

**Head Office**

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**News Release**

Co Reg. No. 193500026Z

**UOB to drive decarbonisation in carbon-intensive sectors**

*A set of solutions under a new Transition Finance Framework will enable companies to access financing for their climate transition plans*

**Singapore, 29 September 2022** – UOB has launched a set of new solutions for customers in carbon-intensive, fossil fuel-based and hard-to-abate sectors looking to decarbonise.

The Bank's solutions will finance carbon-intensive companies as they pivot their business models towards more climate friendly activities including projects, technological improvement or equipment that contribute to their overall transition plans and emissions reductions.

The solutions will be under UOB's new Transition Finance Framework that supports clients on their energy transition journeys. Clients covered in such industries include oil, gas and chemicals; logistics and transportation (marine, land and aviation); fossil fuel-based power generation; and metals and mining.

UOB's transition finance solutions are tailor-made for these sectors that are unable to access its green financing solutions. Green financing is not readily available to companies in carbon-intensive industries and the lack of capital hinders their much-needed shift towards a cleaner future.

Mr Joseph Poh, Head of Oil, Gas & Chemicals at the Sector Solutions Group, UOB, said, "More clients in carbon intensive sectors are telling us that decarbonisation is now at the top of their agenda. Climate change is an existential issue for all of us. Businesses want to do their part and we want to be where they need us most. UOB is here to support, enable and empower them to take steps to a greener future."



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**Helping companies transition in four main areas**

The Transition Finance Framework is aligned with internationally recognised best practices. The transition finance solutions are designed to assist carbon-intensive companies in their energy transition journeys in four main categories of business activities. These include:

## 1) Operational efficiency

To implement energy efficiency and emission reduction measures via:

- a. Waste heat recovery
- b. Co-generation systems
- c. Flare gas recovery
- d. Vapour recovery

## 2) Business pivot

- a. Switching from fossil fuels to low carbon fuels such as biofuels, LNG, hydrogen and ammonia
- b. Switching from fossil fuel-based energy production to renewable energy production

## 3) Climate change mitigation

- a. Carbon capture utilisation and storage

## 4) Voluntary carbon credits

- a. Purchase of carbon credits to offset companies' residual emissions or support the sale or trade of carbon-neutral products
- b. Support for the generation of voluntary carbon credits

The Framework has in place strict governance to eliminate greenwashing. Companies must align their climate transition plans to either the Paris Agreement or Nationally Determined Net Zero Targets, such as Singapore's target of becoming net zero by or around mid-century, as well as Thailand's 2065 and Indonesia's 2060 net zero ambitions.



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In addition, companies must clearly state performance indicators such as emission reduction methodologies or assumptions, among other metrics, to qualify for transition finance solutions. Companies also have to report their progress towards their environmental goals, such as the annual reduction in greenhouse gas emissions.

Clients adopting these solutions cannot participate in activities that pose critical environmental risks such as air pollution, soil or water pollution and deforestation.

The Transition Finance Framework has received a second party opinion that it is aligned with the International Capital Market Association's guidelines as outlined in its Climate Transition Finance Handbook.

Apart from the Transition Finance Framework, the Bank's other sustainable financing frameworks include the UOB Sustainable Finance Framework for Green Building Developers and Owners, the UOB Smart City Sustainable Finance Framework, the UOB Green Financing Framework for Circular Economy and the UOB Green and Sustainable Trade Finance and Working Capital Framework.

For more information on the Transition Finance Framework, please visit <https://uobgroup.com/sustainable-financing>.

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**About UOB**

UOB is a leading bank in Asia with a global network of around 500 offices in 19 countries and territories 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 Investors Service and AA- by both S&P Global Ratings and Fitch Ratings. In Asia, UOB operates through its head office in Singapore and banking subsidiaries in China, Indonesia, Malaysia, Thailand and Vietnam, as well as branches and representative offices across the region.





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Over more than eight decades, generations of UOB employees have carried through the entrepreneurial spirit, the focus on long-term value creation and an unwavering commitment to do what is right for our customers and our colleagues.

We believe in being a responsible financial services provider and we are committed to making a difference in the lives of our stakeholders and in the communities in which we operate. Just as we are dedicated to helping our customers manage their finances wisely and to grow their businesses, UOB is steadfast in our support of social development, particularly in the areas of art, children and education.

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