



ImpactConnect

Lean financing of established German
companies in Vietnam

April 2024

DEG - Deutsche Investitions- und Entwicklungsgesellschaft

We shape transformation

DEG - Deutsche Investitions- und Entwicklungsgesellschaft

As a subsidiary of KfW, DEG is part of a strong banking group

KFW

Domestic promotion

We promote Germany

Mittelstandsbank & Private Clients

Digital
Retail business

Individual-financing & Public clients

Individual financing
solutions
& Municipal
Financing

Participation financing

Venture Capital
Investments

KFW

International financing

We ensure internationalisation

KfW IPEX Bank

International
Project &
Export financing

KFW IPEX-Bank

We promote development

KfW Development Bank

Developing and
Emerging markets:
Financial cooperation

KFW

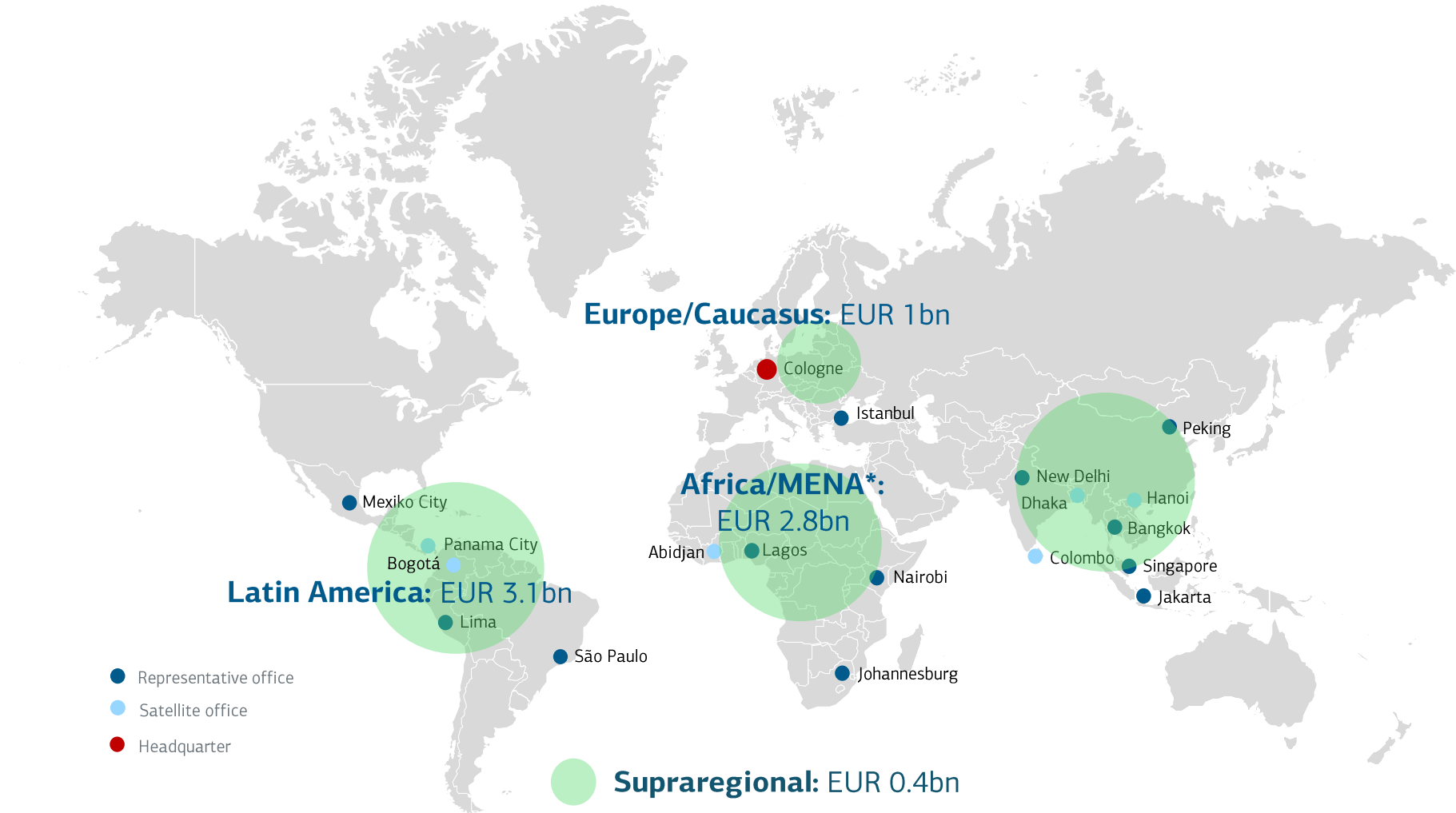
DEG

Developing and
Emerging markets:
Private sector
promotion

KFW DEG

DEG - Deutsche Investitions- und Entwicklungsgesellschaft

DEG-Portfolio 2023: Euro 10.3bn invested worldwide



* Middle East and North Africa

ImpactConnect
We finance progress

ImpactConnect

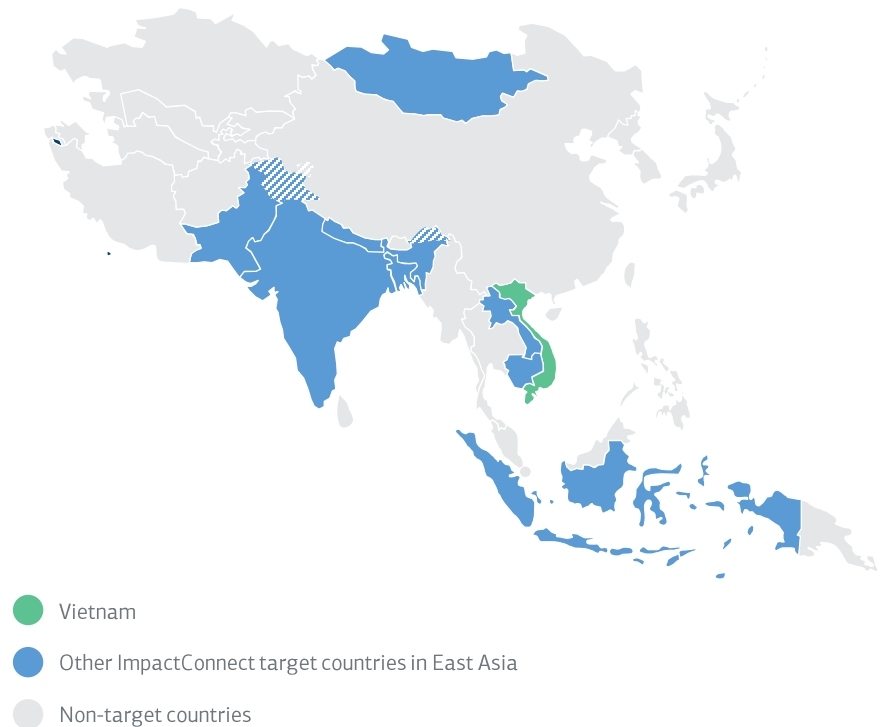
New in 2024: We provide lean financing for German companies in Vietnam

The programme

- Financing programme since 2019 (formerly AfricaConnect)
- Funded by the German Government (BMZ), operationally implemented by DEG
- Main Programme goals
 - **Foster German investments in Africa and – new! – in many other ImpactConnect target countries worldwide**
 - Create and maintain **good jobs at good working conditions**

Target clients

- German companies with proven track record and longstanding international experience, which are now about to invest in an ImpactConnect target country
- **Example:** Family-owned German “hidden champion” with 50 years of experience and subsidiaries worldwide is planning to set up or expand a production in Vietnam



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We offer unsecured loans up to 5m EUR directly disbursed to the local entity

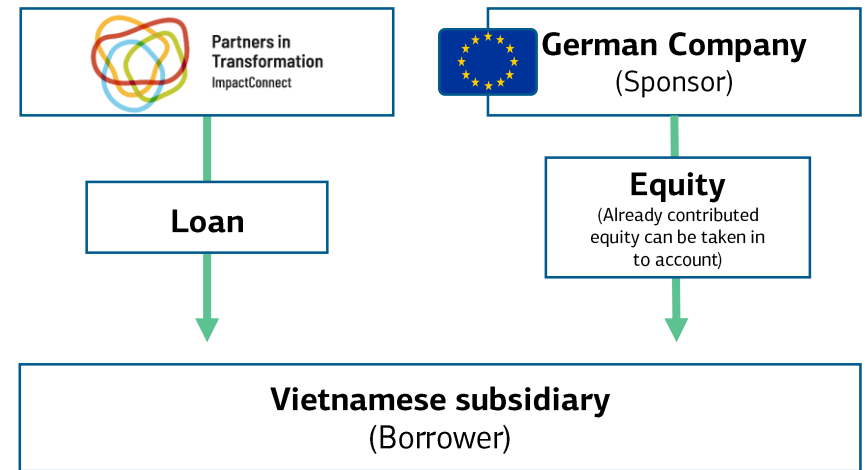
The offer

- Loans of **up to 5 m*** EUR (or USD & local currency equivalent)
- Direct disbursement to local entity
- Up to 7 years (optional grace period)
- **Risk-sharing** approach – usually without parent guarantee
- Risk-based E&S assessment with support in closing potential gaps
- Attractive conditions, with **interest rate reductions** for projects that have a particularly strong impact

Our promise

- No commitment fee
- No collateral
- No breakage costs
- No due diligence costs

* Subject to availability of funds and positive risk assessment



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E&S performance and Interest Reductions



E&S minimum requirements

- International minimum requirements must be **achieved** for general funding through the ImpactConnect programme
- Depending on the risk profile of the projects, incl. IFC Performance Standards
- What we offer:
 - **Free** environmental and social assessment
 - Monitoring of the implementation of measures
 - **Advisory and financial support** for measures to improve environmental and social performance possible in principle



More impact – lower interest rate

- Interest reduction **up to -200 bps** by overachieving the minimum requirements
- Max. -100 bps reduction for each Impact category*

* max. 50 bps for female empowerment

Better jobs

- Living wage
- Certified working conditions

Female empowerment

- Female founders/owners
- Female managers
- Fair conditions for female employees

Fair and sustainable supply chain





- Quality label
- Supply chain initiatives

Reduction of the carbon footprint

- CO₂ reduction targets
- Renewable energies
- Construction measures

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Check list

Financing of subsidiaries of established German companies in ImpactConnect target countries		Yes	No
	1. Eligible Country: Is there a (planned) investment in an eligible country? (e.g. Vietnam)	<input type="checkbox"/>	<input type="checkbox"/>
	2. German shareholder: Is the investment conducted by an <u>established</u> German company?	<input type="checkbox"/>	<input type="checkbox"/>
	3. Profitable group: Does the company have a profitable business model on group level? No start-up!	<input type="checkbox"/>	<input type="checkbox"/>
	4. Financing amount: Is there a financing demand between EUR 750,000 and EUR 5,000,000?	<input type="checkbox"/>	<input type="checkbox"/>



In case of four „yes“, the project is in principle suitable for an ImpactConnect financing*.

* Subject to availability of funds and a positive investment decision following the due diligence

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Success stories

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A success story

Steiff, Tunisia

- Soft toy production
- Securing more than 800 jobs
- Technological development and knowledge transfer



Building materials, Ukraine

- Production of building materials
- 60 new, permanent jobs
- Know-how transfer, essential product regarding reconstruction

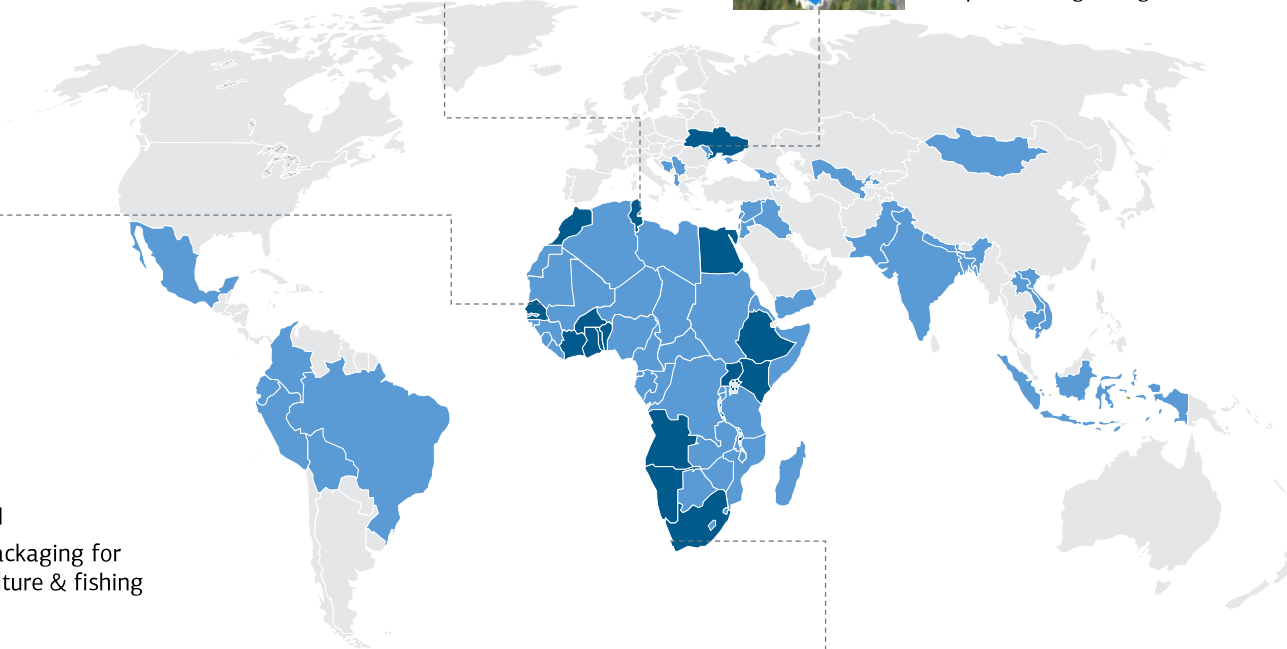


Klinge, Senegal

- Sustainable packaging for African agriculture & fishing industry
- 35 new jobs
- Innovative processing technology transfer

Weinert, South Africa

- Production of fiber optic cables
- 350 new jobs, 150 secured jobs
- Modern production processes and trainings



- ImpactConnect target countries
- Financed countries
- No target countries

188,9 €

Mio. EUR loan volume granted

61

Financings in 16 different countries
Top 3 targets: South Africa, Ghana, Tunisia

> 8.700

Jobs created

> 9.100

Jobs secured

Production of Steiff soft toys in Tunisia

The customer

- **Steiff**, the traditional German company known for its cuddly soft toys and high-quality children's fashion
- maintains its own production site in **Tunisia** additionally to its manufacturing facility in Giengen, Germany

The investment

- Financial support during the Covid-19 crisis
- Expansion of automation and digitalisation of production to ensure competitiveness

Developmental impact

- Safeguarding around 800 jobs
- Sustainability certification (GOTS)*
- Increasing productivity and efficiency

* GOTS: Global Organic Textile Standard; aims at defining globally recognizable requirements that ensure the organic status of textiles along the entire value chain (from harvesting of the raw materials through environmentally and socially responsible manufacturing all the way to labelling in order to provide credible assurance to the consumer).



Sustainable packaging for African agriculture & fishing industry

The customer

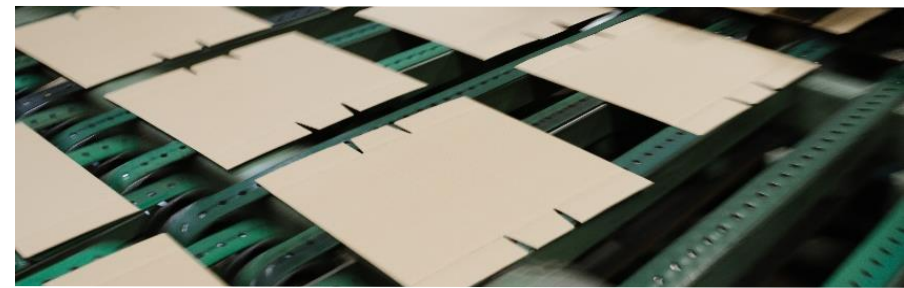
- The family-owned German **Klingele Paper & Packaging Group** is an international provider of paper and packaging solutions, established in 1920
- New subsidiary in **Senegal** to serve African agriculture and fishing industry

The investment

- Purchase of land, factory construction, purchase of machinery and operational equipment
- Installation of a rooftop solar power plant

Developmental impact

- Creation of approximately 35 jobs
- Introduction of new cardboard processing production process to Senegalese market
- Know-how transfer through training of local workforce



Construction of a production facility for building materials in Ukraine

The customer

- The German group is a manufacturer of high-quality building high-quality materials, incl. Mortar, plaster and thermal insulation systems
- The group has been active in **Ukraine** through its subsidiary since 2007

The investment

- Construction of a new, additional production facility for building materials in Lviv to expand local production capacities
- Linking various BMZ and BMWK instruments: in addition to financing from ImpactConnect, the company receives an investment guarantee from the German government to cover war risks as well as conversion and transfer risks

Developmental impact

- The production of building materials is of significant importance for reconstruction in Ukraine.
- 60 new, permanent jobs will be created.
- Offer of application-related training for end customers in Ukraine



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