



Sector Policy

Infrastructure

Introduction

Well-functioning infrastructure is the backbone of any country and is vital for economic development and trade. In many countries, demographic changes such as rapid urbanisation and globalisation are driving the need for investments in infrastructure. Nonetheless, infrastructure development can inflict potential environmental damage such as pollution, loss of biodiversity, as well as habitat and ecological imbalance. Negative social impact can also arise from the displacement of local communities, poor labour conditions, as well as health and safety risks.

Scope

UOB's Infrastructure Sector Policy applies to all stages of infrastructure development including construction, operation and decommissioning, and covers:

- physical systems such as transportation (e.g., roads, railways, airports, tunnels, ports and harbours);
- telecommunication (e.g., electrical cables, pipelines and satellite systems); and
- water resources (e.g., dams, hydropower plants and water distribution services).

Principles

UOB will not knowingly provide financing to companies and for infrastructure projects:

- where their operations or projects threaten the outstanding universal value or special characteristics of UNESCO World Heritages Sites, RAMSAR Wetlands, forests/sites of high conservation value or sites with critical natural habitats;
- without measures in place to manage or to mitigate the risk of air, soil and water pollution;
- involved in the exploitation of labour (including forced and child labour);
- in violation of the rights of local communities or without measures in place to avoid or to manage adverse impact on local communities; and
- without measures in place to manage material occupational health and safety risks.

We require that our customers:

- comply fully with local environmental, social and governance related laws and regulations in the respective countries in which they operate;
- implement or work towards implementing an appropriate Environmental and Social Management System (ESMS) to address key environmental and social risks in their operations and/or projects; and
- commit to implement a sustainable sourcing policy and/or processes to exclude purchases from sources that generate significant negative environmental and social impact.

We also recommend that our customers:

- adopt relevant established industry standards in respect of environmental, health and safety (EHS) guidelines, such as the IFC Performance Standards or the World Bank Group EHS Guidelines pertaining to infrastructure;
- obtain certifications that promote green building infrastructure such as Singapore's Building and Construction Authority Green Mark certification.
- put in place adequate controls and/or systems (e.g., contractor management plans) to manage the environmental, social and governance (ESG) performance of their direct service providers and contractors;
- implement the Free, Prior and Informed Consent (FPIC) process in their engagement with affected local communities, where applicable; and
- adopt best environmental practices in relation to:
 - reducing greenhouse gas emissions;
 - proper waste management;
 - efficient water management and/or water stewardship, particularly for projects that are located in water-stressed areas; and
 - adapting to and managing climate-related risks which may include developing a strategy to assess the potential financial impact of climate-related risks through climate scenario analysis, as well as adopting the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Where we deem that our customers are unable or unwilling to manage the potential adverse impact of their operations, we may choose to exit the relationship.