

STANDING FIRM ON SUSTAINABILITY

As priorities evolve, sustainability continues to shape key business decisions for organisations.

Helge Muenkel, Chief Sustainability Officer at DBS, speaks with editor-in-chief Scott Fritzen about the shifting sustainability landscape and DBS’s unwavering stance.

In recent years, the language around ESG and sustainability has become more contested—economically, politically and even culturally. From your vantage point as a bank operating across Asia, how do you think this reflects deeper, structural change in the sustainability agenda?

I am struck by the fact that the term “sustainability” has become more contested. In the Western world—across Europe, the UK and the US—sustainability was often seen as centred around climate action, in that climate action was top priority. But this is a narrow view; it neglects the social and economic dimensions of sustainability, and the impact climate action may have on people beyond the environment.

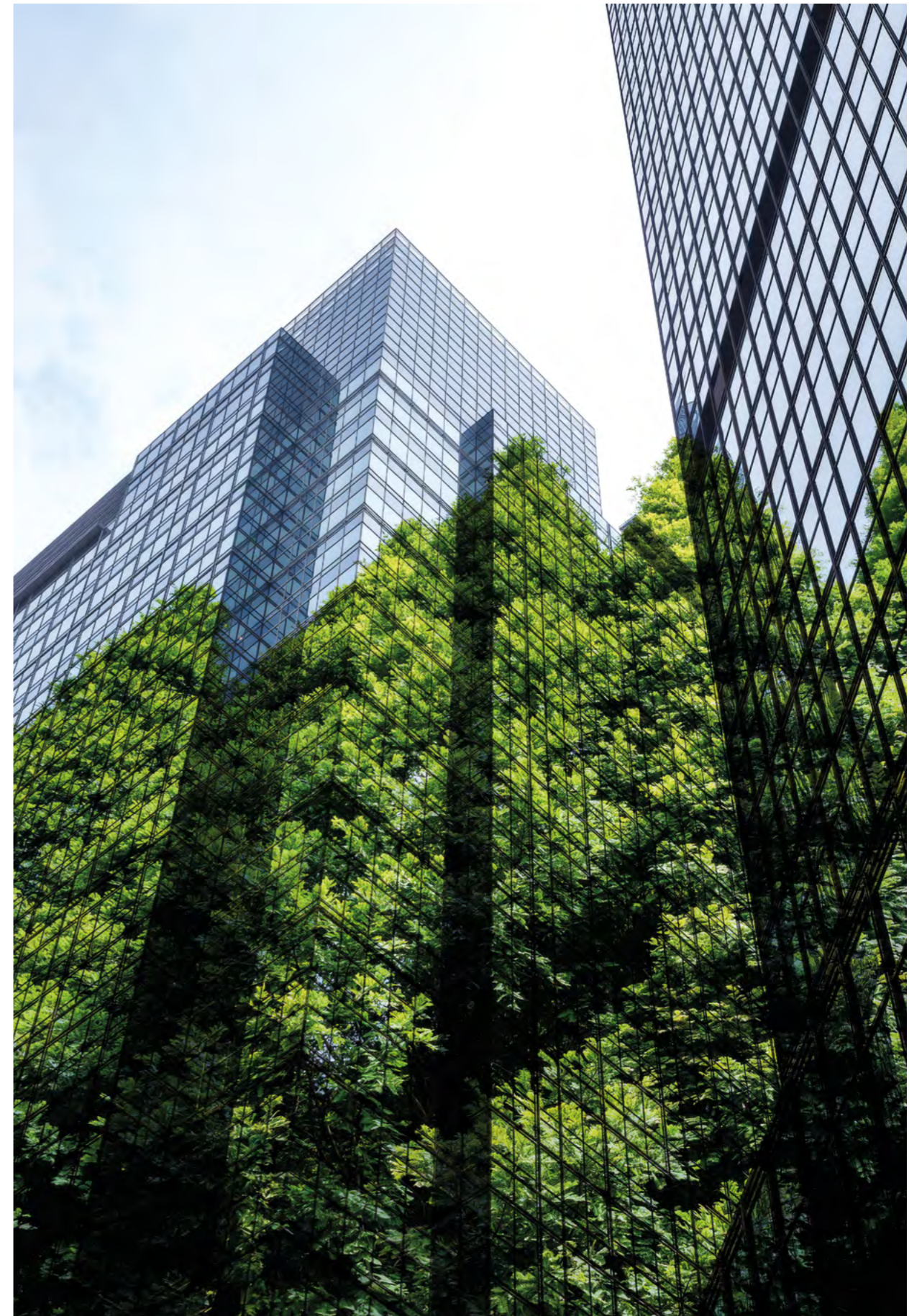
This resistance we see in the Western world is driven largely by a failure to clearly communicate the benefits of sustainability. Organisations struggle to create an emotional connection and communicate its relevance to the public. Sustainability is seen, instead, as something that comes at the expense of people’s needs.

I believe that sustainability, at its core, is about improving people’s lives—the lives of people that live today and the lives of people that will live tomorrow. It is a human-centric definition of sustainability that considers intergenerational fairness, which is important to meet all people’s needs, and is a definition that is dominant across Asia.

In recent years, I have observed two main trends. The first is this paradigm around economic competitiveness, energy security and geopolitics. It appears to have caused sustainability to be reprioritised and downgraded. In the US, for instance, the current administration has changed a lot of the rules to make sustainability less relevant.

The second trend is often called the “electrotech revolution”, a term coined by global energy think tank Ember. It creates a business case for transitioning to low-carbon technologies—which makes simple business sense. It is transforming energy and industrial systems at speed, driving great progress on decarbonisation globally.

These two trends appear to have caused a “perception-reality” gap amongst the public: Because sustainability is put lower on the priority list, people believe that progress has stalled. But, looking at the facts, the world has made remarkable progress on clean technologies.



Much of early ESG efforts focused on disclosure and reporting. Where do you see the real frontier now in how sustainability information influences capital allocation, pricing and strategic decisions?

The foundational things we have done—assessing our position, building capabilities and crafting potential decarbonisation pathways, all of which we disclose publicly—are important for sustainability but not the essence. The ability to make informed decisions from measured results is important, but, more critically, we need systems thinking. An individual actor having a net-zero target, be it corporate or government, is fundamentally flawed. It is fundamentally flawed because we are all part of systems, and the actions of other actors will influence the efficacy of our climate strategies.

There are two examples that can illustrate this. The first is a workshop I organised in December last year. This was jointly conducted with the International Energy Agency, and involved individuals from the Indonesian government, the state-owned power utility Perusahaan Listrik Negara (PLN) and key actors within the battery energy storage systems (BESS) ecosystem. We brought everyone together to discuss how to expand BESS in Indonesia at scale and at speed. It was essential that major groups involved in BESS were present at the workshop, because no one actor can enact change alone. That is systems thinking and action.

The second example is in Singapore real estate. We brought all relevant actors into a room—real estate companies, policymakers, the Prime Minister’s Office, financial institutions—and we facilitated discussion between them on the barriers to transitioning to net-zero.

This is the new frontier: systems thinking and systems solutions, focussed on action at speed and scale. No bank or organisation can truly achieve net-zero without engaging the system. I believe this is something that organisations deeply care about now and is accelerating progress in sustainability.

DBS often speaks about credible transition pathways. What distinguishes a transition plan that DBS is willing to back from one that remains aspirational or symbolic?

Actions matter, not words. You could have a well-crafted plan that aligns with the Transition Plan

Taskforce, who develop comprehensive frameworks for climate transition plans, but the key element is action. The critical questions a banker would ask a corporate include: What is your overall strategy and what is the capital expenditure plan linked to it? How do you translate all these ideas and plans into meaningful action? That is ultimately the gist of the matter.

Credibility comes from action, not ambition or lukewarm thoughts. It comes from consistent execution and discipline. We have to ensure our clients, especially those with whom we have established long-term relationships, are walking the talk. That, to me, is the absolute crux of the matter.

Many sustainability frameworks were initially developed in Western contexts. What are the distinctive challenges and opportunities you see for sustainability and impact in Asia’s economic and institutional landscape?

If you look at the world broadly, you will see very different approaches to sustainability. In Europe, they apply the stick, pushing for sustainability through heavy regulation, including the use of carbon pricing. The US, prior to the Trump administration, used a carrot, encouraging sustainability with market-driven incentives and legislation such as the Inflation Reduction Act.

In Asia, I see a very pragmatic middle ground; regulations and incentives are utilised when they are most helpful. The word “pragmatic” is not meant to be an out-of-prison card, nor is it meant to slow down action. People in Asia simply have a very practical perspective on sustainability, and do not get lost in dogmatism.

But perhaps the larger challenge is more between developed and developing markets, rather than between Asia and non-Asia. There are structural issues that are faced by emerging markets broadly, not only in Asia. A US pension fund investing in a renewable energy project in Laos, for example, would normally not happen, simply because the sovereign rating of Laos is too low. There are challenges around risk-return profiles of projects, FX conversion into local currencies and so on. There are ways to address these, but it is often complex.



At a wider level, more countries are defining their own pathways, not being dictated by what the West is doing. The Paris Agreement acknowledged this, with its fundamental principle of “common but differentiated responsibilities” of various countries to address climate change.

From your experience, what internal governance structures and incentive systems matter most in ensuring that sustainability is integrated into core business decisions rather than treated as a parallel agenda?

There are three main elements to this. First, sustainability needs to be fully integrated within the organisation. In the context of a bank, it means sustainability is a core part of the risk management process and decision-making. It is fully incorporated into sector and client account management processes. It needs to be the cake itself, not the icing on the cake. For instance, if sustainability does not affect decisions in risk management, then it is not risk management, but merely commentary.

The second element is governance. Good governance ultimately means having clear rules and consequences. In a bank, friction is intentional: The front office unit and the risk unit will often disagree, as they have fundamentally different job functions. But the rules of the road and consequences should be laid out clearly, so that there is consistency across all departments.

Finally, key performance indicators (KPIs). It is important to set the right KPIs, and, to some extent, it is an art rather than a science. Behaviours within organisations change when the right KPIs are set because they are linked directly to remuneration. It is critical to set KPIs in a transparent manner to ensure clarity and alignment across different areas of an organisation such that everyone marches into the same direction. In our sustainability reports, we include what we call the group scorecard. The group scorecard is a collection of all KPIs that has direct oversight of the CEO. The percentage of ESG on that group scorecard is key to cultivating sustainability within and integrating it into an organisation.

At a time when some organisations are retrenching or softening their sustainability commitments, DBS has maintained a clear stance. What underpins your confidence in that stance?

We have always looked at sustainability through three lenses. The first is that we see it as a societal responsibility. Our mission statement is to be the “Best Bank for a Better World”, and that latter part encapsulates sustainability. The statement is not just a marketing slogan. It was the outcome of our annual leadership conference, and everyone present wanted more than just working towards strong financial returns. This really spoke to the strength of organisational culture and purpose, and these are fundamental to our strong stance on sustainability.

The second and third lens are paired together, and these are risk imperative and business opportunity. Sustainability is a risk imperative because the physical implications of climate change are already very visible, seen in drastic weather changes and catastrophes. Asia also has the largest insurance gap in the world: Munich RE reported that in 2025, natural disasters in the Asia-Pacific caused damage of nearly US\$80 billion, but only about 12% of it was insured. Indeed, less affluent communities are often hit hardest by natural disasters.

Conversely, economic systems are transforming. Sustainability triggers business transformation, and businesses that embrace those trends are being turned upside down. Sustainability is both a risk imperative and a business opportunity because the financing needs are strong. This is something that we at DBS firmly believe in.

Looking ahead at the next five to ten years, how do you expect the relationship between finance, sustainability and societal impact to evolve? What role do you believe banks like DBS will be expected to play in that future?

I think we are increasingly recognising that sustainability issues do not occur in isolated blocks. Often, I am asked why I speak more about climate action than the social aspects of sustainability. My belief is that climate action is social, because people’s lives will be affected, and it is linked with finance and economics.

There is also a greater understanding of the interdependencies within the sustainability framework. The United Nations’ (UN) Sustainability Development Goals (SDGs), for example, offer a holistic view of this: even if not all targets are met, the SDGs are integrated, and efforts towards select goals can help fulfil others.

It can be said that DBS is taking an integrated approach, incorporating climate action into financial and business decisions. I am particularly optimistic around decarbonisation of climate action, because the data from China and India show that we are making significant progress on that front. On the social dimension, the challenges that are most critical to us include ageing societies and rising income inequalities, and generative AI may aggravate these issues further.

How do you think about talent and capability building for sustainability within a large bank like DBS? What advice would you have for someone thinking about corporate sustainability as a potential career path?

There is a growing demand for individuals to help tackle all sorts of sustainability issues, and not just environmental sustainability. At DBS, we hire people from various academic backgrounds because we want different perspectives, and because sustainability is a such complex problem that requires a multidisciplinary approach. We recently introduced a Sustainability Graduate Program at DBS in 2025 to give a holistic view of the inner workings of a bank, and we invited graduates, both in finance and not, to join it.

On defining a career path, my advice would be to focus less on specific job functions and more on skills. What are the skills that will be important in the future? Though job roles and titles are always changing, the underlying skills necessary will remain. I read a book by David Epstein, *Range: Why Generalists Triumph in a Specialised World*, and it compared specialisation against broadening skills. The author uses the example of Tiger Woods, who began his golf career at a very young age. It was thought that he was an excellent player because he specialised early. But Roger Federer, a world-class tennis player, played a variety of sports before going pro. So it is extremely important, especially for young people, to broaden their horizons and learn new skills, to remain intellectually curious and open to trying new things. [ANI](#)