



Sector Policy

Chemical

Introduction

Many industrial sectors depend on products manufactured by the chemical industry. Chemicals form the basic building blocks of foodstuff and a wide range of day-to-day items. They also support essential economic activities such as agriculture, transportation and construction.

However, chemicals can also cause adverse impact to communities and the environment if their manufacturing, storage, use and disposal are not appropriately managed. For example, certain chemical products and chemical wastes can pose health hazards to workers as well as the general public. The use of resources is another area of concern due to the industry's generally high energy and water use intensity.

Scope

UOB's Chemical Policy applies to the manufacturing, processing, trading and transporting of chemicals, which include petrochemicals, agricultural chemicals and industrial chemicals.

Principles

UOB will not knowingly provide financing to companies:

- that manufacture chemical weapons (please refer to the Defence Sector Policy for further details);
- where their operations or projects threaten the outstanding universal value or special characteristics of UNESCO World Heritage sites, RAMSAR Wetlands, forests of high conservation value or sites with critical natural habitats;
- without measures in place to manage or to mitigate the risk of air, soil and water pollution;
- in violation of the rights of local communities or without measures in place to avoid or to manage adverse impact on local communities;
- that manufacture chemicals prohibited by host country regulations and applicable international conventions (e.g., Stockholm Convention, Rotterdam Convention and Montreal Protocol);
- involved in the exploitation of labour (including forced labour and child labour); and
- without measures in place to manage material occupational health and safety risks.

We require that our customers:

- comply fully with local environmental, social and governance related laws and regulations;
- obtain the requisite permits and/or certifications in the respective countries in which they operate;
- put in place emergency response and preparedness plans which are appropriate to the nature of their operations and in accordance with the requirements of local regulations;
- implement or work towards implementing an appropriate Environmental and Social Management System (ESMS) to address key environmental and social risks in their operations and/or projects; and
- commit to implement a sustainable sourcing policy and/or processes to exclude purchases from sources that generate significant negative environmental and social impact.

We also recommend that our customers:

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

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