Sustainability - the new paradigm in corporate management

The Challenge

The market position of all corporations will be increasingly determined by their competence in the area of sustainability. Sustainability poses a new challenge to the financial community and also opens up new opportunities within value-generating areas of action.

Areas of Action for Deutsche Bank

- **Management competence**
  - Strategic cross-department tasks, TQM
  - Ecological, economic, social issues (regional, national, global)
  - Coordinate efforts with other business areas, industries
  - Global governance activities (NGOs, governments, businesses)

- **Core business area**
  - Advising and counseling: maximizing opportunities, minimizing risks
  - Lending business/project finance/structured finance: Credit Policy
  - Capital investments: development of new models, sustainability-oriented indices

- **Engagement in sustainable livelihoods**
  - New business-orientation (development of lasting concepts such as micro-credit funds)
  - New forward-looking market segments

Added Value

- Active networks
- Innovation
- Securing markets and developing new market areas
- Potential to minimize risk
Deutsche Bank Microcredit Development Fund

Goal
- An innovative loan fund serving as a catalyst to foster market based relationships between Microfinance Institutions (MFIs) and local commercial banks – a sustainable source of capital enabling them to grow to scale and achieve self-sufficiency

Background
- Established in 1997
- Managed by Deutsche Bank Americas Foundation
- Offers low-interest loans to Micro Finance institutions around the world
- Capitalization = approx. US Dollar 1.7 million to 19 institutions
- Funds from Bank and Private Clients (minimum contribution US Dollar 50,000)
Deutsche Bank Microcredit Development Fund

A typical Deutsche Bank Microcredit Development Fund Loan Structure

- 2 percent annual interest rate
- Quarterly interest payment in US Dollars
- 5 year maturity
- No amortization of principal

Partnerships around the world

- Accion International
- Asian Development Bank
- Grameen Bank and Grameen Foundation USA
- International Finance Corporation
- SHARE Group
- Women’s World Banking
- World Bank
Microcredit and Sustainability

Commitment

- **Global**
  Microfinance support provided irrespective of Deutsche Bank business presence. We believe that supporting entrepreneurs is the key to developing future markets

- **Sustainable**
  Triple-bottom line effect - an all-encompassing part of Deutsche Bank’s business policy: Microfinance has the power to positively affect economy, ecology and society without an on-going reliance on charity

- **Inclusive**
  Deutsche Bank employees around the world are becoming increasingly involved through working groups and in-country relationships
UNEP Finance Initiatives

UNEP Finance Initiatives (FI)

- Conceived at the Rio Earth Summit
- Growth from 1992-2001: from 6 banks to 270 financial institutions
- UNEP FI statements of commitment
  - Banking sector: Financial Institutions Initiative (FII): 180 financial institutions
  - Insurance sector: Insurance Institutions Initiative (III): 90 insurance companies

UNEP Financial Institutions Initiative (FII)

- Goal: to promote sustainability excellence across the finance sector
- Specialist working groups
  - Asset Management/Climate Change/Environmental Management and Reporting
  - Finance Sector Report for World Summit for Sustainable Development 2002, Johannesburg

Deutsche Bank

- Founding member and Co-author of UNEP declaration
  “A statement by Banks on the Environment and Sustainable Development”
- Chairposition since 2000: Hanns Michael Hölz, Deutsche Bank Global Head of Sustainable Development
UN Global Compact

Overview

- Background: 1999 Davos WEF, Kofi Annan challenges world business leaders to “embrace and enact” a set of universal principles
  - Human Rights/Labor/Environment
- Global Compact Inaugural Meeting July 26, 2000, New York City
  - 40 Corporations, NGOs, CSOs
- At present
  - 400+ corporations have signed
  - Regional support networks established and growing

Deutsche Bank

- Original signatory and Member of Kofi Annan’s Advisory Council
- Active support
  - “Friends of the Global Compact-Germany”/Learning Forum
  - Awareness in general public, encouragement of other corporations
  - Best-practice: Deutsche Bank Microcredit Development Fund/Sustainable Development
Global Reporting Initiative (GRI)

Overview

- Multi-stakeholder process to develop, promote and disseminate a generally accepted framework for voluntary reporting of the economic, environmental and social performance of organizations
- Conceived by the Coalition for Environmental Responsible Economies (CERES) in late 1997
- Inauguration of the GRI: April 4th, 2002, United Nations, New York City

Deutsche Bank

- Member of the Board of Directors (14 total members)
- Part of Deutsche Bank’s governance philosophy
- Opinion leader and institution builder
Global Reporting Initiative (GRI)

Mission
- Elevate economic, environmental and social reporting to routine practice and to the highest standards of rigor and comparability
- Design and continually improve reporting guidelines reflecting the three dimensions of sustainability: economy, environment and society
- Create a global and independent institution to become steward of the Guidelines

Why Companies use the Guidelines
- Benchmark/enhance efficiency
- Internal management improvements
- Stakeholder consultation
- Attract employees and investors
- Manage risk and protect reputation
- Competitive advantage
The Bellagio Forum for Sustainable Development

- Founded in 1993

- International network of foundations, NGOs, media institutions and corporations (MacArthur, Reuters, Rockefeller, Shell, Sony, World Bank, Deutsche Bank Americas Foundation, etc.)

- Catalyst between private sector, civil society, academia and government to design and implement sustainability projects

- Projects and programs designed to be innovative, transnational, interdisciplinary in scope

- 4 types of projects and programs: Policy/Research/Sustainable livelihoods/Media

- WSSD Statement
  - Endowment Asset Management
  - Creating a market for Socially Responsible Investment (SRI)
Sustainability - A Challenge for Management

- **Commitment**
  Courage and vision, Sustainability-Guidelines clearly anchored in the corporate policy, positioned as a management function and establishment of a management system

- **Concepts**
  Quantifiable and qualifiable target definitions, strategic and operational integration as a corporate-wide issue, innovation

- **Competence**
  High quality and performance standards, establishment of steering and control functions, analysis and complete utilization of synergies/interdependencies, systematic evaluation, development of knowledge management

- **Connections**
  Establishment of a targeted and efficient networking, new access-strategy for the national and global knowledge and information transfer, strategic alliances and co-operation with worldwide organizations

- **Communication**
  Transparency of business decisions, concrete definition of the activities, continuous dialog with stakeholders
Sustainability: “Think global – act local“

Government, NGOs, Business
Nations, Multinational Institutions, Globalized Economy, Financial World, Media, Civil Society

Dialog

Values

Cooperation

Projects

Sustainable Results

Sustainable Global Governance
Peace Parks Foundation

What are Peace Parks?

- **Concept**
  - Preserving the environment/biodiversity
  - Sustainable economic development/job creation
  - Regional stability/Promoting neutral understanding

- **Training**
  - Wildlife college (conservation managers, game rangers, field guides)

- **Employment**
  - College for Tourism (guesthouse managers, owners, operators)

- **Trans-national**
  - Cooperation between nations and the beneficial economic results

**Deutsche Bank**

- Help to establish charitable entities throughout Europe
- Access to Private Client Network
- Facilitate contacts to Deutsche Bank partners (Foundations, NGOs, Governments and others)