

»»» DEG – The net-zero climate and impact strategy

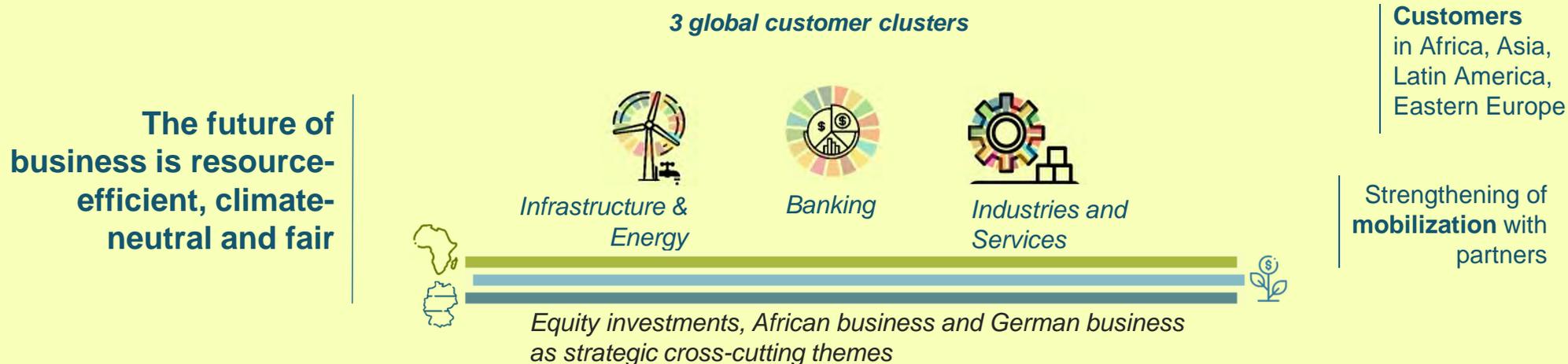


Roland Siller
CEO - Deutsche Investitions- und Entwicklungsgesellschaft mbH

International Circular Economy Conference
Environmental Campus Birkenfeld
26th of October, 2022

Business Strategy: DEG 2030 – Impact / Climate returns.

Impact/Climate financial partner for forward-looking companies in emerging markets



Strategic objectives



More **resilience** regarding the greatest future risks

Paris-compatible reduction path starting in 2025, and **greenhouse gas-neutral portfolio by 2040**



Strong **net impact** contributions through transformation

Adequate returns to maintain the capital base

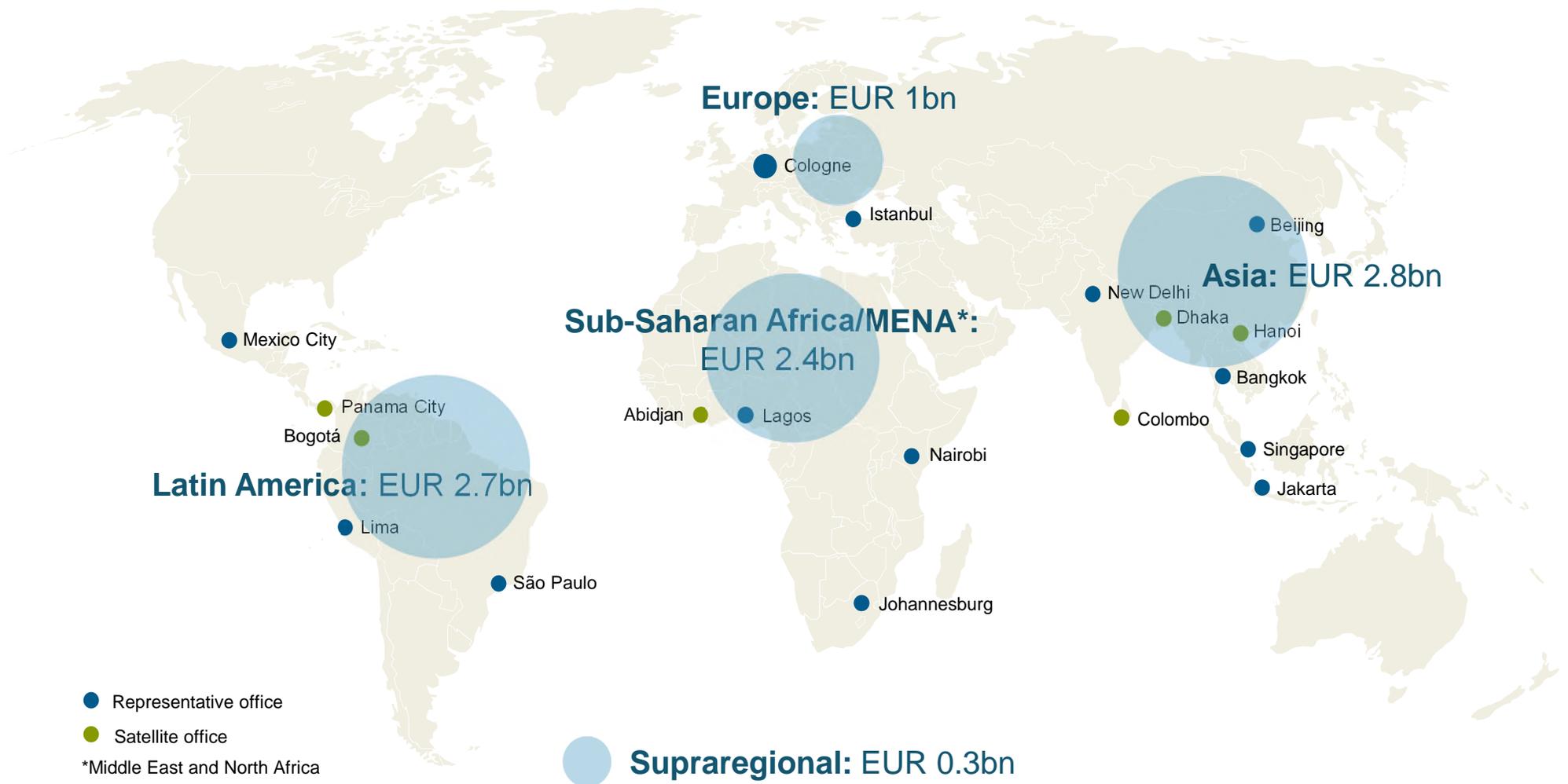
High-impact returns - 2 coherent, equally weighted strategic targets:

- **sustainable return**
- **impact/ climate**

»»» DEG: figures, data, facts

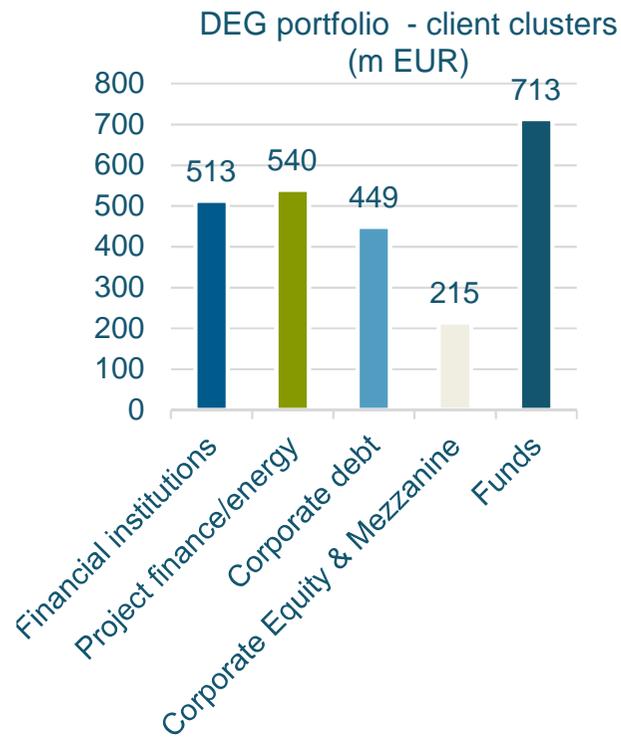
DEG portfolio 2021

EUR 9.2bn invested worldwide. 19 locations.

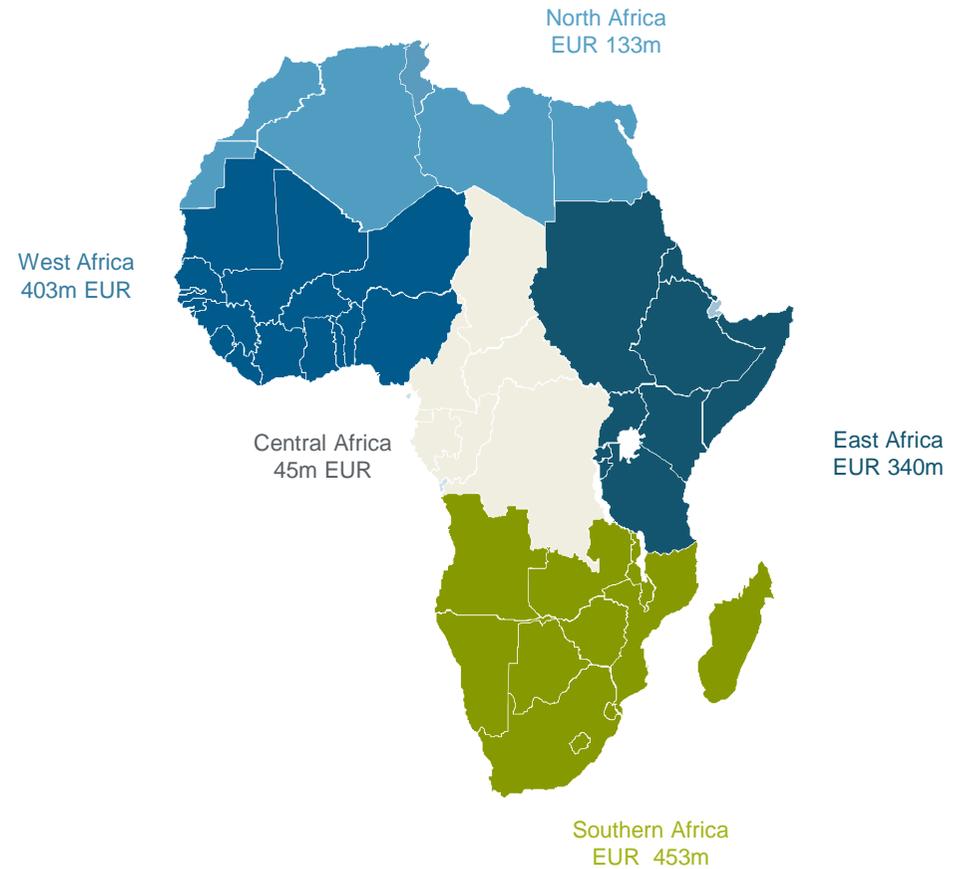


Portfolio Africa December 2021: EUR 2.43bn

154 partner companies in 26 countries

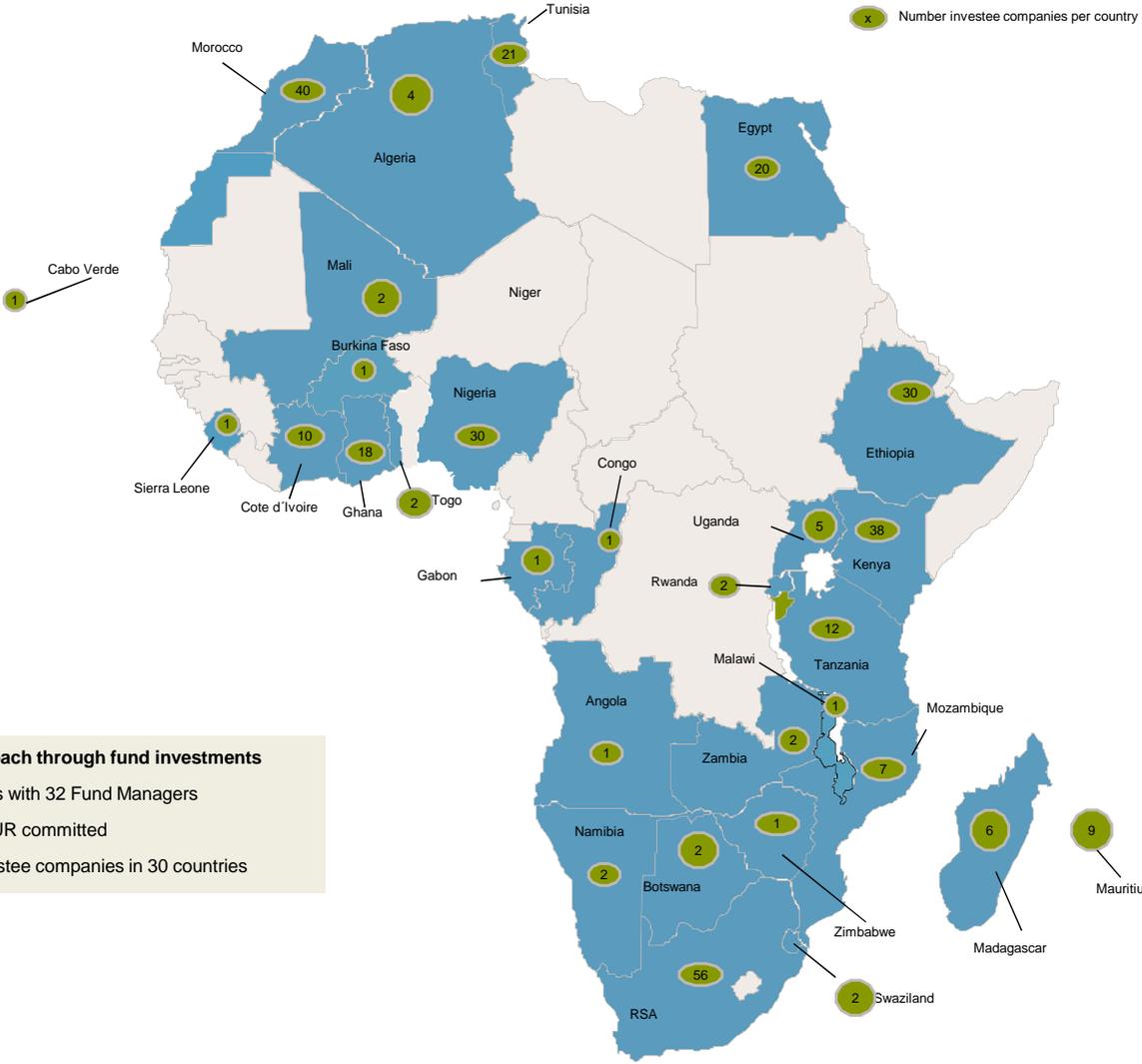


DEG portfolio –EUR 1.374bn
(without Funds and supraregional projects)



AfricaConnect – Tap the potential of African markets

Fund - Portfolio Africa December 2021



› **Expanded reach through fund investments**

- › 46 Funds with 32 Fund Managers
- › 720m EUR committed
- › 328 investee companies in 30 countries

»»» We shape transformation



Focus on impact and climate

Since 2022, DEG has focused its work even more keenly on

01

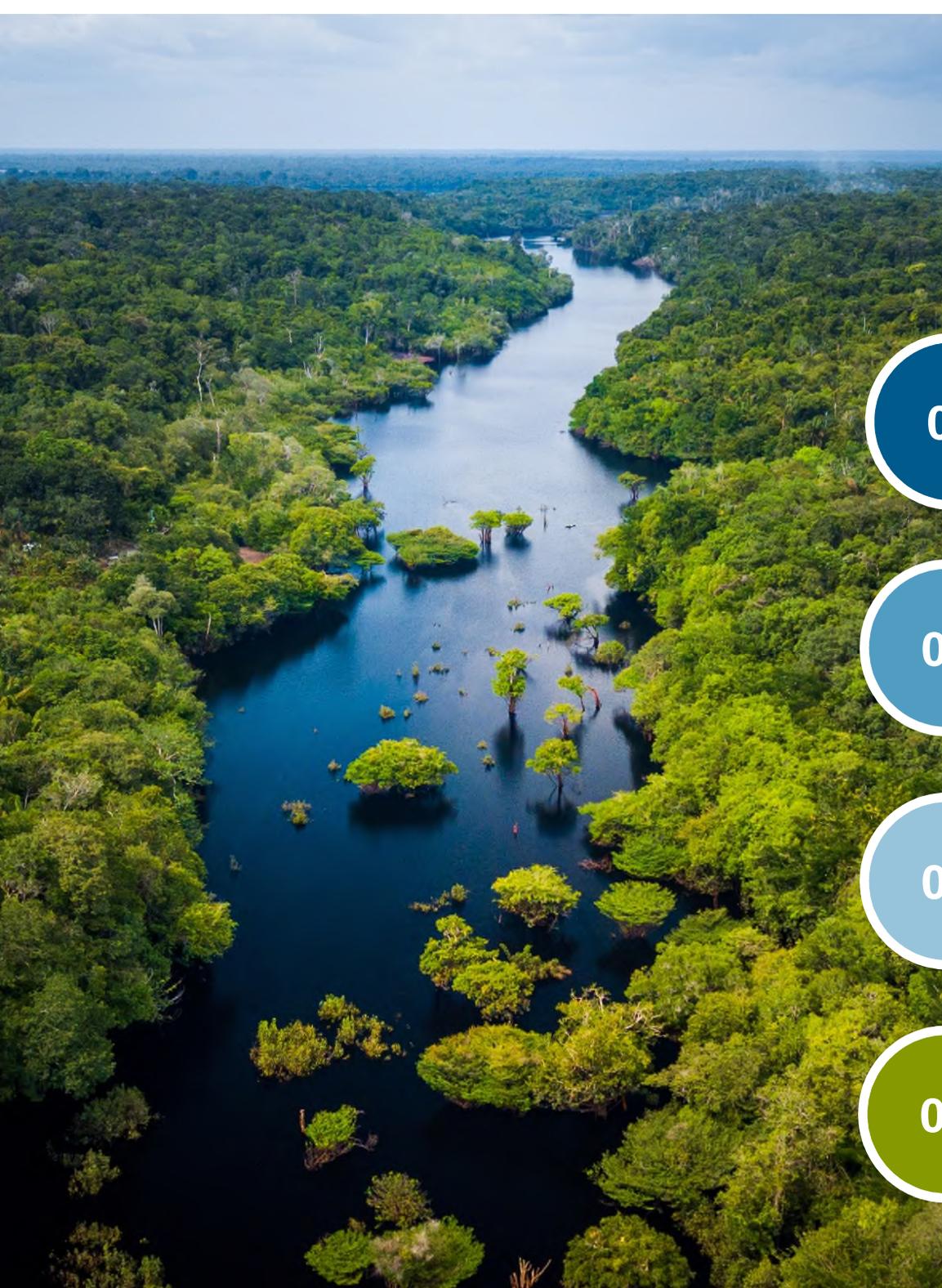
further **enhancing** the **positive development impact** of its clients on society and the environment

02

reducing greenhouse gas emissions in line with the Paris Agreement's 1.5° goal in order to make DEG's portfolio **climate neutral by 2040**

03

supporting clients with their **transformation** in order to build their **resilience** and achieve **greater development impact**



How do we achieve our net-zero target jointly with our clients

01

Modeling of GHG emissions for our clients already in acquisition phase (by “Joint Impact Model (JIM)” or client specific GHG data)

02

Develop transformation pathways with our clients (particularly for high emitters with expanded business support services)

03

Constantly assess and adjust transformation pathways in annual monitoring and develop follow-up options

04

Neutralize clients GHG emissions attributed to DEG (by investing in carbon sink projects certified by internationally recognized standards)

DERa is guided by the Sustainable Development Goals

We measure the impact of our financings with the DERa in 5 categories



Customers are rated using the DERa, structured along five categories

Main development effects of private sector activities

Decent jobs 

Local income 

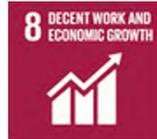
Market & sector development 

Way of sustainably doing business

Environmental stewardship 

Community benefits 

The DERa is guided by the SDGs



More than finance

Tailor-made solutions for our customers

Our promotional programmes at a glance

Tailor-made support for our customers

Programme	Actions
Business Support Services (BSS)	As part of BSS businesses can boost their performance, increase growth and enhance the development impact of their investments. BSS operate in the fields of corporate governance, staff and supplier training, risk management, environmental and social governance, and efficient resource and energy management. Some of the costs can be met by DEG.
Up-Scaling	Innovative pioneering investments of German and local SMEs in developing countries that are in the start-up phase may be financed with the Up-Scaling programme. Projects such as these can be co-financed by up to EUR 500,000 – repayable on success.
develoPPP	Among other things, develoPPP enables pilot projects, the introduction of environmental and social standards or training measures. German, other European and local companies planning a developmentally effective project in a developing or emerging country can use develoPPP to cover up to 50% of the project costs (EUR 100,000 – EUR 2 million) with funds provided by the Federal Ministry for Economic Cooperation and Development (BMZ).
Feasibility studies	If European SMEs are planning to invest in a developing country and are therefore willing to conduct a feasibility or environmental study, a legal survey or a market analysis, DEG can bear a share of the costs, up to EUR 200,000. The funds are from the BMZ.

»»» Tailored climate-related BSS solutions to individual challenges

Examples for the banking cluster

Topic: Carbon Accounting

- Different types of DEG FI clients aimed to establish an internal carbon accounting system based on international standards



BSS solution: Design tailor-made tender, identify and contract suitable international experts for individual challenges of the different FI types

- Review and establish GHG suitable data modeling and collection processes (aligned with PCAF) and support clients with process integration (incl. tool and capacity building)

Topic: Climate Strategy

- DEG clients are part of the Net-Zero Banking Alliance (NZBA) and have committed to become carbon neutral by 2050 and reach certain portfolio goals by 2030



BSS solution: Select expert to support the development of a full-fledged climate strategy until 2050

- Establish GHG baseline (PCAF accounting), support definition of asset class reduction pathways, initiate and prepare science based targets (acc. to SBTi) for 2030 and 2050
- Build internal capacity (incl. TCFD reporting) and conceptualize a delegated Climate TA Programme

Topic: Climate Risk Assessment

- DEG client has been confronted with regulatory requirements regarding short-term implementation of TCFD (in particular physical/ transition climate risks)
- Credit department required to better understand the physical/ transition climate risks of the client's portfolio



BSS solution: Design tailor-made tender, identify and contract suitable international experts with access and experience to scientific-based weather forecast data, to jointly

- scan the existing client portfolio on physical/ transition risks per region/ sector and implement climate risks into decision process
- develop adaptation measures to mitigate potential future physical/ transition climate risks and identify business opportunities
- response to the regulator and/ or to credit department respectively

Summary on DEG 2030: Impact / Climate Returns

Why we are embarking on this path

To address transformative megatrends of climate change, **SDGs**, because by adding value we can strengthen our market position



+ **Adequate, less volatile earnings**, for a stronger equity base, sustainable business performance under our own steam



+ **Focus** on impact/climate **and modernisation** agile, digital, professional, because we need both and they are mutually reinforcing



A new quality of **DEG**, future-proof, powerful

KFW DEG

>>> Thank you



Mehr als
Finanzierung
www.deginvest.de