

News Release

UOB Venture Management first investment firm in Southeast Asia to issue disclosure statement on the Operating Principles for Impact Management

Firm obtains independent verification for its Asia Impact Investment Fund's alignment with the globally-recognised Impact Principles

Singapore, 9 September 2020 – UOB Venture Management Pte. Ltd. (UOBVM) today issued its disclosure statement on the Operating Principles for Impact Management (Impact Principles) – the first signatory of the Impact Principles in Southeast Asia to do so.

The Impact Principles were launched at the World Bank Group/International Monetary Fund Spring Meetings in April 2019¹, with the aim to promote greater transparency, credibility and discipline in the impact investing market. They provide a common framework and clear market standards on impact investing and focus on ensuring that impact considerations are purposefully integrated into key stages of the investment process.

Currently, there are more than 100 signatories to the Impact Principles globally. UOBVM was the first² and remains the only financial institution in Singapore to have signed up to the Impact Principles.

UOBVM's inaugural disclosure statement demonstrates how, through its impact investing strategy and approach, in particular for its impact fund, the Asia Impact Investment Fund (AIIF)³, it upholds the nine Impact Principles, namely:

1. Defines its strategic impact objective(s), consistent with its investment strategy.
2. Manages its strategic impact on a portfolio basis.
3. Establishes and documents its contribution to the achievement of impact.
4. Assesses the expected impact of each investment, based on a systematic approach.
5. Assesses, addresses, monitors and manages potential negative impacts of each investment.

¹ The initiative to develop the Impact Principles was led by the International Finance Corporation in consultation with leading impact asset managers and asset owners. For more information, please refer to <https://www.impactprinciples.org/>.

² The Secretariat for the Operating Principles for Impact Management announced on 30 September 2019 that UOBVM became a signatory of the Impact Principles. Please refer to news release: "[18 More Financial Institutions Adopt the Operating Principles for Impact Management](#)", 30 September 2019.

³ The AIIF is a collaboration with Credit Suisse AG, Singapore, which acts as the impact adviser and provides objective assessments of the impact created or added by the Fund's investee companies and through the Fund's investments.

6. Monitors the progress of each investment in achieving impact against expectations and responds appropriately.
7. Conducts exits considering the effect on sustained impact.
8. Reviews, documents and improves decisions and processes based on the achievement of impact and lessons learned.
9. Publicly discloses alignment with the Impact Principles and provides regular independent verification of the alignment.

Mr Seah Kian Wee, Chief Executive Officer of UOBVM, said, “As one of Southeast Asia’s earliest and Singapore’s first signatory of the Operating Principles for Impact Management, we strive to uphold high standards in impact investing and to help drive such efforts in the investment industry. The need for impact investments is even more pressing now with the COVID-19 pandemic disproportionately impacting low-income communities in Asia and pushing more people below the poverty line.

“We believe the demand for impact investments will continue to grow and are also reassured that our AIIF portfolio has stayed resilient in the face of the pandemic. A number of our investee companies are achieving higher growth, especially those providing technology-enabled solutions to improve the accessibility of online healthcare and education services for the poor. This exemplifies that impact investments through private equity can help to advance social development and also to achieve quality financial outcomes.”

Launched in 2015, AIIF is a double bottom-line fund that aims to achieve both impact and financial returns to institutional and accredited investors globally. The Fund invests in high-growth companies from the education, healthcare and agriculture sectors in Southeast Asia and China. It also focuses on investments that will help to improve financial inclusion, affordable housing, sanitation, clean energy and water for the region’s low-income communities, also known as the ‘base of the pyramid’⁴.

UOBVM has also obtained independent verification from Ernst & Young LLP (EY) of the AIIF’s alignment with the Impact Principles. As part of its work, EY evaluated UOBVM’s investment approach, policies, processes and the tools used in assessing and tracking the impact of the AIIF’s portfolio.

⁴ The majority of people at the ‘base of the pyramid’ live in rural or remote areas with a lack of infrastructure and access to facilities to meet their basic needs.

Mr Nicolas Marquier, Singapore Country Manager of IFC, said, “As one of the Operating Principles for Impact Management signatories, IFC welcomes UOBVM’s efforts to grow the impact investing marketplace. The Impact Principles provide a clear market standard for investors looking to achieve social, economic or environmental impact alongside financial returns. With this disclosure statement and independent verification, UOBVM enters a new era of transparency for the benefit of impact investors.”

Mr Simon Yeo, Partner, Climate Change and Sustainability Services, EY, “The new Impact Principles draw on emerging best practices from leading asset managers, asset owners, asset allocators, and development finance institutions. These Principles play a useful role in promoting transparency and accountability for impact investing activities, which not only help remove potential barriers to such investments but also shift impact investing to the mainstream.”

Mr Seah said, “The results of the independent verification are meaningful to us as they highlight UOBVM’s accountability to the impact-driven investment process of the AIIF. The efforts of the Fund’s investee companies have enabled more than 15 million low-income individuals to benefit from higher income or better access to financing as well as affordable and quality products and services. On the back of the success of the first AIIF, we have launched the second AIIF to continue growing our assets under management in impact investments that are aligned to the Impact Principles. We also hope to help more entrepreneurs and companies to scale up and to do well in their efforts as they do good for the low-income communities.”

The second AIIF is now open for subscriptions. It has a target fund size range of US\$100 million and is expected to make equity investments of about US\$1 million to US\$15 million each.

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About UOB Venture Management Private Limited

UOB Venture Management Private Limited (UOBVM) is a wholly-owned subsidiary of United Overseas Bank Limited (UOB), a leading bank in Asia with a global network of more than 500 branches and offices in Asia Pacific, Europe and North America. Since its incorporation in 1935, UOB has grown organically and through a series of strategic acquisitions. UOB is rated among the world’s top banks: Aa1 by Moody’s and AA- by both Standard & Poor’s and Fitch Ratings. Since 1992, UOBVM has provided financing to more than 100 privately-held companies through direct equity investment, mainly in Southeast Asia and Greater China. UOBVM advocates responsible investing through making impact investments and integrating ESG considerations into its investment process. As at 31 July 2020, UOBVM has more than S\$1.8 billion in assets under management.

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