



Live more,
Bank less

OUR PATH TO

NET ZERO

SUPPORTING ASIA'S TRANSITION
TO A LOW-CARBON ECONOMY

**FOOD &
AGRIBUSINESS**

Disclaimer

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List of abbreviations

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Abbreviations (alphabetical order)	
AER	Annual efficiency ratio
AR6	IPCC's Sixth Assessment Report
BF-BOF	Blast furnaces-basic oxygen furnace(s)
CCUS	Carbon capture, utilisation and storage
CIX	Climate Impact X
CO ₂	Carbon dioxide
CRREM	Carbon Risk Real Estate Monitor
DCM	Debt capital markets
DRI-EAF	Direct reduced iron-electric arc furnace(s)
EAF	Electric arc furnaces
EAF-Scrap	Scrap-based electric arc furnace(s)
ECM	Equity capital markets
EU	European Union
EV	Electric vehicle(s)
GDP	Gross domestic product
GHG	Greenhouse gas(es)
IATA	International Air Transport Association
IBG	Institutional Banking Group
ICE	Internal combustion engine
IEA	International Energy Agency
IEA NZE	International Energy Agency's Net Zero Emissions by 2050 Scenario
IMO	International Maritime Organization
IPCC	Intergovernmental Panel on Climate Change
kgCO ₂ /MWh	Kilograms of CO ₂ emissions per megawatt hour of power produced
kgCO ₂ /p-km	Kilograms of CO ₂ emissions per passenger kilometre travelled
kgCO ₂ /vehicle-km	Kilograms of CO ₂ from tailpipe emissions per vehicle kilometre travelled
kgCO _{2e} /kg	Kilogram of CO ₂ equivalent per kilogram of crude steel produced
LLE	Loans and loan equivalent(s)
MPP	Mission Possible Partnership
MtCO _{2e}	Million tons of CO ₂ equivalent
N/A	Not applicable
NGFS	Network for Greening the Financial System
NZBA	Net-Zero Banking Alliance
O&G	Oil & Gas
OEM	Original equipment manufacturer(s)

List of abbreviations

PCAF	Partnership for Carbon Accounting Financials
REIT	Real estate investment trust(s)
SAF	Sustainable aviation fuel
SGX	Singapore Exchange
SPV	Special purpose vehicle(s)
TCFD	Task Force on Climate-Related Financial Disclosures

3.2. Food & Agribusiness

“ World hunger refuses to abate. With the increasing pressure of feeding a growing world population, maintaining the balance between food production and GHG emissions has been one of the key challenges of the Food & Agribusiness sector. Limited availability of reported data across the sector increases the challenge of measuring and reporting emissions intensity in a robust and consistent manner. There is also a lack of industry consensus on the pathways to net zero target. DBS will continue to play an active role in working with our clients to support sustainability initiatives including improving GHG emissions reporting.

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Adrian Chai

Group Head of Consumer Products, Automotive, Food & Agribusiness and Industrials

Our commitment:



DBS will exercise its influence to encourage clients to improve their GHG emissions reporting, thereby increasing emissions and production data coverage over time. We target raising coverage from less than one-third to at least two-thirds of our large corporate clients (by client count) in 2030.



DBS will monitor our data target annually and seek to revise our data coverage target as the Food & Agribusiness sector's data landscape matures.



DBS will stay abreast of developments and set a quantitative emissions reduction target once data availability and quality noticeably improve and emissions reductions pathways for the Food & Agribusiness sector become more established.

3.2.1. Net zero in Food & Agribusiness

The Food & Agribusiness sector is considered a high GHG-emitting sector and accounts for about a quarter of all global emissions⁶⁵. GHGs are released across the entire value chain, from land use change, farming, food processing and manufacturing, transportation, to the selling of agricultural products and foodstuffs. Close to 60% of Food & Agribusiness emissions come from the farming of crops and livestock where approximately 25% is released from related land-use change and the remaining 15% from agricultural product and foodstuff distribution and retail⁶⁶.

There are currently no clear supply-side decarbonisation levers that can significantly reduce GHG emissions of the high emitting segments of the value chain at a commercially viable scale, while meeting growing demand for food. For example, methane produced from cows' enteric fermentation is a significant contributor to GHG emissions but, currently, there are no commercially viable solutions that can significantly reduce emissions here. On the demand-side, there are ways to change consumer foodstuff consumption patterns to reduce consumption of the highest emitting produce and food waste and shift towards products with smaller GHG footprints. However, there is no industry consensus or forecast on the required reductions. Nonetheless, these options are beyond the scope of influence of the sector in directly reducing its GHG emissions.

3.2.2. DBS' targets for the Food & Agribusiness sector

Our Food & Agribusiness portfolio is diverse and includes exposure to players across the value chain ranging from diversified integrated agribusiness players to food and beverage manufacturers, primary growers, producers, processors, and food retailers. Given that Food & Agribusiness products can have varying emissions and companies along the value chain process often produce or work with multiple types of products, the process of setting a decarbonisation target is complicated.

Through the sectoral baselining exercise, it was discovered that close to 70% of our large corporate clients currently did not disclose either emissions or activity data. Limited availability of reported data in our portfolio raises the challenge of measuring an accurate emissions intensity for the portfolio. To add to the data challenge, there is little sector consensus on the pathways to a net zero future. Available industry reference pathways differ significantly in their starting points and trajectories due to varying inclusions across scopes of emissions, types of products and emissions from land-use change, which can include significant negative emissions.

DBS therefore believes that it is premature to set a GHG emissions reduction target for the Food & Agribusiness portfolio at present. So far, only a handful of banks have set targets for the Food & Agribusiness sector and only for a limited sub-scope of their portfolio that is not comparable to DBS' Food & Agribusiness portfolio. Nonetheless, to pave the way to transition, DBS aims to use its influence to encourage large corporate clients to improve their reporting over time. This includes both absolute emissions as well as data on company production to calculate emissions intensities. DBS will stay abreast of developments in industry guidance on the reference scenario and will seek to set an emissions-based target when it is feasible to do so.

⁶⁵ Contribution of Working Group III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change. (2014) IPCC. Based on global emissions from 2010. <https://www.ipcc.ch/report/ar5/wg3/>

⁶⁶ R.J. Poore and T. Nemecek (2018). Reducing food's environmental impacts through producers and consumers, *Science*, Vol. 360, 987-992. <https://www.science.org/doi/10.1126/science.aag0216>

“ **C**ommitting to net zero by 2050 and setting our 2030 interim targets mark an important milestone of DBS. Navigating this transition will be a long-term endeavour. Much needs to be done in order to fulfil our commitments set out in this report. It will entail a fundamental change in how we do business – both internally and externally. We will enhance the monitoring and reporting of our targets, review our targets and methodologies at regular intervals, and most importantly, support our clients on their transition to adapt to a net zero world.

“ **A**s we continue on our journey to supporting a just transition, we are working hard to integrate sustainability into everything we do. To achieve this, our employees are our greatest asset and we are enabling them to deliver new solutions to our clients. We will be very focussed on creating a robust ESG data architecture, develop new analytics tools, and above all, invest in our people by offering the relevant learning and development tools so that they can effect a fair and just transition with confidence.

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Yulanda Chung
Head of Sustainability,
Institutional Banking Group



Helge Muenkel
Group Chief Sustainability Officer



The way forward

1 Monitoring and reporting annually our progress against our targets – As an early adopter of the TCFD, we have been reporting under the recommendations since 2018. Now as a signatory to NZBA, we remain committed to being transparent about our efforts and will report annually our progress against both our 2030 interim targets and 2050 net zero targets within our sustainability reports. For the seven sectors of which we have set emissions reduction targets, this will entail updating the annual financed emissions for the sectors and analysing the progress against previous years and the respective targets.

2 Reviewing periodically and, if appropriate, updating our targets and methodologies – We expect the reference scenarios against which we have calibrated our emissions reduction targets to continually evolve. Precedent suggests that organisations that own these reference scenarios typically update them periodically. However, we do not intend to update our interim targets for 2030 each time these reference scenarios are revised or updated. Doing so would potentially create business uncertainty, both internally for our business planning and externally in our client engagements. However, we intend to review and, if necessary, revise our targets at least once every five years hereafter. Building on the foundation of this round of target setting, we look forward to the next round with more confidence of our approach.

04 | The way forward

3 Supporting our clients on their transition journey – Our ability to achieve our net zero ambition relies heavily upon the success of our clients in delivering their own transition plans. Hence, we are committed to engaging with our clients and supporting them to transition their businesses through sustainable and transition finance. In the past few years, we have seen a significant increase in the demand for sustainable

finance solutions, such as sustainability-linked and green loans. To accelerate the transition and meet the vast investment needs in the next few decades, we will proactively partner our customers, providing them with financial advisory and transition finance solutions, as we collectively work towards a low-carbon future.



- **To our clients:** we applaud your efforts to transition to net zero, and we stand shoulder-to-shoulder with you in those journeys.
- **To our investors:** we hear your demand for us to support the transition to net zero and we want to lead the way.
- **And to the wider community:** we are ready to support you in your decarbonisation efforts and realise a fair and just transition by 2050 in a world where no one is left behind.