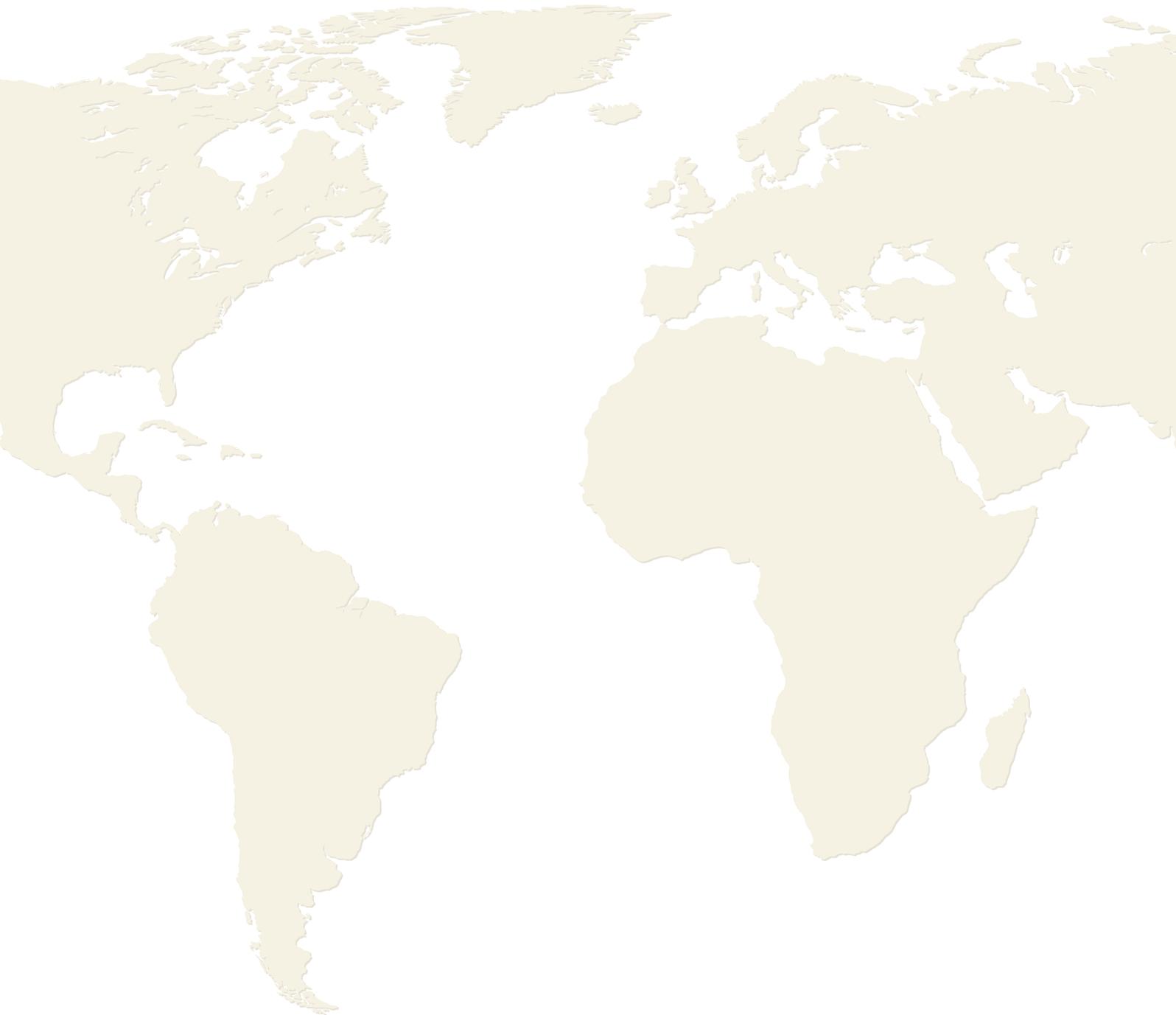


»» Sustainability Report

Facts and Figures Update 2013



»» Foreword



» We measure the success of our work by primarily asking one question: what has KfW achieved for the people and their environment?

Dr. Karl Ludwig Brockmann

Dear reader,

As one of the leading promotional banks in the world, the KfW Group assumes responsibility for the economy, society and the environment. We measure the success of our work by primarily asking one question: what has KfW achieved for the people and their environment?

You would like to know how the promotional, funding and advisory offerings of the KfW Group are developing in Germany, Europe and around the world. But it is equally of interest for you what services and offerings KfW uses to meet its responsibilities vis-à-vis its employees. Or whether we are succeeding in reducing corporate use of energy, water and paper even further.

Alongside the Sustainability Reports issued every three years, with this Facts and Figures Update KfW is publishing a comprehensive interim report for the first time comprising key indicators on sustainability and covering topics such as sustainable financing, in-house environmental protection, staff as well as social commitments. The developments in 2012 presented on the following pages demonstrate that KfW, as a “bank committed to responsibility”, is still making good progress towards consistently sustainable business activity.

We trust this makes yet another contribution towards presenting our activities in a transparent manner and look forward to entering into further dialogue with you.

Best regards,



Dr Karl Ludwig Brockmann
KfW Group Officer Environment and Sustainability

»» Contents

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»» About this report

The KfW Group began producing regular reports on environmental performance in 1995 and has been reporting on its social responsibility since 2006. To this end, it publishes a Sustainability Report every three years, most recently in 2012. This Sustainability Report | Facts and Figures Update 2013 refreshes the key figures from the “Sustainability Report 2012 – What We Do” as audited by the auditing organisation PwC to reflect the 2012 reporting year.

For more information on the sustainability commitments of the KfW Group, including sustainability management and guidelines, please refer to www.kfw.de/nachhaltigkeit



KfW's West Arcade in Frankfurt am Main: one of the most energy-efficient office buildings in the world

¹⁾ For more information, please refer to <https://www.kfw.de/nachhaltigkeit/KfW-Konzern/Nachhaltigkeit/Berichterstattung/Nachhaltigkeitsbericht-2012/>

»» Sustainability as a business target

As one of the leading promotional banks in the world the KfW Group has supported sustainable improvements to economic, environmental and social living conditions at local, national, European and global level since its establishment in 1948. Both in our promotional transactions and in our own business processes we see ourselves as a “bank committed to responsibility”, and, as such, we take responsibility for the current as well as for future generations.

In the past years, KfW has focused its business activity even more on developments and sustainability criteria that are relevant for society. To achieve these objectives in the best possible way, the Group pursues a consistent approach of applying a strategic focus process on its core business, which comprises two elements:

Firstly, the promotional portfolio is adjusted to more strongly reflect current thematic issues.

Secondly, the quality of promotion at product level is steadily improved. The KfW Group subjects large parts of the product portfolio to ongoing evaluations based on standardised quality criteria. High-quality products are enhanced, while lower-quality products are gradually phased out. As a responsible promotional bank operating on a subsidiary basis, the quality of our business is a priority.

The focal point “Climate change and the environment” is of core importance for the KfW Group’s promotional activities (see chart on page 6). The amount of finance dedicated to this area rose consistently throughout the reporting period.

»» We take responsibility for the current and future generations.



Funding provided by KfW: conservation areas help to preserve biological diversity.

»» Current challenges

1. Climate change and the environment

Combating climate change and protecting our natural environment

2. Trend-independent promotional themes

Safeguarding competitiveness in a globalised world and promoting technological progress

3. Globalisation and technological progress

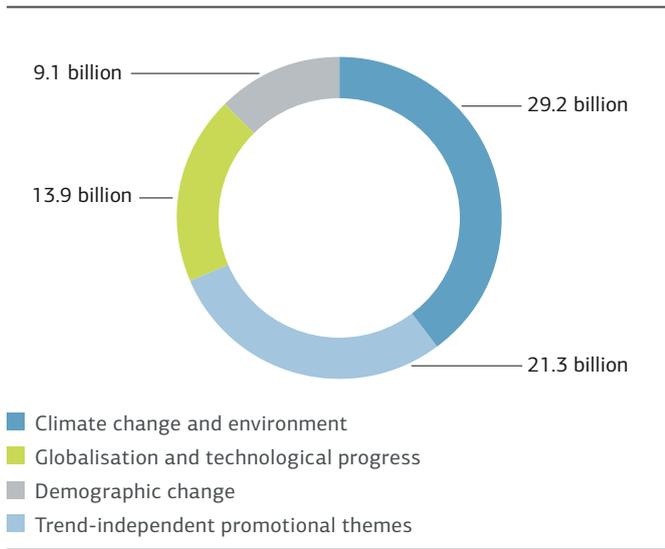
Tackling demographic change

4. Demographic change

Alongside the three megatrends set out above, KfW has identified vital challenges – regardless of trends – in combating poverty, general corporate financing (especially for small and medium-sized enterprises (SMEs)) as well as start-up financing.

In 2012, commitments in this field totalled EUR 29.2 billion, or almost 40% of all promotional funding of the bank (2010: 31%; 2011: 32%). In order to reflect the importance of this priority theme and consolidate past achievements for the long term, KfW aims to dedicate roughly 33% of funding to environmental issues over the next years.

Total commitment volume of KfW Group in 2012
by priority theme, in EUR



Source: KfW.

»» Totalling EUR 29.2 billion, the focal point “Climate change and environment” is of core importance.

Valuation of environmental and social risks in core business

An environmental and social impact analysis (ESIA) is a key part of examining projects in relation to promoting developing and transition countries as well as with export and project finance, especially in countries outside the EU and the OECD. In this context, cofinanced projects are systematically checked for any negative impacts. The ESIA also determines protection and compensation measures, which are supervised as part of a monitoring programme.

KfW Development Bank uses internationally recognised environmental and social standards for the ESIA and climate reviews. These include the World Bank’s Safeguard Policies and the Environmental, Health and Safety Guidelines of the World Bank Group.

Since 1 January 2012, KfW IPEX-Bank and DEG have applied the revised policies on environmental and social impact analyses when reviewing financing; these are also relevant for KfW Development Bank projects when working together with the private sector on public-private partnership schemes. The rules and policies of IFC dating from 2006 were subject to an intensive revision until the end of 2011, and the new version entered into force at the beginning of 2012.

Impacts of promotion

The KfW Group evaluates the impacts of its financing, but the scope of evaluation and procedures used are different for each business area and subsidiary.

KfW assesses the impact of key domestic programmes in relation to various priority themes. For example, within the climate change and environment focal point, KfW evaluates the renewable energy promotion programmes (see following table). In 2012, these programmes made commitments of about EUR 7.1 billion, which generated total investment of EUR 10.0 billion in Germany. Thanks to the facilities funded in 2012, approximately 6.6 million tonnes of greenhouse gas emissions and energy imports of EUR 460 million were saved in annual terms.

Impact of KfW renewable energies programmes in Germany¹⁾

| | 2010 | 2011 ²⁾ | 2012 ²⁾ |
|--|--------|--------------------|--------------------|
| Commitment volume (EUR in billions) | 8.9 | 6.3 | 7.1 |
| Investments financed (EUR in billions) | 11.0 | 8.3 | 10.0 |
| Jobs created and secured (for one year) | 61,700 | 56,800 | 73,500 |
| Reductions in greenhouse gas emissions (CO ₂ equivalents per annum in million tonnes) | 4.8 | 5.1 | 6.6 |
| Fossil fuel imports avoided (per annum in EUR million) | 350 | 430 | 460 |

Source: Centre for Solar Energy and Hydrogen Research, Baden-Württemberg (ZSW) (2010, 2011).

»» Thanks to the renewable energy facilities funded in 2012, approximately 6.6 million tonnes of greenhouse gas emissions are saved each year.

1) Excluding projects financed in other countries. Does not include KfW IPEX-Bank project finance in Germany.

2) For the purpose of comparability, the new KfW offshore wind energy programme introduced in 2011 has been omitted.

Energy-efficient construction and refurbishment programmes for private individuals and municipalities were also evaluated under the heading of domestic promotion (see following table). KfW approved around EUR 10.1 billion in commitments in 2012, which in turn mobilised a total of around EUR 27.3 billion in investment. Construction activities undertaken in this year are expected to reduce annual greenhouse gas emissions by approximately 832,300 tonnes.

Impact of KfW's energy-efficient construction and refurbishment programmes

| | 2010 | 2011 | 2012 ³⁾ |
|---|---------|---------|--------------------|
| Commitment volume (EUR in billions) | 8.9 | 6.6 | 10.1 |
| > Federal Government funds (EUR in billions) | 1.37 | 0.93 | 1.42 |
| Investments financed (EUR in billions) | 21.5 | 18.6 | 27.3 |
| Housing units financed ¹⁾ | 953,000 | 282,000 | 358,000 |
| Reductions in greenhouse gas emissions (CO ₂ -equivalents per annum in million tonnes) ²⁾ | 1,039.0 | 576.8 | 832.3 |
| Jobs secured (for one year) | 289,000 | 253,500 | 373,000 |

Source: KfW.

1) In cases involving support under several programmes simultaneously, figures are counted twice.

2) Reductions in annual CO₂ emissions due to the measures supported in the given year

3) Preliminary estimate

KfW Development Bank assesses the impacts of the projects financed on behalf of the Federal Government on the basis of random sector sampling, a technique that covers around 50% of all projects. The actual development impact of these measures is calculated using the OECD Development Assistance Committee (DAC) criteria. The five criteria are as follows: relevance, effectiveness, efficiency, overall developmental impact and sustainability.

Sectoral success rates of KfW Development Bank

Projects evaluated in 2011/2012

| Sectors | Total number | Funding EUR in millions | Success rate ¹⁾ in % |
|--|--------------|----------------------------|------------------------------------|
| Social infrastructure | 65 | 538.6 | 80.0 |
| Education | 8 | 60.7 | |
| Health care | 12 | 107.7 | |
| Population policy/programmes and reproductive health | 10 | 64.0 | |
| Water supply, sewage and waste management | 30 | 269.0 | |
| State and civil society | 5 | 37.2 | |
| Economic infrastructure | 13 | 181.5 | 92.3 |
| Transport and storage | 7 | 42.2 | |
| Communication | 1 | 7.5 | |
| Energy generation and supply | 5 | 131.8 | |
| Financial sector | 21 | 140.0 | 85.7 |
| Finance | 21 | 140.0 | |
| Production sector | 9 | 58.3 | 77.8 |
| Agriculture, forestry and fisheries | 8 | 49.3 | |
| Industry, raw materials and mining, construction | 1 | 9.0 | |
| Cross-sectoral/structural aid | 21 | 122.1 | 90.5 |
| General environmental protection | 3 | 12.3 | |
| Other multi-sector measures | 14 | 83.9 | |
| Emergency relief and corresponding services | 2 | 12.2 | 100 |
| General budgetary assistance | 1 | 10.0 | |
| Debt relief | 1 | 3.8 | |
| Total | 129 | 1,040.5 | 83.7 |

1) Ratio of successful projects (based on number)

Differences in the totals are due to rounding.

Source: KfW.

Sustainability is particularly important as part of the overall assessment. As a rule, a project can only be considered successful if its level of sustainability is evaluated as “satisfactory” or better.

The success rate of projects evaluated in 2011 and 2012 was around 80%, similarly to previous years. The evaluations are used for quality control purposes to learn from past experience and to further improve project measures and development concepts.



Setting up a solar module, Morocco

With DEG funding, an evaluation of new commitments in 2012 found that the developmental quality of the projects financed had improved year-on-year, with an average rating of 2.0 (2011: 2.4). As a result of the investment commitments made in 2012, roughly 164,000 jobs are expected to be created or secured at companies co-financed by DEG. There are also around 271,000 employees at suppliers of the co-financed companies and at end borrowers in financial sector projects.

Additionally, the companies will contribute an anticipated EUR 827 million in annual tax revenues in partner countries, as well as generating annual net foreign exchange revenues of around EUR 4.1 billion per year. This income can be used to reduce national deficits, facilitate investment and boost foreign exchange revenues in the long term.

»» The average development quality rating of 2.0 for DEG promotion represents a further improvement on the previous year.

Impact of DEG promotional activities

| | 2010 | 2011 | 2012 |
|---|---------|---------|---------|
| DEG commitment volume EUR in billions | 1.2 | 1.2 | 1.3 |
| Total investment mobilised EUR in billions | 7.8 | 6.8 | 12.1 |
| Development policy rating (from DEG's business policy rating) | 2.6 | 2.4 | 2.0 |
| Total jobs created and secured (estimated) | 237,000 | 238,000 | 435,000 |
| > of which new jobs | 11,000 | 18,000 | 22,000 |
| Government revenue (per annum, estimated), EUR in millions | 490 | 790 | 827 |
| Net foreign exchange revenues (per annum, estimated), EUR in millions | 2,700 | 690 | 4,102 |

Source: DEG.

»» Responsibility on the capital market

Result of sustainability rating

Companies are given a sustainability rating based on their sustainability performance and holistic, forward-looking corporate governance. In the latest sustainability ratings from the three main sustainability rating agencies of Sustainalytics, oekom research and imug, KfW managed to maintain or improve its already excellent rating.

In KfW's latest sustainability rating, the current sustainability guidelines, the guideline on responsible procurement, the development of the sustainable investment approach for the liquidity portfolio, the transparent presentation of processes and standards for the environmental and social impact assessment as well as KfW IPEX-Bank's commitment to the Equator Principles were all considered positive in comparison to the previous ratings.

Portfolio management

In 2006, as one of the first German signatories of the "Principles for Responsible Investment (PRI)" initiative of the United Nations, KfW committed to making its own investments in fixed-income and variable-interest securities from the perspective of socially responsible activity. More than 90% of the securities business in the narrow sense fulfilled these criteria at the end of 2012. This is the liquidity reserve of KfW, which amounted to EUR 21.1 billion as of 31 December 2012.

Implementing PRI in KfW's portfolio management involves three stages: alongside the creditworthiness analyses, "ESG" criteria (Environmental, Social and Governance) are included in the investment decisions. For non-governmental issuers, exclusion criteria apply. Finally, KfW communicates its procedures and results to its portfolio issuers.

From KfW's perspective, investors employing sustainable approaches on the capital market play an important role in tackling global challenges. This is why KfW got involved in a PRI initiative working group in 2012, which deals with ESG risks and the integration of ESG criteria in fixed-income securities. Additionally, KfW supported a project of the United Nations (E-RISC), which demonstrates the need to integrate ecological risks in valuations of states.

»» More than 90% of the securities business is based on investments backed by socially responsible activity.



82 out of a maximum 100 points, second place among 73 non-listed banks worldwide. (2011: third place with 73 points)



Prime Award within the group of the best valued financial institutions in the world; as in 2011, the sustainability rating is B- (on a scale of D- to A+).



In the sustainability assessments of issuers, KfW is ranked the best of all the German financial institutions assessed (published for KfW for the first time in 2012). Furthermore, KfW also came out on top overall among eight global promotional banks assessed.

»» In-house environmental protection

What applies on a large scale for Germany also goes for KfW on a smaller scale: pushing through the energy turnaround. The first successful steps have been made. Since 2008 KfW has only used green power in its own and in some rented buildings. But what is more important is the general reduction in energy consumption, and KfW is making good progress here, too.

Energy consumption

In 2012 the per-capita energy consumption was reduced again, even though total consumption rose slightly. The reasons for this include the many large events in DEG's jubilee year of 2012.

Energy consumption of the KfW Group energy in Germany

| in MWh | 2010 | 2011 | 2012 |
|-------------------------------------|---------------|---------------|---------------|
| Standard grid power | 0 | 0 | 0 |
| Green power | 19,286 | 20,100 | 21,270 |
| Cogeneration unit (own use) | 1,633 | 1,590 | 1,799 |
| Photovoltaic (own use) | 18 | 22 | 9 |
| Photovoltaic (fed into grid) | 46 | 52 | 60 |
| Emergency power generators (diesel) | 76 | 16 | 0 |
| Natural gas | 23,164 | 17,275 | 17,469 |
| Heating oil | 430 | 620 | 618 |
| District heating | 640 | 447 | 589 |
| Solar thermal energy | 19 | 25 | 5 |
| Wood pellets | 444 | 884 | 1,031 |
| Total | 45,756 | 41,031 | 42,850 |

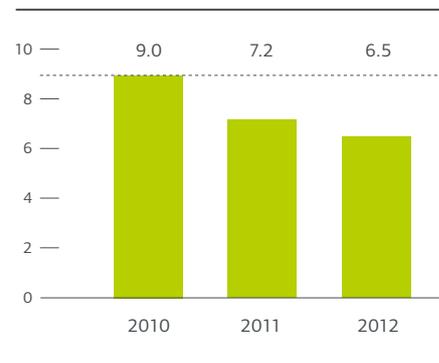
Source: KfW.

The number of employees rose from 5,114 (2010) to 5,717 (2011) and then to 6,642 (2012). Due to the specific data collection methods used, these figures may diverge slightly from other KfW staffing figures published in this report and other KfW publications. External employees are also captured here as they generate consumption too, and their number has risen.

All the numbers regarding in-house environmental protection are rounded.

»» 0,0 MWh
Energy consumption from standard grid

Energy consumption per employee (in MWh)



Source: KfW.

Business travel

From 2011 to 2012 the volume of business travel rose by roughly 10%. Alongside kilometres driven using diesel cars (up 28%), the strongest growth was recorded by international flights (+18%). At the same time, domestic flights decreased by approximately 33% and the number of kilometres driven with petrol-fuelled cars by 63%.

Virtual meetings instead of business travel. There are more than 50 meeting rooms at KfW equipped with video conferencing technology for virtual discussions. Over 7,800 of the roughly 40,000 meetings held in 2012 (in reserved meeting rooms) were virtual meetings at KfW. Internal discussions made up 90% of these meetings, while 10% involved external business partners in Germany and abroad. Further growth is anticipated for 2013.

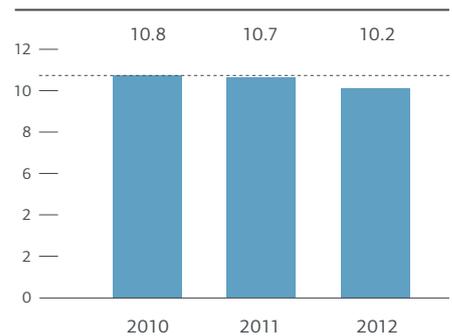
»» Overall there were more than 7,800 virtual meetings at KfW in 2012.

Business travel at KfW

| in '000 km | 2010 | 2011 | 2012 |
|--------------------------|---------------|---------------|---------------|
| Car (petrol) | 230 | 285 | 104 |
| Car (diesel) | 3,260 | 3,387 | 4,335 |
| Car (natural gas) | 117 | 57 | 50 |
| Railway | 4,494 | 4,332 | 4,923 |
| Domestic flights | 6,313 | 8,471 | 5,696 |
| European flights | 5,538 | 5,719 | 6,647 |
| Intercontinental flights | 35,201 | 39,083 | 46,011 |
| Total | 55,153 | 61,334 | 67,766 |

Source: KfW.

Business travel per employee (in '000 km)



Source: KfW.

CO₂-emissions

KfW feels compelled to reduce carbon dioxide emissions in accordance with the global target of steadily restricting global warming to 2°C. This cannot be achieved via energy savings and buying green power alone. All outstanding CO₂ emissions linked to building energy usage and business travel at KfW have therefore been offset since 2006. KfW's CO₂ emissions rose slightly from roughly 12,800 tonnes CO₂ (2011) to around 13,600 tonnes (2012). International flights are the main reason for the increase in emissions. This is a direct consequence of the continued growth in business activities. In spite of the higher overall emissions, the per capita emission figure fell by 10%.

In future, KfW will be relying even more on efficient and environmentally friendly vehicles in its fleet. From the end of 2013 there will also be a second completely electric car (BMW i3) in use alongside various hybrid vehicles. These measures will help to achieve the objective for the period 2013–2014 to reduce the CO₂ emissions of the administration and fleet vehicles to less than 130 g/km.

KfW contributes directly to expanding the infrastructure for electric vehicles in Germany, including at its own locations. In 2012 the Group installed charging stations in Frankfurt am Main, Berlin and Bonn. Staff, visitors and the bank's electric fleet can use the charging stations free of charge. As all of KfW's electricity comes from renewable energy sources, the charging stations are fully carbon-neutral.

KfW CO₂ emissions

| in t | 2010 | 2011 | 2012 |
|---|---------------|---------------|---------------|
| Direct and indirect energy consumption in Germany ¹⁾ | 6,016 | 4,578 | 4,670 |
| Total business travel ²⁾ | 7,481 | 8,255 | 8,881 |
| Total | 13,497 | 12,833 | 13,551 |

Source: KfW.

1) Grid electricity, emergency diesel power generators, natural gas, heating oil, district heating and wood pellets; The green power purchased by the KfW Group is accounted with an emissions factor of 0 kg CO₂.

2) Car, rail and air travel. Calculated based on the Gemis database

Water consumption

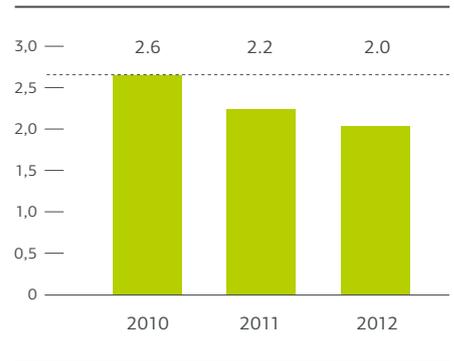
The massive consumption of water is based on an increase in use at the premises in Berlin totalling roughly 9,000 m³. Construction work at the Unter den Linden underground station required a significant reduction in the level of groundwater. Accordingly there was less strata water available at KfW's premises, which is used among other things for cooling, with more drinking water being used instead.

KfW Group water use in Germany

| in m ³ | 2010 | 2011 | 2012 |
|---|---------------|---------------|---------------|
| Drinking water | 80,700 | 80,400 | 86,709 |
| Other process water (rainwater and groundwater) | 9,900 | 11,800 | 10,000 |
| Total | 90,600 | 92,200 | 96,709 |

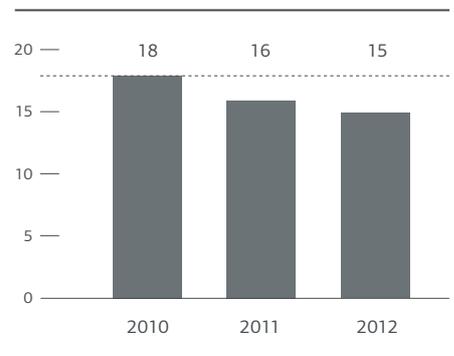
Source: KfW.

CO₂ emissions per employee (in t)



Source: KfW.

Water consumption per employee (in m³)



Source: KfW.

Paper consumption

Encouragingly, per capita consumption of paper has fallen continuously in recent years. The marked increases in relation to publications are closely related to the launch and rollout of a new corporate design in 2011 and new series of publications.

The strong fluctuations in consumption are mainly attributable to the order month. If, for example, a larger order is placed in December 2010, this quantity is listed in the 2010 financial year, but will be used in the 2011 financial year, and this statistically results in lower annual consumption.

KfW Group paper consumption in Germany

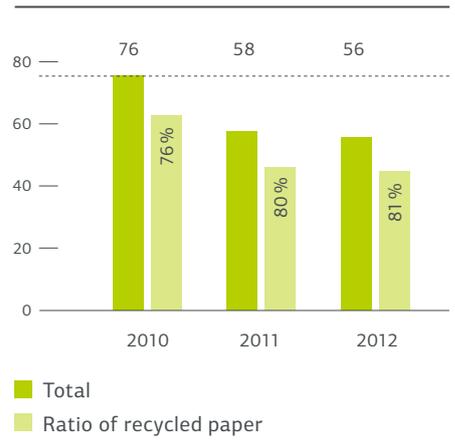
| in kg | 2010 | 2011 | 2012 |
|--|----------------|----------------|----------------|
| Recycled paper ¹⁾ (Blue Angel) | 311,800 | 261,100 | 289,450 |
| Writing paper ¹⁾ (Blue Angel recycled paper) | 10,200 | 4,300 | 9,214 |
| Virgin fibre paper | | | |
| > Promotional literature (FSC mixed sources label) | 62,500 | 66,400 | 70,284 |
| > Totally chlorine free (TCF) ¹⁾ | 3,600 | 700 | 20 |
| Total | 388,100 | 332,500 | 368,968 |

Source: KfW.

1) Refers solely to 80 g A4 printer and copier paper.

Paper consumption per employee

(in kg)



Source: KfW.

Waste

Both the overall amount and the waste quantity per capita were reduced from 2011 to 2012. Reducing waste quantities further is still an ongoing objective.

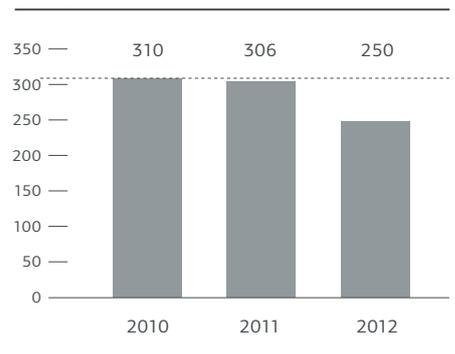
Waste generated by KfW Group in Germany

| in t | 2010 | 2011 | 2012 |
|-----------------------------|--------------|--------------|--------------|
| Non-hazardous waste | 1,557 | 1,732 | 1,658 |
| > paper for recycling | 388 | 365 | 291 |
| Hazardous waste | 26 | 20 | 14 |
| Total combined waste | 1,583 | 1,752 | 1,672 |

Source: KfW.

Waste generated per employee

(in kg)



Source: KfW.

»» The women and men on our staff

Staff are a key component of the current and future success of the entire KfW Group. Fair compensation, equal opportunities, a healthy work-life balance and various instances of professional and health-care support all constitute important parts of HR policy.

In 2012 there were various internal modernisation projects in place regarding strategic focus, improvements to professionalism, higher efficiency and customer orientation. The same sustainability requirements apply when implementing these modernisation efforts as for KfW's HR policy on the whole. For example, KfW rules out operations-related redundancies within the framework of the modernisation activities.



KfW canteen, Frankfurt am Main

»» Staff are a key component of the current and future success of the entire KfW Group.

A regular staff satisfaction survey was introduced, which was carried out at the end of the year for the first time with high participation from staff. Furthermore, KfW has also targeted supporting the modernisation process with further improvements to KfW culture. In view of this objective the Executive Board launched a Gender Balance concept in 2012.

Since 2001 KfW has regularly been certified by the Hertie Foundation that conducts work-life balance audits; DEG obtained its first certificate in 2012. KfW IPEX-Bank took part in the "Top Employer" competition in 2012 again, and received an award.

Personnel structure

Growth in personnel in 2012 met expectations and had a positive impact on the ongoing modernisation process.

The ratio of employees not subject to collective bargaining agreements remained constant at roughly two thirds. The part-time ratio rose compared to the previous year and totalled 21.3 % at the end of the year.

Personnel structure of the KfW Group

| | 2010 | 2011 | 2012 |
|---|------------|------------|------------|
| Total workforce¹⁾ | | | |
| KfW Group ²⁾ | 4,816 | 5,063 | 5,433 |
| KfW | 3,777 | 4,010 | 4,318 |
| KfW IPEX-Bank | 535 | 531 | 586 |
| DEG | 482 | 505 | 516 |
| Employees covered by collective wage agreements (in %) | | | |
| KfW ³⁾ | 27.6 | 28.6 | 27.8 |
| KfW IPEX-Bank ⁴⁾ | 12.8 | 16.5 | 17.9 |
| DEG ⁵⁾ | 30.3 | 30.2 | 30.2 |
| Employees with fixed-term contracts (in %) | | | |
| Group | 13.2 | 13.9 | 11.7 |
| KfW | 13.6 | 13.9 | 12.6 |
| KfW IPEX-Bank | 3.6 | 7.5 | 8.5 |
| DEG ⁶⁾ | 7.3 | 8.5 | 8.3 |
| Part-time staff (in %) | | | |
| KfW | 18.9 | 20.2 | 21.3 |
| KfW IPEX-Bank | 11.2 | 12.4 | 13.7 |
| DEG ⁶⁾ | 13.1 | 12.7 | 14.0 |
| Staff costs (EUR in millions) | 448 | 461 | 552 |

1) All figures quoted in this chapter are taken from the bank's HR statistics as at 1 December.

2) Including Finanzierungs- und Beratungsgesellschaft mbH (FuB; fully owned by the bank) and consolidated companies

3) Includes employees paid on an hourly basis, except vocational trainees

4) Including graduate trainees

5) Excluding vocational trainees and interns

6) The figures differ from those in the 2012 Sustainability Report as the data collection method was adjusted.

Source: KfW, KfW IPEX-Bank, DEG.

Length of service and turnover

The modernisation process that is currently ongoing shows that the staff identify very strongly with their responsibilities and KfW. This is reflected in the persistently low turnover ratio.

The modernisation and transformation process included what will be a regular staff satisfaction survey, carried out for the first time in 2012, in which employees are asked for their opinions on important issues regarding KfW and their work, thereby making a constructive contribution to change.

»» The staff identify themselves very strongly with their responsibilities and with KfW.

Length of service and turnover in the KfW Group

| | 2010 | 2011 | 2012 |
|---|------|--------------------|------|
| Average length of service (in years) | | | |
| KfW | 11.7 | 11.4 | 11.2 |
| KfW IPEX-Bank | 7.7 | 7.8 | 7.8 |
| DEG | 10.3 | 10.4 | 10.0 |
| Employee turnover (in %) | | | |
| KfW ¹⁾ | 2.2 | 3.3 | 2.6 |
| KfW IPEX-Bank ¹⁾ | 5.1 | 12.8 ²⁾ | 5.3 |
| DEG ³⁾ | 6.4 | 2.0 ⁴⁾ | 4.0 |

1) Excluding fixed-term contracts

2) 38 employees were transferred to KfW in 2011.

3) Including fixed-term contracts

4) The figures differ from those in the 2012 Sustainability Report as the data collection method was adjusted.

Source: KfW, KfW IPEX-Bank, DEG.

Vocational and further training

The positive perception of KfW as an employer is seen not least in its good placings in relevant employer rankings. The demand from university graduates for our trainee programmes remains high. The high level of importance KfW attaches to initial vocational training is reflected in its intensive promotion of young talent.

In terms of further training, significantly more training courses have been arranged following the introduction of the new Learning Portal at the end of 2011. These were created largely from two new topic areas that attracted considerable numbers of participants (IT strategy initiative on skills development and software development) as well as an expanded range of seminars relating to Financial Cooperation (FC). Furthermore, the increase in KfW personnel in recent years brought about a rise in interpersonal skill seminars.



Trainees during group work

Vocational and further training in the KfW Group

| | 2010 | 2011 | 2012 |
|---|--------|--------|--------|
| Proportion of trainees (in %) | | | |
| KfW ^{1), 2)} | 6.2 | 5.7 | 5.5 |
| KfW IPEX-Bank ³⁾ | 1.5 | 3.8 | 2.6 |
| DEG ³⁾ | 6.4 | 8.1 | 6.2 |
| Further training⁴⁾ (in hours) | | | |
| KfW ⁵⁾ | 47,200 | 47,200 | 82,500 |
| DEG | 4,440 | 5,984 | 4,808 |

1) KfW maintains records for both KfW and KfW IPEX-Bank trainees centrally.

2) Vocational trainees, sandwich degree students, graduate trainees and interns

3) Graduate trainees and interns

4) Excluding KfW IPEX-Bank as the reporting system is still in the development phase

5) All reported figures have been rounded.

Source: KfW, KfW IPEX-Bank, DEG.

Gender Equality

The number of women in management positions at KfW is already in the top percentile among German companies. Nevertheless, relative to the total number of female employees, women are still underrepresented in the executive suite. Accordingly, KfW has made it a goal to systematically increase the number of women managers: by 2015, women are to occupy one-third of all management positions. Clear staffing guidelines and additional professional development activities will contribute to this goal.

A gender-sensitive culture of management and collaboration should help to make better and more conscious use of the different personalities and abilities among men and women. As part of the Gender Balance programme adopted by the Executive Board in 2012, inherited behavioural patterns are being scrutinized and the necessary changes to corporate culture initiated with the involvement of management and staff.

»» The number of women in management is steadily rising.

Proportion of women in the KfW Group (in %)

| | 2010 | 2011 | 2012 | |
|---|------|------|------|---|
| Share of women employed within KfW Group | | | | |
| KfW | 49.5 | 49.6 | 49.1 | |
| KfW IPEX-Bank | 46.9 | 47.1 | 47.6 | |
| DEG | 50.2 | 51.2 | 51.5 | |
| Women in management positions | | | | |
| KfW ¹⁾ | 26.4 | 27.0 | 28.2 | |
| Middle management ²⁾ | 18.9 | 23.6 | 23.9 | |
| Senior management ³⁾ | 14.3 | 13.0 | 18.2 | 1) Team managers, division managers, department heads |
| KfW IPEX-Bank ⁴⁾ | 19.5 | 24.0 | 21.3 | 2) Division managers |
| Middle management ²⁾ | 21.1 | 22.2 | 22.2 | 3) Department heads |
| Senior management ⁵⁾ | 20.0 | 25.0 | 25.0 | 4) Team managers, division managers and management |
| DEG ⁶⁾ | 14.3 | 26.5 | 26.0 | 5) Management |
| Middle management ²⁾ | 17.6 | 30.8 | 25.0 | |
| Senior management ³⁾ | 0 | 10.5 | 30.0 | 6) Division managers, department heads |

Source: KfW, KfW IPEX-Bank, DEG.



Diversity in the workplace at KfW

Employees with disabilities

| Employees with severe disabilities ¹⁾ (in %) | 2010 | 2011 | 2012 |
|---|------|-------------------|-------------------|
| KfW | 5.6 | 5.5 | 5.1 ²⁾ |
| KfW IPEX-Bank | 1.1 | 1.5 ²⁾ | 1.1 ²⁾ |
| DEG | 4.1 | 3.6 | 3.6 |

Source: KfW, KfW IPEX-Bank, DEG.

1) Data recorded based on law regarding severely disabled people

2) The figures differ due to the changed basis of assessment from that used in the 2012 Sustainability Report.

Occupational accidents at KfW Group in Germany

| | 2010 | 2011 | 2012 |
|--------------|------|------|------|
| KfW Group | 99 | 93 | 85 |
| > fatalities | 0 | 0 | 0 |

Source: KfW, KfW IPEX-Bank, DEG.

Age profile of employees

| Average age (in years) | 2010 | 2011 | 2012 |
|------------------------|------|------|------|
| KfW | 41.8 | 41.9 | 42.2 |
| KfW IPEX-Bank | 39.0 | 38.8 | 38.9 |
| DEG | 42.6 | 42.6 | 42.4 |

Source: KfW, KfW IPEX-Bank, DEG.

»» Society

Through sponsoring, donations and other measures in 2012 the bank supported initiatives implementing, promoting or facilitating responsible action. The Corporate Citizenship budget without employee donations totalled EUR 1.4 million, the same as the previous year.

KfW expenses for corporate citizenship 2010–2012

| EUR in millions | 2010 | 2011 | 2012 |
|------------------------------|------|------|------|
| Excluding employee donations | 2.13 | 1.42 | 1.40 |

Source: KfW.

Many employees of the KfW Group automatically donate the “spare cents” in their salary for good causes. Individuals can decide whether to round their monthly salary down to the nearest euro or nearest 5 euros. In 2012 the scheme collected EUR 24,500, which the Executive Board topped up with EUR 3,000 to EUR 27,500. Alongside its national and international social commitments KfW uses this money to support the following non-profit institutions:

- Praunheimer Werkstätten gGmbH
- Workplace Bullying Centre, Frankfurt-Rhein-Main
- Solidaritätsdienst-international e.V. (SODI)
- Inclusive School, Frankfurt
- Committee for Basic Rights and Democracy
- Frankfurt Turkish Assembly

The new KfW Stiftung

Since October 2012 KfW has brought all of its social commitments under the auspices of the KfW Stiftung (foundation) to improve and stabilise its social activities.

It focuses on four areas:



More information on the KfW Stiftung can be found online at www.kfw-stiftung.de

»» Many employees of the KfW Group donate the “spare cents” in their salary for good causes. EUR 24,500 was raised in this way in 2012.

»» Sustainability Programme 2012–2014

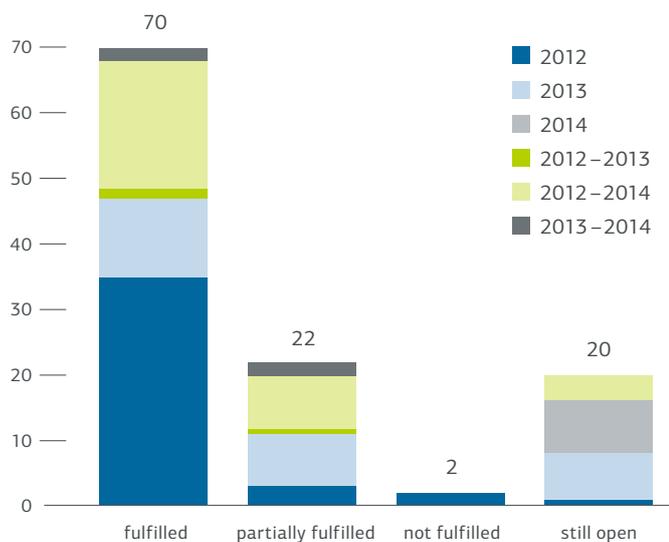
The Sustainability Programme of the KfW Group for the period 2012 to 2014 comprises all the relevant objectives designed to improve sustainability commitments. One target area of the Sustainability Programme is continually improving the range of financing and promotional programmes.

»» More than 60% of the measures were fully implemented after just half of the validity period.

In the field of HR, surveys on working conditions, health care and corporate culture are planned, amongst other things. Further new objectives include developing a reporting system on the KfW Group’s compliance status and implementing KfW sustainability requirements in supplier management. Within its peer group of asset owners the KfW Group wants to maintain its ranking in the first quarter with regard to fulfilling all six “UN Principles for Responsible Investment” (UN PRI).

Status of Sustainability Programme 2012–2014

As of: July 2013



Source: KfW.

The entire Sustainability Programme including implementation statuses until 2013 H1 can be found online at:

<https://www.kfw.de/nachhaltigkeit/KfW-Konzern/Nachhaltigkeit/Berichterstattung/Nachhaltigkeitsprogramm-2012-2014/>

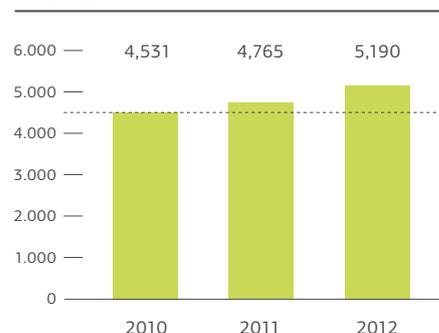
»» KfW Group key figures

Key corporate figures

| | 2010 | 2011 | 2012 |
|---|-------|-------|-------|
| Operating result after valuations (EUR in millions) | 2,712 | 2,086 | 2,472 |
| Result from ordinary activities (Profit before income taxes), EUR in millions | 2,685 | 2,098 | 2,459 |
| Consolidated profit (EUR in millions) | 2,631 | 2,068 | 2,384 |
| Total assets (EUR in billions) | 441.8 | 494.8 | 511.6 |
| Lending volume (EUR in billions) | 426.7 | 436.7 | 437.0 |
| Business volume (EUR in billions) | 530.6 | 573.6 | 587.5 |
| Core capital (EUR in billions) | 15.3 | 17.4 | 19.8 |
| Tier 1 capital ratio in % | 12.4 | 15.4 | 18.2 |

Source: KfW.

Employees¹⁾



Source: KfW.

¹⁾ according to HGB definition for Annual Report

Breakdown of KfW Group business activities by business area

| EUR in billions | 2010 | 2011 | 2012 |
|--|--------------------|-------------------|-------------------|
| KfW Mittelstandsbank Promoting small and medium-sized enterprises (SMEs), business start-ups and other business clients in Germany | 28.6 | 22.4 | 24.1 |
| KfW Privatkundenbank Housing programmes, environmental protection and education support for private clients in Germany | 20.0 | 16.7 | 17.4 |
| KfW Kommunalbank Financing programmes for public sector clients (municipalities, municipal enterprises and regional promotional banks) | 15.4 ¹⁾ | 11.8 | 9.1 |
| Capital market-related products and securitisation Loan securitisation and other capital market activities | 2.5 ¹⁾ | 1.1 | 3.6 |
| Export and project finance (KfW IPEX-Bank) Tailored international export and project finance | 9.3 | 13.4 | 13.4 |
| Promotion of developing and transition countries > Financial Cooperation (KfW Development Bank) > DEG | 5.7 4.5 1.2 | 5.8 4.5 1.2 | 6.2 4.9 1.3 |
| Overall commitment volume of KfW Group consolidated²⁾ | 81.4 | 70.4 | 73.4 |

Source: KfW.

¹⁾ Adjustment of corresponding figures for 2010 due to change in product responsibility: "Business consultancy" was assigned to KfW Mittelstandsbank (EUR 0.1 billion) while "Global loans Europe" was assigned to Capital market-related products and asset securitisation (EUR 0.4 billion). The 2009 figures have not been adjusted retroactively.

²⁾ Adjustment for commitments made in export and project finance refinanced through KfW programme loans (2011: EUR 847 million; 2010: EUR 231 million). Excluding special business from the loan granted to Greece on behalf of the German Federal Government amounting to EUR 22.3 billion in 2010.

Differences in the totals are due to rounding.

»» Imprint

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Graphic design:

fischerAppelt AG, Berlin

Photographs:

Image Archive, Alexander Kempf | Page 2
Image Archive, Thomas Klewar | Page 4, 15
Alfredo Carrasco Valdivieso | Page 5
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www.kfw.de/nachhaltigkeit