



# **The New Era of Procurement:** How DBS is helping Shape Sustainable Value Chains

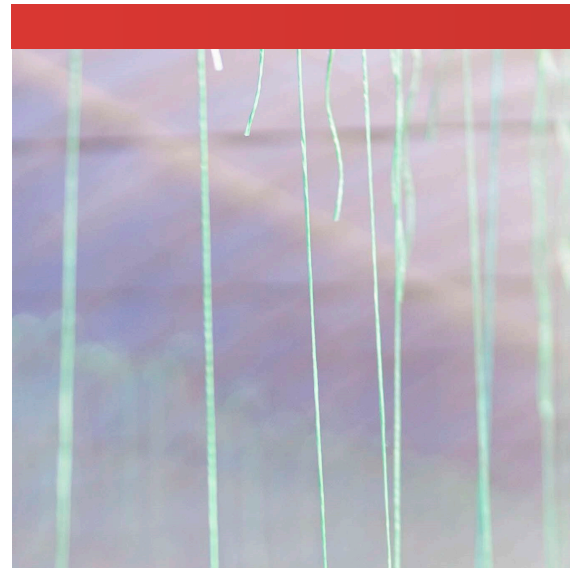
DIGITAL REPORT

**A**s global supply chains face increasing pressures to diversify, digitise and decarbonise, DBS Bank is driving meaningful change by integrating sustainable finance solutions and working with clients to create resilient, future-ready supply chains.

### **A vision for sustainable banking**

Headquartered in Singapore, DBS Bank is the largest and safest lender in Asia offering a wide range of banking and financial solutions across 19 markets and its Trade corridors. Recognised for its efforts in digital transformation and innovation, DBS drives its vision of 'Making Banking Joyful.' For instance, it has been named Most Innovative Bank – Asia Pacific 2024 by Global Finance, World's Best Digital Bank 2021 by Euromoney underscoring its position as a technology-driven institution redefining banking services through innovation and customer-centricity.

The bank's digital transformation initiatives have also accelerated its sustainability agenda. With an upgraded mission to be the "Best Bank for a Better World", DBS is one of the first banks in Asia to make net-zero commitments and release a transition finance framework to guide and support clients in their transition journey towards sustainability. In 2021, DBS committed to raising S\$50bn (US\$37.2bn) in sustainable finance by 2024 to support clients in adopting sustainable business practices. In supply chain management, DBS is able



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The new era of procurement: How DBS is helping shape sustainable value chains





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



to combine its expertise in technology and sustainability. By integrating ESG metrics into supply chains and fostering collaboration with clients and its ecosystem of partners, DBS illustrates how financial institutions can contribute to environmental and social progress.

### Addressing procurement challenges

Terence Yong, Global Head of Sales, Global Transaction Services at DBS Bank, explains that businesses are reorienting their supply chains in response to challenges ranging from geopolitical tensions to diversification needs.

“Clients are approaching DBS to solve these procurement pain points, often starting at the top of the house,” Terence notes.

He emphasises that many are looking for new areas of sourcing and production that can drive transformation.

The second big issue is around sustainability. Buyers are increasingly focused on achieving higher degrees of traceability and securing the investments required to drive transitions towards stronger sustainability outcomes.

“Others are looking to create and strengthen their ecosystems through digitalisation for greater efficiency,” Terence continues, highlighting the importance of cross-border visibility of payments to shipments and bringing in partners (such as Procure to Pay platforms) that can complement the shifting sands of supply chains with higher expectations around sustainability.



Terence emphasises the complexity of integrating sustainability into supply chain finance and highlights that there is not a one-size-fits-all approach. There is a need to co-design bespoke solutions that meet the unique value chain needs of corporations.

“We need to form a coalition around the buyer or the brand owner as well as the suppliers, he adds. A collaborative model that extends to include the supplier ecosystem to include specialists in technology and sustainability to identify what can be measured or optimised and defining the right metrics to amplify the buyer’s desired outcomes.” he adds.

This extended ecosystem approach serves multiple purposes:

- **Determining appropriate measurements for desired outcomes**
- **Ensuring data quality and accountability**
- **Establishing robust audit trails and assurance**

### **From principles to impact: ESG in action**

To bring these principles into action and how DBS has delivered impact, Shilpa Gulrajani, Head of Sustainability, Institutional Banking Group at DBS, highlights a pioneering sustainability-linked supplier payment services

programme that integrates ESG metrics into financial services. Through a strategic partnership with a Hong Kong-based construction company, the bank demonstrates its commitment to advancing sustainable value chain management.

DBS worked closely with the company to understand its value chain, examining hundreds of subcontractors along the way.

“We undertook co-creation with our client to find the real materiality aspects of ESG, defining precise KPIs to drive measurable impact across their operations and value chain,” Shilpa explains.

“The client plays a pivotal role as an anchor, fostering awareness and collaboration across the valuechain to adapt to these sustainability KPIs.”

The bank’s unique strength lies in its comprehensive understanding of different client segments, from large corporations to SMEs, enabling a nuanced approach to sustainable financing.

A notable example of DBS’s ESG efforts here can be seen in its partnership with H&M Group. DBS collaborated with H&M to establish an investments programme for select SME suppliers in India for energy efficiency, water management and the measurement of these outcomes.

Sumeet Nath, a Managing Partner at Raj Woollen Industries, adds: “This joint project with H&M Group, Guidehouse and DBS has been a

successful combination of expert energy assessment, close support in selecting the most suitable technology solutions and an attractive financing model. We are confident that this will ensure the highest possible results in our decarbonisation journey and we are grateful for this partnership.”

These examples showcase, the value delivered to DBS clients in:

- **Identifying material ESG aspects across value chains**
- **Developing targeted KPIs for suppliers and subcontractors**
- **Promoting innovative technologies**
- **Ensuring transparency and accountability.**

The success of the India case study has garnered interest by other clients.

“DBS is keen to bring collaborative financing models to greater awareness and aims to deploy and reach similar outcomes with other suppliers, enabling a transformation in the supply chain.” Shilpa adds.

These partnerships show how, by working together, DBS and its clients can help drive impactful ESG outcomes across supply chains.

### **Driving sustainable transformations**

For driving sustainable transformations, Terence emphasises: “We take a very industry-centric approach to deploy solutions, taking into account the maturity of corporate’s net-zero journey and scaling through award-winning proprietary or partnership platforms.”

DBS recognises the sustainable transformation of corporates is a continuum and stretched over multiple years and hence its approach to solutioning considers sector specific needs, the ESG maturity of the corporates and its upstream and downstream value chain partners.

It views solutions for transition as a three-stages approach to corporate ESG initiatives, focusing on supplier engagement and improvement.

At the Measurement stage where corporates drive advocacy, awareness and seek to engage measurement providers, a solution embedding enablement cost helps defray upfront payments across several suppliers.

At the Improvement phase, corporates expect suppliers to make efficiency improvements via tracking performance across various ESG KPIs agreed in the value chain. A solution that provides favourable commercial terms for transactional trade encourages suppliers to undertake small scale efficiency upgrades.



Shilpa Gulrajani,  
Head of Sustainability,  
Institutional Banking  
Group at DBS Bank










Finally, in the Reduction phase, which is the most impactful and requires scale, DBS offers financing capacity targeted at strategic suppliers.

This strategy helps achieve good outcomes, particularly transition-driven outcomes at scale, positioning DBS as a key enabler in facilitating sustainable transitions across global supply chains to start with and deep-dive to action in Asia.

Through its innovative approach to combining financial services with sustainability goals, coupled with its strategic use of digital platforms, DBS continues to shape positive change in global trade and sustainability.

Not just for clients, DBS also walks the talk when it comes to driving sustainability and digitalisation in its own procurement.

By embracing digitalisation in procurement, DBS aims to reduce waste, contribute to improved working conditions and enable economic growth while addressing sustainability challenges in its operations and those of its suppliers.

In the realm of sustainable procurement, DBS has implemented the Sustainable Sourcing Principles, which outline expectations for suppliers in areas such as human rights, environmental sustainability and business ethics. 



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