

**United Overseas Bank Limited**  
(Incorporated in Singapore)  
**and its subsidiaries**

31 December 2021

## **Governance**

- 76 Corporate Governance
- 97 Remuneration
- 102 Risk Management
- 119 Capital Management
- 121 Pillar 3 Disclosure



## Corporate Governance

Good corporate governance has anchored our Bank's development and growth since its founding more than 80 years ago. Our corporate governance is based on strong leadership, our robust system of risk management and internal controls, our continual engagement with our shareholders and other stakeholders, and our culture of accountability and responsibility.

Guided by our values of Honour, Enterprise, Unity and Commitment, our corporate governance also takes into account the expectations of our regulators and other stakeholders in:

- the Banking (Corporate Governance) Regulations 2005 (Banking Regulations);
- the listing rules of the Singapore Exchange Securities Trading Limited (SGX-ST Listing Rules);
- the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore issued in 2013 (MAS Guidelines), which comprise the Code of Corporate Governance issued in 2012 and supplementary principles and guidelines added by the Monetary Authority of Singapore (MAS); and
- the Code of Corporate Governance issued in 2018 (2018 Code).

We have complied with the principles of the 2018 Code and the MAS Guidelines, and substantially with the provisions and guidelines of the 2018 Code and MAS Guidelines respectively, as seen on pages 95 and 96. Where there was any deviation from the provisions or guidelines, we have explained our practices and philosophy.

In 2021, we were recognised for our strong corporate governance as follows:

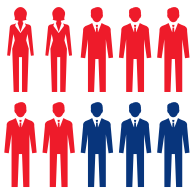
Singapore Governance and Transparency Index (SGTI) 2021  
**6th** of 519 Singapore listed companies (General Category)

Singapore Corporate Awards 2021 (Special Edition)  
**Corporate Excellence and Resilience Award**  
(market capitalisation of at least \$1 billion)  
– one of 10 recipients

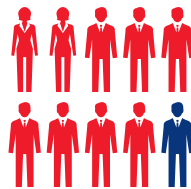


## Board Matters

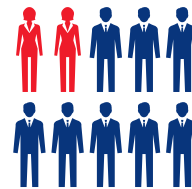
### Board of Directors



**Seven**  
out of 10 Directors  
are independent



**Nine**  
out of 10 Directors are  
non-executive



**Two**  
out of 10 Directors are  
female



**Independent  
Chairman**



**Separation of Chairman and  
Chief Executive Officer (CEO)  
roles**

## Board duties

Our Board is responsible for:

- providing entrepreneurial leadership and strategic direction;
- approving business plans, annual budgets, capital and debt structures, material investments, acquisitions and disposals;
- setting the desired organisational culture, standards of ethical behaviour and values of the Bank;
- promoting a strong system of risk management and internal controls;
- determining the Group risk appetite;
- approving financial statements;
- overseeing Management's performance;
- considering sustainability issues, and overseeing the monitoring and management of the material environmental, social and governance (ESG) factors;
- performing succession planning for the Board and Management; and
- promoting regular and effective communications with shareholders and overseeing relationships with material stakeholders.

## Highlights from 2021

### Board renewal

Over the past few years, the Board has built a pipeline of potential director candidates with the help of external consultants. Even as four directors stepped down during the course of the year, new independent directors were appointed to the Board. The new directors widened the range of expertise and experiences on our Board – Mrs Tracey Woon is a banking industry veteran, Mr Dinh Ba Thanh is an entrepreneur in the media and digital industry in Vietnam and Ms Teo Lay Lim brings her technology and digitalisation, transformation and sustainability experience to the Board.

### Response to COVID-19

As the pandemic entered its second year, the Board focused on its impact on our colleagues, customers and business.

The well-being of our colleagues across the region was constantly on the minds of our Board, and Management provided regular updates on the initiatives to care for our colleagues and help them remain healthy, effective and engaged.

As a substantial number of our colleagues continued to work from home for extended periods at various times during the year, it was important to ensure that our robust risk culture,

anchored by our values, continued to drive our work ethic and conduct.

Our Board continued to be updated at least monthly on the impact of the pandemic on the business and our customers in the different markets, especially those who needed support as they restructured or pivoted their businesses to cope with the pandemic. The Board also reviewed managerial stress tests results to monitor the resilience of the Group's portfolios even as the impact of the pandemic continued to be felt across the world.

### Strategy

Our Board guided Management on the prioritisation and focus of various ongoing transformation projects and those in the pipeline, taking into consideration the changes in market behaviour, market disruption, availability of resources, risk management measures and regulatory developments.

One key project was the unification of our regional digital bank TMRW, and our mobile banking app, UOB Mighty, to become UOB TMRW in Singapore. Our Board paid particular attention to customer experience during the transition. The new banking platform was timely in view of the surge in demand for digital banking products and services during the pandemic. UOB TMRW will be rolled out progressively across more markets in our network.

Structural shifts and changes in customer behaviour brought on by the pandemic presented new opportunities for us to serve our customers around the region, as they look to develop new markets or supply chains, and to venture into new businesses. Our Board guided Management in exploring these opportunities as we leveraged our regional presence.

Our Directors also kept pace with the developments around digital assets and tokenisation, digital payments and technology, and regulatory responses to such developments, aided by our Technology Advisory Panel. We take a measured and opportunistic approach to developments in these areas.

During the year, the Board worked closely with Management in the Group's bids for Citigroup's consumer business in four key markets, namely Indonesia, Malaysia, Thailand and Vietnam. In January 2022, our subsidiaries in the four countries won the bids. The acquisitions, which are subject to regulatory approval, are expected to double the Group's customers in the four markets, accelerating our customer base target five years ahead of time.

### Human capital and succession planning

The competition for talent continued to intensify amid the border restrictions and with the setup of digital banks. Our Board champions the approach of lifelong learning, and the reskilling and upskilling of our colleagues to remain relevant in the



## Corporate Governance

fast-changing economy. At the same time, we welcome colleagues from other industries who can augment our skills and expertise. Through the year, our Board tracked the development of our talents and guided Management on maintaining a pipeline of future leaders.

### Remuneration

Through the work of the Remuneration and Human Capital Committee (RHCC), the Board reviewed and provided guidance on our remuneration philosophy and design of our remuneration structure to ensure that the Group remains competitive and is able to attract and to retain talent. Please refer to the section on Remuneration to know more about our remuneration approach and structure.

The RHCC commissioned an independent benchmarking study in 2019. Noting that the study showed that our Directors' remuneration was below market and acknowledging the increasing responsibilities of the Directors, our Board agreed to increase the Directors' fees in 2020. However, as economic conditions in 2020 and 2021 were uncertain due to the pandemic, our Board decided to defer the increase. This year, in view of improved market sentiments, our Board approved the revisions to the Directors' fees. The Board also approved the payment of part of the fees in UOB shares to promote better alignment of the interests of Directors and shareholders. Particulars of the proposal can be found in the Directors' Remuneration section.

### Risk management and internal controls

With the surge in contactless services and digital banking, and the prevalence of work-from-home arrangements, our Board emphasised the need for strong cybersecurity and vigilance to ensure the security of our IT systems and customer information. In addition to progress reports on our IT infrastructure development, our Board received regular updates on risk trends and emerging risks, as well as fraud trends and prevention measures.

An area of focus during the year was anti-money laundering (AML) and countering the financing of terrorism (CFT), where our Board supported the increased use of data analytics and other digital tools and encouraged Management to collaborate with industry players, regulators and relevant agencies, in the area of AML/CFT.

### Sustainability

In 2021, our Board oversaw the establishment of a dedicated Group Sustainability Committee and Corporate Sustainability Office, as well as the appointment of our first Chief Sustainability Officer.

Recognising the criticality of sustainability to the Bank's strategy, during the year our Board considered stakeholder feedback and actively engaged in discussions on issues such as climate action, social impact and initiatives to support our customers in the transition to a low carbon economy. Our Board guided Management on the formulation and implementation of the Bank's sustainability strategy, which is aligned with the United Nations Sustainable Development Goals. It approved an environmental risk management framework, which further strengthened our commitment to climate action. The Board also reviewed various sustainable financing frameworks aimed at helping customers, especially the small and medium-sized enterprises, adopt more sustainable practices.

Our Board, together with Management, guided enhanced reporting and disclosures, including in alignment with the recommendations of the Taskforce on Climate-related Financial Disclosures, amongst others. In demonstrating industry leadership, the Bank also achieved operational carbon neutrality during the year. Our Board will continue to work with Management in mapping future decarbonisation pathways for the Bank and our customers.

Find out more about our sustainability strategy and initiatives, and how we support our customers in their sustainability journey in our Sustainability Report at [www.UOBgroup.com/investor-relations/financial/group-annual-reports.html](http://www.UOBgroup.com/investor-relations/financial/group-annual-reports.html).

### Delegation to Board Committees and Management

The responsibilities delegated to the Audit Committee (AC), Board Risk Management Committee (BRMC), Executive Committee (Exco), Nominating Committee (NC) and RHCC are set out in the committees' written terms of reference, which are reviewed at least once a year. The Board Committee chairs update other Board members on the matters reviewed and considered, and decisions made. Minutes and reports of all meetings are circulated to all Directors.

The common membership of several Directors on the Board Committees is to ensure coordination of the work among the committees.

Management is responsible for the day-to-day operations of the Bank and implementing the decisions of the Board. Where a matter has been reserved for the Board's or a Board Committee's approval in its terms of reference, its approval must be obtained before the matter is implemented.

Our CEO leads the Management team. He is supported by several senior management-level committees, namely, the Asset and Liability Committee, Credit Committee, Group Sustainability Committee, Human Resources Committee, Information and Technology Committee, Investment Committee, Management Committee, Management Executive Committee, Operational Risk Management Committee, and Risk and Capital Committee.

## Articles of Directorship

The Articles of Directorship lay down the principles of conduct and ethics expected of our Directors and are similar to the Code of Conduct applicable to our employees. They are reviewed for relevance every year.

## Key processes

Board and Board Committee meetings and the Annual General Meeting (AGM) are scheduled well before the start of each year. If necessary, additional meetings can be convened.

A Director who is unable to attend a meeting due to exigencies may convey his<sup>1</sup> views through another Director or the company secretaries.

Our Board and Board Committees seek to make decisions by consensus. Where there is a divergence in views, decisions are made by a majority vote and dissenting views are recorded. While decisions may also be made by way of resolutions in writing, these are used mainly for administrative or routine matters, or as a follow-up to matters previously deliberated.

All meeting materials are delivered to our Directors well in advance of each meeting via a secure portal accessible from tablet devices provided by the Bank. Where appropriate, Directors' input may be solicited ahead of the meeting for more focused discussion. Management attends meetings together with subject-matter specialists and professional advisers, where appropriate. Time is also set aside at Board meetings for Directors to meet in the absence of Management.

During the year, Board meetings and the annual strategy refresh were held in-person, virtually or in hybrid form, having regard to prevailing governmental health advisories and internal guidance. In prior years, a board retreat was held every year in a market where we operate. In 2021, continued travel restrictions in many countries prevented an in-country retreat. As an alternative, the Board received regular briefings from the markets. These ensured that our regional operations remain aligned with the Group's strategy and are well-placed to support each other and our customers.

## Managing potential conflicts of interests

A Director who has an interest in a matter which may conflict with his duties to UOB must disclose his interests, recuse himself from the discussion and abstain from voting on the matter. Our Directors refresh their disclosures at least quarterly.

## Access to Management, advisers and information

Our Directors have unfettered access to senior management, and the internal and external auditors. The Board and Board Committee chairs meet separately with the relevant function heads in preparation for Board and Board Committee meetings.

The Chairman also meets with senior management monthly and with relevant function heads regularly to keep abreast of developments.

Directors may also seek independent professional advice or engage subject-matter experts at the Bank's expense in the course of discharging their duties.

## Company secretaries

Two company secretaries support our Directors in discharging their responsibilities. They assist the Board and Board Committees to monitor the implementation of their decisions. They also advise the Board on governance matters, update them on applicable laws and regulations and facilitate communications between the Board and Management, and between the Bank and its shareholders. When a new Director is appointed or an existing Director is appointed to a Board Committee, the secretaries assist in his induction. The secretaries also support the Board's professional development and facilitate the engagement of subject matter experts, where necessary.

The appointment and removal of the company secretaries are subject to the Board's approval. Both company secretaries are qualified lawyers.

## Board independence

The criteria for independence of a director under the Banking Regulations, SGX-ST Listing Rules, MAS Guidelines and 2018 Code are summarised as follows:

- he has no relationship with the bank, its related corporations, substantial shareholders or officers that could interfere or reasonably be perceived to interfere with the exercise of the director's independent business judgement in the best interests of the bank;
- he is not or has not been employed by the bank or any of its related corporations in the current or any of the past three financial years;
- he does not have an immediate family member who is or has been employed by the bank or any of its related corporations in the current or past three financial years and whose remuneration is or was determined by the remuneration committee; and
- he has not served on the board for nine continuous years or longer.

Each year, our NC assists the Board to assess the independence of each Director based on the above criteria, the disclosure of his other appointments and commitments, interests, personal circumstances, and his conduct in the discharge of his duties.

<sup>1</sup> A reference to one gender includes other genders.



## Corporate Governance

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

Independent Directors	Non-independent, non-executive Directors	Executive Director
<p>Wong Kan Seng Alvin Yeo Khirn Hai Steven Phan Swee Kim Chia Tai Tee Tracey Woon Kim Hong Dinh Ba Thanh Teo Lay Lim</p> <ul style="list-style-type: none"> <li>Meet all the independence criteria</li> </ul>	<p>Michael Lien Jown Leam</p> <ul style="list-style-type: none"> <li>Closely connected to a substantial shareholder</li> </ul> <p>Wee Ee Lim</p> <ul style="list-style-type: none"> <li>A substantial shareholder</li> <li>Father Wee Cho Yaw, and brothers Wee Ee Cheong and Wee Ee Chao, are substantial shareholders.</li> <li>Brother, Wee Ee Cheong, is a Director and the CEO.</li> </ul>	<p>Wee Ee Cheong</p> <ul style="list-style-type: none"> <li>CEO</li> <li>A substantial shareholder</li> <li>Father Wee Cho Yaw, and brothers Wee Ee Chao and Wee Ee Lim, are substantial shareholders.</li> <li>Brother, Wee Ee Lim, is a Director.</li> </ul>

### Fitness for office

Our NC assesses if Directors remain fit and proper for office based on the MAS Guidelines on Fit and Proper Criteria and any other relevant information that comes to its attention. Each Director is required to make an annual declaration based on these guidelines. In addition, our NC reviews the performance of each director every year. Our NC has determined that all the Directors remain fit for office.

### Board diversity, size and composition

Our Board Diversity Policy sets out our Bank's approach to ensuring diversity of our Board. Its objectives are to achieve a range of insights from a broader perspective in decision-making, to avoid groupthink, to share country/industry peculiarities and to ensure continuity in Board succession. The dimensions of diversity considered by our Board include functional and domain skills, regional experience, industry experience, age, gender, ethnicity and culture, tenure and independence.

Our NC reviews the Board's size, composition and skillsets regularly to ensure it has the appropriate mix and balance of skills, experience, independence and knowledge to lead us.

Our Board is satisfied that the current board size of 10 directors is appropriate. Collectively, our Directors' skills, expertise and experience span different industries, markets, professions and the public and private sectors. Their core competencies include banking and other financial services, strategic planning, development, digital and technology, transformation, accounting and finance, audit, human resources, law, risk management, consumer services, marketing, media, sustainability and corporate governance, which are essential

to the business of the Bank. Our Board is satisfied that it is sufficiently diverse to meet the needs of the Group, and to ensure the effective oversight of our Group's affairs.

To ensure that the composition of the Board remains diverse, our Board aims to maintain a majority independent board, and to ensure at least one female director on the Board, at all times. Based on our current Board composition, we have met our independence target and exceeded our gender target.

### Chairman and Chief Executive Officer

Mr Wong Kan Seng, an independent Director, is our Chairman. He leads the Board, sets the Board meeting agenda, promotes an environment for open, constructive debate and contributions, and facilitates information flow between the Board and Management. He also oversees corporate governance matters, guides the engagement with stakeholders and chairs the AGM. Mr Wong is a member of all the Board Committees except the AC. Nevertheless, he attends all AC meetings. This gives him a good overview of all the Board Committees' activities.

Our CEO, Mr Wee Ee Cheong, leads the management team and implements the strategy as approved by the Board. He also seeks regional business opportunities, drives strategic initiatives and promotes a risk-focused and inclusive culture and practices that are consistent with our values, and an environment that is conducive for our colleagues to achieve our organisational and their personal goals. He is supported by senior management committees which help to ensure that the system of risk management and internal controls is adequate and effective, and that we have a safe and healthy work environment.

## Lead independent director

Our Board has not appointed a lead independent director as our Chairman is independent and has no familial or other close ties with our CEO. A majority of our Directors are independent. If the Chairman is conflicted, our NC chair can fulfil the role on a case-by-case basis.

## Board performance and time commitment

Each year, every Director performs a self-assessment and an assessment on the Board and each Board Committee of which he is a member. The format and structure of the assessments are approved by our Board. The responses are collated by the secretaries and the masked results are submitted for our NC's review. Each Board Committee also receives the results of the committee members' assessments. In addition, the NC also

assesses the performance of each Director during the year. No Director is involved in his own assessment. No external facilitator is engaged for the evaluation process as the Directors have been open and frank in their feedback on the performance of the Board and Board Committees, and the Directors are afforded the opportunity to share their feedback before each Board meeting or privately with the Chairman and/or NC chair.

In evaluating our Board's performance, our NC considers qualitative and quantitative factors including:

- the Bank's performance; and
- the Board's organisation and responsibility for the Bank's strategy, succession planning, sustainability, risk management and internal controls, corporate governance and regulatory compliance.

## Board attendance

The Directors' attendance at formal meetings in 2021 is set out in the table below.

Name of director	Membership	Number of meetings attended in 2021						
		AGM	Board	EXCO	NC	RHCC	BRMC	AC
Wong Kan Seng <sup>1</sup>	Independent	–	•9	•6	3	5	5	–
Wee Ee Cheong <sup>2</sup>	Executive	1	9	6	3	–	5	–
James Koh Cher Siang <sup>3</sup>	Independent	1	5	–	3	3	–	3
Ong Yew Huat <sup>4</sup>	Independent	1	9	6	–	–	5	•5
Lim Hwee Hua <sup>5</sup>	Independent	1	2	2	2	1	–	–
Alexander Charles Hungate <sup>6</sup>	Independent	1	7	–	–	•5	–	–
Michael Lien Jown Leam	Non-independent, Non-Executive	1	9	6	4	–	–	–
Alvin Yeo Khirn Hai <sup>7</sup>	Independent	–	5	–	1	–	•5	5
Wee Ee Lim	Non-independent, Non-Executive	1	9	–	–	5	5	–
Steven Phan Swee Kim <sup>8</sup>	Independent	1	9	5	•4	5	–	5
Chia Tai Tee <sup>9</sup>	Independent	1	9	–	–	–	5	5
Tracey Woon Kim Hong <sup>10</sup>	Independent	–	4	–	–	1	1	2
Dinh Ba Thanh <sup>11</sup>	Independent	–	1	–	–	–	–	–
Number of meetings held in 2021		1	9	6	4	5	5	5

• Denotes chair.

1. Mr Wong Kan Seng was absent from the AGM and one NC meeting as he was on medical leave.

2. Mr Wee Ee Cheong was not able to attend one NC meeting as it was convened on short notice and conflicted with a prior engagement.

3. Mr James Koh stepped down as RHCC chair on 30 April 2021 but remained an RHCC member till his retirement on 31 August 2021. He attended all Board, AC, NC and RHCC meetings held before his retirement.

4. Mr Ong Yew Huat retired on 1 January 2022. He was chair of the AC until his retirement.

5. Mrs Lim Hwee Hua stepped down as NC chair on 17 January 2021 but remained a member till she stepped down from the Board on 30 April 2021. She attended all Board, Exco, NC and RHCC meetings held before she stepped down.

6. Mr Alexander Hungate assumed the role RHCC chair on 1 May 2021. He resigned from the Board with effect from 31 December 2021. He was recused from two Board meetings to avoid a conflict of interest.

7. Mr Alvin Yeo was appointed to the NC on 29 October 2021. He did not attend the AGM and four board meetings as he was on bereavement and medical leave. He stepped down as BRMC chair on 31 December 2021 but remains a member. He assumed the role of AC chair on 1 January 2022.

8. Mr Steven Phan assumed the role of NC chair on 18 January 2021 and was appointed to the Exco on 24 February 2021. He has attended all Exco meetings since his appointment to the Exco.

9. Dr Chia Tai Tee was appointed BRMC chair on 1 January 2022.

10. Mrs Tracey Woon was appointed to the Board, AC and BRMC on 1 September 2021. On 2 November 2021, she was appointed as RHCC member and she assumed the role of RHCC chair on 1 January 2022. She has attended all Board meetings and meetings of those Board Committees she is a member of since her appointment to the Board and Board Committees respectively.

11. Mr Dinh Ba Thanh was appointed to the Board on 1 December 2021. He has attended all Board meetings held since his appointment.



## Corporate Governance

### Appointment and re-election of Directors

The selection of directors is based primarily on merit, with due and conscious consideration for the needs of the Board in terms of skills and diversity.

The NC maintains a board skill matrix which maps the skills of the current directors against the needs of the Bank. The matrix also tracks the diversity of the Board. A director search will take into account any gap which is identified or anticipated and the time horizon of those gaps.

When appointing or re-electing a Director, our NC:

- reviews our strategic objectives and identifies the skillsets that will help us achieve those objectives;
- identifies the additional skillsets required or desirable;
- reviews candidates' skillsets and experience, independence, qualification for office, personal attributes such as integrity and financial soundness and ability to commit time to the Bank's affairs;
- conducts due diligence on candidates to ensure their suitability for office and to ascertain their independence;
- considers the operating environment, emerging trends and potential developments in the market; and
- considers the pipeline for ongoing succession planning.

The NC invites all Directors to nominate candidates from time to time. To avail our Board of a wider range of skillsets, experience, expertise and aspects of diversity, our Board may, where appropriate, engage an external consultant to help broaden the search for directors. Suitable candidates are monitored for their availability and time commitments, among other considerations.

Our NC reviews the candidates before making its recommendation to our Board. With our Board's concurrence, the NC chair initiates discussions with the candidates as appropriate and updates the Board regularly on the progress. When appropriate, Directors meet candidates to assess their suitability. All Board appointments are subject to the approval of the MAS.

New Directors submit themselves for re-election at the first AGM following their appointment, and all Directors retire by rotation at least once in every three years. When evaluating a Director for re-election, the NC also reviews that Director's performance and whether his skills, expertise and experience remain relevant to the evolving needs of the Bank. Directors are put up for re-election at the AGM individually.

### Induction of new Directors

A newly-appointed Director receives an induction package, which includes the Articles of Directorship, terms of reference of the Board and Board Committees, guidance on directors' duties and relevant company policies. He also receives briefings from senior executives on key areas of our business, system of risk management and internal controls, support functions and sustainability initiatives.

When a Director is appointed to serve on a Board Committee, he is also briefed on matters relevant to the responsibilities of that Board Committee, as needed.

New Directors who have no prior experience as directors of public-listed companies also attend the training programmes stipulated by SGX-ST.

### Directors' Development Programme

Under this programme, our Directors receive briefings which cover topics specific to our business, the banking industry and general topics such as technological development and socio-economic, political or regulatory matters. At least half a day is set aside each quarter for the programme, during which training may be conducted by either internal or external subject-matter experts. The programme also includes updates from our regional operations.

In 2021, our Directors received training in digital assets and tokenisation, cybersecurity and resiliency, emerging technology trends, accounting standards, expected credit losses, market segment-specific developments, updates and initiatives, anti-money laundering trends, customer engagement, and developments in the sustainability sphere. Senior leaders from our regional network also briefed our Directors on significant matters from their respective markets. Such briefings help to ensure alignment across the Group and timely and appropriate response to local developments.

### Leadership succession

We believe in growing our own timber by developing a pipeline of leaders from among our colleagues to support our long-term strategy and growth. Employees with the right values and who have the requisite competency and leadership potential are identified and nurtured through structured development programmes including functional and leadership skills training, mentorship and participation in significant projects. Cross-functional training, regional exposure and networking opportunities are provided, where appropriate. The training and exposure are planned and implemented at a pace agreed between the employee and the Bank. Our Board monitors the progress of our talents closely and meets with them regularly.



At the same time, we appreciate the fresh perspectives and insights of external candidates and welcome those who can augment our collective skillsets and experience.

More information about our leadership development and succession planning can be found in our Helping Colleagues Make a Meaningful Difference section.

### Board Committee composition

At least annually, our NC reviews the composition of each Board Committee to ensure that the collective expertise of our Board members is appropriate with regard to the strategy and aspirations of our Group, and developments in the markets in which we operate. The NC also ensures an equitable distribution of the workload among Directors, taking into consideration their respective expertise and time availability. New Directors bring fresh perspectives while Directors with longer tenure ensure stability and continuity. This balanced approach of having Directors of different tenures at all times has kept our Board renewal process smooth.

### Nominating Committee

Our NC's key responsibilities are:

- assessing the independence of Directors;
- recommending the appointment and re-election of Directors;
- reviewing the size and composition of our Board and Board Committees;
- assessing the performance of the Board, Board Committees and each Director;
- establishing a board diversity policy and monitoring compliance with the policy;
- implementing a programme for the continual development of our Directors;
- reviewing the nominations and reasons for resignations of our key management appointment holders; and
- performing succession planning for our Directors, our CEO and key management personnel.

The NC's main activities are outlined on pages 79 to 83.

### Executive Committee

Our Exco oversees our strategies and related activities. Its key responsibilities are:

- providing strategic direction and overseeing the implementation of the strategy approved by the Board;
- reviewing our business plans, budget and capital and debt structures;
- reviewing our financial, business and operational performance against the approved strategy and budget;
- considering sustainability issues and determining the material ESG factors; and
- reviewing strategic initiatives (including human resources and technology initiatives) and transactions.

Highlights of the Exco's activities in 2021

- Monitored the impact of the COVID-19 pandemic on our strategy and business, and advised Management on response measures and initiatives to care for our customers, employees and other stakeholders;
- Guided Management on refinements and implementation of the strategy approved by the Board, as well as the approach to challenges encountered;
- Guided our Management on and reviewed the progress of our digital transformation, including the unification of TMRW and UOB Mighty;
- Reviewed the progress made in ESG matters and sustainability;
- Reviewed the investment strategy of our non-bank assets;
- Reviewed the focus and progress of specific business lines;
- Reviewed our funding strategy and funding initiatives;
- Guided our Management on communications with our stakeholders; and
- Reviewed our dividend strategy.



# Corporate Governance

## Remuneration matters

### Remuneration and Human Capital Committee

The main responsibilities of our RHCC are:

- determining a remuneration structure and framework for our Directors;
- determining a remuneration framework for employees that is appropriate and proportionate for sustained performance and value creation, for long-term success and linked to performance and risk management;
- overseeing the performance assessment of Senior Management<sup>2</sup>;
- reviewing the frameworks and policies for human capital development and management; and
- succession planning for Senior Management.

Highlights of our RHCC's activities in 2021:

- Reviewed the employee remuneration structure in relation to the long- and short-term strategy of the Bank, to build and to strengthen our human capital for continued relevance and sustainability, having regard to the keen competition for talent in the market;
- Reviewed the Director remuneration structure;
- Reviewed the size, shape and skills of the workforce having regard to the long-term strategic objectives of the Bank;
- Monitored our progress in nurturing our talent at different levels, providing opportunities for all suitable candidates and the building of a pipeline of regional leaders of the future;
- Advised Management on employee engagement and communications; and
- Guided Management on supporting and caring for employees during the COVID-19 pandemic.

### Directors' remuneration

In 2019, the Bank engaged Aon Hewitt, an independent human resources consultant, to conduct a benchmarking of our Directors' remuneration against that of comparable companies in the market. The study found that our Directors' fees were below market. After deliberation, our Board approved the revised fees in 2020. With the outbreak of COVID-19, our Board decided to defer the revision to their fees. In early 2021, our Board decided that, given the uncertain economic outlook, it would show solidarity with our colleagues and defer the fee revision further.

The RHCC acknowledges that the demands on directors have grown tremendously in the recent few years, especially in the areas of digitalisation, cybersecurity, regulatory compliance and sustainability. It is cognisant of the importance of ensuring that our board remuneration structure remains competitive and appropriate to promote good stewardship and drive long-term growth of the Bank.

In view of the improved economic outlook and business situation in 2021, and to avoid a further widening of the gap between our Directors' remuneration and the market, our RHCC has recommended and our Board has agreed to recommend to shareholders that the Directors' remuneration be increased based on the structure approved in 2020 and set out below.

Office	Chair	Member
Basic Fee	\$1,100,000	\$110,000
Audit Committee	\$110,000	\$70,000
Board Risk Management Committee	\$110,000	\$70,000
Executive Committee	\$110,000	\$70,000
Nominating Committee	\$65,000	\$45,000
Remuneration and Human Capital Committee	\$65,000	\$45,000

<sup>2</sup> Defined as the CEO and members of the Group Management Committee, who have the authority and responsibility for their respective Group functions.

Details of the proposed total fees and other remuneration paid/payable to our Directors for the financial year ended 31 December 2021 are set out in the table below. Save for the remuneration disclosed in the table below, our Directors do not receive any other remuneration. The directors' fees payable to Directors who have served less than a year are pro-rated.

	Directors' fees	Fees from subsidiaries	Salary	Bonus	Benefits-in-kind and others <sup>1</sup>	Total
	\$	\$	\$	\$	\$	\$
Wong Kan Seng	1,370,000	–	–	–	–	1,370,000
Wee Ee Cheong <sup>2</sup>	–	–	1,200,000	9,700,000	36,668	10,936,668
James Koh Cher Siang <sup>3</sup>	186,329	–	–	–	–	186,329
Ong Yew Huat	360,000	–	–	–	–	360,000
Lim Hwee Hua <sup>4</sup>	89,699	–	–	–	–	89,699
Alexander Charles Hungate <sup>5</sup>	168,425	–	–	–	–	168,425
Michael Lien Jown Leam	225,000	–	–	–	–	225,000
Alvin Yeo Khirn Hai <sup>6</sup>	297,890	–	–	–	–	297,890
Wee Ee Lim	225,000	–	–	–	–	225,000
Steven Phan Swee Kim <sup>7</sup>	348,713	–	–	–	–	348,713
Chia Tai Tee	250,000	–	–	–	–	250,000
Tracey Woon Kim Hong <sup>8</sup>	90,958	–	–	–	–	90,958
Dinh Ba Thanh <sup>9</sup>	9,342	–	–	–	–	9,342

1. Transport-related benefits, including the provision of a driver for Mr Wee Ee Cheong.
2. 60% of the variable pay to Mr Wee Ee Cheong is deferred and will vest over the next three years. Of the deferred variable pay, 40% will be issued in deferred cash, while the remaining 60% will be in the form of share-linked units.
3. Mr James Koh stepped down as RHCC chair on 30 April 2021 but remained an RHCC member till his retirement on 31 August 2021.
4. Mrs Lim Hwee Hua stepped down as NC chair on 17 January 2021 and from the Board on 30 April 2021.
5. Mr Alexander Hungate assumed the role of RHCC chair on 1 May 2021. He resigned from the Board with effect from 31 December 2021.
6. Mr Alvin Yeo was appointed to the NC on 29 October 2021.
7. Mr Steven Phan assumed the role of NC chair on 18 January 2021 and was appointed to the Exco on 24 February 2021.
8. Mrs Tracey Woon was appointed to the Board, AC and BRMC on 1 September 2021. She was appointed as RHCC member and chair on 2 November 2021 and 1 January 2022 respectively.
9. Mr Dinh Ba Thanh was appointed to the Board on 1 December 2021.

At the forthcoming AGM, we will also seek shareholders' approval to rename the UOB Restricted Share Plan as the UOB Share Plan, and to allow for eligible non-executive Directors to be granted share awards under the UOB Share Plan. Our Board proposes to pay approximately 30 per cent of the non-executive Directors' fees in the form of fully-paid ordinary UOB shares (share awards) in lieu of cash. As the share awards will be drawn from the pool of treasury shares, there will be no dilutive impact on shareholders. The partial payment of the Directors' fees in shares is to align the interests of such non-executive Directors with the long-term interests of the shareholders and the Bank.

The actual number of shares to be awarded to eligible non-executive Directors will be determined by reference to the volume-weighted average price of the ordinary shares over the 10 trading days immediately following from the date of the Bank's AGM. The number of ordinary shares to be awarded will

be rounded up to the nearest 100 shares and the cash amount representing the additional number of ordinary shares delivered as a result of the rounding up exercise will be correspondingly deducted from the cash component of the Directors' fees.

The share awards granted to eligible non-executive Directors are not subject to any vesting period or condition. Nevertheless, in line with the objective of aligning Directors' interests with the long-term interests of the shareholders and the Bank, the eligible non-executive Directors intend to voluntarily hold the ordinary shares which are the subject of each share award for at least three years from the grant of the share awards for so long as they are Directors of the Bank. When a director ceases to be a Director of the Bank, his directors' fees will be paid wholly in cash. Accordingly, the directors' fees payable to Mrs Lim Hwee Hua and Messrs James Koh, Ong Yew Huat and Alexander Hungate will be paid wholly in cash.



## Corporate Governance

If the shareholders do not approve the amendment to the UOB Share Plan to allow the non-executive Directors to participate in the plan, the directors' fees payable to them will be paid wholly in cash.

Mr Wee Ee Lim, a substantial shareholder, and Mr Michael Lien, who is closely associated with a substantial shareholder, will not be granted share awards and their Directors' fees will be paid wholly in cash. Mr Wee Ee Cheong, an executive Director, is remunerated as an employee and does not receive a fee for serving on the Board and Board Committees. Mr Wee Ee Cheong is also not eligible to participate in the UOB Share Plan as he is a substantial shareholder.

No Director is involved in the determination of his own remuneration.

### Employees' remuneration

Our employee remuneration framework is designed to encourage behaviours that contribute to our long-term success while keeping remuneration competitive to attract, to retain and to motivate employees and highly-skilled individuals. In 2021, our RHCC approved adjustments to our remuneration structure for better alignment with our strategic journey and in recognition of the tight labour market.

Remuneration is commensurate with the performance of the Bank, an employee's business unit or function, individual performance and contributions, competencies and alignment of behaviour to our 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. Please refer to the Remuneration section for more information on our remuneration framework, policy and processes, including the remuneration mix, deferred remuneration, and *malus* and clawback applicable to senior management, material risk personnel and material risk-takers.

Our RHCC considers key aspects of employee remuneration, including the termination provisions in service contracts. It reviews and approves the overall performance bonus, share-based incentive plans and senior management's remuneration based on a framework approved by our Board.

Our Board has decided not to disclose the remuneration of our top five non-director executives. Employee remuneration matters should remain confidential to support our Group's efforts to attract and to retain highly-skilled individuals. Singapore is an open market. The competition for talent is stiff

and there are many banks operating in Singapore (including digital banks) which are not obliged to disclose remuneration details of their employees, giving them an unfair advantage in the competition for talent. Disclosure would impair our ability to compete fairly. Nevertheless, our RHCC is satisfied that our remuneration structure complies substantially with the Principles for Sound Compensation Practices issued by the Financial Stability Board, and that the level and structure of remuneration are aligned with our long-term interests and risk management policies. Our BRMC is further satisfied that the remuneration structure does not incentivise excessive risk-taking.

Particulars of the remuneration of our CEO, Mr Wee Ee Cheong, can be found on page 85.

Save as disclosed in this statement, no employee in the UOB Group was a substantial shareholder of UOB or an immediate family member of a Director or our CEO, and whose remuneration in 2021 exceeded \$100,000.

### Human capital management

Our people are our greatest asset. We place great emphasis on ensuring that our workforce is well-prepared to meet the challenges that lie ahead, both skill-wise and mentally.

Our RHCC ensures that the talent acquisition, development and management strategy and approach are aligned to the strategy of the Bank. We understand the skills and expertise that are required to achieve the targets and goals, and the time horizon over which the needs will arise. Our RHCC also places great importance on training and equipping our workforce to remain relevant. Training, reskilling and upskilling programmes are arranged, often with specialists in various fields, and available through the year. From among our colleagues, those with the requisite competency and leadership potential are nurtured as potential future leaders. Please refer to Leadership succession on page 82. The talent pool is supplemented by externally acquired candidates, who help to accelerate knowledge and skill acquisition and transfer.

The outbreak of COVID-19 has heightened the need to ensure our colleagues remain engaged, even as many of us have been working from home for large parts of the last two years. Our RHCC also reviews the schemes and benefits put in place to ensure the well-being of our colleagues. It ensures there is a framework to cater to the diverse circumstances and needs of our colleagues, and policies to provide a safe and healthy work environment, so that we can deliver the results expected by our stakeholders.

## Accountability and audit

### Risk management and internal controls

Our 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 for ensuring that our frameworks, policies, processes and procedures for internal controls and risk management remain relevant and are adequate and effective. We have management-level committees to address specific risk types;
- Three Lines Model: the roles of risk owners, risk oversight and independent audit are clearly demarcated. Please refer to the details in the Risk Management section; and
- an integrated governance, risk and compliance system which facilitates information sharing, coordination and collaboration among Group Audit (GA), Group Risk Management and Group Compliance for more effective governance oversight and response to issues identified.

Please refer to the Risk Management section for a detailed discussion of the risk governance, material risk types, and risk management structure and approach.

Our 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. Our AC and our Head of GA review the internal controls while our BRMC and our Chief Risk Officer (CRO) review the risk management processes.

Our Board and BRMC have received assurance from our CEO, Chief Financial Officer (CFO) and CRO, who have in turn received corresponding assurances from the respective function heads, that the system of risk management and internal controls, including financial, operational, compliance and information technology controls, is adequate and effective.

Based on its review and with the concurrence of our AC and BRMC, our Board is of the view that our system of risk management and internal controls, including financial, operational, compliance and information technology controls, was adequate and effective as at 31 December 2021. As no system of risk management and internal controls can provide absolute assurance against error, loss or fraud, our system of risk management and internal controls provides reasonable but not absolute assurance that we will not be affected by any adverse event which may be reasonably foreseen.

### Board Risk Management Committee

The key responsibilities of our BRMC are:

- overseeing the 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;
- overseeing our risk culture and conduct, and risk appetite;
- overseeing the establishment of risk measurement models and approaches;
- reviewing the adequacy of our risk management function's resources;
- guiding Management in ensuring that the remuneration and incentive structure do not encourage inappropriate risk-taking;
- reviewing related party transactions and interested person transactions;
- reviewing material credit policies, credit limits and exposure to large credits; and
- approving the appointment and remuneration of our CRO (subject to Group remuneration structure) and reviewing his performance.

Our CRO is responsible for the day-to-day operations of the governance, risk management and compliance functions in the Group. As preparation for each BRMC meeting, he provides a detailed briefing to the BRMC chair prior to each meeting.

Highlights of our BRMC's activities in 2021:

- Reviewed the credit portfolio and the impact of the COVID-19 pandemic on the portfolio;
- Monitored the Bank's capital and liquidity positions closely to ensure they remained healthy as we support our customers in their restructuring and recovery efforts;
- Reviewed various stress test scenarios, the impact on our Bank and our response to those scenarios;
- Monitored risk conduct and culture risk, including ensuring a psychological safety net for employees to speak up, to voice their thoughts and to share, to discuss and to debate areas of concern;
- Supported the Bank's environmental risk initiatives, which are geared towards helping customers in their transition journey towards more sustainable practices;
- Reviewed and approved related party transactions;



## Corporate Governance

- Endorsed our risk appetite;
- Reviewed measures to enhance the Bank's AML/CFT capabilities, including through the use of data analytics, machine learning and technology;
- Monitored cybersecurity and other risks attendant to work-from-home arrangements;
- Reviewed customer satisfaction levels in terms of complaints and compliments;
- Reviewed our approach to specific risks and ensured that individual accountability is embedded in our risk management system; and
- Reviewed the performance of our CRO and approved his remuneration.

### Related party transactions and interested person transactions

We have established policies, processes and guidelines for the approval of and entry into of related party and interested person transactions. These policies, processes and guidelines are based on regulatory requirements such as the Banking Act 1970, MAS guidelines and the SGX-ST Listing Rules.

The BRMC assesses whether the transactions are undertaken in the ordinary course of business, on normal commercial terms and arm's length basis. If our AC is required to provide a comment under the SGX-ST Listing Rules, it will also review an interested person transaction.

The particulars of all interested person transactions entered into in 2021 are set out on page 93.

Key initiatives of Group Risk Management in 2021:

- Deepened our knowledge and capability in environmental and climate risk management and developed a roadmap to address gaps identified;
- Migrated successfully our non-US Dollar London Inter-bank Offered Rate contracts;
- Implemented the Fundamental Review of Trading Book Standardised Approach at our overseas subsidiaries and branches;
- Implemented Standardised Initial Margin Model reporting;
- Implemented new credit risk capital requirements pursuant to Basel IV;
- Rolled out risk management framework to address new classes of risks identified;

- Accelerated our machine learning/artificial intelligence modelling regimes to better manage risks;
- Deployed data analytics and machine learning to manage our AML/CFT risks; and
- Implemented the Bank's policy on individual accountability and conduct.

Please refer to the Risk Management section for more information of the risk management initiatives introduced and implemented during the year.

### Audit Committee

Our AC's main responsibilities are:

- reviewing our financial statements and any significant change in accounting policies and practices;
- reviewing the adequacy and effectiveness of our internal accounting control systems and material internal controls;
- approving the appointment, reappointment and removal (if necessary) of our external auditor, its audit fees and terms of appointment, reviewing the audit plans and reports, and evaluating the external auditor's performance and independence;
- approving the appointment and remuneration of our Head of GA (subject to Group remuneration structure) and evaluating his performance;
- reviewing the independence, adequacy and effectiveness of our internal audit function, its audit plans, reports and results, and the budget and resources of our internal audit function;
- reviewing policies and procedures for handling fraud and whistle-blowing cases and overseeing related investigations; and
- reviewing interested person transactions.

The half-year and full-year financial statements and the voluntary financial updates of the first and third quarters are reviewed by our AC. Each quarter, these are supported by the assurance from our CEO and CFO that the financial records have been properly drawn up in accordance with the Banking Act 1970, Companies Act 1967, relevant laws, regulations and regulatory requirements, and the Singapore Financial Reporting Standards (International). Changes in accounting standards and policies are reviewed by the AC with our Finance team and our external auditors. Technical sessions, for example, to discuss new accounting standards, may be arranged, if necessary. During the year, our external auditor conducted a session on expected credit losses as part of our Directors' Development Programme.

Before each AC meeting, the AC chair is briefed by the internal and external auditors, who report directly to the AC. Every quarter, the AC also meets the auditors in the absence of Management, and among themselves. The AC is authorised to investigate any matter within its terms of reference and has the full cooperation of and access to Management for this purpose.

GA updates the AC on whistle-blowing cases received. Please refer to page 94 for more information on our whistle-blowing policy, which is administered by GA.

Highlights of the AC's activities in 2021:

- Reviewed our financial statements to ensure that the impact of COVID-19 is fairly accounted for;
- Reviewed our provisions to ensure they are adequate having regard to our loan portfolio;
- Reviewed audit reports submitted by the internal and external auditors, and monitored the progress made on rectification works;
- Reviewed the progress made by GA in its strategic workforce plan and initiatives implemented, including the increased adoption of data analytics and enhancements to its audit methodology;
- Reviewed the regional internal audit resources and advised GA on the acquisition and development of audit resources;
- Reviewed the disruption to the internal audit plan due to the travel restrictions across the region and guided GA on the mitigating measures;
- Guided GA on its oversight of the regional internal audit function in light of the disruption caused by the COVID-19 pandemic; and
- Reviewed the adequacy and effectiveness of audit resources across the Group.

## External auditor

Our AC recommends the appointment or reappointment of our external auditor and approves the terms of engagement of the external auditor and its audit fees.

Our external auditor, Ernst & Young LLP, is registered with the Accounting and Corporate Regulatory Authority (ACRA). The audit partner is rotated at least once every five years.

In evaluating our external auditor for reappointment, our AC was guided by the Guidance to Audit Committees and the Audit Quality Indicators Disclosure Framework published by ACRA, the External Audits of Banks issued by the Basel Committee on Banking Supervision and the Audit Committee Guide published by the Singapore Institute of Directors.

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

To ensure the continued independence of the external audit, our AC reviews the non-audit services provided by our external auditor and the fees paid for such services every quarter. The AC is satisfied that the independence of the external auditor was not compromised by the non-audit fees received. In 2021, the non-audit fees paid or payable to the external auditor was 36 per cent of the audit fees paid to the external auditor and its affiliates. Please see Note 11 (Other Operating Expenses) to the Financial Statements for more information on the non-audit fees. Our external auditor also affirms its independence to the AC quarterly.

Having satisfied itself that our external auditor was independent, objective and effective in its audit of the Bank in 2021, our AC has nominated Ernst & Young LLP for reappointment at the 2022 AGM. Ernst & Young LLP is also the appointed external auditor of the subsidiaries of our Group except for a several small overseas subsidiaries who engage the services of other auditors due to local regulations and exceptional circumstances. Therefore, Rules 712 and 715 of the SGX-ST Listing Rules have been complied with.



## Corporate Governance

### Key Audit Matters

The table below sets out the key audit matters (KAMs) identified by our external auditor for the year under review, and our AC's comments on the KAMs. More information on the KAMs can be found in the Independent Auditor's report on pages 126 to 128.

Area of focus	AC's comments
Expected credit losses (ECL) on non-impaired credit exposures	<p>Management updates us quarterly on significant changes in ECL. This includes macroeconomic developments and overlays necessary to compensate for model imperfections, in particular, modifications arising from the relief programmes introduced during the pandemic period.</p> <p>We have been apprised by both the internal and external auditors of Management's credit monitoring processes, controls and governance over model methodologies and assumptions, and judgement applied in estimating ECL. The external auditor's audit testing results on ECL, including modelling specialist's comments on ECL models, were presented at AC meetings.</p> <p>We have assessed and reviewed these results and findings.</p>
ECL on impaired credit exposures	<p>In addition to the processes, controls and governance over credit exposures, we have assessed and discussed the external auditor's findings and results from its audit of impaired credit exposures.</p> <p>We have reviewed significant non-performing loans to assess the timeliness and appropriateness of classification and the corresponding allowance made, with focus around regulatory guidance on credit assessment for loans under relief. We have also considered the reasonableness of the valuation approach for collaterals and cash flow assumptions.</p>
Valuations of illiquid or complex financial instruments	<p>The valuation processes, controls and governance were tested by the internal and external auditors, who have reported their findings to us.</p> <p>The external auditor's specialist independent validation of fair values of these financial instruments was presented to us.</p> <p>We have discussed the reasonableness of valuation techniques and, in particular, the unobservable inputs used to determine the fair value of complex financial instruments.</p>
Impairment of goodwill	<p>Management has presented the goodwill impairment testing methodology and results to us. The external auditor has reviewed the goodwill impairment methodology and presented the test results, including comments from its valuation specialists and sensitivity analyses performed, to us.</p> <p>We have assessed the appropriateness of the cash flow forecasts, discount rates and growth rates used in the goodwill impairment testing and enquired about the results of the sensitivity analyses performed.</p>

Our AC was satisfied that these KAMs were appropriately addressed in the Group's financial statements.

#### Internal auditor

The Internal Audit Charter, which sets out the authority and responsibilities of GA, is reviewed by our AC every year. Our AC also reviews the risk-based internal audit plan, internal audit reports, scope and results of the internal audits and remedial steps taken to address the findings, and the adequacy and effectiveness of GA. The Head of GA reports functionally to our AC.

Independent from the units and activities it audits, GA is the Third Line. It has unfettered access to all the records, documents,

property and personnel to perform its audit. GA complies with the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors and The Internal Audit Function in Banks issued by the Basel Committee on Banking Supervision. These guidelines provide the mission and objectives of an internal audit function and the performance standards expected of internal audit activities.

To ensure it maintains its high performance standards, GA conducts a self-assessment against these standards and guidelines annually. In addition, an external quality assurance



review of the internal audit function is conducted at least once every five years. The last review was conducted in 2019.

The internal audit report rating in GA's methodology consists of an audit rating and a Management Governance and Oversight Rating (MGOR). The audit rating reflects the current state of the audited entity's control environment, while the MGOR provides an indicative measure of its management team in terms of:

- the effectiveness of its governance structure;
- the overall risk awareness and control consciousness; and
- the competence and willingness of its leaders when discharging their supervisory duties.

Entities with strong MGOR and a good control environment may be subject to less frequent and/or intense audits. Conversely, poor MGOR or a weak control environment may lead to more frequent and/or intense audits.

GA ensures that the audit methodology remains relevant and current. To this end, GA undertook the following key initiatives and activities in 2021:

- implemented more data analytics based on technology-enabled audit techniques such as data visualisation, advance data analytics and automation to improve audit effectiveness and efficiency;
- broadened and deepened the adoption of Continuous Auditing to key business units and overseas entities, and enhanced its collaboration with business and support units; and
- developed a Digital Risk Audit Framework to audit risks associated with the digital initiatives undertaken by the Bank and enhanced its audit competency in the processes, people and technology required to audit emerging technologies, models and digital initiatives.

Our AC has reviewed the scope of internal audit for the financial year, the progress and results of the audits and the audited entities' responses to audit findings, and is satisfied that GA is independent, adequately resourced and effective in discharging its responsibilities.

## Shareholder rights and engagement

### Shareholder rights and conduct of general meetings

We encourage and support shareholders' attendance at our general meetings and participation in decision-making concerning key corporate changes, such as the repurchase of shares, amendment to our Constitution and the authority to issue ordinary shares.

As we move towards reducing our carbon footprint and adopting more sustainable practices, we will serve notices of general meetings to shareholders electronically in accordance with the provisions of our Constitution and applicable laws and regulations. The notice of a general meeting, related information and a proxy form will be published on our website and the SGX website. Shareholders will be informed of the publication of these documents by way of a postcard. All shareholders are entitled to attend and to vote at general meetings in person or by proxy.

In view of the ongoing pandemic, the 2022 AGM will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (Ministerial Order). Please refer to the notes to attending the AGM published together with the notice of AGM on the registration process for attending the 2022 AGM.

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 1967 may appoint up to two proxies to attend and to vote on their behalf, and 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. Shareholders may submit their proxy forms online to avoid any delay or risk of loss by post.

At general meetings, our Chairman ensures that adequate time is allocated for shareholders to ask questions or to provide their feedback on substantial Bank-related matters and the resolutions to be passed. Since the onset of the COVID-19 pandemic, we have been inviting shareholders to submit their questions for the Board ahead of the AGM. The responses to these questions are published ahead of the deadline for the submission of proxy forms. This is so that shareholders (including investors investing with monies from their Central Provident Fund and and/or under the Supplementary Retirement Scheme) have the benefit of the responses from our Board and Management before they cast their votes. We will continue to invite shareholders to submit their questions by email, post or online and we will respond to the relevant and substantial questions prior to the deadline for the submission of proxy forms. Any relevant and substantial question not answered before the proxy submission deadline will be answered during the AGM. At the 2021 AGM, verified shareholders attending virtually were able to pose questions to the Board in real time during the AGM by typing their questions on the AGM platform. This will continue to be made available to shareholders attending the 2022 AGM.



## Corporate Governance

Under normal circumstances, our Directors also take the opportunity to mingle with shareholders at general meetings. However, such interaction will not be possible in the immediate future, due to safe distancing measures.

Our AGM is usually held within four months from our financial year-end of 31 December each year. Before the resolutions are put to the vote, our CEO makes a presentation on our performance in the preceding financial year. The Directors and our senior management are in attendance to address shareholders' queries. Our external auditor is also present to address questions on the audited financial statements. Thereafter, the minutes of the AGM, together with the responses to the queries raised by shareholders during the meeting and voting outcomes of the resolutions, are published on our website after the AGM.

Each proposal is tabled as a separate and distinct resolution and not bundled or made conditional to other resolutions. Relevant information relating to each resolution is provided in the notice of AGM.

Each ordinary share carries one vote and poll voting via electronic devices or web-based services are adopted at all general meetings. These services are provided by independent service providers. Before voting commences, shareholders and proxies are briefed on the polling procedures.

After voting on the resolution is closed, the votes cast are counted and presented immediately to shareholders. An independent scrutineer, who is in attendance at every general meeting, validates the voting results, which are announced on the SGX website on the same day, after the general meeting.

### Managing stakeholder relationships

#### Engagement with other stakeholders

Our investor relations policy governs our engagement with our stakeholders, including our shareholders, institutional and retail investors, shareholder proxy advisory agencies, equity and fixed income analysts and credit rating agencies. All pertinent information is published on our website ([www.UOBgroup.com](http://www.UOBgroup.com)) and the SGX website. The Investor Relations webpage on our website ([www.UOBgroup.com/investor-relations/index.html](http://www.UOBgroup.com/investor-relations/index.html)) hosts relevant investor-related information, including the financial results, annual and sustainability reports, upcoming events and share and dividend information. Interested parties may subscribe for email alerts of substantive news and information released by us.

We publish our voluntary financial updates (first and third quarters) and half-year financial reports within 45 days from the end of each financial quarter, and our full-year financial statements within 60 days from the financial year-end.

Our annual report is available on our website and the SGX website. We inform shareholders and other stakeholders of the publication of our annual report on our website and the SGX website at least 14 days before our AGM.

Apart from the AGM, our stakeholders may also contact our Investor Relations unit. The contact details can be found in the Corporate Information and Investor Highlights of this report and on our website.

We engage the investment community through various avenues including briefings to the media, analysts and investors following the release of the half-year and full-year financial results. Corporate Day events are organised periodically to provide the investment community with insights into our businesses and key markets. Through investor meetings, conferences and roadshows, our senior management shares our corporate strategy, operational performance and business outlook. We also collaborate with other agencies such as the Securities Investors' Association of Singapore to reach out to retail investors on a regular basis. Thematic showcases on sustainability and digitalisation were also held to demonstrate our thought leadership in these fields. Due to the ongoing COVID-19 pandemic, these events were held electronically. All materials presented at such events are published on our website and the SGX website on the same day.

Information on how we manage our stakeholder relationships and engage with our stakeholders can be found in the Sustainability Report, which is available on our website.

### Other relevant information

#### Dividends

We aim to provide sustainable returns to our shareholders for their investment as we balance the long-term strategic growth opportunities and proactive management of capital. We adopt a dividend policy that is based on our net profit after tax to reward our shareholders in a consistent and sustainable manner. We aim to deliver a dividend payout ratio of 50 per cent of our net profit after tax, taking into consideration a forward view of the evolving macroeconomic outlook and business environment across the region.

Dividends recommended or declared are announced on the SGX website. 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 our AGM. If the UOB Scrip Dividend Scheme is applied to any dividend, the payment date will not be later than 35 market days after the record date, in compliance with the SGX-ST Listing Rules.

## Related party transactions and interested person transactions

Name of interested person	Nature of Relationship	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)
UOL Group Limited and its subsidiaries (UOL Group)	Associates of Controlling Shareholder, Wee Cho Yaw	UOB Travel Planners Pte Ltd sold travel products and services to and acted as a hotel services agent for the UOL Group. The total value of these transactions was \$891,808.	Nil
UIC Asian Computer Services Pte Ltd	Associate of Controlling Shareholder, Wee Cho Yaw	UOB and its subsidiaries purchased hardware and software from UIC Asian Computer Services Pte Ltd valued at approximately \$55.34 million.	Nil

### Material contracts

Save as may be disclosed on the SGX website or in this Report, neither UOB nor our subsidiaries has entered into any material contract involving the interest of our CEO, any of our Directors or controlling shareholder since the end of the previous financial year and no such contract subsisted as at 31 December 2021.

### Our culture

#### Code of Conduct

Our Code of Conduct (Code) is based on our values of Honour, Enterprise, Unity and Commitment. It lays down the principles of personal and professional conduct expected of our employees, including in the following areas:

- Fair Dealing in the conduct of business;
- protection of personal data and customer information in accordance with applicable privacy and data security laws and regulations;
- equal opportunity for employees based on merit;

- zero tolerance of discrimination, bullying 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.

New colleagues are introduced to the Code as part of their induction and all employees refresh our knowledge annually as part of our self-learning programme. Employees are assessed on how well their behaviour is aligned to our values in our annual performance appraisal. Any employee who does not comply with the Code may be subject to disciplinary action. Investigations are conducted in accordance with neutral fact-finding processes, carried out with utmost objectivity and based on the principles of fairness and natural justice.



## Corporate Governance

### Whistle-blowing

Our whistle-blowing policy provides for any person to report, anonymously or otherwise, any suspected or actual wrongdoing (such as fraud and breaches of the law, regulations or our policies) in confidence. Reprisal in any form against whistle-blowers who have acted in good faith is forbidden and will be subject to disciplinary actions. The policy is designed to foster a culture of openness, accountability and transparency, and is guided by best practices and regulatory guidelines.

Whistle-blowing reports may be sent to the Head of GA at One Raffles Place, Tower 1 #15-02, Singapore 048616 or by email to [whistleblowing@UOBgroup.com](mailto:whistleblowing@UOBgroup.com). They may also be sent to our AC chair, CEO or Chairman at 80 Raffles Place, UOB Plaza 1, Singapore 048624. All reports received are accorded confidentiality. GA investigates all reports independently and submits its reports directly to the AC.

The whistle-blowing policy, which is reviewed regularly, is published on our intranet.

### Fair Dealing

Fair Dealing is deeply entrenched in our organisational culture. We have policies, guidelines and best practices to guide our colleagues in our daily activities. We also refresh our understanding of Fair Dealing through online training annually. Our customers and the general public may give their feedback on us or our products and services via the customer service hotline or feedback form, both of which are available on our website. Our independent customer complaint review process ensures that complaints are reviewed and investigated independently, effectively and promptly. An independent compensation review panel reviews claims and its decisions are communicated to customers promptly. More information on our commitment to Fair Dealing can be found in the Sustainability Report.

### Securities dealing

Our 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 our 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 our financial updates for each of the first and third quarters of the financial year and one month before the announcement of the half-year financial results and full-year financial statements. We do not deal in our securities during the prohibited dealing periods and we inform our Directors and employees of such blackout periods.

Employees with access to price-sensitive information in the course of their duties must seek clearance before they trade in securities listed on a stock exchange. Failure to do so may result in disciplinary action.

Our Directors and CEO must notify us of their interests in the securities of UOB and its related corporations within two business days after they acquire or dispose of such interests or become aware of any change in their interests. We will announce the changes on the SGX website in compliance with the applicable regulations.

## Summary of disclosures

### – Express disclosure requirements in the 2018 Code and Supplementary MAS Guidelines

Principles and provisions of the 2018 Code – Express disclosure requirements	Page reference
<b>Provision 1.2</b> The induction, training and development provided to new and existing directors.	82
<b>Provision 1.3</b> Matters that require board approval.	77 and 78, 84
<b>Provision 1.4</b> Names of the members of the board committees, terms of reference, any delegation of the board's authority to make decisions, and a summary of each board committee's activities.	77 to 91
<b>Provision 1.5</b> The number of meeting of the board and board committees held in the year, as well as the attendance of every Board member at these meetings.	81
<b>Provision 2.4</b> The board diversity policy and progress made towards implementing the board diversity policy, including objectives.	80, 82 and 83
<b>Provision 4.3</b> Process for the selection, appointment and re-appointment of directors to the board, including criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates.	82
<b>Provision 4.4</b> Where the board considers a director to be independent notwithstanding the existence of a relationship between the director with the company, its related corporation, its substantial shareholders or its officers, which may affect his or her independence, such relationship and the reasons for considering him/her as independent should be disclosed.	not applicable
<b>Provision 4.5</b> The listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, the NC and board's reasoned assessment of the ability of the director to diligently discharge his or her duties.	10 to 14, 81
<b>Provision 5.2</b> How the assessment of the board, its board committees and each director has been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.	79 to 82
<b>Provision 6.4</b> The company discloses the engagement of any remuneration consultants and their independence.	84, 97 and 98
<b>Provision 8.1</b> The company discloses the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of: (a) each individual director and the CEO; and (b) at least top five key management personnel (who are not directors or the CEO) in bands no wider than \$250,000 and in aggregate the total remuneration paid to these key management personnel.	84 to 86, 97 to 101
<b>Provision 8.2</b> Names and remuneration of employees who are substantial shareholders of the company, or are immediate family member of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds \$100,000 during the year, in bands no wider than \$100,000. The disclosure should state clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.	86
<b>Provision 8.3</b> All forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company, including the details of employee share schemes.	84 and 85, 97 to 101, 202



## Corporate Governance

Principles and provisions of the 2018 Code – Express disclosure requirements	Page reference
<b>Provision 9.2</b> The board should disclose whether it has received assurance from: (a) the CEO and CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.	87 and 88
<b>Provision 11.3</b> Directors' attendance at general meetings of shareholders held during the financial year.	81
<b>Provision 12.1</b> The steps to solicit and understand the views of shareholders.	91 and 92
<b>Provision 13.2</b> The strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.	31 to 37, 77, 79, 83 to 94

Supplementary MAS Guidelines – Express disclosure requirements	Page reference
<b>Guideline 1.16</b> An assessment of how induction, orientation and training provided to new and existing directors 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.	82
<b>Guideline 2.13</b> 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.	81, 83, back cover
<b>Guideline 4.13</b> Resignation or dismissal of key appointment holders.	83
<b>Guideline 4.14</b> Deviation and explanation for the deviation from the internal guidelines on time commitment.	81
<b>Guideline 9.4</b> 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 incremental bands of \$50,000*.	86
<b>Guideline 11.14</b> 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.	81, 87 and 88, back cover
<b>Guideline 17.4</b> Material related party transactions.	93

\* Disclosures relating to employees who are immediate family members of a director or the CEO are aligned to the 2018 Code, where disclosures are required from \$100,000