



# Sector Policy

## Defence

### Introduction

Weapons manufactured by the defence sector can potentially fall into the hands of terrorists and other non-governmental armed groups. Such weapons may in turn be used for repression, serious violations of international humanitarian law and other purposes that are not consistent with legitimate national defence and security. In addition, non-conventional weapons such as anti-personnel mines and cluster bombs may also cause loss of civilian life.

### Scope

UOB's Defence Sector Policy applies to the manufacturing, selling and purchasing of weapons and related products and services, as well as any equipment that may, through subsequent modifications, become lethal.

### Principles

UOB will not knowingly provide financing to companies (including holding companies):

- that solely or primarily manufacture and/or sell weapons;
- involved in the purchase of weapons, including clearly identifiable weapons such as anti-personnel mines, cluster bombs, guns and missiles; weapon platforms such as tanks and fighter jets; material parts of a weapon or a weapon platform with no generally-accepted military use; weapons of mass destruction; and other equipment/material that may, through subsequent modifications, become lethal (e.g., chemical and biological weapons, as well as uranium);
- 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;
- involved in the exploitation of labour (including forced labour and child labour);
- in violation of the rights of local communities or without measures in place to avoid or to manage adverse impacts on local communities; and
- without measures in place to manage material occupational health and safety risks.

The exception to these prohibitions is the financing of entities that are majority-owned or backed by the Singapore Government or its investment holding companies for the national defence of Singapore.

We require that our customers:

- comply fully with local environmental, social and governance related laws and 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 IFC Performance Standards;
- implement the Free, Prior and Informed Consent (FPIC) process in their engagement with affected local communities, where applicable; and
- adopt best environmental practices in relation to:
  - reducing greenhouse gas emissions;
  - proper waste management;
  - efficient water management and/or water stewardship, particularly for projects that are located in water stressed areas; and
  - adapting to and managing climate-related risks which may include developing a strategy to assess the potential financial impact of climate-related risks through climate scenario analysis and adopting the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

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