



DBS Bank:

Driving Sustainable Financing in Asia

DIGITAL REPORT

DBS Bank is a global organisation that understands and acts upon its responsibilities to the planet.

The bank, headquartered in Singapore, is in the forefront of sustainable finance, championing decarbonisation efforts across the APAC region by focusing on reducing Scope 3 emissions and accelerating the region's journey to net zero.

Sustainability Magazine speaks to Shilpa Gulrajani, Head of Sustainable Finance, and Terence Yong, Global Head of Sales, Global Transaction Services, to find out how DBS is leading the charge.

DBS: leading sustainability in banking in Asia-Pacific

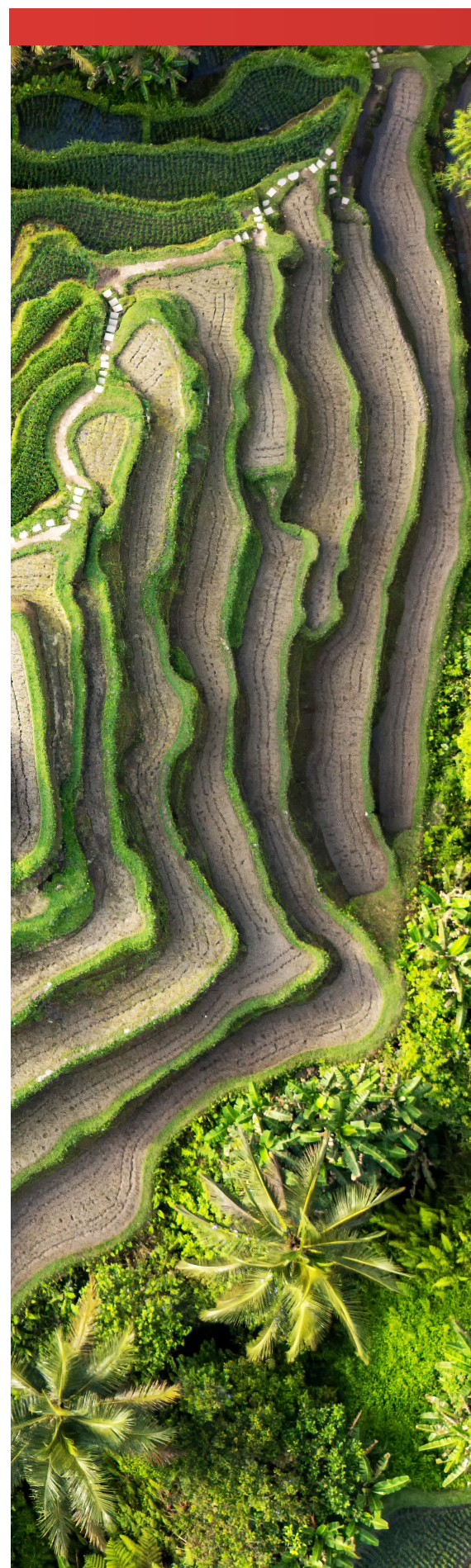
Driving sustainability does not happen by accident: it requires determination and direction from the boardroom down.

The bank prides itself in being 'The Best Bank for a Better World', rooted in its identity as a leading financial services group in Asia. This vision aligns the bank's growth with sustainability, innovation and social responsibility.

At DBS Bank, the direction is clear – to put sustainability at the centre of its growth, at the heart of its work with clients and to leverage its influence to accelerate Asia-Pacific decarbonisation.

Terence Yong, Global Head of Sales, Global Transaction Services, explains the philosophy for DBS, the largest bank in Singapore and South East Asia.

"DBS has taken on a strategic position around how sustainability is central





Terence Yong,
Global Head of Sales,
Global Transaction
Services at DBS Bank

to the growth of the bank, but also its importance to the clients that we serve and the community that we operate in across the Asia-Pacific region.”

Terence says DBS’ board has mandated the company to be a leader in the region, to “accelerate and enable the transition for many of our clients across these locations in the area of sustainability and achieving sustainable goals. This has been supported and embraced by investors, regulators and staff.

DBS was one of the first banks in Asia to release a transition finance framework to guide and support clients on the transition journey towards sustainability.

According to Shilpa Gulrajani, Head of Sustainable Finance, DBS Bank’s regional role is central to its work – and it comes with responsibility.

She says: “When a global organisation is going beyond being systemically important only in its headquartered location, it becomes a responsibility as well as a business drive to ensure that clients are transitioning responsibly and are being supported by its key core banks closer to the regions that it is targeting. And that is where we believe that we are playing a role, and we will continue to play that role.”

Terence adds: “There is a lot of work that needs to be done to ensure that the region benefits from significant capital to fund the transition and to decarbonise many production-based economies.”

Asia Pacific accounts for 60 percent of global CO2 emissions, largely due to its critical role in global manufacturing, and is the world’s manufacturing hub, housing many critical links in global supply chains.



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Reducing emissions can be daunting for sectors with particularly complex supply chains.

Many corporates face mounting pressure to measure and reduce emissions particularly in Scope 3 as sustainability expectations rise in both Western and Asian markets.

Terence says: “Firstly, we believe in providing sector-based assessment frameworks for tailored client solutions and guiding our clients through their transition financing journey. Secondly, we’ve been able to bring together some of our key leadership in digitalisation in addition to complementing the market presence that we have in the production markets to play a very significant role in Scope 3 decarbonisation. Scope 3 emissions involve broader ecosystems external to a corporate’s immediate control, requiring innovative solutions and cross functional collaboration.”

Sustainability: A cross-departmental foundation

The bank’s burgeoning role in leading APAC businesses towards net zero requires innovative thinking to meet the evolving client needs. This in turn requires strong cross-functional collaboration across departments to address client challenges.

That is why DBS Bank has worked hard at spinning a strong web of cross-departmental connections.

Terence says: “We see our internal departmental responsibilities as a given. We work integrally with our sustainability colleagues, who are very much part of the same family.

“They’re integrated into how we deliver solutions to clients, how we identify which clients and suppliers to engage because they all have alignment in terms of the goals that they’re trying to achieve.

“For example, while crafting a solution for one of our corporate clients based out of Europe, we brought in our team of experts from our offices in the US, Hong Kong and Singapore across various departments such as coverage, sustainability, operations, client management, sales and product.”

Such cross departmental collaboration is also the need of the hour, among corporates and organisations, Terence adds, saying: “Our clients in procurement and sustainability, as well as treasury, are increasingly more integrated cross-functionally around the agenda of particularly scope three decarbonisation.

“What we’ve discovered in our client world is that scope one and two can be handled by specific departments, but when it comes to scope three, because it involves a broader universe, a broader ecosystem of suppliers outside the realm of a corporate strategist sustainability department or funding from a treasury, you do need to involve a broader team.”

Financial solutions for decarbonisation

In many ways DBS is the glue connecting organisations, while the bank’s financing solutions are the engine driving decarbonisation, supporting an acceleration towards net zero.

Sourcing and unlocking that finance is not straightforward, but DBS is succeeding by bringing to bear



Shilpa Gulrajani,
Head of
Sustainable
Finance,
DBS Bank

“conventional and non-conventional financing”, Terence explains.

He says: “In earlier stage financing, we’ve brought to bear partners in measurement, assessment and consultancy. We brought digital platforms to the table.”

At the same time, scaling trade platforms is enabling more measurement and traceability of sustainability outcomes.

Terence says: “There would be no financing if we can’t measure the outcomes, measure the gains, and these are the key drivers to make sustainable financing available in Asia-Pacific.”

Focusing on large Western & Asian corporates / anchor companies

Large anchor companies are a central part of DBS Bank’s efforts to drive sustainability.

These are companies of significant size and have deep supply chains with many suppliers of varying sizes, the majority of which are located in Asia. They have considerable influence on the suppliers.

Terence says: “DBS is playing a significant role in bringing our large corporate companies together with many of their suppliers in the region.”

For Asian suppliers, the challenges with decarbonisation often revolve around cost competitiveness and maintaining margins when investing in cleaner technologies. While these challenges affect both large corporations and SMEs, the impact is more keenly felt by SMEs, as they often lack the access to capital and technical resources to decarbonise.

The approach is to bring together regional partners to:

- Assess transition financing needs like identifying required equipment and financing tools
- Facilitate collaboration between stakeholders and establish measurable KPIs and outcomes.
- Leverage digital platforms to ensure traceability and scalability.

The bank’s considerable experience with midcap and SME clients across its markets has bred expertise in supplier engagement at scale and through its financing capacity and deep knowledge and relationships across the APAC region plays a key role in the success of the large corporates that they bank.

Terence says: “That is done by working alongside a large anchor client and its procurement teams as part of an overall supply engagement strategy to be able to deploy the right tools, measurements and consultancy.”

A phased approach to decarbonisation: From assessment to action

Getting businesses identified, assessed and enrolled in the programmes overseen by DBS is a three-step process, Shilpa explains.

“From the very beginning, we put our clients at the centre of our solutions. We assess their sectoral maturity and transition pathway at Phase 1.

“This is done using a tool called ERQ – essentially an ESG assessment of the client. We are possibly the only bank that uses gen AI to extract these assessments and facts from various data points and sources for the client. In Phase 2, we bring to their awareness the relevant topics that are pertinent to their sector. This is an interactive phase to understand the client better and get their positioning right.

“We spend a lot of time understanding our clients – and we adjust our advisory based on their needs and tailor our solutions depending on their maturity and the external environment. Phase 3 is the exciting one – where we take action delivering the solution.”

Delivering solutions:

Where the rubber hits the road

The delivery phase is different for each client, Shilpa says, adding: “When you understand credit and the complexities that the value chain is facing, you can adjust the investment in terms of training and in highlighting the key areas of importance.

“Then you can connect the dots between the anchor and its value chain by providing the financing and putting the right KPIs in place.

“We go with what is most relevant with the client from its business and industry perspective, then we try to bring the banking solution to the client and then we see that it connects the dots beautifully.”

Decarbonising a dairy farm in North Asia

One example Shilpa cites is a dairy farm in North Asia, where efficiencies have

been achieved by looking at it from a different angle – focusing on a critical KPI, somatic cell count, a key indicator of milk quality and consumer safety.

She says: “Here, intuitively, we should be looking at the direct emissions of its various farms. But there is one particular component that we deep-dived with the client because we know it is very relevant if you see the materiality matrix of the sector. There is a somatic cell count in any dairy product, which is extremely important because it has an impact on the health of consumers.

“An average count is about 200,000 somatic cells per unit. We did ask the company to focus on this and we structured the KPI around this particular element.”

DBS and the future of net zero

When asked about DBS Bank’s role in shaping the future of net zero in APAC, Shilpa chooses a contemporary case study to illustrate its ongoing impact.

She says: “In Indonesia, there are water treatment plants where DBS has played a role not only in financing but advisory, bringing in the project finance element and making it a blended finance transaction because there are the multilateral development banks that are involved to de-risk to an extent.

Not only that, but beautifully connecting the public-private partnership element among the MDBs and thereby being able to deliver the project financing structure.



This is a transaction which has taken months and months to come to where we are, bringing an alignment among various stakeholders to actually make an impact in an emerging market on an equally important resource.”

All of this illustrates that, while money talks, it takes organisations with the skill, vision, regional heft and connections of DBS Bank to make it walk and work.



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