One Bank' effort across segments, products and multiple stakeholders

- Mobilising Group Wholesale Banking and Group Retail to develop the U-Solar programme for the entire ecosystem
- Collaborating with multiple stakeholders across the bank, regulators and ecosystem partners to raise public awareness.



Tangible environmental impact*

- Removed >81K tonnes of CO₂ equivalent to 1.3M trees planted.
- Removal of ~18K cars off the road.

* Estimated as of Jun 2021

Powering Solar Projects across Southeast Asia



Pilot Clients under UOB's Green and Sustainable Trade Finance Framework



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Media Releases | Published Date: 19 May 2021

Accelerating Green Finance

Guide for climate-related disclosures and framework for green trade finance

Singapore, 19 May 2021... A financial industry taskforce convened by the Monetary Authority of Singapore (MAS) launched today several initiatives to accelerate green finance in Singapore through improving disclosures and green solutions.

2. The Green Finance Industry Taskforce (GFIT) issued a detailed implementation guide for climate-related disclosures by financial institutions; a framework to help banks assess eligible green trade finance transactions; a whitepaper on scaling green finance in the real estate, infrastructure, fund management and transition sector will also launch for financial institutions (FIs) and corporates a series of workshops to build capacity in green with support from its industry association partners.

3. The guide on implementing climate-related disclosures sets out best practices that are aligned with the recommendations of the Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD). The guide also outlines specific disclosure practices for each of the banking, insurance and asset management sectors, taking into consideration the different approaches that individual sectors could take. The guide will help to ensure the quality of FIs' climate disclosures, and facilitate more consistent and comparable disclosures across FIs.

4. The framework for green trade finance and working capital provides a principles-based approach for banks to assess eligible green trade finance transactions, and specific guidance on recommended industry certification for trade finance activities to qualify as green. Guided by this framework, HSBC and UOB have piloted four green trade finance transactions for renewable energy, recycling, agriculture and farming activities, to support businesses in greening their supply chains.

New industry guidelines, framework to ramp up green finance in Singapore

WED, MAY 19, 2021 - 3:09 PM | UPDATED THU, MAY 20, 2021 - 9:17 AM

NATALIE CHOY | choycmn@sph.com.sg | [@NatalieChoyBT](https://twitter.com/NatalieChoyBT)

A FINANCIAL industry taskforce, convened by the Monetary Authority of Singapore (MAS), has issued a guide for climate-related disclosures and a framework for green trade finance.

These initiatives seek to accelerate green finance in Singapore through improving disclosures and green solutions, said MAS in a statement on Wednesday.

The Green Finance Industry Taskforce's (GFIT) new framework for green trade finance provides a "principles-based" approach for banks to assess eligible green trade finance transactions, and recommended industry certifications for trade finance activities to qualify as green.

<https://www.businesstimes.com.sg/banking-finance/new-industry-guidelines-framework-to-ramp-up-green-finance-in-singapore>

19/2021 | New industry guidelines, framework to ramp up green finance in Singapore, Bank

Guided by this framework, HSBC and UOB have piloted four transactions for renewable energy, recycling, agriculture and farming activities, to support businesses in greening their supply chains.

In a statement, UOB said that its first two green trade finance facilities have been granted to a producer and distributor of palm oil products, and aquaculture firm Barramundi.

UOB grants green trade finance facilities to Musim Mas, Barramundi Group

More than \$590b of trade flows meet green and sustainable requirements in Singapore.

UOB has extended its first green trade finance facilities to Musim Mas Group and Barramundi Group, with the goal of helping the two build on their sustainable initiatives and strengthen their supply chain resilience.

The facilities, whose amounts were undisclosed, are under the Green Finance Industry Taskforce's Green and Sustainable Trade Finance and Working Capital Framework.

Palm oil merchandiser and distributor Musim Mas Group says that it will use the funding for its working capital needs, in particular for sourcing certified palm oil from responsible suppliers.

Real Estate Sustainable Financing in the Region



Selected headlines*



Singapore

28 Real Estate
Sustainable Financing
Deals

Park Hotel Group secures its first green loan of S\$237 million under the UOB Real Estate Sustainable Finance Framework

Marks the largest green loan for hotel properties in Singapore from a single financial institution

The Farrer Park Company partners UOB on Singapore's first green loan for a healthcare facility

Issued under the UOB Real Estate Sustainable Finance Framework, the S\$120 million green loan is a first for The Farrer Park Company



Australia

2 Real Estate
Sustainable Financing
Deal

UOB, DBS and Standard Chartered provide S\$945 million green loan to finance Allianz and Gaw Capital's acquisition of DUO Tower and DUO Galleria

Standard Chartered and UOB provide a HK\$5.29b green loan to Gaw Capital-led consortium for its acquisition of 1111 King's Road

UOB Thailand extends ฿675 million green loan to Asia Capital Real Estate for eco-friendly residential development in Phuket



Hong Kong

4 Real Estate
Sustainable Financing
Deal



Thailand

1 Real Estate
Sustainable Financing
Deal

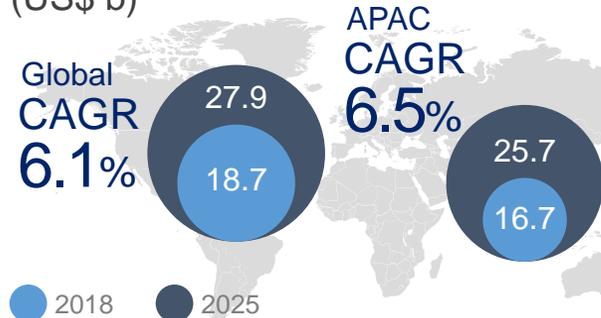
* Selected headlines from UOB press releases.

Plastics Recycling Industry Growth

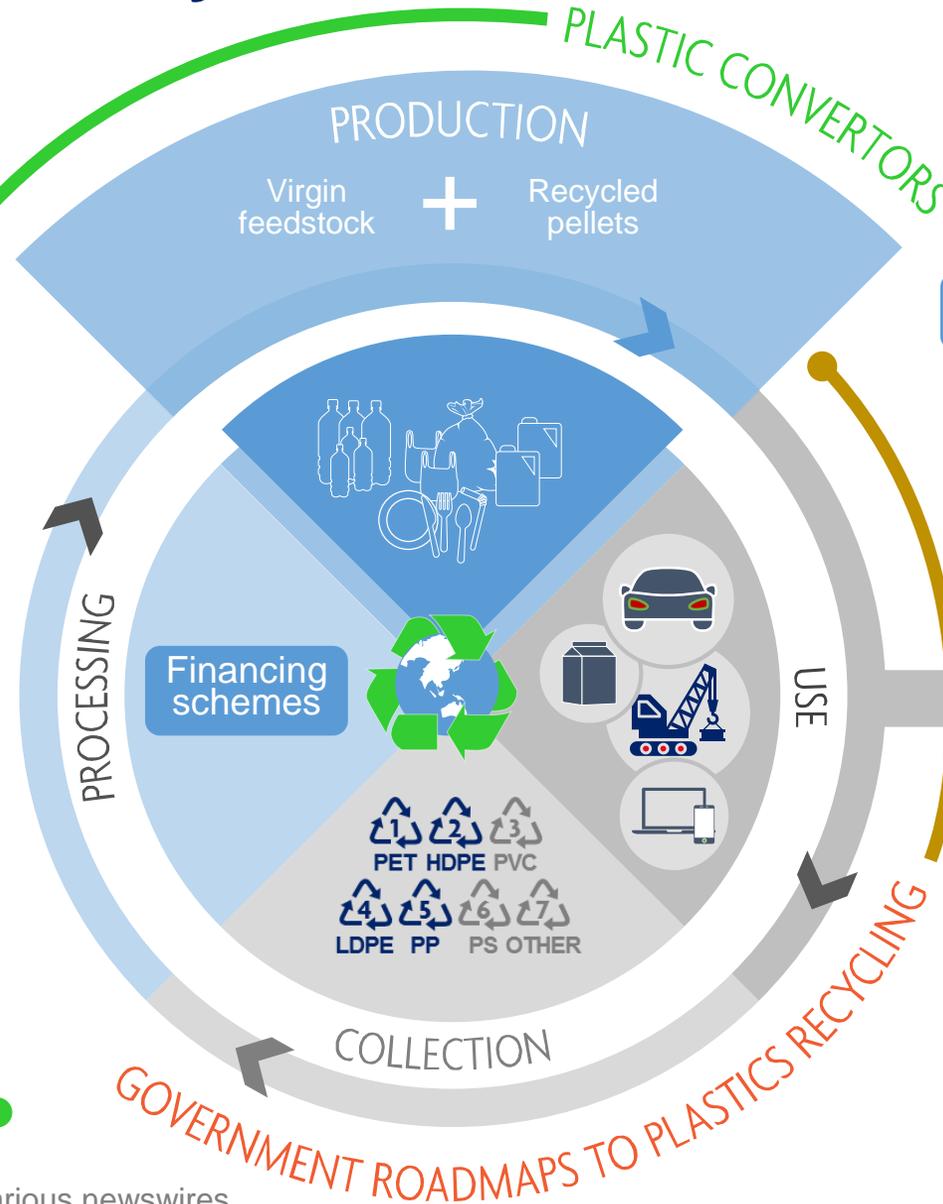
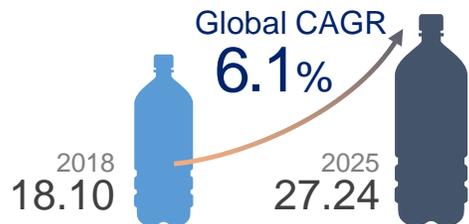


Plastics recycling trends

Plastics recycling industry market value (US\$ b)



Plastics recycled (% of global plastics produced)

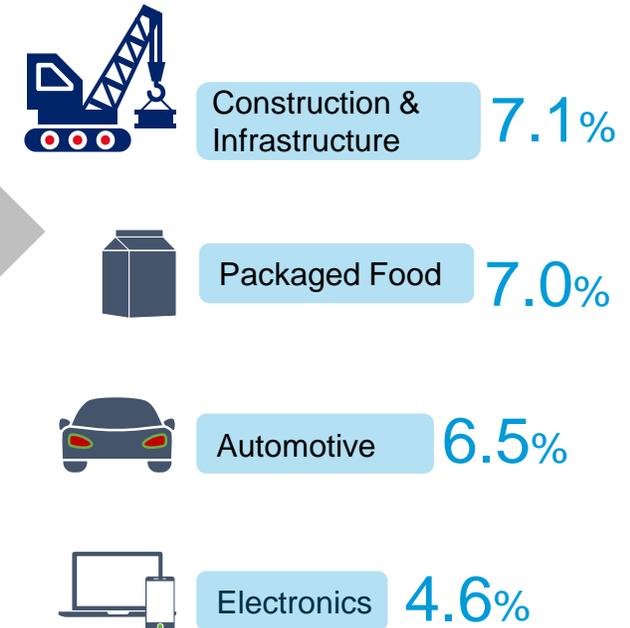


Government Roadmaps

- Malaysia:** A circular economy roadmap for bottles by 2022-2025
- Thailand:** To use 100% recycled plastics in various form by 2027

Recycled plastics consumption

End-use sectors 5-year outlook (CAGR)



UOB's Responsible Financing Journey: Pragmatic and progressive



2018

- Rolled out ESG risk classification to better manage ESG risk in portfolio
- Led industry-wide efforts via the Association of Banks in Singapore (ABS) to develop:
 - i. minimum ESG representations and warranties for Singapore banks, and
 - ii. responsible financing e-learning module
- Enhanced ESG monitoring and reporting to improve oversight on potential controversies

2019

- Discontinued (i) new project financing of coal-fired power plant projects, (ii) project financing of greenfield thermal coal mines and (iii) new financing of greenfield oil palm plantations
- Endorsed Task Force on Climate-related Financial Disclosures (TCFD) recommendations and outlined roadmap, led by cross-functional TCFD Working Group
- Part of Monetary Authority of Singapore' (MAS) working group to co-create the Environmental Risk Management (ENRM) Guidelines

2020

- Strengthened due diligence process with enhanced checklist and climate-related questions
- Completed pilot transition risk climate scenario analysis in line with TCFD roadmap
- MAS' ENRM Guidelines issued; involved in MAS Green Finance Industry Taskforce (GFIT)
- All employees in relevant roles completed industry-wide e-learning module on responsible financing

ESG Ratings, Rankings and Indices



Recognised by extra-financial rating agencies and included in leading sustainability indices



Ratings

A

As at Aug 2021

MSCI ESG Ratings

C

As at 2020¹

CDP Climate Change Score

19.6

Low Risk², as at Jun 2021

Sustainalytics ESG Risk Rating



Rankings

Top 20

Among ASEAN companies

ASEAN Corporate Governance Scorecard (ACGS)

#2

Among Singapore companies

ASEAN Corporate Governance Scorecard (ACGS)

#2

Among ASEAN banks in 2021

WWF Sustainable Banking Assessment



Indices

Inclusion

In 2021

Bloomberg Gender Equality Index

#2

By market cap, as at Jun 2021

FTSE4Good ASEAN-5 Index

#2

Largest constituent, as at Jun 2021

iEdge Singapore ESG Leaders Index

#6

Among Singapore companies

Singapore Governance & Transparency Index (SGTI)

1. An improvement from 'D' score in 2019.

2. In June 2021, UOB received an ESG Risk Rating of 19.6 and was assessed by Sustainalytics to be at Low Risk of experiencing material financial impacts from ESG factors
Source: Bloomberg, CDP Worldwide, Centre for Governance and Sustainability at National University of Singapore Business School; FTSE Russell; MSCI Inc.; Singapore Exchange (SGX); Sustainalytics; and World Wide Fund for Nature.

Thank You