

Corporate Governance

As an organisation, we are committed to observing high standards of corporate governance, which is fundamental to the creation, protection and enhancement of our long-term value. The Board works with Management to ensure that good corporate governance principles are observed at all levels of the Bank.

UOB is listed on the Singapore Exchange Securities Trading Limited (SGX-ST) and its corporate governance practices, as set out in this Corporate Governance section, have complied with:

- the Banking (Corporate Governance) Regulations (Banking Regulations);
 - SGX-ST Listing Rules; and
 - all material aspects of the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore (MAS Guidelines). The MAS Guidelines, issued in 2013, comprise the Code of Corporate Governance issued in 2012 (2012 Code) and supplementary principles and guidelines added by the Monetary Authority of Singapore (MAS).
- establishing a board diversity policy;
 - considering sustainability issues in formulating strategies, determining the environmental, social and governance (ESG) factors and overseeing the management and monitoring of the ESG factors that are material to the business; and
 - performing succession planning for Board and Management.

Pages 138 to 140 contain a quick reference to the discussions relating to the principles and guidelines in the MAS Guidelines that require express disclosure. An explanation of any deviation from such principles and guidelines is provided in this Corporate Governance section.

BOARD MATTERS

(Principles 1 to 6, MAS Guidelines)

Board Duties

The Board's responsibilities are set out in its written terms of reference. Its responsibilities include:

- providing strategic direction, entrepreneurial leadership and guidance;
- approving business plans and annual budgets;
- ensuring that financial statements are true and fair;
- monitoring financial performance;
- determining capital/debt structure;
- setting dividend objectives and declaring dividends;
- approving major acquisitions and divestments, strategic investments, joint ventures and alliances;
- reviewing risk management framework and system, risk culture and conduct;
- overseeing the performance of Management;
- setting company values and standards;

The Board also approves other material matters, including funding strategy, risk appetite, technology and productivity initiatives and stakeholder communications as well as matters reserved to the Board by law and the UOB Constitution. To be more nimble in the discharge of its responsibilities, the Board delegates authority on certain matters to the Board Committees and Management.

The Board is collectively responsible and works with Management for the Bank's long-term success. In 2018, the Board continued to engage with and guide Management in the development and execution of strategies. A retreat was held during which the Board and Management reviewed the strategic priorities of the Bank and the progress made. This was in addition to a country strategic review held in Shanghai. These retreats provided the Directors with deeper insights into the operating environment and strategies of the Group in the geographies in which it operates and enabled Directors to guide Management in the formulation and implementation of strategies.

Apart from such reviews, Directors interact with Management and specialists within the Bank regularly outside Board meetings. These dialogues allow the Board to oversee the Bank's performance, operations and governance initiatives with greater depth and understanding.

Board Delegation

The Board has delegated certain duties to the Board Committees while retaining overall oversight. The board committee structure, membership and terms of reference are reviewed at least annually to ensure the continued effectiveness of the Board Committees.

During the year, the scope of duties of the Remuneration Committee (RC) was expanded to include human capital development. Accordingly, it was re-named as the Remuneration and Human Capital Committee (RHCC). With effect from financial year 2019, the Strategy Committee (SC) was re-constituted as the Executive Committee (EXCO) with the additional duty of developing policies to support

the Bank's strategy. The Board Credit Committee (BCC) was dissolved and its duties were subsumed under the Board Risk Management Committee (BRMC) for better oversight of all key risks by the BRMC.

Each of the five Board Committees has written terms of reference which set out the committee's composition, responsibilities and operating processes, including decision-making by the committee and reporting back to the Board. Each Board Committee provides a report of its activities and the minutes of its meeting to the Board at least quarterly.

The Board may form other Board Committees as required by business imperatives.

Key Processes

Board and Board Committee meetings and the annual general meeting (AGM) are scheduled well before the start of a calendar year. Additional meetings are held during the year when warranted. Directors are informed of meeting dates well in advance and receive comprehensive information related to the agenda items ahead of a meeting. The papers for a meeting are uploaded onto a secure portal which directors can access via tablet devices provided by UOB.

A director who is unable to attend a meeting in person due to exigencies may participate in the meeting via telephone and/or video conference as provided for in the UOB Constitution. Alternatively, the director may convey his views through another director or the company secretaries.

The Board and Board Committees seek to make decisions by consensus. Where there is a divergence of views, decisions are made by majority vote and dissenting views are recorded. The Board and Board Committees may also make decisions by way of resolutions in writing although these are rarely required with appropriate planning. All deliberations and decisions of the Board and Board Committees are minuted and properly maintained.

Managing Potential Conflicts of Interests

Each director is required to act honestly, in good faith and with due care and diligence when exercising his[#] powers. He has to notify the Bank in a timely manner of his interests or appointments. Directors' direct and deemed interests in shares and debentures of UOB and its related corporations are disclosed in the Directors' Statement section of this report.

Where a director has an interest in a matter which may conflict with his duties to UOB, he must disclose his interests, recuse himself from the discussion and abstain from voting on the matter.

Board Attendance

The directors' attendance at formal meetings in 2018 is set out in the table below. The contributions of directors go beyond their attendance at formal meetings. Directors have individually or collectively engaged with other members of the Board and Management outside formal meetings in their oversight of the affairs of the Bank.

Name of director	Number of meetings attended in 2018							
	AGM	Board	SC	BCC	NC	RHCC*	BRMC	AC
Hsieh Fu Hua ¹	–	1 / 1	1 / 1	–	1 / 1	1 / 1	1 / 1	–
Wee Cho Yaw ²	0	0 / 1	0 / 1	0 / 1	0 / 1	–	0 / 1	–
Wong Kan Seng ³	1	6 / 6	4 / 4	3 / 3	4 / 4	3 / 3	4 / 4	–
Wee Ee Cheong ⁴	1	5 / 5	4 / 4	3 / 3	4 / 4	–	4 / 4	–
Franklin Leo Lavin ⁵	1	6 / 6	4 / 4	3 / 3	1 / 1	–	–	–
Willie Cheng Jue Hiang	1	6 / 6	–	–	4 / 4	–	–	6 / 6
James Koh Cher Siang ⁶	1	6 / 6	–	–	2 / 3	3 / 3	–	6 / 6
Ong Yew Huat	1	5 / 6	–	3 / 3	–	–	4 / 4	6 / 6
Lim Hwee Hua	1	6 / 6	4 / 4	–	4 / 4	3 / 3	–	–
Alexander Charles Hungate	1	6 / 6	–	2 / 3	–	3 / 3	–	–
Michael Lien Jown Leam	1	5 / 6	4 / 4	–	4 / 4	–	–	–
Alvin Yeo Khirn Hai	1	5 / 6	–	–	–	–	3 / 4	4 / 6
Wee Ee Lim ⁷	–	2 / 2	2 / 2	–	–	–	2 / 2	–
Number of meetings held in 2018	1	6	4	3	4	3	4	6

1. Mr Hsieh Fu Hua stepped down from the Board on 14 February 2018.

2. Dr Wee Cho Yaw retired from the Board on 20 April 2018.

3. Mr Wong Kan Seng was appointed Board Chairman on 15 February 2018.

4. Mr Wee Ee Cheong was the alternate member to Dr Wee Cho Yaw on the NC until 20 April 2018 and became a member on 21 April 2018.

5. Mr Franklin Leo Lavin stepped down from the NC on 20 April 2018.

6. Mr James Koh Cher Siang was appointed to the NC on 21 April 2018.

7. Mr Wee Ee Lim was appointed to the Board, SC and BRMC on 1 July 2018.

[~] Attendance record excludes a Board meeting at which Dr Wee Cho Yaw and Mr Wee Ee Cheong had recused themselves from the meeting.

* RC was renamed as RHCC with effect from 25 October 2018.

Corporate Governance

Board Independence, Composition and Diversity

Overview of the Board

- 11 members (10 men and 1 woman)
- 8 are independent and non-executive:
 - Wong Kan Seng
 - Franklin Leo Lavin (*To retire at end of 2019 AGM*)
 - Willie Cheng Jue Hiang
 - James Koh Cher Siang
 - Ong Yew Huat
 - Lim Hwee Hua
 - Alexander Charles Hungate
 - Alvin Yeo Khirn Hai
- 2 are non-independent and non-executive:
 - Michael Lien Jown Leam
 - Wee Ee Lim
- 1 is non-independent and executive:
 - Wee Ee Cheong (*CEO*)
- Tenure:
 - 10 have served fewer than 9 years
 - 1 has served more than 9 years
- Separation of roles of Chairman and CEO

The Board has 11 members, the majority of whom are independent and non-executive directors. No director has appointed an alternate director. Each year, the Nominating Committee (NC) assists the Board to assess the Board composition and each director's independence, performance and contributions and whether he is a fit and proper person for office.

Based on the Banking Regulations, a director is independent if the director:

- is independent from substantial shareholders of the Bank;
- does not have management and business relationships with the Bank; and
- has not served on the Board for nine continuous years or more.

The SGX-ST Listing Rules state that a director is not independent if:

- he is employed by the company or its related corporations in the current or any part of the past three financial years; or
- he has an immediate family member who is or has been employed by the company or its related corporations for the past three financial years and whose remuneration is determined by the remuneration committee.

In addition, the 2018 Code of Corporate Governance provides that an independent director is one who is independent in conduct, character and judgement; and has no relationship with the company, its related corporations, substantial shareholders or officers that could interfere or reasonably be perceived to

interfere with the director's independent business judgement in the best interests of the company.

Every year, the NC determines each director's independence based on the above independence criteria. In its assessment, the NC considers the director's disclosures of his other appointments, interests, personal circumstances and business and financial relationships with UOB. It also considers each director's responses in questionnaires, which comprise questions for assessing if a director is independent and fit and proper to hold office. Each NC member has recused himself from any deliberation on him.

The NC's assessment of directors' independence and the bases of its assessment are as follows:

- Messrs Wong Kan Seng, James Koh Cher Siang, Ong Yew Huat, Alexander Charles Hungate and Alvin Yeo Khirn Hai and Mrs Lim Hwee Hua are independent and non-executive directors. Each of them has met the independence criteria and has not served more than nine years from the date of his first appointment to the Board;
- Mr Willie Cheng Jue Hiang is an independent and non-executive director. When his tenure on the Board reaches nine years in July 2019, he will be a non-independent and non-executive director;
- Messrs Michael Lien Jown Leam and Wee Ee Lim are non-independent and non-executive directors. Mr Michael Lien Jown Leam is connected to substantial shareholders of UOB, while Mr Wee Ee Lim is a substantial shareholder of the Bank; and
- Mr Wee Ee Cheong, a substantial shareholder and the Chief Executive Officer (CEO) of UOB, is a non-independent and executive director.

Mr Franklin Leo Lavin was not part of the NC's latest assessment as he has indicated his intention not to seek re-election and will retire from the Board at the conclusion of the 2019 AGM. There has been no change to his circumstances since the 2018 review, during which the NC had assessed him to be an independent and non-executive director.

As part of its ongoing renewal of the Board, NC has commenced the search for new directors. The appointment of new directors will be announced on SGXNet.

The NC assessed each director's fitness and propriety to hold office based on the MAS Guidelines on Fit and Proper Criteria (Fit and Proper Criteria). The standards of fitness and propriety in the Fit and Proper Criteria are similar to and more extensive than Appendix 7.4.1 of the SGX-ST Listing Rules. There has been no change in the information in Appendix 7.4.1. declarations previously made by Mr James Koh Cher Siang on 21 August 2012, Mr Ong Yew Huat on 18 December 2012 and Mr Wee Ee Lim on 17 April 2018, the respective dates of their appointment to the Board. On the basis of the responses provided by the directors in the questionnaires and their regular disclosures during the year, the

NC has determined that each director remains fit and proper and qualified for office.

The profiles of the directors can be found in the Board of Directors section of this report. UOB's Board Diversity Policy seeks to ensure that the Board and Board Committees comprise directors who will collectively provide the appropriate balance and mix of dimensions of diversity, including but not limited to functional and domain skills, regional experience, industry experience, age, gender, ethnicity, culture and tenure. Having assessed the composition of the Board, the NC is satisfied that the Board is sufficiently diverse for the needs of the UOB Group and will continue to maintain such diversity.

Collectively, the directors' skills and expertise span banking and finance, strategic planning and development, accounting, human resources, technology, law and corporate governance, providing core competencies that are relevant to the Bank's affairs. The Board leverages the range of deep skills, expertise, experience and insights of its members in the discharge of its duties. The ongoing renewal of the Board has ensured that it comprises a mix of longer-serving directors and newer ones to provide continuity and stability and to facilitate knowledge transfer, while being able to meet the evolving needs of the Bank's customers and expectations of its stakeholders.

Having considered UOB's scope and nature of business and operations, the NC is of the view that the current composition and size of the Board allow for a balanced exchange of views and deliberations among members, contributing to the effective oversight of the Bank's affairs. It will continue to assess the board size and core competencies required to meet the needs of the Bank.

Board Chairman and Chief Executive Officer

The offices of Chairman and CEO are held by different persons. Mr Wong Kan Seng, an independent, non-executive director, is the Board Chairman. He leads the Board, approves the Board's meeting agenda, promotes an open environment for constructive debate at meetings and facilitates information flow between the Board and Management. He also oversees corporate governance matters and chairs the annual general meetings. Mr Wong Kan Seng is a member of all committees except the AC. Nevertheless, he attends all AC meetings although he is not an AC member. This enables him to have a good overview of all Board Committees' activities.

Mr Wee Ee Cheong, the CEO, leads the management team and implements the Bank's strategy. He seeks business opportunities, leads new initiatives and promotes an inclusive culture and practices that are consistent with the Bank's values of Honourable, Enterprising, United and Committed. The CEO is assisted by senior management committees for the day-to-day operations of the Bank, including ensuring that the system of internal controls and risk management is adequate and effective, that the Bank provides a healthy work environment for employees and the values of the Bank are observed in the Bank's activities.

In 2018, the CEO led the Bank's efforts in strengthening the Bank's regional franchise. UOB Vietnam commenced operations in Ho Chi Minh City and the Group's Foreign Direct Investment Advisory Unit leveraged the Group's regional connectivity to help customers expand across borders. The Bank enhanced its information technology infrastructure to support its digital strategy and to advance the use of data analytics for creating more innovative products to meet the evolving needs of the Bank's customers and for risk management. By collaborating with ecosystem partners, the Bank was able to offer various smart solutions to different customer segments. During the year, the Bank expanded its Global Medium Term Note Programme to enable the Bank to tap US onshore investors under Rule 144A of the US Securities Act.

Lead Independent Director

The Board has not formally appointed a lead independent director (LID) as the Board Chairman is independent, non-executive and is not related to the CEO, and a majority of the directors are independent. The NC has agreed that where circumstances warrant the need for an LID, on a case-by-case basis, the NC chairman can step up to the role.

Time Commitment and Performance

Every year, each Director conducts a self-assessment of his performance and an assessment of the Board and each Board Committee of which he is a member. The completed assessment questionnaires are sent to the company secretaries who collate the masked responses so that the NC can perform its evaluation and to make its recommendation to the Board. No external facilitator was engaged for the evaluation process.

In evaluating the Board's performance, the NC considers many factors including the Bank's performance and the Board's organisation and responsibility for the Bank's strategy, succession planning, risk management and internal controls. Board Committees are appraised on the discharge of their responsibilities and accountability to the Board. Each Board Committee also conducts a self-appraisal on its performance for the year.

The evaluation of each director's contribution and his availability to commit time and attention to the affairs of the Bank takes into account the following:

- general availability, including attendance and participation at the AGM and the meetings of the Board and relevant Board Committees;
- preparedness for meetings, participation and contribution to decisions and strategic insight, among others; and
- skills, experience and other directorships and principal commitments, which can be found in the Board of Directors section of this report.



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Based on each director's contribution and known commitments, the NC is satisfied that all directors have performed their duties adequately and availed themselves to attend to the Bank's affairs, thereby contributing to the effectiveness of the Board and Board Committees. Accordingly, the NC does not recommend setting a limit on the number of directorships that a director may hold.

Selection Process, Appointment and Re-election

Succession planning is an ongoing process, balancing change and renewal with continuity and stability. The Board is supportive of diversity, but not in terms of any one particular attribute. Appointment to the Board is based on the merits of candidates and the experience, skills and knowledge which the Board requires to work effectively, in line with the Bank's strategic directions and to sustain business growth.

All directors may nominate candidates. During the year under review, the NC engaged the services of external agents, including the Singapore Institute of Directors and an external search firm to broaden the search for new directors.

The succession planning process involves:

- mapping the skill-sets and expertise currently held by the Board against a framework to identify the additional skill-sets required;
- reviewing the candidates' independence under the independence criteria, qualification for office, personal attributes such as integrity and financial soundness and ability to commit time to the Bank's affairs; and
- considering the operating environment, potential developments and emerging trends in the market and the pipeline for ongoing succession planning.

The NC will review and shortlist the candidates before making its recommendation to the Board. With the concurrence of the Board, the NC chairman initiates discussions with the shortlisted candidates as appropriate. The NC also conducts due diligence on the candidates to ascertain that the candidates are fit and proper and qualified for office. All appointments to the Board are subject to the approval of the MAS.

UOB's Constitution provides that one-third of the directors shall retire from office by rotation and submit themselves for re-election at every AGM. The NC nominates a director for re-election after factoring in the director's performance and whether he remains fit and proper and qualified for office. New directors submit themselves for re-election at the first AGM following their appointment to the Board. Thereafter, they are subject to the one-third rotation rule. Directors are put up for re-election at the AGM individually. Resolutions 6 to 8 in the AGM notice relate to the re-election of directors at the forthcoming AGM. Information on the directors who are seeking re-election can be found in the Board of Directors section of this report.

Induction and Continual Development

A new director receives an induction package upon appointment. The package includes the Articles of Directorship which enumerate a director's general duties, obligations and responsibilities, terms of reference of the Board and Board Committees, guidance on directors' duties, relevant company policies and other materials. The induction process consists of meetings with key senior executives and briefings on key areas of the Bank's business, risk management and support functions. A new director who is also appointed to serve on Board Committees is briefed on specialised or technical topics relevant to the activities of those Board Committees.

UOB has a programme for the continual development of its directors. The NC oversees the directors' development programme, which is refined regularly to take into account the regulatory environment and the Bank's risk profile, operating environment and business strategy and operations.

At least half a day is set aside each quarter for in-house training conducted by either internal or external subject-matter experts. In 2018, the in-house training topics included management of interest rate risk and technology risk, cyber security, accounting standards, updates on specific businesses, talent management and sustainability reporting. In addition, the Bank organised an on-location review of the Group's Greater China strategy in Shanghai where directors discussed various business and strategy issues and met with country/local industry experts. Directors participated in UOB-organised technology forums at which experts and specialists from various industries shared their views on technology developments and trends. They also attended external programmes organised by the Singapore Institute of Directors. Accordingly, the NC is of the view that the 2018 programme has met the objective of equipping directors with the relevant knowledge to perform their duties.

Leadership Succession

UOB has a structured process for building a pipeline of leaders to support the Bank's strategy and growth. The process helps to identify employees with leadership potential and to nurture them through structured development programmes. These include functional and leadership skills training, mentorship and participation in significant projects. Where appropriate, cross-functional training and regional exposure, as well as networking opportunities are made available to these employees. In the event that there is no suitable internal candidate for a position, the Bank will look to external recruitment.

Recognising the importance of talent bench strength, the NC recommended and the Board agreed to expand the scope of duties of the RC to include human capital development. This covers the recruitment, retention and development of employees, succession planning and talent management. The RC was also renamed RHCC.

The NC is responsible for the succession planning for the CEO, chief financial officer (CFO), chief risk officer (CRO) and other business and function heads in Singapore. Reasons behind the resignations from these positions are also considered. The appointments of the CEO, CFO and CRO are subject to the approval of the MAS.

Access to Information

Directors have unfettered access to information, the internal and external auditors and senior executives for the purpose of carrying out their duties. Comprehensive information is provided to directors in advance of each meeting to facilitate their deliberation and decision-making at the meeting. The information provided includes financial, strategic, risk management and operational reports. Directors may also approach Management should they require additional information. Senior executives are present at meetings to provide clarification on matters tabled. Subject-matter specialists and professional advisers, where relevant, may be invited to brief the Board or Board Committees. Further, common membership in the Board Committees facilitates information-sharing between the relevant committees and enables better coordination of work among the committees.

If necessary, directors may seek independent professional advice at the Bank's expense in the course of discharging their duties. In addition, directors have separate and independent access to the advice of the company secretaries, who are qualified lawyers.

Role of Company Secretaries

The Bank has two company secretaries, one of whom is also the head of the Legal and Secretariat department. The company secretaries support directors in discharging their responsibilities. They assist the Board to monitor the execution of its decisions, advise the Board on governance matters, update the Board on applicable laws and regulations and facilitate communication between the Board and stakeholders, including Management and shareholders. They also assist in the induction and professional development of directors and the evaluation of the Board. The company secretaries, whose appointment and removal are subject to the Board's approval, attend all Board and Board Committee meetings (except for the RHCC whose secretary is the head of the Human Resource department).

Board Committee Composition

At least annually, the NC reviews the composition of each Board Committee to optimise the collective expertise of the Board and towards an equitable distribution of workload amongst directors. The SC and BCC, prior to their reconstitution and dissolution respectively, were not mandatory Board Committees. The EXCO, NC, RHCC, BRMC and AC have been constituted in accordance with the Banking Regulations. The NC is of the view that each Board Committee has an appropriate size and mix of competencies. The members and duties of each Board Committee can be found on the subsequent pages.

Executive Committee (Re-constituted from Strategy Committee)

SC membership (Up to 31 December 2018)

- Wong Kan Seng (*chairman*), Wee Ee Cheong, Franklin Leo Lavin, Lim Hwee Hua, Michael Lien Jown Leam and Wee Ee Lim

EXCO membership (From 1 January 2019)

- Wong Kan Seng (*chairman*), Wee Ee Cheong, Franklin Leo Lavin[#], Ong Yew Huat, Lim Hwee Hua and Michael Lien Jown Leam
- Majority of members, including the chairman, are independent directors

[#] To retire at end of 2019 AGM

In 2018, the SC monitored Management's progress in implementing the Bank's strategic plan and provided guidance on the Bank's new initiatives. It also reviewed the Bank's financial and business performance, matters relating to the budget, dividends, capital and funding as well as the Bank's progress made in respect of each material ESG factor.

Reconstituted from the SC, the EXCO assists the Board to oversee UOB's strategies and related activities. Its responsibilities are to:

- assist the Board in providing strategic direction to the Bank and oversight of the Bank's strategic plan and implementation;
- review medium- and long-term strategic plan and oversee Management's performance in relation to the strategy;
- review, endorse and recommend the Bank's business plans, budget and capital and debt structure;
- review the Bank's financial and operational performance in relation to the approved budget;
- consider sustainability issues in formulating strategies, determine the ESG factors and oversee the management and monitoring of the ESG factors that are material to the business;
- review human resource matters, except for remuneration and human capital development matters;
- deliberate on strategic matters which require Board review between Board meetings; and
- perform such other duties as the Board may delegate to it from time to time.

Corporate Governance

Board Credit Committee (*Dissolved on 1 January 2019*)

BCC membership (*Up to 31 December 2018*)

- Ong Yew Huat (*chairman*), Wong Kan Seng, Wee Ee Cheong, Franklin Leo Lavin and Alexander Charles Hungate
- Majority of members, including the chairman, were independent directors

Prior to its dissolution, the BCC assisted the Board in overseeing exposure to large credits, reviewing credit policies and approving credit facilities within its limits.

In 2018, the BCC reviewed the credit discretionary limit structures, which set out the approving authorities and their corresponding limits for approving credit facilities. It approved the core credit policy and large credit cases, including credit facilities to related parties of directors.

Nominating Committee

NC membership

- Lim Hwee Hua (*chairman*), Wong Kan Seng, Wee Ee Cheong, Willie Cheng Jue Hiang, James Koh Cher Siang and Michael Lien Jown Leam
- Majority of members, including the chairman, are independent directors

The appointment of NC members is subject to the approval of the MAS. The NC's main responsibilities are as follows:

- assess the independence of directors;
- review the size and composition of the Board and Board Committees;
- assess the performance of the Board and Board Committees and each director;
- recommend the appointment and re-election of directors;
- implement a programme for the continual development of directors;
- review the nominations and reasons for resignations of key management appointment holders including the CEO, CFO and CRO;
- perform succession planning for directors; and
- carry out succession planning and talent management for the CEO and other members of Management.

The NC's main activities are outlined on pages 124 to 127.

In 2018, the NC undertook the process for the search for new directors and oversaw the engagement of the external agents for the search. It proposed a board diversity policy which was adopted by the Board. It also performed succession planning for several senior executives.

REMUNERATION MATTERS

(Principles 7 to 9, MAS Guidelines)

Remuneration and Human Capital Committee (*Formerly known as Remuneration Committee*)

RHCC membership

- James Koh Cher Siang (*chairman*), Wong Kan Seng, Lim Hwee Hua and Alexander Charles Hungate
- All members are independent and non-executive directors

The main duties of the RHCC, following an expansion in its scope, are as follows:

- oversee the design and operation of the Bank's remuneration policy and framework which are relevant and performance-related, and promote long-term success to ensure alignment with shareholder interest;
- determine a level and structure of remuneration that are appropriate and proportionate to the Bank's sustained performance and value creation, taking into account the Bank's strategic objectives, corporate values and prudent risk-taking;
- review and recommend the remuneration for directors and Management; and
- establish appropriate frameworks and policies for the review of the composition and strength of human capital, employee performance assessment, employee recruitment and retention, talent management and succession planning.

Messrs James Koh Cher Siang and Wong Kan Seng and Mrs Lim Hwee Hua also serve on the NC. The common membership on the RHCC and NC facilitates coordination between the two committees on matters that have an impact on succession, remuneration and talent management.

In 2018, in addition to taking on the role of human capital development, the RHCC reviewed and enhanced the Bank's remuneration framework and policy for renewed relevance, taking into consideration the Bank's strategic objectives, market practices and consistency across comparable roles within the Group, among other factors.

Directors' Remuneration

Non-executive directors are paid directors' fees, which consist of a basic fee for service on the Board and additional fees for service on Board Committees. The fees are pro-rated based on a director's length of service in the year under review. Non-executive directors do not receive any variable remuneration such as options, share-based incentives or bonuses. The RHCC reviews and recommends the level and structure of directors' fees, which take into account the directors' responsibilities and the fee structure of comparable public-listed companies in the market.

Mr Wee Ee Cheong, an executive director, is remunerated as CEO of the Bank and does not receive a fee for serving on the Board and Board Committees. He also does not participate in the Bank's share plans for executives, as he is a substantial shareholder.

An advisory fee has been proposed for payment to Dr Wee Cho Yaw, in recognition of the advice he provided in 2018.

No director decides his own remuneration. The proposed fees for non-executive directors and Dr Wee Cho Yaw are tabled for shareholders' approval at the AGM. The Directors' Statement section of this report has more information on:

- the fee structure for non-executive directors; and
- directors' fees and other remuneration, including fees received as directors of subsidiaries.

Employees' Remuneration

The employee remuneration framework is designed to encourage behaviours that contribute to the Bank's long-term success while keeping remuneration competitive to attract, to retain and to motivate employees and highly-skilled individuals. Remuneration is commensurate with their performance and contributions, competencies and alignment of behaviour to the Bank's values. The remuneration package consists of fixed pay, variable pay (cash bonuses and deferrals in the form of cash or shares, where applicable) and benefits. The Remuneration section of this report contains more information on the Group's remuneration framework, policy and processes, including the remuneration mix and deferred remuneration for Management and material risk takers. Details of the Bank's share-based incentive plans can be found in the Directors' Statement section of this report.

The RHCC considers key aspects of employee remuneration, including the termination provisions in service contracts, to ensure that they are fair. It reviews and approves the overall performance bonus, share-based incentive plans and Management's remuneration based on the Board-approved remuneration policy. It also reviews the Bank's obligations arising from the termination of Management's service contracts to ascertain that they are not overly generous, onerous or adverse to the Bank.

In approving the remuneration packages for the CEO and Management, the RHCC takes into consideration the Group's performance, functional performance and individual performance, contributions and conduct aligned to the Bank's values. The BRMC and AC review and approve the performance of and remuneration for the CRO and Head of Group Audit respectively, subject to the Bank's remuneration philosophy and framework.

UOB believes that it would be disadvantageous to disclose the remuneration of the top five non-director executives, given the highly competitive market for talent, as many banks operating in Singapore do not publish similar information. Employee remuneration matters should remain confidential, given the sensitive nature of such matters and the competitive human resource environment as well as to support the Group's efforts to attract and to retain highly-skilled individuals.

Save as disclosed below and in the Directors' Statement section of this report, there was no employee in the UOB Group who was a substantial shareholder of UOB or an immediate family member of a director, the CEO or a substantial shareholder of UOB and whose 2018 remuneration exceeded \$50,000:

- Mr Wee Ee Cheong, the CEO and a substantial shareholder of UOB, is the son of Dr Wee Cho Yaw, a substantial shareholder. He is also the brother of Mr Wee Ee Lim, a director and substantial shareholder of the Bank. Particulars of his remuneration can be found in the Directors' Statement;
- Mr Wee Teng Chuen, the son of Mr Wee Ee Cheong, is employed in the Group Wholesale Banking department. His remuneration for 2018 was within the band of \$100,001 to \$150,000; and
- Mr Brian Ong Li Jian, the son of Mr Ong Yew Huat, is employed by UOB Asset Management Ltd, a subsidiary of UOB. His remuneration for 2018 was within the band of \$50,001 to \$100,000.

Corporate Governance

ACCOUNTABILITY AND AUDIT

(Principles 10 to 13, MAS Guidelines)

Board Risk Management Committee

BRMC membership

- Ong Yew Huat (*chairman*), Wong Kan Seng, Wee Ee Cheong, Alvin Yeo Khirn Hai and Wee Ee Lim
- Majority of members, including the chairman, are non-executive directors

The BRMC oversees risk management matters and, from 2019, credit-related matters previously under the BCC's purview. The areas of oversight include the following:

- establishment and operation of a sound and independent risk management system to identify, to measure, to monitor, to control and to report risks on an enterprise-wide basis;
- risk culture of the Bank;
- adequacy of the risk management function's resources;
- adequacy and effectiveness of the risk management system;
- review of the overall risk profile and the compliance with risk appetite, risk limits and risk-return strategy;
- establishment of risk measurement models and approaches;
- appropriateness of the remuneration and incentive structure;
- related party transactions and interested person transactions;
- credit policies, credit discretionary limit structures and exposure to large credits; and
- appointment, remuneration and resignation of the CRO.

The CRO reports functionally to the BRMC and administratively to the CEO. He is responsible for the day-to-day operations of the risk management functions in the Group.

In 2018, the BRMC reviewed the risk governance framework, key risk management frameworks, stress test results, integrated crisis management, business continuity preparedness and the Bank's remuneration practices in relation to promoting appropriate risk-taking behaviour. It also reviewed the Bank's recovery plan and the Group's risk appetite, which defines the risk appetite thresholds and limits across key risk areas, for approval by the Board. The BRMC receives quarterly reports on key risk areas, including performance against risk appetite thresholds and limits. In addition, it has oversight of the internal capital adequacy assessment process (ICAAP) and is kept informed of the strategic direction for the Bank's data governance. The Risk Management section of this report contains more information on the work overseen by the BRMC.

Together with the AC, the BRMC assists the Board in discharging its oversight responsibility relating to the system of risk management and internal controls. Messrs Ong Yew Huat and Alvin Yeo Khirn Hai are common members on the BRMC and AC. This facilitates coordination of matters between the two committees.

Audit Committee

AC membership

- Willie Cheng Jue Hiang (*chairman*), James Koh Cher Siang, Ong Yew Huat and Alvin Yeo Khirn Hai
- All members are independent and non-executive directors

All the AC members have experience serving on the audit committees of large companies or other organisations. Two of the AC members, including the chairman, are accountants by training.

The AC oversees matters relating to the following:

- financial statements and quality of, and any significant change in, accounting policies and practices;
- adequacy and effectiveness of internal accounting control systems and material internal controls;
- appointment, reappointment, removal (if necessary), evaluation and remuneration of the external auditor and plans, reports and results of external audit;
- appointment, evaluation, remuneration and resignation of the Head of Group Audit;
- adequacy and effectiveness of the internal audit function, and plans, reports and results of internal audit;
- policies and procedures for handling fraud and whistle-blowing cases; and
- integrated fraud management.

The AC has authority to investigate any matter within its terms of reference and has the full cooperation of and access to Management. It also has direct access to the internal and external auditors, who separately meet with the AC in the absence of Management at least once every quarter. Besides formal meetings, the AC members meet among themselves and with the Finance team and the internal and external auditors as often as appropriate to be apprised of matters which are under review. Audit reports, findings and recommendations of the internal and external auditors are sent directly to the AC, independent of Management.

The AC reviews the quarterly and annual financial statements before recommending them to the Board for approval. In reviewing the financial statements, the AC assesses the accounting policies and practices applied and any judgement made that may have a significant impact on the financial statements.

Developments in accounting standards and the regulatory environment are frequently reviewed by the AC together with the Finance team and the external auditor. Through such updates and discussions as well as the directors' development programme, the AC members are kept abreast of changes in accounting standards and developments in corporate governance which may have an impact on the financial statements.

The AC also reviews fraud and whistle-blowing cases as well as the policies and procedures governing the management of fraud and whistle-blowing cases. Group Audit updates the AC on whistle-blowing cases received, while the Integrated Fraud Management unit reports to the AC on fraud trends in the Group, emerging fraud risks and its work and findings on fraud matters. Please refer to page 137 for more information on the whistle-blowing policy, which is administered by the internal auditor.

Over the years, the AC has been overseeing the refinement of the three lines of defence. It has supported the set-up of an integrated governance, risk and compliance system and encouraged the use of data analytics and artificial intelligence to increase the coverage and accuracy of risk reviews. In 2018, it oversaw the Bank's efforts to enhance its audit methodology, and anti-money laundering/countering the financing of terrorism practices and processes. It also guided Group Audit on the development of audit resources across the region.

External Auditor

The external auditor is Ernst & Young LLP, which is registered with the Accounting and Corporate Regulatory Authority (ACRA). The partner in charge of auditing UOB is rotated every five financial years, in accordance with the SGX-ST Listing Rules. The AC is responsible for recommending the appointment or reappointment of the external auditor. It approves the terms of engagement of the external auditor and the audit fees and reviews the external auditor's audit plan and reports.

Annually, the AC reviews the work, results, independence and performance of the external auditor and recommends its reappointment or a change in external auditor to the Board.

As Ernst & Young LLP have served as the Bank's auditor for more than 10 years, the Bank invited applications to tender for the appointment of external auditor of the Bank in 2018. The entire tender process was overseen by the AC. Following a rigorous evaluation, the AC recommended and the Board agreed to recommend that Ernst & Young LLP be reappointed as the Bank's external auditor.

The Board will comply with all regulatory requirements (from MAS, SGX-ST and other regulators) for the mandatory tendering or rotation of external auditor firm or external audit partners. It will also seek to observe other good governance practices in relation to the appointment of the external auditor. In this regard, it is the Bank's intention to rotate an external auditor if it has reached 20 years in tenure.

The audit and non-audit fees for 2018 are disclosed in Note 10 to the Financial Statements. The non-audit fees paid to the external auditor have not exceeded the audit fees and have been between five per cent and 37 per cent of the audit fees for the respective years, since the appointment of the external auditor in 2003.

The AC receives regular reports on the engagement of the external auditor for non-audit services and the fees paid for such services. It also receives the external auditor's quarterly affirmation of its independence. Following an evaluation of the fees paid to the external auditor for audit and non-audit services rendered by the external auditor in 2018, the AC is of the view that the non-audit services provided and the amount of non-audit fees paid to the external auditor did not compromise the independence of the external auditor.

The Independent Auditor's Report contains information on the work performed by the external auditor. It includes the key audit matters (KAMs) which the external auditor assessed to be of most significance in its audit of the financial statements for the year under review. The table on page 132 provides the AC's commentary on the Independent Auditor's Report.

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Item		AC's commentary on Independent Auditor's Report
Page 187	KAM: Adoption of Singapore Financial Reporting Standard (International) 9 Financial Instrument (SFRS(I) 9)	<p>The Group adopted SFRS (I) 9 with effect from 1 January 2018.</p> <p>Management had been actively planning for the adoption of this standard in prior years and had kept the AC apprised of developments, in particular, the impact of expected credit losses (ECL) on the Group's financial position.</p> <p>We were apprised by both the internal and external auditors of Management's credit monitoring controls and processes and methodologies and assumptions used in determining ECL.</p> <p>The external auditor presented its audit testing methodology and the results on ECL for discussion at the year-end AC meeting.</p> <p>With respect to credit-impaired ECL, we reviewed significant non-performing loans to satisfy ourselves that the classifications and level of allowances taking into consideration the valuation approach for the collaterals or cash flow assumptions were appropriate.</p> <p>For non-credit impaired ECL, we reviewed Management's model design including methodology and assumptions, processes and controls over the estimation of ECL. We deliberated on the models used in conjunction with the findings from the external auditor.</p> <p>Overall, we assessed that the ECL allowances under prevailing economic outlook and macro-economic environment are adequate.</p> <p>We also discussed Management's classification and measurement on financial instruments with external auditors. We believe that the classification and measurement of financial instruments is consistent with Management's business models and cash flows assumptions.</p>
Page 188	KAM: Valuation of illiquid or complex financial instruments	<p>We discussed with Management and the external auditor on the valuation techniques used and, in particular, the unobservable inputs used to determine the fair value of illiquid or complex financial instruments such as unquoted private equity investments and complex structured derivative products. The valuation processes and controls were also tested by the internal auditor. With continued volatility in the global markets, the valuation of such illiquid or complex financial instruments can be a challenge.</p> <p>The results of the internal and external auditors' testing and review of the resultant fair values of these financial instruments were presented to the AC.</p> <p>We considered the fair value of these financial instruments to be reasonable.</p>
Page 188	KAM: Impairment of goodwill.	<p>Goodwill from the acquisition of OUB, UOB Thailand and UOB Indonesia amounted to \$4.14 billion.</p> <p>The goodwill impairment testing methodology and results were presented to the AC by Management. The external auditor reviewed the goodwill impairment methodology and presented the test results, including comments from its valuation specialists and sensitivity analyses performed.</p> <p>We assessed the appropriateness of the cash flow forecasts, the discount rates used in the goodwill impairment testing and enquired on the results of the sensitivity analyses performed. We were satisfied that no impairment was required on the goodwill for this financial year.</p>
Page 189	Other Information (OI)	<p>Other Information (OI) comprises information presented in the annual report other than that in the financial statements. OI was not available to the external auditor at the issuance of its audit opinion on 21 February 2019. By a letter dated 15 March 2019, the external auditor confirmed to the Board that it had since received and read the OI, and considered whether the other information is materially inconsistent with the Group's financial statements for the financial year ended 31 December 2018 or its knowledge obtained in the audit or otherwise appears to be materially misstated. The external auditor reported that it has nothing to report in this regard.</p>

+ "KAM" means key audit matter.

The AC has evaluated the external auditor's work and considered the feedback of the internal auditor and Management. It is of the view that the external auditor has the requisite expertise and resources to perform its duties and has a good understanding of the Bank's business, risk management and operational issues.

Further, the AC is satisfied that the external auditor was independent, objective and effective in its audit of UOB in 2018. It has therefore nominated Ernst & Young LLP for reappointment at the 2019 AGM. UOB has complied with Rules 712 and 715 of the SGX-ST Listing Rules in the appointment of Ernst & Young LLP as the external auditor of the subsidiaries of the Bank, except for a handful of immaterial overseas subsidiaries due to exceptional local regulations and circumstances.

In evaluating the external auditor for re-appointment, the AC was guided by the *Audit Quality Indicators Disclosure Framework* issued by ACRA, the *Guidance to Audit Committees on Evaluation of Quality of Work Performed by External Auditors* issued by ACRA and the Singapore Exchange and the *External Audits of Banks* issued by the Basel Committee on Banking Supervision.

Internal Auditor

The AC reviews and approves the Internal Audit Charter which sets out the authority and responsibilities of Group Audit, the internal audit function. It reviews the risk-based internal audit plan, internal audit reports, scope and results of the internal audits, and the adequacy and effectiveness of Group Audit. The AC approves the appointment, remuneration and resignation of the Head of Group Audit. The Head of Group Audit, reports functionally to the AC and administratively to the CEO.

Independent of the units and activities it audits, Group Audit adopts and meets the *International Standards for the Professional Practice of Internal Auditing* set by The Institute of Internal Auditors and other relevant best practices. It is also guided by *The Internal Audit Function in Banks* issued by the Basel Committee on Banking Supervision. At least once every five years, a quality assurance review of the internal audit function is conducted by an external professional firm.

Group Audit assesses the reliability, adequacy and effectiveness of the Bank's system of internal controls, risk management and governance processes. A risk-based approach is used to develop the internal audit plan and audit projects are prioritised and scoped according to Group Audit's assessment of the Bank's risks and controls over the risk types. Group Audit also supports Management in inculcating a stronger risk culture through the Management Governance and Oversight Rating Framework, which seeks to enhance Management's awareness of the risk factors attendant in their respective areas of work and their responses to the factors identified. In 2018, Group Audit enhanced the risk assessment approach in audit methodology to further strengthen risk governance and oversight.

For greater effectiveness and efficiency and improved decision-making capabilities, Group Audit leverages technology. In particular, data analytics has enabled Group Audit to review a larger number of cases than it could with sampling, increase efficiency through automation and to derive greater insights from its audits. The bench strength at Group Audit includes subject-matter specialists in fields including technology, structured products, credit evaluation, fund management and investment. To ensure functional continuity and relevance to the Bank's business, Group Audit tracks and ensures that the audit team receives adequate and appropriate training.

Group Audit also oversees the internal audit functions of the Bank's overseas banking subsidiaries and advises them on standards of auditing and the Group's policies. The subsidiaries' internal audit functions provide regular reports to the Head of Group Audit, who is invited to attend the subsidiaries' audit committee meetings. To the extent appropriate and in accordance with local regulations, Group Audit conducts global audits of selected areas and reviews the internal audit work of each banking subsidiary. In 2018, Group Audit continued to conduct global audits frequently for a holistic assessment of audit issues. This enabled Management to address common weaknesses across the Group and guide local teams in designing customised solutions.

Having reviewed the scope of internal audit for the financial year, the progress and results of the audits and the auditees' response to audit findings, the AC is satisfied that Group Audit is independent, adequately resourced and effective in discharging its responsibilities.

Risk Management and Internal Controls

The Bank's system of risk management and internal controls consists of the following components:

- **Management oversight and control:** Management is responsible for the day-to-day management of risks and the effective implementation and continued relevance of the Bank's frameworks, policies, processes and procedures for internal controls and risk management. The following senior management committees assist the CEO in this regard: Asset and Liability Committee, Credit Committee, ESG Committee, Human Resources Committee, Information and Technology Committee, Investment Committee, Management Committee, Management Executive Committee, Operational Risk Management Committee and Risk and Capital Committee.

¹ Dissolved in 2019

Corporate Governance

- **Risk identification, monitoring and assessment:** Group Risk Management identifies, monitors and assesses risks of the Group. It works with business and support units and the relevant senior management committees to develop and to implement appropriate risk management strategies, frameworks, policies and processes. To the extent appropriate, these frameworks, policies and processes are also practised at the Group's overseas subsidiaries. Group Risk Management provides regular reports to the Board and BRMC on the overall risk profile and outlook, including any emerging risk and key developments in the Group. More information on the Bank's risk management can be found in the Risk Management and Pillar 3 Disclosure sections of this report.
- **Regulatory compliance:** Group Compliance works with business and support units to identify, to assess, to monitor and to manage regulatory compliance risks. It provides oversight and guidance for a strong compliance culture in the Group. It also accords high priority to compliance with rules and preventive measures against money-laundering and terrorist-financing. Compliance policies, procedures and guidelines, ethical standards and industry best practices are put in place to guide business and support units in the conduct of business and the discharge of their duties. Group Compliance provides assessments of regulatory compliance risks which may have an impact on the Group's operations, recommends corrective measures and issues advisories where appropriate. The Head of Group Compliance regularly reports to the Board and BRMC on significant compliance issues, regulatory developments and preventive and remedial actions taken.
- **Audits:** External and internal auditors conduct audits and report on any material non-compliance with or lapse in internal controls. Please see the sections on the external and internal auditors in the preceding pages.

The Bank's integrated governance, risk and compliance system facilitates information sharing, coordination and collaboration among Group Audit, Group Risk Management and Group Compliance for more effective governance oversight and response to issues identified. It has also helped to ensure consistency in the response to issues identified.

The Bank has established processes to escalate and report material incidents and breaches. These processes ensure that the relevant Board Committee or Board receives timely and appropriate reports and is able to oversee follow-up actions taken by Management.

Business and support units conduct regular self-assessments on their compliance with internal controls, risk management processes and applicable regulations. The results are reviewed by senior management committees and where deficiencies are identified, these committees monitor the progress made in

rectification works. For the year under review, the AC and the Head of Group Audit reviewed the internal controls while the BRMC and the CRO reviewed the risk management processes.

The Board has conducted its review of the Bank's internal controls and risk management processes and the work performed by the internal and external auditors, Management and the relevant Board Committees. It has also received assurance from the CEO and CFO that the system of risk management and internal controls is effective, 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 its review and with the concurrence of the AC and BRMC, the Board has formed the view that the Bank's system of risk management and internal controls, including financial, operational, compliance and information technology controls, was adequate and effective as at 31 December 2018. As no system of risk management and internal controls can provide absolute assurance against material error, loss or fraud, UOB's system of risk management and internal controls provides reasonable but not absolute assurance that the Bank will not be affected by any adverse event which may be reasonably foreseen.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

(Principles 14 to 16, MAS Guidelines)

Shareholder Rights and Conduct of Shareholder Meetings

UOB treats all shareholders fairly and equitably and discloses all material information relating to the Bank in a timely manner.

The Bank encourages and supports shareholder attendance at general meetings and participation in decisions concerning key corporate changes, such as any amendment to the Bank's Constitution and the authority to issue ordinary shares. A notice of a general meeting, related information and a proxy form are sent to shareholders within the statutory timeline of at least 14 days before the meeting. The notice of meeting is also advertised in certain widely-read newspapers in Singapore. In addition, the notice and the proxy form are published on the UOB website and SGXNet. Each proposal is tabled as a separate and distinct resolution and explanatory notes to the resolutions tabled are provided in the notice of meeting.

All shareholders are entitled to attend and to vote at general meetings in person or by proxy. The proxy form provides shareholders with the option of directing their proxy to vote either for or against each proposed resolution. The rules for the appointment of proxies are set out in the notice of general meeting and proxy form. Shareholders who are not relevant intermediaries as defined in the Companies Act may appoint up to two proxies to attend and to vote on their behalf. Nominee companies and custodian banks which are

relevant intermediaries may appoint more than two proxies. Investors who hold shares through nominee companies or custodian banks may attend and vote as proxies of the nominee companies or custodian banks. Duly completed proxy forms must be deposited at the place specified in the notice of general meeting at least 72 hours before the time set for holding the general meeting. The Bank currently does not implement voting in absentia by mail or electronic means.

Each ordinary share carries one vote and all resolutions at the general meeting are voted on by poll via electronic voting devices. This enables shareholders to exercise their full voting rights and ensures greater transparency. The electronic poll-voting services are provided by an independent service provider. Before electronic poll-voting commences, shareholders and proxies are briefed on the polling procedures in English and Mandarin. Each agenda item is put to the vote separately. After voting on each resolution is closed, the votes cast for or against the resolution are tallied and presented immediately to shareholders. An independent scrutineer, who is in attendance at every general meeting, validates the voting results which are announced on SGXNet on the same day as the general meeting.

Communication with Shareholders

UOB has an investor relations policy on communicating with the investment community, which includes shareholders, investors and analysts. The Bank does not practise selective disclosure. It publishes all pertinent information on SGXNet and the UOB website (www.uobgroup.com) on a timely basis. The investor relations webpage on the UOB website (<https://www.UOBgroup.com/investor-relations/index.html>) hosts relevant investor-related information, including the latest financial results, annual report, upcoming events and share and dividend information.

The financial statements, which are approved by the Board prior to the Bank's announcement on SGXNet provide stakeholders with a balanced assessment of the Bank's performance, position and prospects. Quarterly financial statements are announced within 45 days from the end of each financial quarter. The full-year financial statements are announced within 60 days from the financial year-end. The annual report, which contains the audited financial statements, notice of AGM, proxy form and other pertinent information, is available on SGXNet and the UOB website. A notice of the publication of the annual report on SGXNet and the UOB website will be sent to all shareholders at least 14 days before the AGM. To reduce the Bank's carbon footprint and as stakeholders become increasingly internet savvy, the Bank has discontinued its practice of sending the full annual report to shareholders by way of a CD-rom. Nevertheless, a shareholder may request a printed copy of the annual report from the share registrar or the Bank.

General meetings are a principal forum for dialogue with shareholders. The Board Chairman ensures that adequate time is allocated for shareholders to provide their feedback on Bank-related matters and the resolutions to be passed.

The Bank holds the AGM within four months from its financial year-end. At each AGM, before the resolutions are put to the vote, the CEO makes a presentation on the Bank's performance in the preceding financial year. The directors, including the Board Chairman and the Board Committee chairpersons and senior executives are in attendance to address shareholders queries. The external auditor is also present to address questions on the conduct of audit and the external auditor's report. The minutes of the AGM, together with the responses to the queries raised by shareholders during the meeting, are published on the UOB website after the AGM.

Apart from the AGM, shareholders, analysts and other stakeholders in the investment community may also provide feedback through the Investor Relations unit, whose contact details can be found in the Corporate Information and Investors sections of this report and on the UOB website.

UOB proactively engages the investment community through various avenues. The Bank holds briefings to the media, analysts and investors following the release of the half-year and full-year financial results and briefings with analysts and investors after the announcement of the first-quarter and third-quarter financial results. Corporate day events are periodically organised to provide in-depth understanding of the businesses and key markets in which UOB operates. Through investor meetings, conferences and roadshows, the Bank shares with analysts and investors the Bank's corporate strategy, operational performance and business outlook. All materials presented at such briefings, corporate days, meetings, conferences and roadshows are published on SGXNet and the UOB website in a timely manner.

Dividend Payment

The Bank aims to pay consistent and sustainable dividends to shareholders over the long term by balancing growth with prudent capital management. Dividends recommended or declared for payment are announced on SGXNet.

UOB pays dividends in a timely manner. Interim dividends are paid within 30 days after they are declared and final dividends are paid within 30 days after they are approved by shareholders at the AGM. If the UOB Scrip Dividend Scheme is applied to any dividend, the payment date will be in compliance with the SGX-ST Listing Rules (i.e. the payment date will be not fewer than 30 market days, but not more than 35 market days, after the books closure date).

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RELATED PARTY TRANSACTIONS AND INTERESTED PERSON TRANSACTIONS

(Principle 17, MAS Guidelines)

The Bank has established policies, processes and guidelines for the monitoring and disclosure of interested person transactions, director-related transactions and related party transactions.

In the year under review, the AC reviewed interested person transactions and material related party transactions. All transactions are reviewed whether they are undertaken in the ordinary course of business and on normal commercial terms and arm's length basis.

The particulars of all interested person transactions entered into in 2018 are set out below.

Interested Person Transactions		
Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Haw Par Corporation Limited and its subsidiaries (Haw Par Group)	UOB Travel Planners Pte Ltd sold travel products and services to the Haw Par Group. The total value of these transactions was \$217,345	Nil
UOB-Kay Hian Holdings Limited and its subsidiaries	UOB Travel Planners Pte Ltd sold travel products and services to UOB Kay Hian Private Limited. The total value of these transactions was \$426,269.	Nil
UOL Group Limited and its subsidiaries (UOL Group)	UOB Travel Planners Pte Ltd sold travel products and services to and acted as hotel services agent for the UOL Group. The total value of these transactions was \$1,148,938. The Bank bought venue and seminar packages from Pan Pacific Singapore. The total value of these transactions was \$111,708. The Bank rented #09-232 Faber House for 42 months from 16 September 2018 for \$544,320 from UOL Property Investment Pte Ltd. United Overseas Bank (Vietnam) Limited rented Lots 01-08 and M-02A of Pan Pacific Hanoi for 36 months from 2 January 2019 at VND248,105,000 (\$421,530) from Westlake International Company Limited.	Nil
UIC Asian Computer Services Pte Ltd	UOB and its subsidiaries purchased hardware and software from UIC Asian Computer Services Pte Ltd valued at approximately \$36.44 million.	Nil
For the Love of Laundry Pte Ltd	The Bank leased #01-63 One Raffles Place for 36 months from 16 September 2018 at \$180,000 to For the Love of Laundry Pte Ltd.	Nil

Related party transactions under Singapore Financial Reporting Standards (International) or SFRS(I) are disclosed in the Notes to the Financial Statements.

With effect from 1 July 2019, UOB must comply with MAS Notice 643, which governs related party transactions of banks. The role of the board under MAS Notice 643 includes setting the nominal and materiality thresholds for non-exposure related party transactions requiring approval of the board or its delegate and approving certain transactions. Related party transactions can also be interested person transactions. To avoid the duplication of work between the AC and BRMC, the Board

has delegated the responsibility of reviewing and approving related party transactions and interested person transactions to the BRMC. However, the AC will review interested person transactions and provide its independent views in accordance with the SGX-ST Listing Rules.

Material Contracts

No material contract involving the interest of the CEO, any director or controlling shareholder of UOB has been entered into by the Bank or any of its subsidiaries since the end of the previous financial year and no such contract subsisted as at 31 December 2018, save as may be disclosed on SGXNet or herein.

ETHICAL STANDARDS

Code of Conduct

The UOB Code of Conduct lays down the principles of personal and professional conduct, including in the following areas:

- fair dealing in the conduct of business;
- protection of personal data and customer information in accordance with applicable banking secrecy, privacy and data security laws;
- equal opportunity for employees on the basis of merit;
- non-tolerance of discrimination or harassment on the basis of gender, race, age, religion, disability or any other classification that does not create a professional and safe workplace;
- maintenance of a conducive and healthy environment that contributes to the safety and well-being of employees and other stakeholders;
- compliance with applicable laws and regulations, including competition and anti-trust law;
- zero tolerance of bribery, corruption and illegal or unethical dealings, including insider trading and facilitation payments; and
- whistle-blowing.

All employees receive training relating to the code, which embodies the corporate values. New employees are introduced to the code as part of their induction while existing employees refresh their knowledge annually as part of the Bank's self-learning programme. In the performance appraisal system, employees are assessed based on whether their behavior is aligned to the corporate values. Any employee who does not comply with the code may be subject to disciplinary action. The code is reviewed periodically for continued relevance.

Whistle-blowing Policy

Under UOB's whistle-blowing policy, any individual may report, anonymously or otherwise, any suspected or actual wrongdoing (such as fraud and breaches of the law, regulations or UOB's policies) in confidence. The policy sets out the channels through which reports may be made and the procedures by which Group Audit investigates the reports. UOB prohibits reprisal in any form against whistle-blowers who have acted in good faith.

Whistle-blowing reports may be sent to the Head of Group Audit at United Overseas Bank Limited, 396 Alexandra Road, #03-09, Singapore 119954. Reports may also be sent to the AC chairman, CEO or Board Chairman at 80 Raffles Place, UOB Plaza 1, Singapore 048624. All reports received are accorded confidentiality. Group Audit's independent investigation reports are submitted directly to the AC.

The whistle-blowing policy is published on the Bank's intranet. As employees refresh their knowledge of the UOB Code of Conduct on the online training portal annually, they are reminded of their responsibility to report any genuine concern that they may have and of the seriousness that UOB places on whistle-blower protection.

Fair Dealing

The Bank actively promotes fair dealing with customers, putting in place policies, guidelines and best practices to embed the spirit and intent of fair dealing into the organisational culture and daily operations. Employees are reminded of the importance of fair dealing through online training every year. Customers and the general public may give their feedback on the Bank or its products and services via the customer service hotline or feedback form, both of which are available on the UOB website. The Bank has an independent customer complaint review process. The Bank's established, clear processes and procedures ensure that complaints are reviewed and investigated independently, objectively and promptly. The outcome of these investigations are received by an independent compensation review panel whose decisions are communicated to customers clearly. More information on the Bank's commitment to fair dealing can be found in the Customers section of this report.

Securities Dealing

Directors and employees are guided by a code on dealing in securities which requires them to comply with applicable laws on insider dealings at all times. Under the code, directors and employees may not deal in the Bank's securities:

- on short-term considerations;
- whenever they are in possession of price-sensitive information; and
- during the period commencing two weeks before the announcement of the Bank's financial statements for each of the first three quarters of the financial year and one month before the announcement of the Bank's full-year financial statements. The Bank does not deal in its securities during the prohibited dealing periods and informs directors and employees of such periods.

The Bank also has a policy on personal trades in securities. The policy requires employees with access to price-sensitive information in the course of their duties to seek clearance before they can trade in securities listed on a stock exchange.

Every director and the CEO must notify the Bank of his interests in the securities of UOB and its related corporations within two business days after he acquires or disposes of such interests or becomes aware of any change in interests. The Bank will then announce the changes on SGXNet.

Corporate Governance

SUMMARY OF DISCLOSURES

	Page reference
Principles and guidelines in MAS Guidelines (incorporating 2012 Code)	
MAS Guideline 1.3 Delegation of authority, by the Board to any board committee, to make decisions on certain board matters	122-123
MAS Guideline 1.4 The number of meetings of the Board and board committees held in the year, as well as the attendance of every board member at these meetings	123
MAS Guideline 1.5 The type of material transactions that require board approval under guidelines	122
MAS Guideline 1.6 The induction, orientation and training provided to new and existing directors	126
MAS Guideline 1.16 An assessment of how these programmes meet the requirements as set out by the NC to equip the Board and the respective board committees with relevant knowledge and skills in order to perform their roles effectively	126
MAS Guideline 2.3 The Board should identify in the company's Annual Report each director it considers to be independent. Where the Board considers a director to be independent in spite of the existence of a relationship as stated in the 2012 Code that would otherwise deem a director not to be independent, the nature of the director's relationship and the reasons for considering him as independent should be disclosed	124-125
MAS Guideline 2.4 Where the Board considers an independent director, who has served on the Board for more than nine years from the date of his first appointment, to be independent, the reasons for considering him as independent should be disclosed	Not applicable
MAS Guideline 2.13 Names of the members of the board executive committee (EXCO) and the key terms of reference of the EXCO, explaining its role and the authority delegated to it by the Board	127
MAS Guideline 3.1 Relationship between the Chairman and the CEO where they are immediate family members	Not applicable
MAS Guideline 4.1 Names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the Board	128
MAS Guideline 4.4 The maximum number of listed company board representations which directors may hold should be disclosed	126
MAS Guideline 4.6 Process for the selection, appointment and re-appointment of new directors to the Board, including the search and nomination process	126
MAS Guideline 4.7 Key information regarding directors, including which directors are executive, non-executive or considered by the NC to be independent	124
MAS Guideline 4.13 Resignation or dismissal of key appointment holders	Not applicable
MAS Guideline 4.14 Deviation and explanation for the deviation from the internal guidelines on time commitment referred to in Guidelines 4.4 and 4.10	126
MAS Guideline 5.1 The Board should state in the company's Annual Report how assessment of the Board, its board committees and each director has been conducted. If an external facilitator has been used, the Board should disclose in the company's Annual Report whether the external facilitator has any other connection with the company or any of its directors. This assessment process should be disclosed in the company's Annual Report	124-126

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MAS Guideline 7.1 Names of the members of the RC and the key terms of reference of the RC, explaining its role and the authority delegated to it by the Board	128-129
MAS Guideline 7.3 Names and firms of the remuneration consultants (if any) should be disclosed in the annual remuneration report, including a statement on whether the remuneration consultants have any relationships with the company	141, 142
MAS Principle 9 Clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration	141-143
MAS Guideline 9.1 Remuneration of directors, the CEO and at least the top five key management personnel (who are not also directors or the CEO) of the company. The annual remuneration report should include the aggregate amount of any termination, retirement and post-employment benefits that may be granted to directors, the CEO and the top five key management personnel (who are not directors or the CEO)	129, 144
MAS Guideline 9.2 Fully disclose the remuneration of each individual director and the CEO on a named basis. There will be a breakdown (in percentage or dollar terms) of each director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives	183
MAS Guideline 9.3 Name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of \$250,000. There will be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives. In addition, the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel	129, 144
MAS Guideline 9.4 Details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds \$50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be in incremental bands of \$50,000	129
MAS Guideline 9.5 Details and important terms of employee share schemes	143
MAS Guideline 9.6 For greater transparency, companies should disclose more information on the link between remuneration paid to the executive directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met	141-143
MAS Guideline 11.3 The Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems. The commentary should include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems. The Board should also comment on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give true and fair view of the company's operations and finances; and (b) regarding the effectiveness of the company's risk management and internal control systems	133-134
MAS Guideline 11.14 Names of the members of the board risk committee and the key terms of reference of the board risk committee, explaining its role and the authority delegated to it by the Board	130
MAS Guideline 12.1 Names of the members of the AC and the key terms of reference of the AC, explaining its role and the authority delegated to it by the Board	130-133



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MAS Guideline 12.6 Aggregate amount of fees paid to the external auditors for that financial year, and breakdown of fees paid in total for audit and non-audit services respectively, or an appropriate negative statement	211
MAS Guideline 12.7 The existence of a whistleblowing policy should be disclosed in the company's Annual Report	137
MAS Guideline 12.8 Summary of the AC's activities and measures taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements	126, 131
MAS Guideline 15.4 The steps the Board has taken to solicit and understand the views of the shareholders e.g. through analyst briefings, investor roadshows or Investors' Day briefings	135
MAS Guideline 15.5 Where dividends are not paid, companies should disclose their reasons	Not applicable
MAS Guideline 17.4 Material related party transactions	261-262