



UOB Sustainability Bond Allocation and Impact Report

July 2023



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Introduction

United Overseas Bank Limited (UOB) is a leading bank in Asia. Operating through our head office in Singapore and banking subsidiaries in China, Indonesia, Malaysia, Thailand and Vietnam, we have a global network of around 500 offices in 19 countries and territories in Asia Pacific, Europe and North America.

UOB provides a wide range of financial services globally through our three core business segments - Group Retail, Group Wholesale Banking and Group Global Markets. Our offering includes consumer banking, private banking, commercial banking, transaction banking, investment banking and treasury services. Through our subsidiaries, we also provide asset management, private equity fund management and insurance services among others.



UOB's Sustainability Strategy

As one of Asia's largest banks, UOB has a duty to contribute to the region's long-term economic, social and environmental well-being. We believe in sustainable development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

Our approach to sustainability is guided by five principles that act as a compass for how we address the material risks and opportunities which may impact our customers, colleagues, investors, suppliers and the communities in which we operate.

We also recognise that good corporate governance is essential for embedding sustainable business practices across the Group. This long-term, responsible approach is our heritage and is central to our business strategy and activities.

Our sustainability strategy mirrors our business approach of balancing growth with stability and is aligned with the United Nations Sustainable Development Goals (UN SDGs). The four pillars of UOB's sustainability strategy reflect our expertise, responsibilities and the role we can play for the long-term benefit of our key stakeholders.

They are:

- **Drive Growth Sustainably**
- **Keep Customers at the Centre**
- **Develop Professionals of Principle**
- **Uphold Corporate Responsibility**

Our Guiding Principles

1

Forge a sustainable future with our customers

Engage our customers proactively to influence their sustainability practices for greater long-term resilience

2

Aligned to business strategy and stakeholder interests

Stay economically relevant by pursuing sustainable growth strategies

3

Pragmatic and progressive

Implement sustainability programmes to manage environmental, social and governance (ESG) risks and opportunities sensibly, in line with market and competitive realities

4

Regulatory compliance as the baseline

Align our sustainability approach with ESG policies and guidelines of governments in our key markets

5

Values-driven

Based on our longstanding and distinct values

UOB Sustainable Bond Framework

The [UOB Sustainable Bond Framework](#) (Framework) was developed with the objective of reinforcing UOB's capabilities in financing green and social projects, which contribute to the UN SDGs. Through this Framework, UOB aims to mobilise investors to contribute capital towards the realisation of the UN SDGs. The Framework is in line with:

- the International Capital Market Association's Green Bond Principles, Social Bond Principles and the Sustainability Bond Guidelines; and
- the ASEAN Green Bond Standards, Social Bond Standards and Sustainability Bond Standards.

UOB obtained a Second Party Opinion from Sustainalytics to confirm the alignment of the Framework with the applicable market standards.

About This Report

This UOB Sustainability Bond Allocation and Impact Report (Report) provides details of UOB's US\$1.5 billion sustainability bond issued in April 2021 and outstanding as at 31 March 2023.

Ernst & Young LLP is the independent third-party attestation provider of this Report. Their review report is available at the end of this Report.



Allocation of Proceeds

100% allocated as at 31 March 2023¹

S\$2.4 billion of assets meeting the Eligibility Criteria for Use of Proceeds as set out in the Framework

20.5% in new financing and 79.5% in refinancing

Summary of Sustainability Bond Asset Portfolio

As at 31 March 2023

Small- and medium-sized enterprises (SMEs) are the backbone of regional economies. UOB sees ourselves as an enabler, with a market-leading Southeast Asia SME franchise to raise awareness of and promote sustainable SME lending.

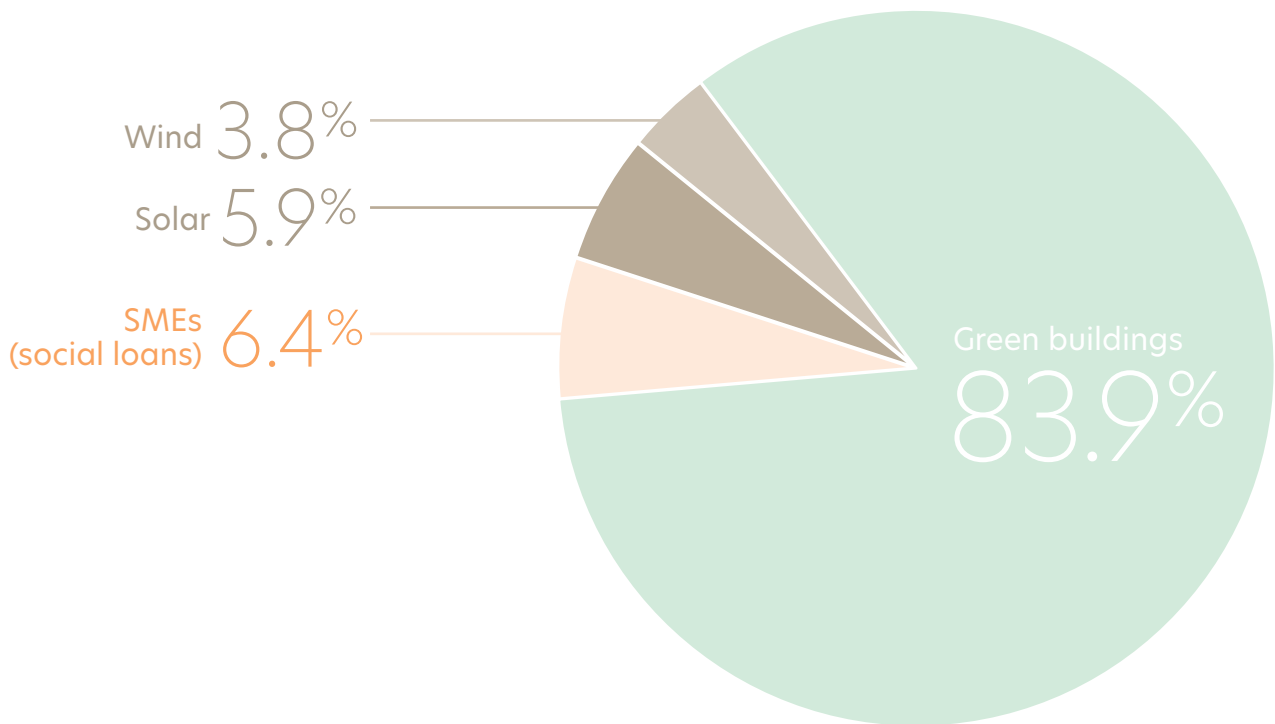
Distribution by geography²






¹ Based on 120 per cent of the bond issuance amount to create a buffer for foreign exchange fluctuations, early repayments or redemptions, and other factors that may cause the eligible loan amount to decrease unexpectedly.

² Based on allocated amount

Distribution by sector³



Eligible Project Category	Number of Projects Financed	Amount Allocated (\$ million)	Geographical Distribution (Singapore / Rest of Southeast Asia ⁴)	Greenhouse Gas (GHG) Emissions Avoided (tCO ₂ e/year) ⁵	Total Installed Renewable Energy Capacity (Megawatt-peak) (UOB's Share) ⁵
 Green Buildings	24	2,008.1	94.5% / 5.5%	10,784	—
 Renewable Energy					
• Solar	63	139.8	14.9% / 85.1%	103,253	257.9
• Wind	2	91.8	6.4% / 93.6%	60,017	45.0
 Employment Generation	299	153.4	100% / 0%	—	—
Total	388	2,393.1	86.8% / 13.2%	174,054	—

³ Based on allocated amount

⁴ Includes Malaysia, Thailand and Vietnam.

⁵ Only includes projects that are operational.

Impact

Green Buildings



One BCA⁶ Green Mark Platinum (Positive Energy) building, seven Green Mark Platinum buildings, 10 BCA Green Mark Gold^{PLUS} buildings, four EDGE⁷-certified buildings, one GreenRE Platinum building and one LEED⁸-certified building

10,784 tCO₂e of GHG emissions avoided per year



Renewable Energy



197,625 megawatt-hours (MWh) of solar energy generated per year

125,900 MWh of wind energy generated per year

163,270 tCO₂e of GHG emissions avoided per year

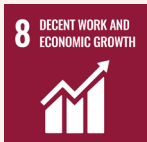


Employment Generation



S\$153.4 million in loans to SMEs

286 businesses supported⁹



⁶ Singapore's Building and Construction Authority

⁷ Excellence in Design for Greater Efficiencies

⁸ Leadership in Energy and Environmental Design

⁹ In February 2022, the Ministry of Finance Singapore published [a report](#) which detailed the impact of the Temporary Bridging Loan (TBL) Programme.



Green Loan Impact Reporting Methodology

For renewable energy projects, UOB recorded the annual energy generation through actual production figures (where available) or estimates using completed capacity financed by UOB as at 31 March 2023¹⁰.

The estimated energy output in kilowatt-hours (kWh) per day for solar projects is calculated by multiplying completed capacity with an assumption of 3.5 sun hours per day and a performance ratio assumption of 80 per cent. This is multiplied by 365 to calculate the estimated annual energy output. The figure is then multiplied by the latest country-specific grid emissions factors for electricity and heat generation (CO₂, CH₄, N₂O) sourced from the International Energy Agency (IEA) Emissions Factors 2022 data package in order to obtain the avoided emissions. Projects under construction are excluded from annual avoided emissions calculations.

¹⁰ Estimates are only applicable to solar projects. Wind projects are based on actual data.

To estimate our post-certification carbon emissions for our real estate lending exposures to certified green buildings, we multiplied the buildings' gross floor area (GFA) with the estimated energy use intensity, and with the respective country's grid emission factors. Building types include residential, industrial, hotels, offices, data centres and mixed developments. For Singapore and Thailand, we adopted the GFA data from BCA and other sources when BCA data was unavailable for BCA Green Mark Platinum, Green Mark Gold^{PLUS}, EDGE and LEED Gold-certified buildings in our loan portfolio.

Pre-green building certification emissions are estimated by assuming that pre-certification emissions are 20 to 25 per cent higher than post-certification emissions, based on the certification and building type. The absolute carbon emissions savings is the estimated difference between post- and pre-certification emissions.

Both the avoided emissions of renewable energy and green building projects are adjusted by the percentage share financed by UOB. It is apportioned by taking the outstanding loan amount and dividing it by UOB's approved amount if it is a bilateral loan or the total deal size amount if the facility is a syndicated or club loan.

Social Loan Programme

Understanding the distinct challenges that SMEs would face when navigating the disruptions caused by the COVID-19 pandemic, UOB acted swiftly at the onset of the pandemic to provide them with financial support. In February 2020, UOB announced a S\$3 billion relief assistance programme for our SME clients. UOB was also the first in setting up a dedicated restructuring task force that has been actively engaging clients to understand their challenges and to provide support in reworking their financial needs.

For many SMEs, access to credit is a critical lifeline to tide them through COVID-19. In April 2020, to help more SMEs manage their immediate cash flow needs, the Monetary Authority of Singapore (MAS), in partnership with Enterprise Singapore, launched financing schemes, including the Temporary Bridging Loan (TBL) Programme to support lending to SMEs. UOB is a participating bank in the TBL Programme, supporting the policy intent to ensure that businesses continue to have access to financing so that they can upgrade their operations, build new business capabilities, pivot to new business models and grow sustainably.



In February 2022, the Ministry of Finance Singapore published the [Assessment of the Impact of Key COVID-19 Budget Measures](#), a report that detailed the impact of the TBL Programme:

“Results from an MTI¹¹ study on the financing schemes that are focused on providing working capital loans (i.e., TBL and EFS-WCL¹²) showed that the schemes supported firms during the pandemic. In particular, the TBL, which is the main financing scheme, helped to alleviate financial distress across firms of all sizes and supported employment in smaller firms with 50 or fewer employees.”

- Page 40, Paragraph 5.6

In addition to relief support, we made a significant push to grow our digital solutions to support businesses in 2022, especially with the launch of the UOB SME app in August. The UOB SME app is an industry-first, all-in-one digital banking platform to meet the banking needs of SMEs. With our wide range of digital offerings such as UOB Infinity, UOB BizSmart, UOB eBusiness Account and PayNow Corporate, we partner companies to accelerate their digitalisation efforts.

In recognition of our deep regional connectivity, expertise and continued support of SMEs to enable post-pandemic recovery and growth, UOB was named the World’s and Asia’s Best Bank for SMEs at the *Euromoney* Global Awards for Excellence 2021. Our accolades also include Best SME Bank in the World, Asia Pacific and Singapore at *Global Finance* Best SME Bank Awards 2022, as well as Best SME Bank in Asia Pacific and Singapore at *The Asian Banker* Excellence in Retail Financial Services International Awards 2023.

¹¹ Ministry of Trade and Industry Singapore

¹² Enhanced Enterprise Financing Scheme - Working Capital Loan

Case Studies: Use of Proceeds of the UOB Sustainability Bond



Green Loan to Asia Capital Real Estate (ACRE)

In 2022, UOB Thailand provided ACRE with a 675 million baht (S\$28.8 million) green loan to develop HOMA Phuket Town, an environmentally-friendly, affordable residential rental apartment complex in Phuket. The loan was approved under the UOB Sustainable Finance Framework for Green Building Developers and Owners, which is the first lending framework by a Singapore bank dedicated to supporting sustainability-related projects in Asia's real estate sector.

HOMA Phuket Town is a 505-unit rental housing development with features such as solar panels, energy-efficient appliances, LED lighting, advanced air quality monitoring and efficient air conditioning. Designed to meet the EDGE Advanced green building standards established by the International Finance Corporation, the project aims to achieve more than 40 per cent reduction in energy and water usage compared with a conventional building.

HOMA Phuket Town will also help reduce around 325 tonnes CO₂-equivalent (tCO₂e) GHG emissions per year. This GHG emissions reduction is equivalent to having close to 5,370 new tree seedlings grown over 10 years or taking close to 71 cars off the road for a year. In addition, the project will be the first residential rental property in Thailand to obtain a LEED certification upon completion in October 2023.

Reference:

["UOB Thailand extends green loan to ACRE for eco-friendly residential development in Phuket", 18 February 2022](#)



Green Loan to Samwoh

According to the IEA, 40 per cent of annual global carbon emissions come from the built environment, with roughly a third attributed to infrastructure materials and construction.

For Samwoh, a Singapore-based engineering and construction company, its ambition for a greener built environment sector led to the launch of its new headquarters, the Samwoh Smart Hub. Unveiled in late 2022, the facility is Singapore's first positive-energy industrial building constructed using 100 per cent recycled construction materials.

Positive-energy buildings produce more power than they consume. The Samwoh Smart Hub relies on smart building management systems to minimise energy consumption, including the use of sensors to optimise temperature and humidity within the facility.

In addition, Samwoh Smart Hub's close to 2,600 solar panels generate enough energy to achieve a net energy surplus. The building's asphalt production plant is also 15 per cent more energy-efficient than a conventional one. These measures contributed to Samwoh Smart Hub's Green Mark Platinum Positive Energy certification from the BCA.

UOB was integral in supporting the construction of the Samwoh Smart Hub, providing tailored solutions and expertise through the UOB Sustainable Finance Framework for Green Building Developers and Owners under the Bank's suite of sustainable financing solutions.

Reference:

["Samwoh - Innovating for sustainability", Building Asia with UOB, 14 February 2023](#)



Solar panels rooftops of Singapore's public housing blocks
Image: EDPR APAC

Green Loan to EDPR APAC (formerly known as Sunseap Group)

UOB is helping EDPR APAC, part of EDP Renewables, a global leader in the renewable energy sector, finance its SolarNova 4 project to install solar photovoltaic (PV) systems across more than 1,200 public housing blocks and 49 government sites.

UOB provided half of the S\$85.8 million loan, utilising EDPR APAC's Green Financing Framework.

EDPR APAC's Green Financing Framework is aligned to the International Capital Market Association's Green Bond Principles 2018, the Loan Market Association's Green Loan Principles 2018 and ASEAN Green Bond Standards 2018. It is also part of EDPR APAC's commitment towards the sustainability goal it has set forth.

SolarNova 4, which has a capacity of 70 megawatt-peak (MWp) (potentially up to 102 MWp), is estimated to generate 96,775 MWh, the equivalent of powering 20,400 four-room public housing flats in Singapore per year, potentially offsetting more than 68,583 tonnes of carbon emissions annually.

Reference:

["Sunseap secures S\\$85.8 million green loan from DBS and UOB to finance Singapore's largest clean energy project", 1 November 2021](#)



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United Overseas Bank Limited (“UOB”)

11 July 2023

Independent Limited Assurance Report to the Management of Corporate Sustainability Office of United Overseas Bank Limited (“UOB”)

To the Management of UOB

Scope

With reference to the Engagement Letter dated 15 December 2022, we have been engaged by UOB to perform a ‘limited assurance engagement’, as defined by International Standards on Assurance Engagements, here after referred to as “the engagement”, to report on the Subject Matter and Criteria detailed below for the financial year(s) ending 31 March 2023 (“the Report”).

Subject Matter and Criteria

The Subject Matter and associated Criteria for this limited assurance engagement are set out in the table below:

Subject matter	Criteria
<p>Post-issuance process for UOB’s Sustainability Bond (issued in April 2021), as described in UOB’s Sustainable Bond Framework launched in March 2021, and the relevant documentation, that sets out policies and procedures relating to the:</p> <ul style="list-style-type: none"> ▶ Management of proceeds ▶ Reporting on the use of proceeds (allocation reporting) and the performance of the following eligible green and social assets (impact reporting). <p><i>Refer to Appendix A for the list of eligible assets and identified quantitative performance measures</i></p>	<ul style="list-style-type: none"> ▶ UOB Sustainable Bond Framework ▶ ICMA Principles <ul style="list-style-type: none"> ○ Green Bond Principles ○ Social Bond Principles ○ Sustainability Bond Guidelines

UOB Management’s responsibilities

UOB Management is responsible for selecting Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records, and making estimates that are relevant to the preparation of the Subject Matter information, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a limited assurance conclusion on the Subject Matter based on the procedures we performed and evidence we obtained.

We conducted our limited assurance engagement in accordance with International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ("ISAE 3000") issued by the International Auditing and Assurance Standards Board, and the terms of reference for this engagement as agreed with UOB on 15 December 2022. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality control

We have maintained our independence and confirm that we have met the requirements of the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.

Our procedures included:

1. Reviewed UOB's Sustainable Bond Framework to understand policies and procedures, and in assessing alignment with requirements of the ICMA Green Bond Principles, Social Bond Principles and Sustainable Bond Guidelines.
2. Conducted virtual meetings with UOB's data stakeholders and management.
3. Conducted process walk-through of systems and processes for data aggregation and reporting, with relevant personnel to understand the quality of checks and control mechanisms in relation to the Subject Matter in the Report.
4. Interviewed employees and management in UOB (Group Corporate Sustainability Office, Central Treasury Unit, Group Finance and Group Wholesale Banking) to understand key Sustainability Bond issues related to the select eligible assets and processes for the collection and accurate reporting of impact information.
5. Obtained documentation through sampling methods to verify computations made with regards to assumptions and estimations by management in relation to the Subject Matter in the Report.
6. Checked that data and statements had been correctly transcribed from corporate systems and / or supporting evidence, into the Report.
7. Obtained various certifications, facility agreements and financial statement report in relation to the Subject Matter in the Report.

We also performed such other procedures as we considered necessary in the circumstances.

Conclusion

Based on our limited assurance procedures, as described in this statement as of 11 July 2023, we are not aware of any material modifications that need to be made to the management of proceeds, reporting on the use of proceeds, allocation and eligible green and social project performance in relation to UOB's Sustainability Bond issuance does not meet the criteria outlined in the UOB Sustainable Bond Framework (March 2021) and requirements of the ICMA Green Bond Principles, Social Bond Principles and Sustainable Bond Guidelines.



Restricted use

This report is intended solely for the information and use of the Management of UOB and is not intended to be and should not be used by anyone other than those specified parties.

Ernst & Young LLP

Ernst & Young LLP

Signed for Ernst & Young LLP by
Praveen Tekchandani
Partner, Climate Change and Sustainability Services
Singapore
11 July 2023

Appendix A – List of Eligible Assets

Eligible Assets	Potential Quantitative Performance Measures
Green Eligible Assets	
Renewable Energy	<ul style="list-style-type: none"> • Energy generated per year (MWh) • GHG emissions avoided per year, reported in tonnes CO₂-equivalent (tCO_{2e})
Green Buildings	<ul style="list-style-type: none"> • Building asset by type and green building certification level • Energy savings per year (MWh) • GHG emissions avoided per year (tCO_{2e})
Social Eligible Assets	
Employment Generation*	<ul style="list-style-type: none"> • Amount of loans to SMEs and / or microenterprises • Number of employees, businesses and communities supported

*For output only as suggested by ICMA Harmonised Framework for Impact Reporting for Social Bonds (June 2022)



Right By You

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