



# »»» 2022 Sustainability Report Data according to GRI, HGB and TCFD

## »»» About this report

KfW Group's 2022 Sustainability Report is composed of three sections specifically targeted at different groups of readers. All three sections of the 2022 Sustainability Report focus on the topic of 'water'.

This first section contains all the data relating to sustainability at KfW Group for the 2022 reporting year. It is aimed at specialists, analysts and investors. It also contains KfW Group's combined non-financial report in accordance with the CSR Directive Implementation Act (CSR-RUG) and sections 315b and 289b as well as section 315c in conjunction with sections 289c to 289e of the German Commercial Code (Handelsgesetzbuch – HGB). Text that is marked in blue and tables indicated by a blue tick  constitute non-financial report content. This Sustainability Report including the non-financial report was approved by the KfW Group Board of Supervisory Directors. The report was not audited externally this year.

This report was prepared in accordance with the standards set out by the Global Reporting Initiative (GRI Standards). A materiality analysis update was performed in 2022 to determine the relevant content of the report (see [→ chapter on strategy, page 28 for details](#)).

Qualitative information in the report refers primarily to financial year 2022. The key figures presented typically relate to a five-year period. The reporting date for quantitative data was 31 December 2022. Individual deviations are marked accordingly.

This report also contains climate-related reporting by KfW Group in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) with a focus on climate risks to KfW's business ([→ chapter on corporate governance](#)).

This report applies to the entire KfW Group, which is composed of KfW, KfW IPEX-Bank GmbH, DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH and the subsidiary KfW Capital GmbH & Co. KG. Content that relates only to individual parts of the group is marked accordingly. Where statements refer to KfW Group as a whole, the name 'KfW Group' is mentioned once at the beginning of each contiguous section and subsequently abbreviated to 'KfW' for easier reading.

The second section of the 2022 Sustainability Report entitled [→ Dialogue](#) is an online magazine that addresses interested members of the public as well as a specialist readership and presents KfW stakeholder communication content. The third section of the report, [→ Discourse](#), focuses on the management of KfW Group by providing more detailed insight and explanations on current developments and content related to sustainability management.

All three sections are available in digital form only and can be accessed on the [→ microsite](#) which was created in 2018 and is updated annually.

As no material organisational changes occurred during the reporting period, all data are broadly comparable with the previous Sustainability Report. The editorial deadline was 28 February 2023.

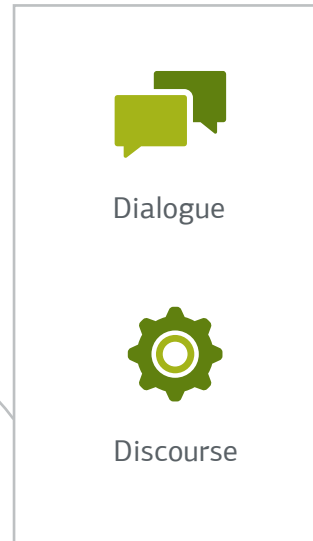
KfW Group's Sustainability Report has been published every year since the reporting year 2017. Every two years, KfW issues a declaration of conformity with the German Sustainability Code (DNK) on the basis of the report. The 2022 Sustainability Report was published on 27 April 2023.

# Components of the 2022 Sustainability Report

The 2022 Sustainability Report enters into **Dialogue** on various aspects of water as a natural habitat and a resource, opens up **Discourse** on internal sustainability management and delivers **Data** on sustainability in accordance with GRI, HGB and TCFD for the reporting year 2022.

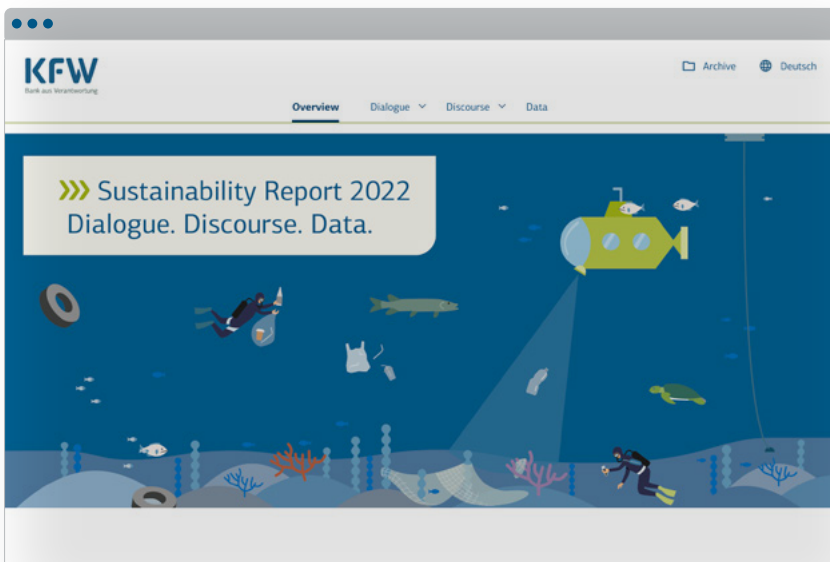
In [Dialogue](#), we explore the central role that water plays in climate protection and look at possible solutions to the current water scarcity in the global south.

In [Discourse](#), you can find out how we are forging ahead with our sustainability strategy, how we are realigning our material topics and how we intend to ensure the Paris compatibility of KfW's financing activities in the future.



PDF

## Website



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# Foreword by the Chief Executive Officer

## Dear Readers,

Since the outbreak of the war against Ukraine, it has become clear that we have to approach the transformation of our economy and society in the context of peace and security policy. We have to strengthen the sovereignty and resilience of Germany, Europe and the Western world as a whole – first and foremost by really pushing the expansion of renewable energy and making ourselves less reliant on fossil fuels in the process. As a transformation and promotional bank, we provide the necessary incentives for this process.

Specifically, this means that, in addition to the expansion of renewable energy and projects aimed at boosting energy efficiency, we also promote infrastructure that enables the diversification of our existing energy sources. This is why KfW is involved, for example, in the construction of Germany's very first LNG terminal in Brunsbüttel, allowing it not only to contribute to energy and supply security in Germany, but also to already be one step ahead with a view to the energy transition. The infrastructure is designed to enable the processing of green hydrogen further on down the line.

Another focus is on SMEs, which play a key role in the achievement of the Paris climate targets. We provide targeted programmes to help them meet the criteria set out in the EU taxonomy. In addition, we support – for example with the German Federal Government's Future Fund – innovative technology companies that play an indispensable role in ensuring Germany's competitive standing.

The way in which we tackle climate change and Germany's strength as a centre of technology will determine how future generations will live. At KfW, however, we can only support economic and social change if we also embark on our own process of change. We want to develop KfW to establish it as *the* digital transformation and promotional bank in the course of this decade. Part of our KfWplus transformation agenda is the quest to drive digitalisation and advance a state-of-the-art operating and management model in house. As part of our strategic transForm project, we are aiming to achieve a net-zero emissions loan portfolio within the first half of this century. In order to achieve this, we are focusing our financing activities, among other things, on Paris-compatible sector guidelines that define specific minimum requirements for the decarbonisation of greenhouse gas-intensive sectors. In 2022, we also introduced a group-wide impact management system that automatically collects data for key impact indicators for the first time. So we are taking a close look at what our funding does – and at what cost.

This decade will present huge challenges for Germany and Europe. This is an area in which we, at KfW, are called upon to contribute our wealth of experience in order to effectively support the transformation of our economic model. But we are no stranger to big challenges: in 2023, KfW will be able to look back on a history spanning 75 years – its establishment is closely linked to the development of the social market economy and our democracy. Since then, KfW has repeatedly helped to master profound challenges and has grown in the process.



Our ambition to shape the future is something that remains to this day.

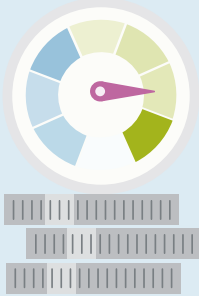
I hope you enjoy reading this report.

Yours sincerely,



Stefan Wintels

# KfW in figures



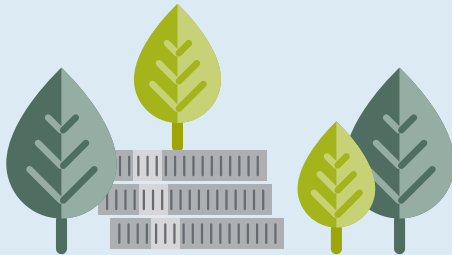
**EUR 166.9 billion**  
KfW's business volume in 2022 –  
an all-time high



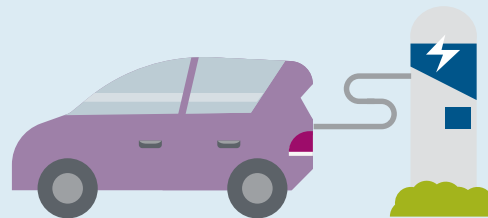
**EUR 60.5 billion** for the key promotional area of climate  
change and the environment



**40.2%**  
mobile working in 2022



**KfW issued 20 green bonds** with a  
volume of EUR 10.6 billion in 2022



**150 charging stations** for electric cars  
at KfW's locations



Staff at KfW's infocenter provided advice to people  
making enquiries **around 888,000 times**



# »»» Corporate profile: Responsible banking

Since it was set up in 1948, KfW Group has been financing and promoting the sustainable development of the economy, society and the environment both in Germany and abroad under a statutory remit. This profile is what clearly sets KfW apart from other commercial banks. KfW operates in ways that are competitively neutral and therefore does not intervene in banking competition. Our commitment to society is reflected in our slogan “bank committed to responsibility”.

KfW is an institution under public law, 80% of which is owned by the German Federal Government, with the remaining 20% owned by the German Federal States. It is required to perform the tasks set forth in the Law Concerning KfW (KfW Law), which was enacted in 1948. This law has since been amended multiple times to account for current needs.

KfW Group’s German headquarters are in Frankfurt am Main and it also has offices in Berlin, Bonn and Cologne. Its global network comprises almost 80 local and representative offices in around 70 countries. An overview of the locations can be found on [→ KfW’s website](#).

In addition to KfW itself, KfW Group also contains several operating subsidiaries. The main subsidiaries are [→ KfW IPEX-Bank GmbH](#), which provides export and project financing, [→ DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH \(DEG\)](#), which finances and advises the private sector in developing countries and emerging economies, and [→ KfW Capital GmbH & Co. KG](#), which promotes the expansion of the German and European venture capital and venture debt markets by investing in funds. The aforementioned companies are all wholly owned subsidiaries of KfW ([→ Overview, page 8](#)).

[→ KfW Development Bank](#) is a business sector of KfW Group which performs specific tasks in developing countries and emerging economies.

Finanzierungs- und Beratungsgesellschaft mbH (FuB) performs special tasks for the German Federal Government, while Technologie-BeteiligungsGesellschaft mbH (tbG) handles legacy equity finance business. FuB’s primary duties include dealing with special tasks related to currency conversion and business activities conducted for KfW related to the former German Democratic Republic’s state insurance company (Staatliche Versicherung der DDR in Abwicklung – SinA). Both are also wholly owned subsidiaries of KfW.

KfW holds strategic investments of 26% and 25% respectively in Deutsche Energie-Agentur GmbH (dena) and Berliner Energie-agentur GmbH (BEA). KfW also holds other strategic investments in CureVac N.V. (under mandate from the Federal Government, 16%), True Sale International GmbH (TSI, 7.7%), Elia Group S.A./ NV (0.3%) and the European Investment Fund (EIF, 2.3%).

It also holds shares in the former state-owned enterprises Deutsche Post AG (20.5%) and Deutsche Telekom AG (16.6%) under holding arrangements with the Federal Government. Furthermore, KfW holds an indirect 9.2% stake in Airbus SE via Gesellschaft zur Beteiligungsverwaltung GZBV mbH & Co. KG (GZBV) as part of another holding arrangement with the Federal Government. Mandated by the German Federal Government, KfW owns 20% of Eurogrid GmbH via Selent Netzbetreiber GmbH, which also makes it an indirect stakeholder in 50Hertz Transmission GmbH (also 20%). KfW also holds a 25.1% stake in Hensoldt AG under mandate from the Federal Government and a 0.2% stake in AKA Ausfuhrkredit-Gesellschaft mbH via KfW IPEX-Bank GmbH.

KfW regularly consults with international banks, works closely with other development banks and supports governments of other countries in establishing and advising promotional banks.

**KfW Group's business sectors, products and services**

Domestic promotion			Export and project finance	Promotion of developing countries and emerging economies	
We promote Germany.			We support internationalisation.	We promote development.	
SME Bank & Private Clients	Customised Finance & Public Clients	KfW Capital	KfW IPEX-Bank	Business sector KfW Development Bank	Business sector DEG
<ul style="list-style-type: none"> <li>– Standardisable and digitalisable high-volume business</li> <li>– Promotion of SMEs</li> <li>– Financing of industrial pollution control and energy efficiency measures</li> <li>– Financing of renewable energy</li> <li>– Financing of innovation and digitalisation</li> <li>– Start-up finance</li> <li>– Financing of energy-efficient building and refurbishment measures for residential and non-residential buildings</li> <li>– Education financing</li> </ul>	<ul style="list-style-type: none"> <li>– Financing of municipal and social infrastructure projects</li> <li>– Customised corporate financing (including syndicate financing and venture tech growth financing)</li> <li>– Individual financing for banks, promotional institutions of the Federal States and leasing companies</li> </ul>	<ul style="list-style-type: none"> <li>– Investments in venture capital and venture debt funds (with support from the European Recovery Programme Special Fund (ERP-SV) and the Future Fund) in order to finance innovative tech companies during their start-up and growth phases</li> </ul>	<ul style="list-style-type: none"> <li>– Financing for German and European exports</li> <li>– Financing for projects and investments in German and European interests</li> </ul>	<ul style="list-style-type: none"> <li>– Financing of reform programmes and development projects</li> </ul>	<ul style="list-style-type: none"> <li>– Financing and promotion of private enterprise</li> </ul>





## KfW's business sectors

KfW Group has set itself the target of supporting sustainable improvement to economic, social and environmental conditions around the world. In line with its products and services, KfW Group is divided into the following business sectors: SME Bank & Private Clients, Customised Finance & Public Clients, KfW Capital, KfW Development Bank, DEG, Export and project finance, financial markets and Head office. Its domestic promotion is made up of the business sectors SME Bank & Private Clients, Customised Finance & Public Clients and KfW Capital. KfW Capital is a wholly owned subsidiary of KfW, while the other two business sectors are part of the KfW organisation.

In organisational terms, the Financial markets and KfW Development Bank business sectors are also part of KfW. Together with the business sector DEG, a KfW subsidiary, the latter promotes developing countries and emerging economies. The subsidiary KfW IPEX-Bank is responsible for the Export and project finance business sector both in Germany and abroad. Around one third of KfW IPEX-Bank's activities take place in Germany, another third is concentrated in Europe, while the remaining third focuses on the rest of the world.

### Domestic promotional business

KfW's domestic promotional business is comprised of three business sectors: SME Bank & Private Clients, Customised Finance & Public Clients and KfW Capital (a legally independent subsidiary).

### 1. Business sector: SME Bank & Private Clients

The business sector SME Bank & Private Clients consolidates the high-volume business, which can be both standardised and transferred to digital processes. It makes up around 80% of the domestic promotional business volume. The business sector is broken down into two segments by customer group: SME Bank is geared towards corporate clients while the other segment targets private customers.

The SME Bank segment supports the German economy with a wide range of loans and grants in the priority areas of energy efficiency and renewable energy, the environment and sustainability, innovation, corporate investment and entrepreneurship.

In 2022, particular emphasis was placed on measures to support SMEs and large companies, as well as freelancers, that have been affected by the war in Ukraine and the associated sanctions and are in need of liquidity. KfW can assume up to 90% of bank risks under the 2022 KfW UBR Special Programme (Ukraine, Belarus, Russia). The programme is available until 31 December 2023.

In 2022, the SME Bank also continued its extensive aid programmes from 2020, designed to provide financial support to companies in Germany to help them overcome the economic impacts of the coronavirus crisis, until 30 June 2022. The KfW Entrepreneur Loan (coronavirus aid) and the KfW Instant Loan 2020 merit particular mention.

The promotional activities in the Private Clients segment include financing for education (including student loans), promotion of energy efficiency in the construction and refurbishment of residential buildings via Federal Funding for Efficient Buildings, and promotion for the acquisition, construction or accessible renovation and construction of owner-occupied residential property. Its promotional products are standardised loans on-lent by the bank (with and without repayment bonuses) and investment grants. Its portfolio is complemented by innovative approaches to financing (such as the start-up platform “Gründerplattform”).

## 2. Business sector: Customised Finance & Public Clients

The Customised Finance & Public Clients business sector is responsible for innovative and tailored promotional solutions for companies and banks. It is also in charge of municipal financing.

This sector is split into three business segments:

The municipal and social infrastructure segment covers the wide range of basic promotion offers for municipalities, municipal companies and non-profit organisations with a focus on climate change and the energy transition, social change and digitalisation. Standardised loans are issued either on a direct basis (business with municipalities) or through on-lending (municipal and social companies) or as grants.

With its structuring competence in complex and individual projects, the customised corporate finance business segment offers tailored promotional solutions with risk assumption for enterprises and project companies with a link to Germany via debt capital products (including risk sub-participations and direct participations as part of bank consortia). Support is provided in particular to German SMEs for investments in

innovation and digitalisation or for the process of sustainable transformation, for young, innovative technology companies in the growth phase and the expansion of broadband in Germany. Due to its specific expertise, this business segment has the capacity to act quickly in times of crisis – as was highlighted, for example, by the KfW Special Programme or the mandated energy transactions to secure the energy supply in Germany.

To support businesses affected by the war in Ukraine or the sanctions imposed on Russia and Belarus in the form of declining turnover, production losses, closure of production facilities or increased energy costs, the business sector Customised Finance & Public Clients launched the “2022 KfW UBR Special Programme – Syndicate Financing”. This programme sees KfW promote SMEs and large companies alike by means of syndicate financing for investments and working capital.

In the business segment of individual financing for banks and promotional institutions of the Federal States, KfW provides global loans for the general funding of promotional institutions of the Federal States and provides individual financing for banks such as the refinancing of export credits covered by federal guarantees, global leasing loans and global loans to European (promotional) banks for the promotion of SMEs and environmental protection.

### 3. Business sector: KfW Capital

With support from the ERP Special Fund and the Future Fund, the subsidiary KfW Capital invests in venture capital (VC) and venture debt funds on equal terms in collaboration with other investors via the ERP-VC Fund Investments and ERP/Future Fund – Growth Facility programmes. KfW Capital also holds stakes in the co-investment fund coparion and in four generations of the High-Tech Gründerfonds (HTGF) for start-ups. The Federal Government also issued KfW Capital a mandate to jointly coordinate Germany's Future Fund ("investment fund for technologies of the future") and its individual measures with a volume of EUR 10 billion, with the ministries and KfW. The Future Fund is used to promote enterprises in different development stages, with a focus on growth financing. Five components had been initiated by the end of 2022.

KfW Capital aims to improve the long-term supply of venture and growth capital for innovative, tech-oriented companies in Germany. In doing so, KfW Capital contributes to the reinforcement of Germany as a centre of innovation. Since the entry into force of the German Investment Firm Act (Wertpapierinstitutsgesetz – WpIG), KfW Capital has been a medium-sized investment firm within the meaning of section 2 (17) WpIG and is subject to the relevant regulatory requirements, as well as EU Regulation 2019/2033 (Investment Firm Regulation – IFR).

The investment in VC funds by KfW Capital is intended to reach the start-ups and growing enterprises with the best prospects for establishing themselves on the market and thereby generating innovation, added value and jobs. KfW Capital is building a portfolio of high-quality and successful VC funds, thereby demonstrating that the VC asset class is attractive for investors.

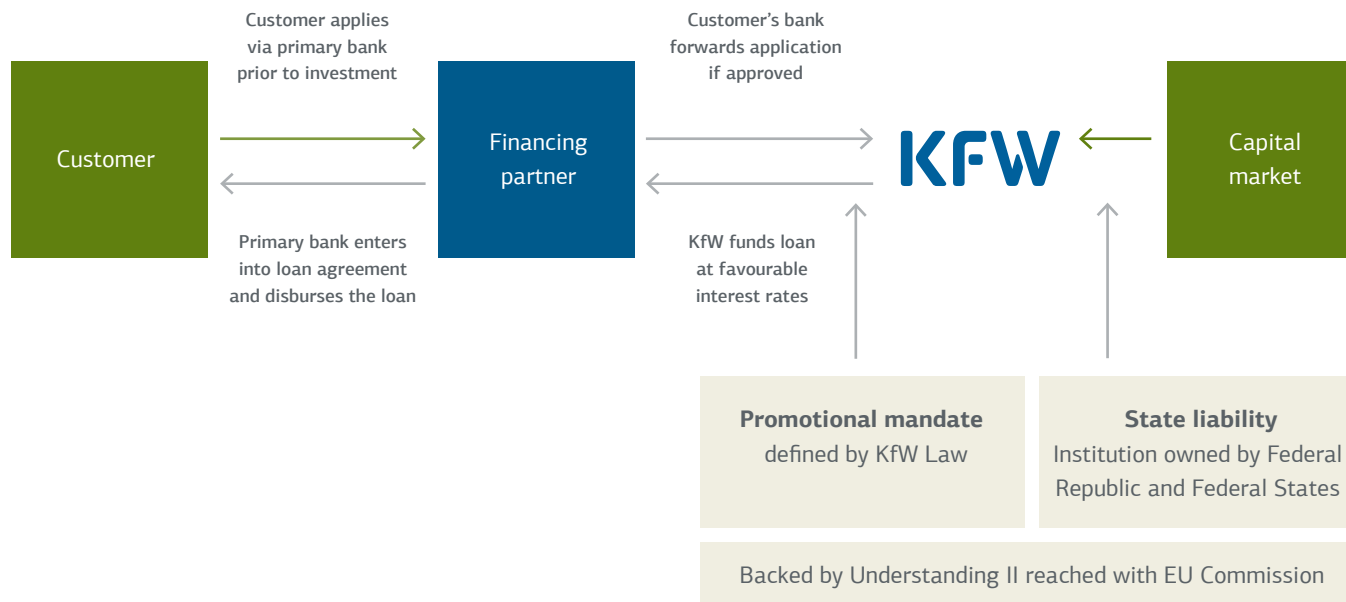
As sustainability is also an important factor in the investment process, future standard procedure will take ESG (environmental, social and governance) criteria into account in selecting and establishing new enterprises. By providing growth capital for innovative, tech-oriented companies, KfW Capital contributes to the achievement of the Sustainable Development Goals (SDGs) – especially with regard to economic growth (SDG 8) and innovation (SDG 9).

#### The on-lending business model

One of the hallmarks of KfW's approach to the widely standardised high-volume transactions in domestic promotion is its on-lending principle. This means that KfW supports the commercial banks' lending activities by offering low-interest refinancing to its financing partners. This in turn allows the banks' customers to apply for KfW promotional loans while the banks use the refinancing funds granted for this purpose. KfW has set up an online on-lending platform (known as BDO) to handle the application process. One example of the programmes available is the promotion of renewable energy via the Renewable Energy – Standard programme, which finances power and heat-generating plants, as well as networks and storage facilities. This programme is aimed at private individuals, companies and public institutions.

The customers' financing partners or primary banks bear the individual credit risk. This approach eliminates any need for KfW to have its own network of branch offices. Exceptions to this on-lending principle include, for example, municipalities, customised corporate financing and grants for private individuals and companies.

## Domestic promotional lending business at KfW



## Export and project finance

KfW IPEX-Bank is responsible for export and project finance within KfW Group. It supports companies on the global markets in transforming in terms of sustainability and digitalisation by structuring medium- and long-term financing for German and European exports, through infrastructure investments, by securing raw materials and by carrying out environmental and climate action projects all over the world. As a specialist bank, KfW IPEX-Bank has extensive sector, structuring and country expertise. It takes on leading roles in financing consortia and actively involves other banks, institutional investors and insurance firms. KfW IPEX-Bank operates as a legally independent group subsidiary and is represented in the most important economic and financial hubs across the globe.

With its commitment, KfW IPEX-Bank contributes to the achievement of the Sustainable Development Goals (SDGs) and to a world compatible with the Paris Agreement. At the same time, it is committed to the Equator Principles and – in addition to economic factors – also expressly incorporates social and environmental aspects in the decision-making process for granting loans.

### Promotion of developing countries and emerging economies

Up until the end of 2021, the business sector Promotion of developing countries and emerging economies included KfW Development Bank and DEG. It has been managed separately as the business sector KfW Development Bank and the business area DEG since January 2022.

KfW Development Bank finances programmes and projects that mainly involve public-sector players in developing countries and emerging economies on behalf of the German Federal Government, mainly represented by the Federal Ministry for Economic Cooperation and Development (BMZ). Promotional priority areas include social infrastructure (particularly healthcare, education, water supply, sanitation and waste disposal, governance), economic infrastructure (in particular energy production and supply, transport and storage), financial system development, multisectoral issues such as environmental protection and resource conservation, migration and flight, and support for reform processes. The objective is to support partner countries in alleviating poverty, securing peace, protecting the environment, mitigating climate change and ensuring fair globalisation.

KfW Development Bank implements around two thirds of the Federal Government's international climate funds and is one of the world's largest finance providers in the area of biodiversity. In so doing, KfW supports the German Federal Government in making an important contribution to achieving the SDGs. KfW Development Bank also sees the considerably increasing focus on impact both outside and within KfW Group as an opportunity. Together with the Federal Ministry for Economic Cooperation and Development and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), a new standard indicator system was introduced in 2022 to enable even more comprehensive reporting on the performance of German development cooperation in key areas going forward.

The wholly owned subsidiary DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH advises, finances and structures investments of private companies in developing countries and emerging economies in order to foster their sustainable economic development, ensure local added value and promote the expansion of the private sector as an important driving force for development in these areas of the world. The companies financed by DEG create skilled jobs and enable sustainable economic development. By acting responsibly, they drive sustainable development in line with the 2030 Agenda.

In 2022, DEG started implementing its new business strategy, “Climate.Impact>Returns.” With its focused business model, DEG is positioning itself as an efficient financier and transformation advisor for future-oriented private-sector companies in developing countries and emerging markets. As well as providing debt and equity capital, DEG plans to offer its impact and climate advisory services as part of its Business Support Services (BSS) offering for companies via a subsidiary that was set up in 2022 → [DEG Impulse](#) and to have made its portfolio climate-neutral by 2040.

In 2022, DEG also supported humanitarian aid programmes initiated by its Ukrainian customers, including agricultural and technology companies, and working on the ground in Ukraine through BSS. Various services to support customers during the coronavirus pandemic also remained in demand.

## KfW Stiftung

Based on a closer link to its sponsor as a digital transformation and promotional bank, KfW Stiftung further refined its remit in 2022. KfW Stiftung sees itself as a source of impetus for urgent social issues. Together with its partners, it empowers players in civil society whose engagement contributes to the development of new approaches to solutions and to the contextualisation of current issues in order to press ahead with social transformation. KfW Stiftung's activities are of an operational nature with a focus on the medium term.

Specifically, KfW Stiftung aims to create opportunities for those players that are driving social transformation for a more liveable future. Its promotional activities can be described as follows: strengthening intercultural dialogue, preserving biodiversity and enabling impact-oriented start-ups.

After a break in 2021, the [→ Frankfurt Spring School on Conservation Project Management](#) made a return in the year under review. KfW Stiftung awards scholarships for young staff members from areas covered by the Legacy Landscapes Fund. The scholarship recipients are given the opportunity to develop their own project ideas for their protected areas and present them to a jury. The best three projects receive funding of EUR 50,000 to be put towards their implementation. The project management course opens up both professional and personal potential for all scholarship recipients.

KfW Stiftung also awarded the EUR 50,000 [→ KfW Bernhard Grzimek Prize](#) in 2022. At this year's awards ceremony, Rohit Singh and Txai Suruí, representatives of the next generation in nature conservation, took centre stage. With their passion and motivation, they serve as role models in their efforts to preserve unique ecosystems and natural habitats for generations to come.

The focus of the commitment to art and culture is on intercultural dialogue. This is an area in which KfW Stiftung showcases cultural diversity and creates platforms for creative artists to strengthen the international contemporary arts scene. In 2022, for example, international residency programmes in cooperation with the artists' residency project Künstlerhaus Bethanien and Frankfurt LAB helped talented artists from various disciplines to delve deeper into practical aspects of their work and develop further by engaging with other cultures and ways of thinking.

In the “responsible entrepreneurship” action area, KfW Stiftung supports KfW's main promotional mandates and focuses on supporting entrepreneurs who have made it their mission to use their business models to yield a positive impact with regard to achieving the SDGs. KfW Stiftung is supporting the [→ Impact Factory](#), a non-profit incubator that helps start-ups to develop sustainable and social innovations for the economic and social challenges of the future, and to adopt an entrepreneurial approach to implementing them.



# Sustainability strategy

# »»» Sustainability strategy

## How we anchor sustainable action in our corporate strategy

### Review

As a transformative promotional bank, KfW Group intends to achieve a net-zero emissions loan portfolio within the first half of this century. In order to achieve this, we are focusing our financing activities, among other things, on Paris-compatible sector guidelines that define specific minimum requirements for the decarbonisation of greenhouse gas-intensive sectors. As part of the strategic tranSForm project, we also introduced a group-wide impact management system in 2022, meaning that, for the very first time, data on key impact indicators automatically flows into a group-wide internal impact balance sheet.

#### Highlights

Sustainability aspects more firmly established in the purpose of KfW's **strategic objectives**

Revision of KfW's **sector guidelines**, published in 2021, in line with the 1.5°C climate target

### Outlook

After focusing on sustainable bank management for our financing in recent years, the next few years will also focus on addressing further development opportunities in the banking business and in sustainability reporting, the latter also in view of mounting regulatory requirements – for example, as a result of the Corporate Sustainability Reporting Directive (CSRD).

#### Goals

Development of **impact-based management options** to make promotional and financing activities even more effective

Further development of group-wide **measurement of greenhouse gas reductions** in the focal areas renewable energy and energy efficiency and the carbon footprint of KfW's financing activities

Development of a **sustainability strategy for KfW's banking operations**



## Strategic relevance of sustainability

Our understanding of sustainability is based on sustainability as a transformation process. We want to successfully support the transformation of our economy and society and improve economic, ecological and social living conditions in Germany, Europe and around the globe. This results from our role as a transformative promotional bank acting on behalf of the German Federal Government.

Our sustainability strategy aligns with our sustainability mission statement, which is closely intertwined with KfW Group's business strategy. The mission statement defines priorities and areas of action with specific targets. In the banking business, our financing activities address important megatrends such as climate change and the environment, digitalisation and innovation, and social change. We ensure that our banking operations are resource-efficient, and reinforce our role as a responsible employer.

We have set the following priorities for our areas of action for the coming years:

- In the banking business, we want to become even better at measuring and managing the impact of our financing activities, and ensure their compatibility with the Paris Agreement. Our goal is to achieve a climate-neutral KfW portfolio within the first half of the century. To this end, targets including the “SDG contribution of KfW's financing activities” and “1.5°C compatibility of KfW's financing activities” have been firmly established as binding KfW strategic objectives for all business sectors. In order to manage these objectives, KfW is setting up a group-wide impact management system to reliably determine the SDG contribution made, and develop a standardised greenhouse gas accounting system. ([→ KfW tranSForm, page 23](#)).

- As a responsible employer, we aim not just to better our employees' work-life balance and equal opportunities for all staff members but also to prepare them for the challenges posed by the digital transformation.
- In our banking operations, we want to reduce our energy and water consumption even further while maintaining what is already a high level of resource efficiency. In the overall context of our “responsible employer” action area, we will develop a consistent strategy for sustainable banking operations in 2023 to serve as a basis for this.

On an organisational and procedural level, KfW has forward-looking sustainability governance in which overall responsibility for sustainability topics lies in the function of the Chief Sustainability Officer. This role is performed by the Chief Executive Officer of KfW.

As a result of our comprehensive approach to sustainability topics, KfW Group has for years received very high scores from independent sustainability rating agencies and occupies a top ranking in their international sector comparisons. We want to take further measures to secure our top position here as well ([→ page 20](#)).



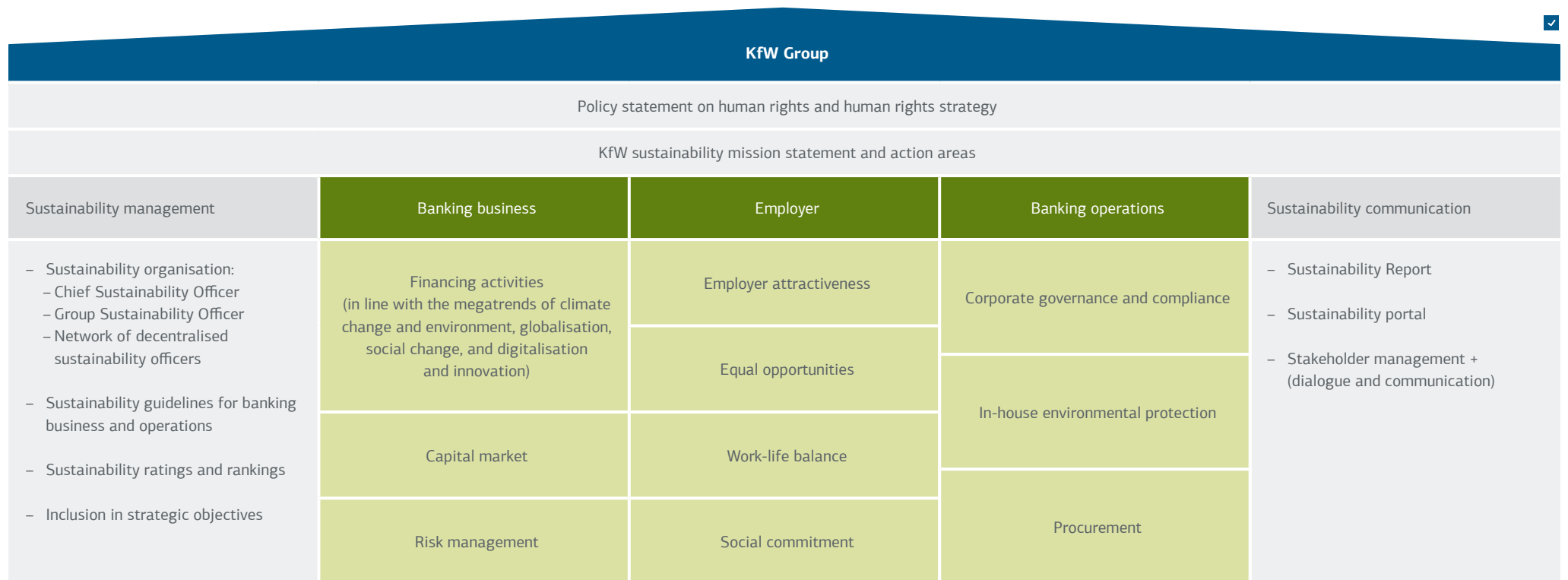
## Sustainability mission statement

→ KfW Group’s sustainability mission statement was an early outcome of the Roadmap Sustainable Finance. The preamble anchors the → 2030 Agenda of the United Nations with its 17 Sustainable Development Goals in the three dimensions

environmental, social and economic sustainability and the Paris Climate Agreement as a central frame of reference for KfW’s wide range of activities. The mission statement explains the sustainable orientation of KfW’s strategy in its

three main areas of action banking business, employer and banking operations, and also lays the cornerstones of sustainability management and sustainability communication.

### Sustainability approach and key action areas



**Sustainability in KfW's strategic agenda**

This decade is a decade of decision – of deciding what livelihoods future generations will have. Over the next few years, the process of transformation into a sustainable society has to be accelerated and, at the same time, Germany and Europe have to be strengthened as centres of industry and technology. KfW Group wants to make an effective contribution to ensure that this process of transformation of the economy and society is a success. As a result, the Executive Board has defined its ambition as the quest to turn KfW into the leading digital transformation and promotional bank. The strategic “KfWplus+” transformation agenda that has been developed for this purpose defines the priorities that KfW will set for its products and services in the coming years and how its organisation will reflect these priorities. It forms the basis for the strategic objectives, which operationalise the transformation agenda and define KfW's medium-term positioning through top-level objectives. The aim is to become more adaptable, efficient and effective.

**Sustainability within our strategic objectives**

KfW Group has defined the position which the bank aspires to achieve in the medium to long term with its system of strategic objectives since 2012. The strategic objectives are binding for the strategic orientation of all business sectors and, in line with KfWplus+, include the vision of positioning KfW as a digital transformation and promotional bank. The primary objective, or purpose, of our work is sustainable promotion, which we define as the transformation of the economy and society with the aim of improving economic, environmental and social living conditions around the world.

This objective is to be achieved with the help of the three promotional principles of subsidiarity, promoting transformation and boosting resilience, and sustainability. Within the system of strategic objectives, the purpose of the pillar of sustainability is to ensure that KfW's (financing) activities and the further development of our business go hand-in-hand with the further development of our contribution to sustainability. Other target areas with operational and other quantitative control variables form the basis for this ([→ figure on page 21](#)).

Driven by the goal of achieving very good rankings in important sustainability ratings, KfW has incorporated two additional sustainability objectives into its system of strategic objectives from 2021:

- SDG contribution of KfW's financing activities
- 1.5°C compatibility of KfW's financing activities

They will be operationalised through the corresponding building blocks of the tranSForm implementation project ([→ page 23](#)). The current ‘System of Strategic Objectives 2027’ applies from financial year 2023.



## Top sustainability rankings

ESG ratings are an effective and independent instrument for assessing KfW's own sustainability performance in comparison with our peers. Achieving a top listing in the global promotional and development bank peer groups in three key sustainability ratings worldwide has therefore been a core factor in the promotional principle of sustainability since 2018. We are aiming to achieve an average ranking that puts us among the top 5 in the rating agencies' peer groups, a goal that has always been met thus far. Due to the discontinuation of one rating provider and the associated restructuring measures, KfW fell short of the target it had set itself in 2021, with a 6th-place ranking. However, it improved again in 2022 and was ranked in 5th place.

- ISS ESG corporate rating (as of 18 August 2022): absolute rating: B- (on a scale from A+ to D-). Prime status was awarded based on KfW's performance above the sector-specific prime threshold.
- Sustainalytics ESG risk rating (as of 17 November 2022): score achieved: 5.4 out of 100 possible points (0 = best possible score), assigned to the lowest risk category: "negligible risk"\*
- MSCI ESG rating (23 December 2022): AAA (on a scale from AAA to CCC)\*\*

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# Strategic objectives for 2027

## Sustainable promotion

### Purpose

Transformation of the economy and society with the aim of improving economic, environmental and social living conditions around the world

### Vision

## The digital transformation and promotional bank

### Manage impact

Subsidiarity	Promote transformation and boost resilience	Sustainability
Promotional quality	Climate change and the environment	1.5°C compatibility of KfW's financing activities
Mobilisation of private capital	Digitalisation and innovation	SDG contribution of KfW's financing activities
		Top sustainability rankings
	<b>Financing German SMEs (target: &gt; 40%)</b>	

### A strong KfW

Digitalisation and agility	Operating model and governance	Employee potential and customer centricity
Data-driven promotional activity	Consolidated profit	Employer attractiveness
Customer and partner interface	Limit to increases in administrative costs	Customer satisfaction
Internal processes (time to market and efficiency)	Total capital ratio > regulatory requirements + buffer	Brand awareness and brand profiling
Agility	Economic coverage ratio	Diversity
	Risk-oriented management of capital add-ons and regulatory findings	
	Efficiently increase process quality	

## Operationalisation

KfW Group structures its promotional business in line with the socially and economically important megatrends of climate change and the environment, globalisation, social change and digitalisation and innovation ([→ chapter on banking business, page 73](#)).

In order to ensure that KfW Group's products and services comply with high environmental and social standards, any projects that it (co-)finances – particularly in developing countries and emerging economies – undergo a comprehensive Environmental and Social Impact Assessment (ESIA) ([→ chapter on banking business, page 90](#)). The group engages in regular dialogue with stakeholders about the decision-making and assessment processes underlying ESIA's.

It gives equal importance to full compliance with legal obligations and the group's internal requirements for the prevention of fraud, corruption and money-laundering ([→ chapter on corporate governance, page 47](#)).

KfW Group's employee policies are primarily focused on factors that include gender equality and balancing work and family life ([→ chapter on employees, page 120](#)). As a sustainable bank, we also attach particular importance to the green bond purchase programme commissioned by the Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection (BMUV), the issuance of KfW Green Bonds, and the application of sustainability criteria in the management of our liquidity portfolio ([→ chapter on banking business, page 86](#)).

All major topics are listed and explained in the "Materiality analysis" section of this chapter ([→ page 28](#)).

### Sustainability-oriented strategic bank management

The key role which sustainable goals and purposes play in KfW's financing business is evident in its promotional contributions, its strategic positioning through the tranSForm project, and the incorporation of national and international standards:

- The SDG mapping reveals that KfW's promotion makes a wide range of contributions to the Sustainable Development Goals of the United Nations (UN): in 2022, KfW Group again covered all 17 SDGs.
- The 100% mapping rate means that all new KfW financing aims to contribute to at least one SDG ([→ chapter on banking business, page 66](#)).
- With the implementation of the KfW Roadmap Sustainable Finance, a process launched in 2021 as part of the tranSForm project, KfW is modernising its impact and risk management, among other things, aligning its business management even more closely with sustainability objectives.
- KfW affirms its alignment with national and international standards by reporting, for example, in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD, [→ page 53](#)) as well as through its commitment to the Principles for Responsible Investment ([→ UN PRI](#)).

### KfW tranSForm

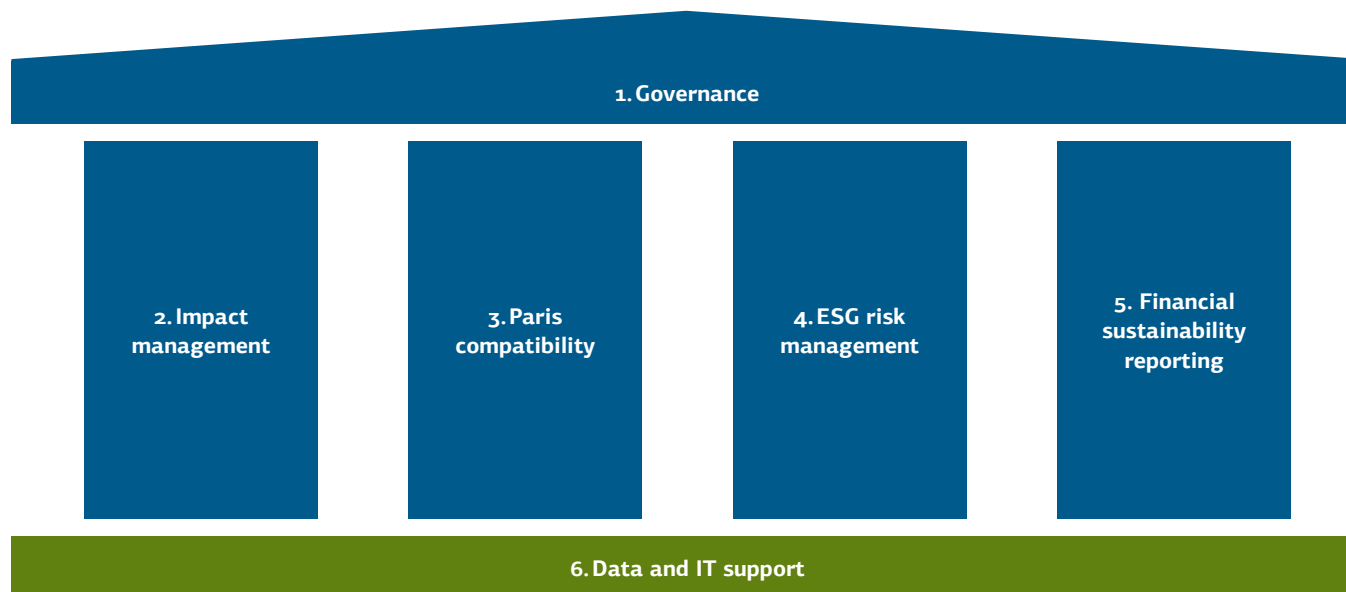
KfW Group's strategic efforts in sustainable finance are bundled in the tranSForm project. With this project, KfW aims, among other things, to ensure that its own contribution to the Sustainable Development Goals (SDGs) and the Paris climate targets is strengthened demonstrably and substantially. The strategic programme underscores KfW's role as a transformative promotional bank for a greenhouse gas-neutral future in line with the Federal Government's mandate and its [→ Climate Action Programme 2030 \(German only\)](#) and the [→ German Sustainable Finance Strategy](#). KfW is working effectively towards a carbon-neutral future while also fully performing its broad statutory promotional mandate beyond climate action.

Within the context of tranSForm, six sub-projects will be implemented in parallel with the inclusion of different central units and all market areas: modernised sustainability governance (completed in 2022), expansion of the impact management

system, ensuring the 1.5°C compatibility of KfW's financing activities, even stricter inclusion of ESG risk factors in KfW's risk management and the further development of sustainability-related financial reporting. The sixth sub-project is devoted to the implementation of new IT and data solutions for the various sub-projects.

In 2022, we were able to make considerable progress on our ambitious targets: KfW's sector guidelines, which had been published in the previous year, were revised in line with the 1.5°C target. In addition, the group-wide impact management system went live in the spring of 2022, meaning that, for the very first time, data on key impact indicators automatically flows into a group-wide internal impact balance sheet.

### The six sub-projects of tranSForm



## Governance

Sub-project 1 'Governance' has brought the sustainability-related organisational and committee structure into line with modern demands and new tasks resulting from other sub-projects. This involves, for instance, creating a permanent Management Panel Sustainable Finance at director level. The responsibility and role assignment of the internal Network Sustainable Finance, the successor to the former Group Environment and Climate Steering Committee (KUK), were also more clearly defined. Four meetings and two informal network dialogue events were held in 2022. Sub-project 1 was completed in 2022.

## Impact management

Sub-project 2 'Impact management' ensures the operationalisation of the new monitoring parameter 'SDG contribution of KfW's financing activities' in KfW's strategic objectives. KfW's sustainability mission statement has defined the UN Sustainable Development Goals and the Paris Climate Agreement as a strategic frame of reference. We see it as our task for the coming decade to measure, monitor and make our relevant contributions more effective. Among other things, this involves establishing a harmonised understanding of impact throughout the group, including the definition of around 50 impact indicators to improve the measurement and reporting of the impact on sustainability that projects financed or co-financed by KfW have. In 2022, the impact indicators were validated, group-wide guiding principles were established and prototypes were developed for impact reporting. The application system for collecting and analysing impact data was also connected to all business sectors. There are also plans to strengthen the data pool available and to develop impact-based management options to make promotional and financing activities even more effective.

## Paris compatibility

Sub-project 3 'Paris compatibility' underpins the monitoring parameter 'Paris compatibility of KfW's financing activities'. It comprises technology-based sector guidelines for six particularly greenhouse gas-intensive sectors such as electricity generation and buildings as a key steering instrument. The first six → [sector guidelines](#) were implemented and published in 2021. They contain sector-specific roadmaps to reduce carbon emissions. As a transformative promotional bank, KfW expects gradually increasing climate compatibility requirements for the technologies it finances with a view to strict compliance with the targets of the Paris Climate Agreement, while offering customers the best possible support in the transformation process. In 2021, the year they were introduced, the sector guidelines were initially drawn up on the basis of the internationally recognised "Sustainable Development Scenario" of the International Energy Agency (IEA), which corresponds to limiting the rise in temperatures to 1.65°C. In the interests of climate protection, KfW pressed ahead with the further development of its sector guidelines in 2022, revising them with regard to the 1.5°C target and implementing them at the beginning of 2023.

Under sub-project 3, a greenhouse gas accounting system is also being established in order to regularly capture the carbon footprint of KfW's new commitments and portfolio. This is important in order to be able to systematically demonstrate to what extent the sector guidelines effectively steer KfW's financing activities towards the established goal in the long term so that it can achieve a net zero emissions portfolio by mid-century. Beyond the carbon footprint, this strand of work includes developing uniform group-wide methods for measuring greenhouse gas reductions and sequestration.



So far, KfW has developed the methodology for a group-wide carbon footprint and greenhouse gas reductions for renewable energy and energy-efficient projects. New financing activities will be analysed on this basis in future.

### **ESG risk management**

Sub-project 4 aims to strengthen ESG risk management (outside-in perspective). ESG risks act as a driver for existing risk types, especially credit risk. This is why it is crucial to give ESG risks adequate consideration in all overall bank and risk management processes. Extensive regulatory requirements have since been imposed in this area and are constantly evolving. In 2022, the requirements were identified and a plan for their implementation was drawn up. The central instrument for ESG risk management at KfW is the ESG risk profile, a database containing all of the relevant ESG data. This was designed in 2022 and will go live in expansion stage I at the beginning of 2023. In 2022, the first set of ESG stress tests were also carried out and the first reports prepared. We also made a start on implementing the regulatory requirements ([→ TCFD report, page 53](#)).

### **Financial sustainability reporting**

The scope of sub-project 5 was expanded to reflect mounting regulatory requirements. Under the new working title “financial sustainability reporting”, the sub-project has also, since 2022, included some aspects of the EU Corporate Sustainability Reporting Directive (CSRD), as well as requirements set out by the European Banking Authority (EBA) on Pillar 3 disclosures on environmental, social and governance risks, in addition to the requirements from the EU Taxonomy Regulation. In sub-project 5, in addition to the ongoing evaluation of the dynamic regulatory environment, the content-related, procedural and technical requirements and gaps are being analysed, processed and

prepared for KfW to implement. In 2022, indicative data was once again collected on taxonomy-eligible activities together with the business sectors on the basis of the current legislation and the data available. Reporting for the subsidiary KfW IPEX-Bank GmbH has already been based on the (transitional) requirements set out in section 8 of the EU Taxonomy Regulation since 2021.

### **Data and IT support**

Sub-project 6, ‘Data and IT support’, is crucial to operationalisation because the rather more technical sub-projects 2 to 5 can also have far-reaching implications for KfW’s data systems. As a result, the sub-project is tasked with determining which data is required, identifying potential synergies for implementation and ensuring consistency. As an interface to IT implementation, the sub-project supported the implementation and technical go-live of the IT “impact management” system in 2022. The ESG risk profile went live in January 2023.

## Stakeholder dialogue

KfW Group maintains ongoing dialogue with experts from its stakeholder environment. KfW has a whole variety of different stakeholders, and the formats and occasions for dialogue vary accordingly. The term “stakeholder” encompasses different interest groups. For KfW with its public-sector client, close involvement and systematic dialogue with stakeholders is a critical factor for success. Stakeholders that are important for KfW include representatives of organisations or the general public who are influenced by the activities of KfW Group or who themselves can influence the group’s activities.

This group includes:

- Shareholders, public-sector clients and strategic partners in politics and business
- Final customers and borrowers from the promotional programmes and customers in international business
- Financing and business partners in domestic and international transactions
- Representatives from the media, the research community, supra-national interest groups and non-governmental organisations
- Analysts, representatives from rating agencies and initiatives, investors and issuers
- Suppliers
- Local residents at KfW locations
- (Potential) employees
- The general public

KfW regards stakeholder dialogue as a constructive, open exchange on an equal footing. In this dialogue KfW benefits from the knowledge and experience of its stakeholders, shares information about its activities and welcomes critical questions. Sustainability is often the focus of dialogue in this context. In addition to activities in the business sectors, the Corporate Strategy and Sustainability department has institutionalised interaction and dialogue with stakeholders on sustainability through various formats:

- KfW organises an annual stakeholder round table on sustainability. It selects a focal topic to hear stakeholders’ views on current sustainability challenges and compare them with KfW’s strategic considerations. The aim is also to formulate expectations and KfW’s level of ambition. The results of this dialogue session are presented to the Chief Sustainability Officer or the Chief Executive Officer and taken into account in KfW’s strategic development. The composition of the Stakeholder Round Table is defined every year based on the topic to be covered and how relevant stakeholder groups are with regard to the topic. In February 2023, a face-to-face round-table event was held at KfW’s Berlin office for the first time since the outbreak of the coronavirus pandemic. The event was devoted to the topic of → [“Sustainable transformation in municipalities”](#).
- The KfW stakeholder panel is a key source of input and a discussion platform for KfW and its stakeholders. Since 2018, stakeholders have been regularly involved in the identification and assessment of relevant sustainability issues via the panel. The process is usually based on interviews or online surveys.

- KfW actively participates in sustainability conferences and network meetings. For example, representatives of the Corporate Strategy department attended the UN Climate Change Conference COP 27 in Egypt and the UN Biodiversity Conference COP 15 in Canada in 2022. National events, such as the annual conference of the Green and Sustainable Finance Cluster Germany, were also used for dialogue between KfW and its stakeholders during the year. Another example from the reporting year is the Development Finance Forum of KfW Development Bank, which was organised as a two-day conference entitled “Two Crises, One Solution – how development Finance can Tackle Climate Change and Biodiversity Loss” in Frankfurt in October 2022. KfW Executive Board member Christiane Laibach opened the event.
- In the ‘Ausgesprochen nachhaltig’ (‘Distinctly sustainable’) podcast, we provide a discussion platform for current issues and innovative approaches to solving environmental and social challenges. In 2022, the podcast covered topics such as the transport transition in Germany, the impact of sustainable investments in the field of equity financing and the importance of water as a basic resource for human life.
- KfW holds bilateral meetings on key changes and milestones in its sustainability strategy, for example with other national or international promotional or commercial banks, as necessary.

### Association forums and memberships

Forums for dialogue with stakeholders also include the various associations and initiatives in which KfW representatives are involved. For example, former and active members of the Supervisory Board and the Board of Supervisory Directors,

as well as KfW employees, are involved in the Asia-Pacific Committee of German Business (APA), the German Federal Institute for Geosciences and Natural Resources (BGR), the German Near and Middle East Association (NUMOV) and the German Asia-Pacific Business Association (OAV) as advisory or active members.

KfW Group also supports a number of external initiatives whose orientation, guiding principles and programming it upholds. Further memberships of sustainability-related associations and initiatives include the following organisations:

- Association of European Development Finance Institutions (EDFI) (via DEG)
- Association of German Public Banks (VÖB): extraordinary member KfW, ordinary member KfW IPEX-Bank
- Climate Action in Financial Institutions
- Energy Efficiency Financial Institutions Group (EEFIG)
- Equator Principles Association (via KfW IPEX-Bank)
- Extractive Industries Transparency Initiative (EITI)
- Green and Sustainable Finance Cluster Germany (GSFCG)
- International Development Finance Club (IDFC)
- Resource Efficiency Network
- Principles for Responsible Investment (PRI)
- Transparency International Germany
- United Nations Environment Programme – Finance Initiative (UNEP-FI)
- Association for Environmental Management and Sustainability in Banks, Savings Banks and Insurance Companies (VfU)
- Green Climate Fund (accredited partner)
- Clean Oceans Initiative (co-founder/founding member)

KfW representatives sit on the supervisory boards of various organisations including DEG and KfW IPEX-Bank, as well as dena and BEA, two companies in which it holds shares.



## Materiality analysis

KfW reviews its materiality analysis every year to identify relevant sustainability topics for reporting in accordance with the current GRI Standards and section 289c (3) of the German Commercial Code (Handelsgesetzbuch – HGB).

The 2022 update was based on the list of 19 management topics covering the sustainability aspects of KfW Group's activities, which was developed further over a period spanning several years. Once again, promotional business as KfW's central task was not separately assessed but considered as material. Promotional business priorities are described in detail in the chapter on [→ banking business](#).

The positive and negative impacts KfW has or may have on the environment and society in a specific area are crucial to the materiality of sustainability topics. Beyond the materiality analysis, we address the impact of our promotional activities as part of the group-wide impact management system established with the tranSForm project ([→ page 23](#)).

Impacts in sustainability management areas were the object of the materiality analysis (impact perspective). The materiality analysis also included assessing each topic in terms of its relevance to business success on the basis of risks and opportunities that arise for the group (business perspective).

The topics were assessed from an impact and business perspective by KfW's sustainability experts as part of a management workshop held in 2022. The participants were the sustainability officers from all business sectors of KfW Group, as well as representatives from Group Development, Risk Management and Human Resources (HR). The assessment was able to draw on the extensive results of previous materiality analyses, which also involved surveying the stakeholder panel (in 2019 and 2021).

As a result of this assessment, 12 of the 19 management topics were identified as material. Of paramount importance are aspects relating to the sustainable structure of the financing business, i.e. the careful examination and evaluation of financing activities, as well as risk management and application of high sustainability standards on the capital market, aspects that have been key issues for years now. Mandated transactions have also been added as a new material topic. The mandated transactions to support energy suppliers in connection with the war in Ukraine serve to stabilise and secure Germany's energy supply and are in the state interest of the Federal Republic of Germany. These are unscheduled transactions that do not change KfW's strategic orientation, meaning that they are to be clearly separated from its promotional activities.

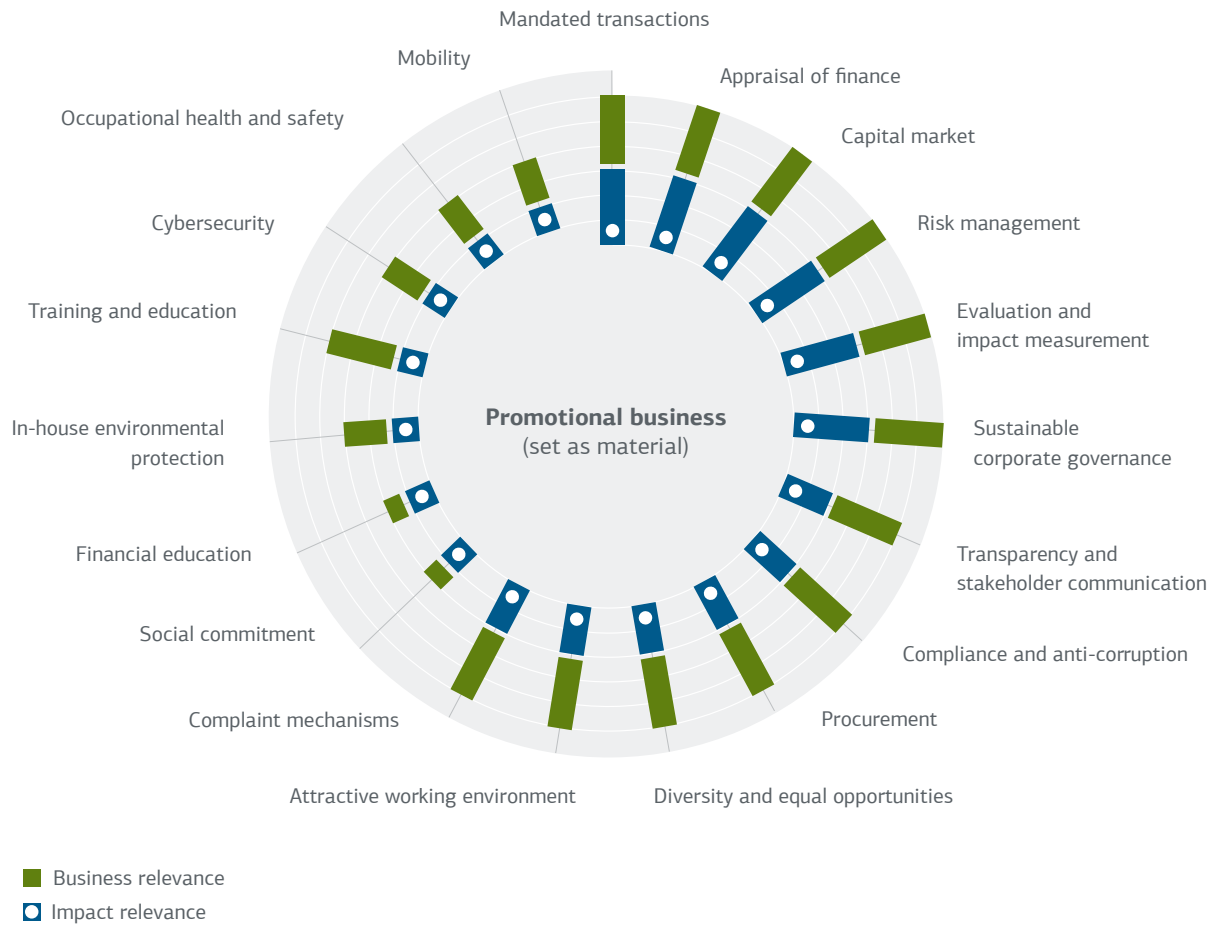
Compared to the previous year, the topics of procurement and complaint mechanisms also became more important alongside the mandated transactions, with particular regard to their business relevance. This is due, among other things, to the increasing regulation of these issues at German and European level.

As in the previous year, topics that have moderate or high impact relevance and/or high business relevance were defined as material. Both impact and business relevance are decisive factors for materiality in accordance with section 289c (3) HGB, while only impact relevance determines materiality in accordance with the GRI Standards. The table of materiality topics ([→ page 30](#)) and the figure below show the results of the 2022 materiality analysis in detail.

In 2023, KfW Group will begin to further develop its approach to materiality analysis, taking into account the requirements set out in the new CSRD.



Results of the materiality analysis



**Material topics in 2021**

Topic	Description	Material under GRI Standards	Material under the German Commercial Code
Promotional business (set as material)	Financing business aimed at transforming the economy and society in order to improve economic, environmental and social living conditions in Germany, Europe and around the world. Promotional business is aligned with the four megatrends ‘climate change and the environment’, ‘globalisation’, ‘social change’ and ‘digitalisation and innovation’. KfW also addresses non-trend-based promotional issues that play an important role for sustainable development.	Yes	Yes (environmental concerns, respect for human rights, social concerns)
Mandated transactions	Unscheduled financing business set up under mandate from the Federal Government. This requires a state interest of the Federal Republic of Germany. Mandated transactions were increased considerably in 2022 to support energy suppliers as a result of the war in Ukraine.	Yes	Yes (environmental concerns, respect for human rights, social concerns)
Appraisal of financing activities	Consideration of environmental and social aspects along with key economic data in domestic financing activities and comprehensive risk assessment and appraisal on the basis of international environmental and social standards in international, export and project business (ESIA). Application of a KfW-wide exclusion list and sector guidelines in line with the Paris Agreement.	Yes	Yes (environmental concerns, respect for human rights, social concerns)
Capital market	Consideration of sustainability criteria in funding activities (e.g. using green bonds) and liquidity management, including by integrating ESG or exclusion criteria.	Yes	Yes (environmental concerns, respect for human rights, social concerns)
Risk management	Analysis and consideration of sustainability risks to KfW’s portfolio. These include, in particular, risks from climate change and the transition to a climate-neutral economy (outside-in perspective).	Yes	Yes (environmental concerns, respect for human rights, social concerns)
Evaluation and impact measurement	Regular evaluation of financing activities completed by KfW Development Bank and DEG and parts of the domestic promotional business to verify achievement of the promotional objectives and impacts on the climate, environment, society and human rights. Group-wide impact measurement in relation to the Sustainable Development Goals and to the Federal Government’s climate protection targets.	Yes	Yes (environmental concerns, respect for human rights, social concerns)



Topic	Description	Material under GRI Standards	Material under the German Commercial Code
Sustainable business management	Management and steering of the company in accordance with the group-wide sustainability mission statement and business sector-specific sustainability guidelines. Inclusion of sustainability and corresponding key performance indicators (KPIs) in strategic corporate management and governance.	Yes	Yes (environmental concerns, respect for human rights, social concerns)
Transparency and stakeholder communication	Transparency in relation to decision-making processes, (controversial) financing activities and impacts, and regular dialogue with stakeholders; transparent product information and customer advice.	Yes	Yes (social concerns)
Compliance and anti-corruption	Full compliance with the relevant legal obligations as well as voluntary codes and guidelines (including the group's internal requirements); this comprises the prevention of corruption, the payment of taxes and transparent disclosure of breaches.	Yes	Yes (anti-corruption)
Procurement	Ensuring responsible procurement and respect for human rights in the procurement supply chain. Management of sustainable supplier relationships, taking into account social and environmental guidelines.	Yes	Yes (environmental concerns, respect for human rights, social concerns)
Diversity and equal opportunities	Equal treatment of all employees; promotion of diversity in management positions, recruitment processes without discrimination, employment of anti-discrimination officers.	Yes	Yes (employee concerns)
Attractive working environment	Creation of an attractive working environment at KfW through an appropriate human resources structure, remuneration and co-determination. Ensuring a good balance between work and family life in order to increase employee satisfaction and employee attractiveness. This includes expanding flexible working models for all employees.	Yes	Yes (employee concerns)
Complaint mechanisms	Mechanisms that allow anonymous complaints by groups of persons involved in promoted projects and KfW business activities. Systematic follow-up of complaints and potential associated economic, social and environmental impacts.	Yes	Yes (respect for human rights)
Social commitment	Assumption of social responsibility by encouraging engagement among employees and through KfW Stiftung.	No	No
Financial education	Promotion of access to financial products and financial education, particularly for young people (encompassing communication on and promotion of sustainable finance outside KfW).	No	No



Topic	Description	Material under GRI Standards	Material under the German Commercial Code
In-house environmental protection	Reducing the impacts of office operation on the environment and climate, including through sparing use of resources, use of recyclable materials and renewable energy, and reduction and more careful disposal of waste.	No	No
Training and education	Supporting employees' personal and professional development. This includes, in particular, advancing the development of skills in digital technology and sustainability and enabling lifelong learning.	No	No
Cybersecurity	Expanding IT security and the protection of customer and employee data.	No	No
Occupational health and safety	Ensuring a healthy and safe working environment for all employees through preventive healthcare and responsive health management; ensuring safety also during foreign assignments.	No	No
Mobility	Disclosure of KfW's energy consumption and emissions from business trips. Use of low-emission modes of transport (rail, electric company cars). Avoidance and reduction of emissions by offsetting carbon emissions from air travel and involving employees and raising their awareness of mobility issues.	No	No

The non-financial report on the material topics in accordance with section 289c (3) HGB is part of this data report and is sorted by topic in the chapters that relate to the relevant material topics: 'Sustainability strategy' (for Transparency and stakeholder communication), 'Corporate governance' (for Sustainable corporate management, Risk management, Compliance and Anti-corruption), 'Banking business' (for Appraisal of Financing activities, Capital market, Evaluation of financing activities and Complaints mechanisms), 'Banking operations' (for Procurement) and 'Employees' (for Attractive working conditions and Diversity and equal opportunities).

A GRI index with all page references for reporting in accordance with GRI Standards can be found from [→ page 152](#). In addition, a table showing all content of relevance to the non-financial report is provided from [→ page 161](#).

Assessment of non-financial risks is part of KfW's risk management. The 'Corporate governance' chapter contains information on sustainability risks ([→ page 51](#)).



## Sustainability programme

KfW Group has set goals with deadlines in the 2023 Sustainability Programme in order to further improve its sustainability performance. However, the scheduling of certain measures is not pegged to the year under review, such as those that run for two or more years or those that aim to achieve an ongoing

improvement process. In the following, we present central issues and measures from our programme, broken down into the five areas of action from the sustainability mission statement.

The complete programme (German only) is available on the [→ report microsite](#).

Area of action and thematic area	Objective	Target year	Implementation
<b>Banking business</b>			
Financing activities	Financing funds with minimum diversity criteria	2023	<p>Planning between the Federal Government and KfW Capital for the structuring of an Emerging Manager Facility (since the beginning of 2022)</p> <ul style="list-style-type: none"> <li>- Financing of first-time funds and first-time teams not normally covered by KfW Capital's mandate</li> <li>- Financed funds must meet minimum diversity criteria</li> <li>- Financing expected to start in the second half of 2023</li> </ul>
Financing activities	Establishment of sustainability-linked loans	2023	Integration of the sustainability-linked loans product segment as a further component of sustainable financing products in the product portfolio of KfW IPEX-Bank.
Financing activities	Helping decision-makers within companies to implement sustainable investment projects relating to power, renewables and water	Continuous	<p>Progress in 2022: Content initiative "Climate protection &amp; sustainability" on the topic of the heating transition and a video and social media campaign entitled "Auch das ist Klimaschutz" (This is a form of climate protection, too) for decision-makers within companies.</p> <p>Planned for 2023: Continuation of the "Auch das ist Klimaschutz" campaign, as well as further new content relating to the commercial topics of environmental and climate protection, renewable energy and energy efficiency.</p>
Financing activities	Alleviate the skilled-labour shortage in Germany:	Continuous	<p>Progress made in 2022:</p> <ul style="list-style-type: none"> <li>- Continuous promotional funding for personalised education programmes</li> <li>- Financing and operation of an extracurricular <a href="#">→ TUMO learning centre</a> for digital and creative technologies for young people aged 12–18</li> <li>- Support for potential executing agencies in establishing and operating additional TUMO centres in Germany</li> </ul> <p>Planned for 2023:</p> <ul style="list-style-type: none"> <li>- Confirmation of three new TUMO centres in Mannheim, Essen and Frankfurt in 2023</li> <li>- Expansion of the TUMO centres to include rural areas (Hirschaid and Lüdenscheid); financed using the Federal Government's budget funds</li> <li>- Provision of the TUMO online offering for Ukrainian children with the help of donations from KfW and the European Investment Bank (EIB) totalling EUR 125,000</li> </ul>

Area of action and thematic area	Objective	Target year	Implementation
Financing activities	Achieve the internally defined environmental commitment ratio of 38% of total promotional value	Continuous	Ensured a consistently high promotional volume in the focus area of environmental protection and climate action in 2022 through the group environmental share of financing of 36% and 59% respectively (excluding commitments in the context of the coronavirus and Ukraine/energy crises).
Financing activities	Promote sustainable mobility to reduce transport-sector emissions	Continuous	Progress in 2022: Introduction of the Sustainable Mobility Investment Loan based on the criteria of the EU Taxonomy to support climate-protection measures in the area of infrastructure for climate-friendly transport, climate-friendly vehicles and sustainable information/communication technologies for mobility
Financing activities	Increase energy efficiency in the building sector and reduce carbon emissions	Continuous	<p>Implement the promotional strategy of the Federal Ministry for Economic Affairs and Climate Action (BMWK) and the Climate Action Programme 2030 (building sector) and support the Federal Government's climate targets enshrined in the Federal Climate Change Act, primarily through a fundamental restructuring of promotion for residential and non-residential buildings.</p> <p>Progress in 2022: Further development of the Federal Funding for Efficient Buildings with regard to effectiveness (BEG)</p> <p>Planned for 2023: Focus on carbon emissions over the life cycle and the quality seal for sustainable construction in new construction funding with the new "Climate-friendly construction" promotional programme</p>
Financing activities	Strengthen and expand sustainable financing in the maritime industries	2023	Continuation of KfW IPEX-Bank's involvement in initiatives to strengthen environmental aspects in the maritime industries; progress in 2022: KfW IPEX-Bank signs up to the Poseidon Principles to ensure climate protection targets in ship financing
Financing activities	Successfully promote start-ups through the <a href="#">→ Gründerplattform (Start-up platform)</a>	2023	<p>Progress made in 2022:</p> <ul style="list-style-type: none"> <li>- First stage of developing an offering for straightforward, multilingual start-up implementation ("10 steps to a start-up")</li> <li>- Offering for green business models</li> <li>- Specific support for women founding companies</li> </ul> <p>Planned for 2023:</p> <ul style="list-style-type: none"> <li>- Further expansion and finalisation of the offering for straightforward start-ups, for those launched by women and for green business models</li> <li>- Identification of, and intensive support for, further target and topic groups as part of start-up support</li> <li>- Launch of project for digital business registration</li> </ul>
Financing activities	Develop an impact measurement approach in the KfW Capital portfolio	2023	<p>Development of a strategic framework and the necessary recording and reporting systems to measure the positive impact achieved in KfW Capital's portfolio.</p> <p>Progress in 2022: Development of the strategic framework and first stage of data connection</p> <p>Planned for 2023: Connection of two further stages</p>

Area of action and thematic area	Objective	Target year	Implementation
Capital market	Target volume of the green bond portfolio on behalf of the Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection (BMUV): EUR 2-2.5 billion	Continuous	Ongoing investment in green bonds; status as of the end of 2022: EUR 2.3 billion
Risk management	Strengthen ESG risk management	2023	Introduction of the first expansion stage of an “ESG risk profile” in 2023 in order to be able to assess business partners’ ESG risks in a standardised manner
<b>Employer</b>			
Employer attractiveness	Promote junior talent	Continuous	<p>Progress made in 2022:</p> <ul style="list-style-type: none"> <li>- Continuation of the Chamber of Commerce and Industry (IHK) training as IT specialist with a focus on system integration</li> <li>- Opportunity to train as IT specialist with a focus on application development and data and process analysis</li> <li>- New sandwich bachelor of science degree in software technology (at Technische Hochschule Mittelhessen Bad Vilbel)</li> </ul> <p>Planned for 2023:</p> <ul style="list-style-type: none"> <li>- New collaboration with Hochschule RheinMain in Wiesbaden’s offering of a sandwich Bachelor of Science degree in business information systems</li> <li>- Expansion of the number of junior staff from 2023 onwards on the basis of junior staff planning in cooperation with the departments</li> </ul>
Employer attractiveness	Promote and protect the physical, mental and social health of employees	Continuous	<p>Progress made in 2022:</p> <ul style="list-style-type: none"> <li>- Ongoing consideration of the measures developed based on the risk assessment on psychological stress</li> <li>- A COVID-19 booster vaccination campaign was carried out at KfW’s own vaccination centre to help fight the pandemic and protect employees.</li> </ul> <p>Planned for 2023:</p> <ul style="list-style-type: none"> <li>- Offering of health-promoting measures such as health day, information events on mental health, for example, advertising KfW seminars on work and time management</li> </ul>
Employer attractiveness	Establish agile working methods	Continuous	Progress in 2022: Implementation of a company-wide set of (agile) collaboration principles
Equal opportunities	Increase the proportion of women in management and senior specialist positions	Continuous	Expansion of the women’s network “Female Leaders of IPEX” (FeLI), which was established in-house in 2022, through presentations to female managing directors and the Executive Board, white-bag lunches with the Executive Board and the collection and development of proposals and ideas to promote career advancement for women

Area of action and thematic area	Objective	Target year	Implementation
Equal opportunities	Greater inclusion at KfW and ensuring a voluntary 6% quota of employees with disabilities (statutory requirement: 5%)	2023	<p>Progress made in 2022:</p> <ul style="list-style-type: none"> <li>- Achieved a 6.1% quota of employees with disabilities within KfW</li> <li>- Organised an inclusion event with Germany's National Paralympic Committee. Target group: KfW including subsidiaries and interested parties from outside of KfW</li> <li>- Optimised the onboarding process/made aids available</li> <li>- Held virtual awareness workshops</li> <li>- Regular meetings of the KfW Accessibility Governance working group</li> <li>- Collaboration with networks, such as sports clubs and associations: recruitment events, marketing campaigns and active outreach within networks</li> <li>- Publication of KfW job advertisements on target group-specific job platforms, talent programme for students in Berlin and Frankfurt with myAbility</li> </ul> <p>Planned for 2023: Continuation of measures</p>
Work-life balance	Provide easier options for mobile working when needed	2022	<p>Progress made in 2022:</p> <ul style="list-style-type: none"> <li>- Extended the staff agreement on working hours until the end of 2023. Objective: to move away from a culture based on hours spent at the office to a results-based work culture by promoting employees' personal responsibility and allowing more flexible working hours</li> <li>- Agreement on a supplementary pilot project relating to the staff agreement on mobile working, based on which mobile working is not, as a rule, to exceed 60% of an employee's total working hours until the end of 2023 (instead of 40% as before)</li> <li>- Support measures: hardware equipment, online training, psychological counselling and sporting activities</li> </ul>
<b>Bank operation</b>			
Corporate governance and compliance	Efficient identification of compliance risks for the active control of non-financial risks (NFR)	2023	<p>Progress in 2022: Successful further development of the IT-based recording and processing tool for the compliance risk assessment for Financial Cooperation (FC) projects</p>
In-house environmental protection	Promotion of biodiversity and diversity of species at KfW Group locations	2023-2024	<p>Frankfurt location: Planting a landscaped roof spanning approximately 61% (10,204 m<sup>2</sup>) of the roof at the Frankfurt location. An area in Frankfurt covering approx. 500 m<sup>2</sup> was also transformed into a wildflower meadow.</p> <p>Berlin location: Conducting a feasibility study to examine whether photovoltaic systems and landscaped roofs can be combined. The expansion potential for photovoltaic systems is around 25 kWp and the combined roof area suitable for landscaping spans around 250 m<sup>2</sup>. This will be implemented as part of the photovoltaic expansion measures and is planned for the years 2024–2025.</p> <p>Planned for 2023: Survey of the roof areas at the Bonn location. The aim is to implement a landscaped roof in combination with photovoltaic systems.</p>

Area of action and thematic area	Objective	Target year	Implementation
In-house environmental protection	Expansion of charging infrastructure at the locations	2022	Progress in 2022: The expansion of the charging infrastructure for electric cars was largely completed at all locations in 2022. As a result, the Frankfurt location has 117 charging stations, while the Berlin location has 19 and the Bonn location 14.
In-house environmental protection	Optimisation of water consumption at the Frankfurt location	2022	<p>Progress in 2022: Upgrading the outdoor sprinkler systems at the main building. This allows KfW to save approximately 15% of the 3-year average water consumption.</p> <p>Planned for 2023–2024:</p> <ul style="list-style-type: none"> <li>- Issuing a planning order to reduce water consumption by replacing open cooling towers with closed ones</li> <li>- Planning tender for the installation of a rainwater harvesting system at the Frankfurt location (Senckenberg system). Scheduled for implementation by the end of 2023</li> </ul>
In-house environmental protection	“Sustainable Office Operations 2030” concept	2030	<p>Reducing carbon emissions by substituting fossil energy sources with renewable ones</p> <p>Planned for 2023–2025 in Frankfurt:</p> <ul style="list-style-type: none"> <li>- Planning and expansion of photovoltaic systems to cover at least 30% of the total potential identified</li> <li>- Optimisation of the existing heat pumps</li> </ul> <p>Planned for 2023–2025 in Berlin:</p> <ul style="list-style-type: none"> <li>- Installation of heat pumps to optimise the energy supply</li> <li>- Installation of photovoltaic systems on new buildings (potential 150 kWp)</li> <li>- Demand-driven optimisation of building technology: adjustment of system temperatures (heating and cooling systems) geared to user behaviour</li> </ul> <p>Planned for 2023–2025 in Bonn:</p> <ul style="list-style-type: none"> <li>- Launch of the ‘Heating and cooling system conversion’ project: The conversion work will involve connecting the buildings to each other in terms of both heating and cooling, and replacing old systems with more efficient ones. The basic supply will be covered by geothermal heat pumps in the form of a well system in combination with turbo chillers.</li> <li>- Tender for the installation of photovoltaic systems (total 450 kWp)</li> </ul>
Procurement	Greater consideration of sustainability criteria in KfW’s procurement activities	2023	Mandatory definition of sustainability criteria for all EU-wide contract award procedures as of 1 January 2023
Procurement	Implementation of the requirements set out in the German Supply Chain Due Diligence Act (LkSG) within the context of KfW’s ambition level	2021	Introduction of a tool-based solution for preparing a supplier risk analysis in accordance with the LkSG requirements
<b>Sustainability management</b>			
Sustainability organisation	Development of a strategy for sustainable banking operations	2023	Agile project involving the Group Development, Central Services, Human Resources, Procurement and IT organisational entities

Area of action and thematic area	Objective	Target year	Implementation
Sustainability organisation	Implement the group-wide impact management system (tranSForm sub-project 2)	2023	<p>Progress made in 2022:</p> <ul style="list-style-type: none"> <li>- Development of a technical and methodological concept</li> <li>- Validation of around 50 impact indicators</li> <li>- Establishment and operationalisation of group-wide guiding principles</li> <li>- Development of prototypes for impact reporting</li> </ul> <p>Planned for 2023:</p> <ul style="list-style-type: none"> <li>- Further increase in data availability and quality, also by connecting external data sources</li> <li>- Development of impact-based management options</li> </ul>
Sustainability organisation	Operationalisation of a group-wide greenhouse gas accounting system (part of tranSForm sub-project 3)	2023	Establishment of a group-wide greenhouse gas (GHG) accounting system to create transparency regarding the GHG footprint of KfW's financing and to monitor KfW's contributions to GHG neutrality
Sustainability organisation	Raising employees' awareness of ESG risks (tranSForm sub-project 4)	Continuous	<p>Progress made in 2022:</p> <ul style="list-style-type: none"> <li>- Organised presentations on ESG risks for employees, in committees and for managers, including the Executive Board</li> <li>- Training on ESG risk profiling for banks</li> </ul>
Sustainability ratings and rankings	High rankings (among the top 5) in major sustainability ratings compared with the peer group	Continuous	<p>Incorporated rating results into strategic corporate developments and ongoing dialogue with the departments involved</p> <p>Rating results in 2022:</p> <ul style="list-style-type: none"> <li>- <b>ISS ESG corporate rating</b> (18 August 2022): absolute rating: B- (on a scale from A+ to D-). Prime status was awarded based on KfW's performance above the sector-specific prime threshold.</li> <li>- <b>Sustainalytics ESG risk rating</b> (17 November 2022): score achieved: 5.4 out of 100 possible points (0 = best possible score), assigned to the lowest risk category: "negligible risk" <a href="#">Copyright ©2022 Sustainalytics</a></li> <li>- <b>MSCI ESG Rating</b> (23 December 2022): AAA (on a scale of AAA to CCC) <a href="#">Disclaimer Statement MSCI</a></li> </ul>
<b>Sustainability communication</b>			
Sustainability reporting	Topic of sustainability to be more firmly incorporated into external communications	Continuous	Progress in 2022: Fourth annual presentation of KfW Group's contributions to the Sustainable Development Goals in SDG Mapping on the website
Stakeholder management	Continue developing and strengthening sustainability communication focused on targets and target groups	Continuous	<p>Progress made in 2022:</p> <ul style="list-style-type: none"> <li>- Media and public relations work on sustainability topics, platform use for active communication of sustainable finance aspects and sustainability topics with regard to products and processes</li> <li>- Continuation of the <a href="#">'Ausgesprochen nachhaltig'</a> ('Distinctly sustainable') <a href="#">podcast</a> with five new episodes on sustainability topics in 2022</li> </ul> <p>Planned for 2023: Conducting a stakeholder round table in early 2023.</p>



# Corporate governance

# »»» Corporate governance

## How we mainstream sustainability in our organisational structures

### Review

For KfW Group, it is imperative to critically question and continue developing not just its strategic but also its structural approach. As a result, sustainability governance has been expanded in recent years. With the group-wide Sustainable Finance Management Panel and two specialised teams in Group Development, KfW is well positioned to pursue an agile approach to managing sustainability issues.

#### Highlights

Revision of the sustainability guidelines for KfW's domestic promotional business

Around 300 participants in face-to-face training sessions on fraud and corruption prevention in 2022

Publication of the revised 'Declaration of KfW Group on Respect for Human Rights in its Business Operations'

### Outlook

The integration of ESG risks into KfW's risk management system will continue over the next few years. Emphasis is also being placed on the requirements of the German Supply Chain Due Diligence Act (LkSG), within the context of which we are further developing our management of human rights due diligence.

#### Goals

Go-live of the first expansion stage of an "ESG risk profile" in 2023 in order to be able to assess business partners' ESG risks in a standardised manner

Further development of ESG risk stress testing and other risk instruments



## Corporate governance

KfW Group's Executive Board, which is chaired by Stefan Wintels, is responsible for managing business in accordance with the Law Concerning Kreditanstalt für Wiederaufbau (KfW Law), the KfW Bylaws and the procedural rules.

A schedule of responsibilities stipulates their respective duties. Significant changes require the approval of the Presidial and Nomination Committee of KfW's Board of Supervisory Directors. As a public-law institution, KfW adheres to the principles of the Public Corporate Governance Code of the German Federal Government (PCGC). KfW explains how it fulfils the principles of this Code in an annual Declaration of Compliance in its Annual Report. For majority shareholdings, KfW always assesses whether shareholder resolutions are consistent with the bank's sustainability principles. KfW regularly offers training to its Executive Board members. This is also done on the basis of an existing policy of informing the Executive Board about relevant legal (regulatory) requirements and obligations.

### Compensation

In accordance with the compensation system of KfW Group, the Executive Board members – two of whom (40%) were women in the reporting year after Dr Ingrid Hengster left – are appropriately compensated in accordance with their duties and responsibilities. None of the Executive Board members received variable components in their compensation in 2022. There are no separate incentives provided with regard to sustainability in this respect, as the financing and promotion of sustainable development form part of the Federal Government's mandate, making them an integral component of KfW Group's business model and strategy. The members of the Board of Supervisory Directors are paid compensation in an amount determined by the authority exercising legal supervision in accordance with article 7 (10) of the KfW Bylaws.

Further details regarding the remuneration paid to the members of the Executive Board and the Board of Supervisory Directors can be found in the → [Financial Report 2022](#) (Information on employee remuneration → [chapter on employees, page 118](#)).

The Remuneration Committee of KfW's Board of Supervisory Directors deals with remuneration matters, also in the interest of the shareholders as important stakeholders. In particular, it looks at the appropriateness of the structure of the remuneration systems for the KfW Executive Board and employees and advises the Presidial and Nomination Committee of KfW's Board of Supervisory Directors on remuneration of the Executive Board members.

### Supervisory bodies

Several institutions are involved in supervising KfW Group.

KfW's supreme governing body is the Board of Supervisory Directors. In accordance with the KfW Law, it is composed of 37 members, of which seven were women in the year under review. The KfW Law influences the composition of the Board of Supervisory Directors and ensures that the sections of society that are relevant to KfW are represented on the Board of Supervisory Directors. It is chaired in alternating years by the Federal Minister of Finance and the Federal Minister for Economic Affairs and Climate Action. The Board of Supervisory Directors meets at least three times a year. The Executive Board informs the Board of Supervisory Directors about all relevant aspects of planning, business development, risk position and management, and the financial situation. Once a year it also provides separate information on sustainability topics. With the exception of the Federal Ministers, the members of the Board of Supervisory Directors are appointed for three years and roughly one third of the members are replaced every year.



The KfW Law ensures that sections of society are represented on the Board of Supervisory Directors

## Sustainability organisation

The current composition of the Board of Supervisory Directors can be viewed on [→ KfW's website](#). To avoid conflicts of interest, they may not have any business or personal relationships with KfW or its Executive Board.

The Board of Supervisory Directors maintains four committees which make their work more efficient: the Presidial and Nomination Committee, the Remuneration Committee, the Risk and Credit Committee, and the Audit Committee (for the individual duties see [→ Financial Report 2022, page 12](#)). The Presidial and Nomination Committee evaluates the efficiency and suitability of the Board of Supervisory Directors and the Executive Board on an annual basis (pursuant to section 25d (11) of the German Banking Act (Kreditwesengesetz – KWG)). To expand their knowledge with regard to their role or regulatory matters, KfW offers the members of the Board of Supervisory Directors regular training courses by external experts. It also provides a budget for their participation in external training events.

The Federal Audit Office (Bundesrechnungshof), Deutsche Bundesbank and the Federal Financial Supervisory Authority (BaFin) exercise important oversight functions over KfW Group. The subsidiaries may be subject to additional oversight. KfW is also subject in part to the regulatory standards of the German Banking Act (KWG).

The SME Advisory Council (Mittelstandsrat) specifies KfW's official mandate for the support of small and medium-sized enterprises. The Executive Board informs the Council at least once a year about programmes that are underway or planned for the medium term, and submits alternative proposals on request. The SME Advisory Council is composed of nine representatives or appointed members of the German Federal Government and two representatives appointed by the Bundesrat; it is chaired by the Federal Minister for Economic Affairs and Climate Action.

As an organisation especially committed to sustainable development in Germany and worldwide, KfW sees sustainability as a particularly important factor in the orientation of its core business and the management of the company. The extensive KfW Group [→ sustainability mission statement](#), which was approved by the Executive Board in early 2019, forms the heart of this approach. It is a programme-based mission statement that sets out a sustainability management structure throughout the five areas of action: banking business, banking operations, employer, sustainability management and sustainability communication ([→ chapter on sustainability strategy, page 18](#)). It is based on foundations such as the requirement to focus 38% of the total annual new commitment volume on the key area of climate action and environmental protection, a requirement that has been in place since 2012 and was increased in 2019. This target quota is also part of KfW Group's strategic objectives, which define the targeted medium-term positioning of the bank and guide the strategic direction of all business sectors. Furthermore, the 'Employer' action area of KfW's sustainability mission statement also addresses the target quotas for increasing the share of women in management roles at KfW.

The sustainability guidelines of the business sectors, business areas and subsidiaries follow KfW Group's sustainability mission statement and specify its directives for the specific business sectors. This applies equally to the sustainability guidelines of KfW Development Bank, KfW IPEX-Bank and KfW Capital, and to the environmental and social guidelines of DEG, as well as to the joint sustainability guidelines for domestic promotion.

The sustainability guidelines for KfW's domestic promotional business were revised to bring them into line with the group's objectives and published on 1 March 2023.

Theme-based sustainability guidelines are also in place across the group, such as group-wide guidelines for in-house environmental protection and responsible procurement; these guidelines set out the standards, responsibilities and processes for the topic in question.

### Responsibilities and organisation

Overall responsibility for KfW Group's sustainability strategy and communication lies with the Chief Executive Officer, who also exercises the function of Chief Sustainability Officer. Together with the Executive Board members responsible for the individual business sectors and the management boards of DEG, KfW IPEX-Bank and KfW Capital, he thereby also ensures operational implementation of sustainability-related issues with regard to sustainable financing transactions and sustainable banking operations.

The “Sustainability Strategy” team is headed by the Group Sustainability Officer and forms part of Group Development within “Corporate Strategy and Sustainability”. The “Sustainable Finance Management” team (formerly “Bank Management Sustainable Finance”) is also part of this department, with responsibilities including managing the tranSForm project, meaning that its remit includes the central management of the topics of “SDG contribution of KfW's financing activities” and “Paris compatibility of KfW's financing activities” topics (→ [chapter on sustainability strategy, from page 23](#)).

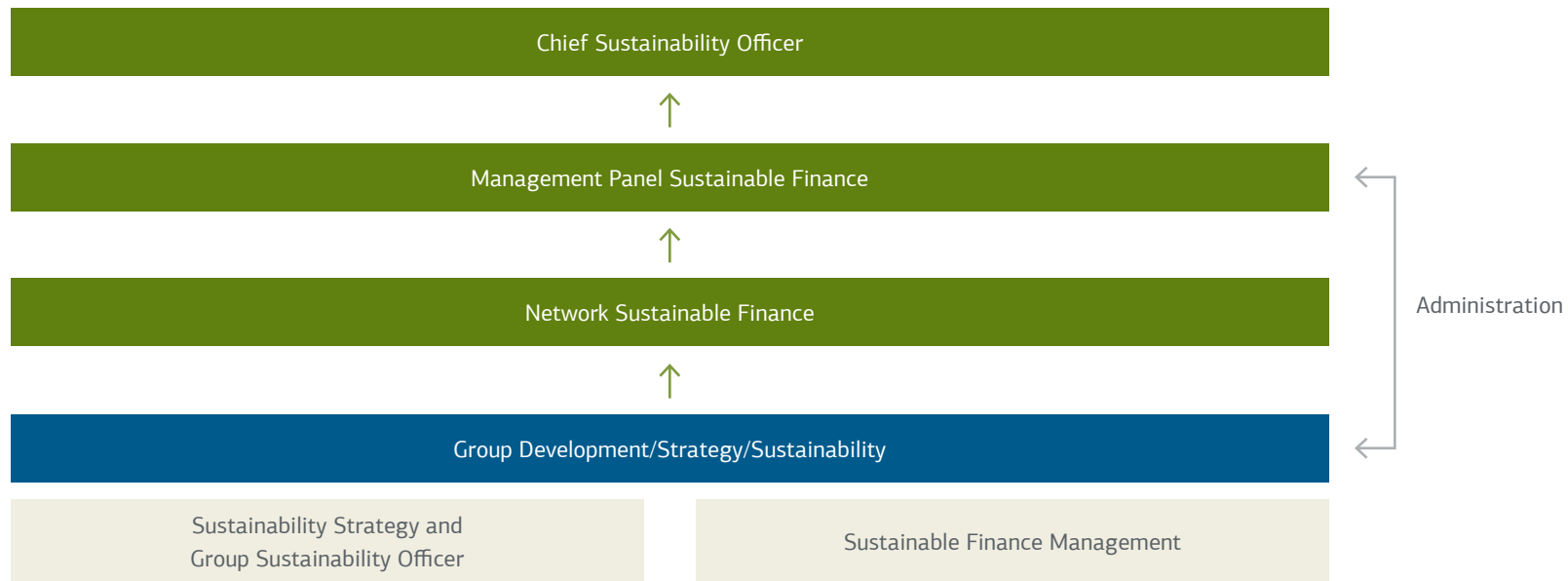
The two teams work together to coordinate the work of the internal Network Sustainable Finance. This network serves to ensure the exchange of information, as well as the coordination and advancement of sustainable finance topics at the working level in all three areas of sustainability (environmental, economic and social).

2021 also saw the creation of a permanent “Management Panel Sustainable Finance” at director level, which receives administrative support from the “Sustainability Strategy” and “Sustainable Finance Management” teams.

Group Development works together with the decentralised sustainability officers from the market areas and central units to develop proposals for decisions by the Executive Board – coordinated via the Network Sustainable Finance in cases involving measures relating to the banking business. In addition, the formulation and implementation of KfW's Sustainability Programme (→ [chapter on sustainability strategy, from page 33](#)) generates new policies and measures for specific themes from the areas of banking business and banking operations. Depending on their area of activity, they are approved in part by the persons responsible for the respective market areas or central units and in part by the Executive Board. The Sustainability Report is edited by Sustainability Strategy, signed off by KfW's Executive Board and presented to the Board of Supervisory Directors for information.



### Organisational chart for sustainability management at KfW Group



#### Expanding sustainability governance

In October 2020, a Sustainability Committee, which meets at regular intervals, was established at KfW IPEX-Bank. The members of the Committee include the Management Board of KfW IPEX-Bank and representatives of the market and risk areas and Corporate Strategy. In addition to sustainability-related projects within KfW IPEX-Bank and group-wide initiatives, the committee addresses future demands from regulators and society in the fields of environmental, economic and social sustainability.

KfW Capital developed and implemented its own sustainability strategy for the first time in 2021 in order to establish ESG criteria in the venture capital ecosystem as well. This is based on sustainability guidelines and sustainability management. The guidelines describe and assign processes and responsibilities. The sustainability management team is responsible for implementation and further development and is also a firmly established part of the investment process. It also has a permanent seat on the Investment Committee. In 2022, further staff members were recruited to the team, and the reporting strategy concept was finalised and revised for the first time as part of the investment tools review.

### Human rights due diligence management

KfW Group is aware of its role model function as a state-owned financial institution and has been reporting on its human rights due diligence in this context since 2019. The information below – including the passages in this report to which reference is made – reflects the current state of implementation of the German Supply Chain Due Diligence Act at KfW.

### Human rights declaration by KfW and its subsidiaries

Protecting human rights forms a central part of the international community's efforts to strengthen sustainable development. KfW therefore published a KfW Bankengruppe therefore published a declaration on the consideration of human rights in its business activities in 2008, in which it explicitly commits to respecting human rights and complying with the core labour standards of the International Labour Organization (ILO) and against forced labour, child labour and discrimination. A new "Policy Statement of KfW and its Subsidiaries on Human Rights and on its Human Rights Strategy" is currently under review and will be updated in April 2023.

Respect for human rights is also a [→ guiding principle of German development cooperation](#). KfW Development Bank therefore operates in accordance with the [→ Guidelines on Incorporating Human Rights Standards and Principles set out by the Federal Ministry for Economic Cooperation and Development \(BMZ\)](#) that were adopted by the Federal Government in 2013. As described in the sustainability guidelines of KfW Development Bank, the principles set out in the guidelines apply to all FC financing activities. KfW IPEX-Bank, too, assesses the human rights impact of its financing activities in accordance with relevant international standards, in particular the UN Guiding Principles, which are part of the Equator Principles (EP4) and thus part of the sustainability guidelines of KfW IPEX-Bank.

### Assessment of human rights due diligence

To allow KfW Group to identify any negative effects or impending risks related to human rights in its financing activities at an early stage and to apply countermeasures, an assessment of human rights due diligence is an integral part of Environmental and Social Impact Assessments (ESIA) for financing activities. The standards and processes applied in each business area's ESIA are explained in detail in the [→ chapter on banking business, from page 90](#).

It goes without saying that KfW Group also ensures the protection of human rights in relation to its staff and goes beyond merely complying with the ILO's core labour standards, as described above, but is also committed to fair pay, diversity and inclusion, among other aspects. Detailed information on this subject is provided in the [→ chapter on employees, from page 120](#).

KfW Group also ensures its compliance with social standards and the protection of human rights in its own banking operations, including by defining environmental and social criteria – also those relating to human rights – for its procurement processes (governed specifically in the [→ Sustainability requirements for procurement at KfW](#)). Human rights are also regularly included in our ongoing surveys of service providers and suppliers as part of procurement management ([→ chapter on banking operations, from page 113](#)).



KfW has been reporting on its human rights due diligence since 2019

### Complaint mechanisms

KfW's goal is to prevent human rights breaches as far as possible using established processes and preventive measures. Bank-wide complaint mechanisms are in place in order to give all persons the opportunity to submit a complaint if they are negatively affected by projects supported by KfW Group – despite comprehensive ESIA's and defined preventive measures. These mechanisms are tailored to the relevant business sectors and the formats of the complaints received. A detailed description can be found in the [→ chapter on banking business, from page 95](#). In order to boost transparency with regard to complaints – also relating to human rights – KfW Development Bank publishes a [→ Complaints Report](#) every year.

If human rights are breached after a supported project has commenced, countermeasures are initiated without delay. These vary depending on the form and scope of the complaint.

## Compliance

KfW Group defines clear expectations for the actions of its employees as well as its business contacts and suppliers. Integrity is the basis for the trust that business contacts, customers, shareholders and the public have in KfW Group. It presupposes compliance with all relevant statutory and regulatory provisions and with all internal requirements. This explicitly includes compliance with statutory regulations and provisions that apply to corruption and fraud (other criminal offences), money laundering and the financing of terrorism, compliance with financial sanctions and embargoes, securities compliance, tax compliance, document organisation, data protection and minimum requirements for risk management, as well as environmental, social and economic matters. In light of this, KfW Group has incorporated the prevention of corruption and other criminal offences into its sustainability mission statement as an ongoing objective.

In addition to the pertinent statutory and supervisory regulations, KfW's mission statement forms the basis for ethical corporate conduct. It describes the values that our employees are required to uphold: responsibility, fairness, professionalism, initiative and transparency. The mission statement references further initiatives that shape KfW's corporate culture, including the [→ Code of Conduct](#). The Group Compliance Guidelines describe how all corresponding integrity and compliance guidelines are to be implemented. Corresponding continuing education measures enhance employees' knowledge in the area of governance and compliance across the group.



Clear expectations for the actions of our employees and business partners

### Organisation and functions

The Executive Board is responsible for compliance within KfW Group. The Compliance Department ensures group-wide operational implementation. It operates independently of other divisions and aligns the existing Compliance Management system with changing laws and market trends. In accordance with the Minimum Requirements for Risk Management (MaRisk), the Compliance department is the central area responsible for recognising legally relevant developments at an early stage, preparing decisions by the responsible bodies and applying a monitoring process to ensure that all legal requirements are met. The group's subsidiaries are closely involved in this process.

With respect to content, the KfW Compliance department focuses on the prevention of fraud and corruption, money laundering and the financing of terrorism, compliance with financial sanctions and embargoes, securities compliance, tax compliance, document organisation, data protection and compliance with the Minimum Requirements for Risk Management (MaRisk).

### Prevention of corruption and fraud

KfW Group has explicitly incorporated the preventive fight against corruption, fraud and other offences in its mission statement and Code of Conduct, and takes a zero-tolerance approach. Compliance conducts annual risk analyses for every business sector and assesses the risks associated with individual customers/business partners, products, processes, transactions and countries. The analysis of country risks also takes into account the Corruption Perceptions Index published each year by the non-governmental organisation Transparency International. 22 cases associated with corruption were confirmed in 2022.

In none of these cases were any of KfW's employees involved, and no agreements were terminated as a result of corruption-related matters. Corruption risks typically exist in the approval of loans or subsidies, in procurement and in the award of contracts.

Complaints regarding criminal activities, such as fraud and corruption, can be submitted to the responsible Compliance department at KfW and confidentially to the Fraud and Corruption Prevention Officer or – also anonymously – to an [external ombudsperson](#). All complaints are rigorously acted upon and necessary measures taken.

The work of the Fraud and Corruption Prevention Officer undergoes an annual audit by the Internal Audit department as well as an external compliance audit performed by independent auditors. These audits involve both the market areas and the central departments and all foreign branch offices (field offices) every year.

At organisational level, KfW Group is committed to the fight against corruption as a corporate member of Transparency International. Furthermore, DEG is a sponsoring member of the Extractive Industries Transparency Initiative (EITI) on behalf of KfW Group. KfW cooperates, among others, with the Federal Ministry for Economic Cooperation and Development (BMZ) in implementing the strategy on anti-corruption and integrity in German development policy.

### Tax policy

As a state-owned promotional bank, KfW Group is subject to a specific fiscal regime and is partly tax-exempt. Thus, unlike KfW itself, KfW's subsidiaries are fully or partly subject to income tax and fund their operations at market conditions.

Full compliance with all national and international tax laws is part of KfW Group's sustainable corporate governance. KfW Group undertakes to pay taxes as and when due and present all tax positions transparently and comprehensively in accordance with its tax mission statement and its Code of Conduct. In this way it operates as a responsible taxpayer that makes a fair contribution to society in accordance with national and international tax legislation. KfW Group does not develop or support any tax models aimed exclusively at achieving tax advantages or reductions. In particular, KfW Group does not use or support any artificial tax schemes. It engages in open, transparent and cooperative interaction with domestic and foreign tax authorities.

The foundations of KfW Group's tax policy are enshrined in the tax mission statement of the Group tax guidelines, which applies to all of KfW Group in the form of a work instruction and is part of the Tax Compliance Management System (TCMS).

KfW implemented the TCMS, which also includes the subsidiaries, back in 2018. The system aims to ensure the complete and timely fulfilment of all tax obligations. The establishment of the TCMS is based on the IDW PS 980 auditing standard of the Institute of Public Auditors in Germany (IDW) and IDW Practice Statement 1/2016. An independent auditor certified the appropriateness and effectiveness of KfW's TCMS in 2022.

KfW's Executive Board has overall responsibility for tax compliance. Departmental responsibility for tax matters lies with the head of the Financial Accounting department. Its tax function is responsible as a central unit for the tax matters of KfW, but not its subsidiaries. On request, the tax function manages the tax affairs of subsidiaries of KfW Group on the basis of outsourcing, for example for KfW IPEX-Bank GmbH.

The tax function monitors the development of relevant fiscal standards and legislation and assesses their implications for KfW's business activities.

KfW complies with its tax payment obligations and submits a country-by-country report for KfW Group to the Federal Central Tax Office as required by law. Only KfW IPEX-Bank has a branch office subject to this reporting obligation, as well as a subsidiary established abroad in 2021. KfW IPEX-Bank's country-specific reporting in accordance with section 26a KWG can be found in the → [KfW IPEX-Bank GmbH Annual Report](#).

KfW has an essential interest in the development of transparent financial markets. Only in this way can the tax basis be properly recorded and the loss of tax revenue avoided. As a promotional and development bank of the Federal Republic of Germany, KfW supports the efforts of the Federal Government and the EU to take action against uncooperative countries or territories and to embed the development of solutions in an international framework. The guidelines of KfW on dealing with financing activities in uncooperative countries or territories have applied group-wide since 2010. These guidelines bar KfW from carrying out transactions through financial intermediaries in which the registered office of a financing vehicle lies in an uncooperative country or territory and deviates from the project country (known as indirect financing activities). Direct financing activities in uncooperative countries, i.e. activities in which the project country is the country where the contractual partner is based, are still permitted in certain exceptional cases, especially in the field of financial cooperation with developing countries. This is in line with KfW's promotional mandate. In order to assess whether a country or territory is uncooperative, KfW consults in particular the EU's list of non-cooperative jurisdictions for tax purposes<sup>1</sup>, the results of stages 1 and 2 of the 'Monitoring and Peer Review Process' (PRP) of the Global Forum of the Organisation for



The tax mission statement and tax compliance management system define KfW's tax policy



Economic Cooperation and Development (OECD)<sup>2</sup> and the lists of the Financial Action Task Force (FATF)<sup>3</sup>. Compliance with these EU and national directives is mandatory and is monitored by KfW's Compliance department.

### Code of Conduct and training

The guideline for legal and ethical conduct at KfW Group is the Code of Conduct, which was updated in 2020 to include sections on integrity and taxes. It applies group-wide and is binding for all employees as well as the Executive Board, comprising succinct and understandable key rules of conduct as well as the employees' duty to cooperate. A link to the intranet directs readers to more detailed information on each topic. The intranet provides specific work instructions, for example on the prevention of criminal offences and on the acceptance of gifts and invitations, as well as practical examples and conduct rules.

A [→ separate code of conduct](#) (German only) also applies for members of the KfW Executive Board. It regulates the handling of conflicts of interest, acceptance of gifts, invitations to events, performance of ancillary activities and the acceptance of honorary posts. However, KfW raises awareness of compliance risks and lawful conduct in many ways. Risk-based online and face-to-face training courses on the bank's fraud and corruption prevention policy are mandatory for all employees. Courses are held every year or every two years – most recently in 2022 – and as needed through specific information letters. Departments hold workshops on the subject of fraud and corruption prevention. Face-to-face meetings with a total of around 300 participants were held in addition to the mandatory online training courses in 2022. KfW informs its business contacts about compliance risks using product data sheets, information sheets and other contract components. It also periodically informs the members of the Board of Supervisory Directors about measures

currently being undertaken to fight fraud and corruption. In cases of suspected criminal offences or misconduct, employees may contact their line manager and/or the Compliance department – confidentially if they wish or via an [→ external ombudsperson](#).

The contact details for all contact persons can be found in the Code of Conduct and other resources. A regular process is in place that allows KfW to rigorously investigate all suspected compliance violations. The Executive Board receives various documents including an aggregate quarterly report. It also receives ad-hoc reports in the event of prominent cases of suspected violations, depending on factors such as loss amount or employee involvement.

Our understanding of ethical conduct also includes the aspect of political donations. According to its donation guidelines, KfW does not provide financial support or other allowances to individuals or political parties including organisations that are affiliated with parties.

<sup>1</sup>The EU blacklist (Annex I) lists non-EU countries that promote fraudulent tax practices which undermine member states' corporation tax incomes. Countries and territories that do not yet meet all international tax standards but have committed to reforms are included in a European Union grey list of non-cooperative jurisdictions for tax purposes (Annex II). A tax jurisdiction is removed from the list as soon as it has met all its obligations.

<sup>2</sup> The Global Forum verifies the implementation and effective application of the OECD standard. In a two-stage process, the countries are assessed for how they have implemented the OECD standard on transparency and tax information exchange in national law and internationally (stage 1), and how they are implementing the exchange of tax information in practice (stage 2). Following stage 2, the countries fall into one of four rating categories: 'compliant', 'largely compliant', 'partially compliant' or 'non-compliant'.

<sup>3</sup> The FATF blacklist lists non-cooperative jurisdictions and high-risk countries ('High-Risk Jurisdictions subject to a Call for Action'). The FATF grey list comprises countries that have committed to the FATF recommendations at minister level but whose anti-money laundering and combating financing of terrorism (AML/CFT) regime still deviates significantly from the FATF standard as a result of strategic deficits ('Jurisdictions under Increased Monitoring').



The guideline for legal and ethical conduct is our Code of Conduct

### Money laundering prevention and data protection

An in-house Anti-Money Laundering Officer coordinates preventive measures against money laundering and terrorist financing at KfW Group. The officer is responsible for ensuring compliance with legal and regulatory requirements and therefore has various duties, including holding responsibility for organisational instructions, conducting risk analyses, implementing risk-based prevention measures and regularly checking the business partner database and transactions against the latest relevant sanction lists. KfW immediately reports all suspicious transactions or situations to the responsible investigating authorities. The Anti-Money Laundering Officer reports directly to the Executive Board or Management Board.

KfW complies with statutory technical and organisational data-protection requirements while maintaining banking secrecy. Group-wide regulations ensure the security of personal data. KfW Group and its subsidiaries have their own data protection policies and data protection officers who are presented on the respective websites of [→ KfW Group](#), [→ KfW IPEX-Bank](#), [→ DEG](#) and [→ KfW Capital](#).

In 2022, KfW reported 53 data protection incidents to the responsible supervisory authority. These mainly related to cases where data was inadvertently misdirected due to address changes that had not been reported or mistakes made by the postal service. There were also a few cases in which the wrong documents were accidentally filed in employee files. In 30 incidents, an increased risk for the data subjects was identified and they were notified accordingly. Suitable awareness-raising measures are carried out continuously. This included an extensive training programme in the departments that have contact with customers and employees, faster blocking mechanisms for outdated addresses and a comprehensive revamp of the process for reporting suspected cases.

Two complaints in an employment law context relating to data protection came to light in 2022. Both complaints related to the passing on or disclosure of personal data, although there are opposing legal opinions on such matters.

Every suspected case is processed and evaluated by the individuals responsible within the department and by those responsible for compliance as part of an established reporting process. The assessment is documented and the results and action to be taken communicated. The reporting process is subject to ongoing quality assurance and is adapted if necessary. It was presented to the competent supervisory authority in 2022 and the suggestions for improvement made in this context have been reflected in the current reporting process.

## Risk management

The KfW Group Executive Board is responsible for central decisions regarding risk policy. Consistent with the business strategy, a risk strategy is established annually, defining the framework for business activities with regard to risk tolerance and risk-bearing capacity. Compliance with the risk strategy is monitored continuously. The bank's overall risk situation is comprehensively analysed in monthly risk reports to the Executive Board. The Board of Supervisory Directors is informed at least quarterly. Risk management within the group is exercised by closely interlinked decision-making bodies. Below the Executive Board, three risk committees prepare decisions to be passed by the Executive Board and make independent decisions within their own remits.

- The Credit Risk Committee makes weekly credit decisions and prepares these for the Executive Board or the Risk and Credit Committee. In addition, once a month it addresses current developments in the loan portfolio including country and sectoral risks, and discusses and decides on policy issues relating to credit risk.
- The Market Price Risk Committee, which convenes monthly, makes decisions on various issues, including the assumption of market price risks, changes in the measurement methods for these risks and the valuation of securities. It also prepares decisions for Executive Board resolutions on interest rate risk positions, transfer pricing and funding strategy.
- Within the scope of the powers vested in it, the Committee for Operational Risks relieves the Executive Board of its duties related to the overarching management and requisite decisions and approvals concerning operational risks (OpRisk), reputational risks (RepRisk), and group security including business continuity management (BCM).

The Committee for Operational Risks deals with overarching specialist issues and supports the Executive Board in implementing the risk strategy and managing measures. Significant OpRisk

and RepRisk incidents and the current risk situation are discussed at each meeting.

The [→ Financial Report](#) contains detailed information regarding the risk management process and its results in 2022.

### Sustainability-related risks and impacts

KfW Group considers the risks and effects of environmental, social and governance matters in its business decisions. It does this from two perspectives:

- Possible negative impacts of KfW's business activities on the environment and society ('inside-out perspective')
- Possible negative impacts from external environmental and social challenges as well as from governance weaknesses (ESG factors) on KfW's business activities ('outside-in perspective')

### Inside-out perspective

Inside-out effects must be observed, for example, when launching new products such as promotional programmes. For domestic business, the central Sustainability Management team performs routine assessments within the New Products Process (NPP). It verifies whether a new product has any adverse environmental and/or social effects. Suitable adjustments are made to the product design if necessary.

The inside-out perspective also plays a role in the financing of individual projects, credit lines, facilities and joint initiatives carried out with a third party. The co-financed projects are assessed for their environmental and social impact. In-depth information concerning the Environmental and Social Impact Assessment (ESIA) is provided in the [→ chapter on banking business, from page 90](#).



KfW Group considers the risks and effects of environmental, social and governance matters in its business decisions

The inside-out perspective with the focus of climate has been dealt with in more detail since 2020 in several pillars of the tranSForm project. This includes, among other things, establishing structures and processes for impact management and greenhouse gas accounting. In this way the database for the management of inside-out impacts is continuously expanded. An explanation of the project is provided in the [→ chapter on sustainability strategy, from page 23](#).

Potential environmental and social risks that may arise from KfW's actions are assessed in its procurement processes as well. As a public contracting body, KfW is required to put contracts above certain statutory threshold values out to tender across Europe through its EU Procurement Office. When selecting and requesting tenders for goods and services and when making the final procurement decision, KfW applies criteria for environmentally and socially compliant procurement – even in the group's external structure. This process is based on principles such as transparency, non-discrimination and competition. This also applies to products and services below the thresholds that are procured in accordance with KfW's rules ([→ chapter on banking operations, page 114](#)). In line with the NPP, the central Sustainability Management team performs assessments for outsourcing processes and carries out spot checks in the case of EU-wide tenders.

### Outside-in perspective

In the case of outside-in risks to KfW Group's business, the focus is currently on climate change and its potential effects on KfW's risk exposure. The chapter [→ "Climate reporting in accordance with TCFD" from page 53](#) contains more information on this. The content reported there is also being addressed by the fourth tranSForm sub-project, "ESG Risks". This sub-project aims to

ensure that ESG risks can be taken into account in a comprehensible manner and managed proactively within KfW Group. After the corporate management tools and the climate stress-testing capabilities had already been developed further in the previous year, the main focus in 2022 was on constructing a database on key customers. Once completed, it will contain an ESG risk profile for all KfW Group business partners from a certain size.

Reputational risks are initially also classed as outside-in risks. However, there is a close link to the inside-out perspective through the perception and response of major stakeholders to effects that arise from KfW. Reputational risk is categorised, both within the group and at the subsidiaries IPEX-Bank and DEG, as a separate significant risk type and is subject to the risk management cycle. KfW (as a group) and, in addition, KfW IPEX-Bank and DEG at the single institution level identify potential reputational risks annually at group/subsidiary level and have them assessed in-house by experts for relevant stakeholder groups. In accordance with the guidelines on risk reporting, relevant new RepRisk events are included in the group risk report. This report is presented to the Board of Supervisory Directors, the Federal Ministry of Finance (BMF), the Federal Ministry for Economic Affairs and Climate Action (BMWK) and the Federal Financial Supervisory Authority (BaFin). Events that could potentially entail substantial damage are addressed to the Executive Board in the form of ad-hoc reports – no such scenarios arose in 2022. In terms of measures, KfW has started to develop a uniform methodology for identifying, assessing and dealing with reputational risks in connection with financing ("transaction-related RepRisk"), with the involvement of all business sectors and subsidiaries. The methodological framework and governance concept were developed in 2022. Calibration and gradual implementation in the business sectors are scheduled for 2023.

# »»» Climate reporting in accordance with TCFD

Climate reporting helps to identify possible impacts of climate change on businesses. In order to identify opportunities and risks for its portfolio, KfW is successively expanding its risk management of environmental, social and governance factors (ESG risk management) and reporting in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The fourth consolidated TCFD report presents KfW Group's most recent steps and most important structures for managing climate-related opportunities and risks.



Climate risks primarily affect credit risk at KfW.



As part of "tranSForm": development of the ESG risk profile in 2022, application from 2023.



KfW conducted further internal climate stress tests in 2022.

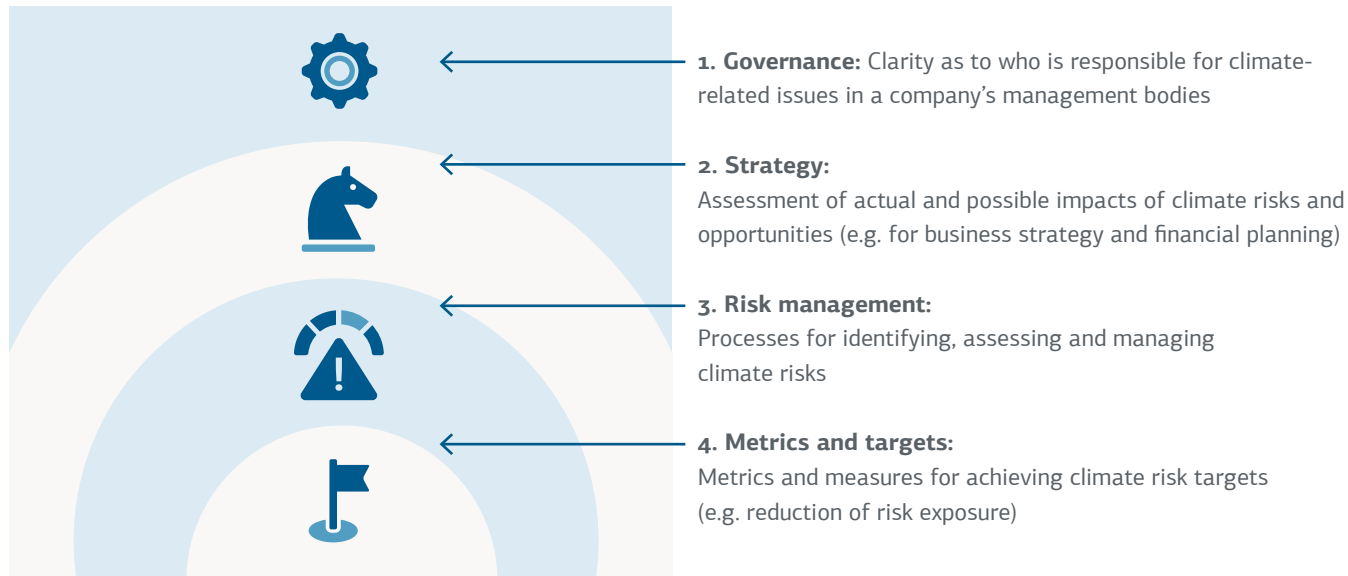
## Transparency regarding the risks and opportunities of climate change

The [→ recommendations of the Task Force on Climate-related Financial Disclosures](#) (TCFD) of the Financial Stability Board have now become established as the standard for reporting on the risks and opportunities of climate change for enterprises. They are also increasingly being incorporated into new reporting requirements for companies. KfW Group has also adopted these recommendations and is reporting in line with the TCFD criteria for the fourth time.

As a public-sector institution we are doing this in order to present any risks to our stakeholders – owners, associations, investors and the general public – in a transparent manner, take responsibility for them and thus create trust.

The TCFD recommends reporting based on four building blocks:

### Four TCFD recommendations and dimensions for climate reporting



Implementing the TCFD recommendations in their entirety still poses challenges for many enterprises, as some of the calculations required are fraught with uncertainty. As a result, our TCFD reporting focuses on the aspect of risk for the time being without yet considering possible opportunities, for example with respect to sectors that could gain from particular scenarios. As the TCFD recommendations primarily apply to risks from an investor's perspective, this is also likely to be most closely aligned with the TCFD approach.

Our focus on the topic of risk also means that we look at climate risks primarily from the 'outside-in' perspective in the context of the TCFD report. In other words, we analyse whether and to what extent physical or transitory climate risks could impact KfW Group's risk exposure. Physical climate risks can include damage to buildings or infrastructure, in particular that of our borrowers, caused by the consequences of climate change, such as flooding, storms and drought. Transitory climate risks, on the other hand, result from the transition from the currently prevailing economic systems, which are still largely based on fossil fuels (oil, coal, natural gas), towards a low greenhouse-gas economy. Transitory risks can also affect our borrowers and therefore impact our credit risks (the term 'credit risks' in this report always includes investment risks). As such, neither form of risk primarily reflects the damage caused by climate change, but rather its financial consequences for KfW.

The 'inside-out' perspective – in other words, the question as to how our banking activities affect the climate and how we can reduce greenhouse gas emissions – plays a prominent role for KfW as a promotional bank and applies to a large portion of our financing activities. This is described primarily in the [→ Banking business](#), [→ Corporate governance](#) and [→ Banking operations](#) chapters of this Sustainability Report. The greenhouse gas accounting system for KfW's new commitments and portfolio to be developed as part of the transForm project is another relevant aspect ([→ page 23](#)).

Our climate risk reporting includes the subsidiaries KfW IPEX-Bank, KfW Capital and DEG.

### Further development of our reporting approach

The high level of interest our stakeholders have in climate risks is a key incentive for us to establish appropriate transparency both within the company and towards external target groups. As part of the group-wide transForm project, for example, a dedicated sub-project has been launched for ESG risks (sub-project 4) to further develop the management of ESG risks in the group in the period leading up to the end of 2024. The aim is also to meet the regulatory requirements on ESG risks that are relevant to KfW.

In the year under review, the progress made by the sub-project included the following:

- The development of the "ESG risk profile" application was completed. This involves assessing all of KfW's risk-relevant business partners with regard to their ESG risks, including physical and transitory climate risks. The IT aspects of the application are currently being finalised and it will be rolled out gradually across KfW Group in 2023. The application will serve as a key information basis and will be able to supply its ESG risk data to other risk tools.
- The most important action areas for allowing us to address all of the regulatory requirements for ESG risks that are relevant to us have been identified. This resulted in 23 "packages of meta-measures". One of these is the aforementioned "ESG risk profile" application. Other meta-measures address, for example, the expansion of ESG stress testing, ESG reporting and ESG portfolio analysis.



To be applied as of 2023:  
the ESG risk profile



## 1. Governance

- In particular, further progress was made in ESG stress testing. In addition to developing initial conceptual stress test approaches for particularly relevant ESG risks, the next climate stress test was finalised in the first quarter of 2022: a four-year scenario borrowed from the Network of Central Banks and Supervisors for Greening the Financial System (NGFS), which provides for the immediate introduction of a cross-sectoral carbon tax, was taken as a starting point.
- The scenario affects both the emissions-intensive sectors in KfW Group's corporate portfolio and banks, which are affected primarily via their exposure to these sectors (i.e. via what are known as second-round effects). KfW Group, however, fares well in this scenario from a financial perspective. Although the total capital ratio decreases over the course of the scenario until the end of 2025, it remains well ahead of the expected regulatory capital requirements and within the risk appetite defined by the Executive Board.

KfW Group has been observing and taking into account the risks and opportunities associated with climate change for its business for some time. We take them into account just as we do other drivers of risk in our risk management approach, in our organisation and in our processes.

The Executive Board is responsible for central decisions regarding risk policy. In parallel with the business strategy, we define a risk strategy for each year and thereby determine the framework of our business activities with regard to risk tolerance and risk-bearing capacity. The business and risk strategy were supplemented further in 2022 with regard to the consideration of ESG risk aspects.

Compliance with this risk strategy is monitored continuously. For instance, we analyse the bank's overall risk situation in monthly reports to the Executive Board. The Board of Supervisory Directors is informed at least quarterly.

As soon as climate risks are classed as material, they are presented to the Executive Board for information purposes or decision-making as required. The business or risk strategy can subsequently be adjusted accordingly. Any targets related to substantial climate risks or opportunities can be included in the group's business sector planning and targets can be aligned.

Risk management within the group is exercised by closely interlinked decision-making bodies. Below the Executive Board, three risk committees prepare decisions to be passed by the Executive Board and make independent decisions within their own remit ([→ chapter on risk management, page 51](#)).



Climate risks within KfW are coordinated by the Group Credit Risk Management department. This includes, in particular, the management of the group ESG risk project, but also the preparation of this TCFD report. In this task the Credit Risk Management department works closely with the Risk Controlling department, the risk units of the subsidiaries and the Group Development department.

Depending on which department is affected by a climate risk, decision-making chains ensure that an appropriate level of the hierarchy is made aware of the situation or makes any necessary decision. In the case of material risks, for example at sector level in the area of corporate and project financing, the reporting chain is as follows:

#### Decision-making chain in risk management\*



\* Depending on the severity of the risk, not all levels of this decision-making chain need to be involved.

Similar mechanisms exist for banking risks, country risks, market price risks, liquidity risks and operational risks. Depending on the materiality of the topic, the necessary committee in the decision-making chain is brought in.

Significant climate risk issues are monitored depending on the impact at various points, for example:

- for individual exposures in the rating process that takes place at least once a year,
- for impacts on an entire portfolio, in the form of studies or analyses or
- as resubmissions in committees.



Climate risks within KfW are coordinated by the Group Credit Risk Management department



## 2. Strategy

KfW has set itself the goal of playing an active role in shaping the transition to a sustainable economic and financial system. Our strategic plans therefore contain ambitious targets for further expanding KfW's position as a bank with sustainable operations. Our primary objective is the transformation of the economy and society with the aim of improving economic, environmental and social living conditions around the world. This is underscored, among other things, by our sustainability mission statement and the mapping of the portfolio based on the UN Sustainable Development Goals (SDGs). Key strategic decisions in the context of the targeted transformation process include the application of sector guidelines for the financing of greenhouse gas-intensive sectors and a group-wide exclusion list. KfW revised the guidelines already in place regarding the 1.5°C target in 2022 and implemented them at the start of 2023. KfW is guided in this respect by the 1.5°C-compatible "Net Zero by 2050" scenario of the International Energy Agency (IEA). The IEA scenario also represents our baseline scenario.

In recognition of the special importance of climate change, the environmental share of financing has been set at  $\geq 38\%$  of total new commitment volume. In order to identify its own sustainability performance, KfW has also set itself the goal of determining its contribution to the Paris climate targets and SDGs, as well as being listed on average among the top five promotional and development banks in global sustainability ratings.

### Scenario analysis – objective

In accordance with TCFD recommendations, the aim of scenario analyses is to gain insights into how resilient our business model is to climate risks. The decisive question for KfW is whether an unacceptably high concentration of climate risks could be present in our loan and equity investment portfolio in the medium to long term.

Climate scenario analyses involve simulating a number of parameters across multiple sectors; these parameters are based on various scientifically supported possibilities for how the global climate could develop in future. Reciprocal effects are also considered and factored into the calculations. The result is an internally consistent worldview. It is important to note here that the likelihood of long-term scenarios based on a wide range of assumptions actually occurring can be very low or difficult to estimate. It is not until different scenarios and their results are examined and compared that significant new insights are gained. The results of the analyses carried out by KfW to date can be found under [→ 4. Metrics and targets](#).

### Climate stress test

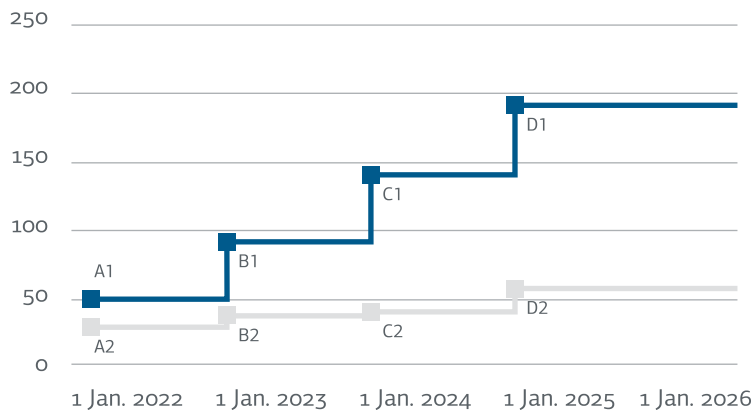
A climate stress test is a scenario analysis in which possible negative effects of the scenario on KfW's own portfolio and, as a result, its financial standing are simulated under what are usually very conservative assumptions. KfW already started to expand its stress-testing capabilities for climate risks in 2020. From the end of 2021, an initial climate risk stress test was performed with KfW's existing stress-testing systems, processes and methods. This test was completed in the first quarter of 2022. As in KfW's first climate stress test, the focus was on credit risks.

It was assumed in the scenario that the coronavirus pandemic would not remain the prevalent political issue.

The climate crisis is once again moving into the spotlight of public discourse. This means that an ambitious global climate programme can be launched with the goal of achieving carbon neutrality by 2050. A tax on greenhouse gases (carbon pricing) is introduced in all sectors and all countries and is increased annually. In absolute terms, the carbon price is higher in industrialised nations than in emerging markets and developing countries. In the EU, the carbon price will rise from EUR 48/metric tonne (t) of CO<sub>2</sub> to EUR 193/t by 2025. (By way of comparison: In the German carbon emissions trading system, there are plans to increase the price from EUR 30/t in 2022 to EUR 55/t by 2025. This fixed price only applies to the transport and buildings/heating sectors as a supplement to the EU emissions trading system for the energy and industrial sectors, which nevertheless does not cover all sectors.)

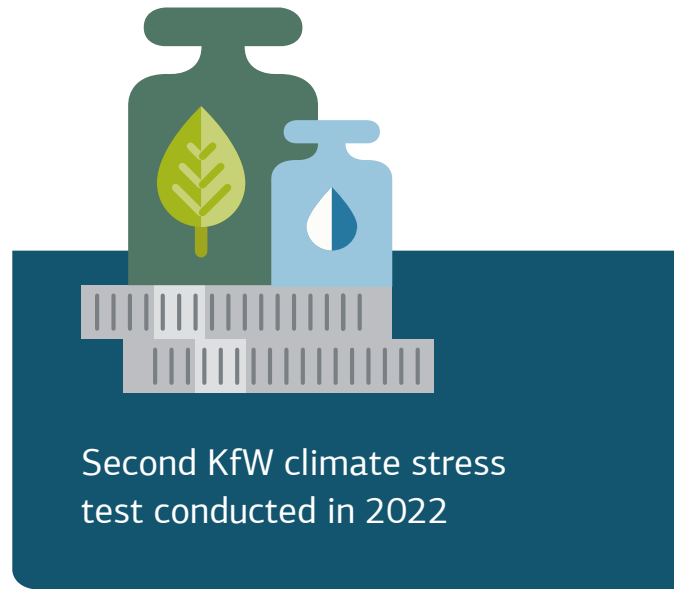
### Carbon price trend per tonne

EUR/t



— EU carbon price in the scenario (all sectors)  
 — Actual carbon price in Germany (heating and transport)

A1 = EU carbon price in the scenario: EUR 48/t as of 1 Jan. 2022  
 A2 = Actual carbon price in Germany: EUR 30/t as of 1 Jan. 2022  
 B1 = EU carbon price in the scenario: EUR 96/t as of 1 Jan. 2023  
 B2 = Actual carbon price in Germany: EUR 35/t as of 1 Jan. 2023  
 C1 = EU carbon price in the scenario: EUR 144/t as of 1 Jan. 2024  
 C2 = Actual carbon price in Germany: EUR 45/t as of 1 Jan. 2024  
 D1 = EU carbon price in the scenario: EUR 192/t as of 1 Jan. 2025  
 D2 = Actual carbon price in Germany: EUR 55/t as of 1 Jan. 2025



### Key scenario assumptions and effects:

- **Scenario horizon:** 1 January 2022 to 31 December 2025
- **Corporates:** The carbon price increase affects the cost structure and, as a result, the profitability of emissions-intensive sectors in particular. The extent to which each industry is affected is determined by its emissions intensity (greenhouse gases in tonnes per EUR of revenue) as a starting point. Demand shifts towards low-emission alternatives, meaning that individual sectors such as renewable energy also benefit in this scenario. This means that opposing effects arise in the corporates portfolio that offset each other to a considerable extent.
- **Financial institutions:** In the case of banks, second-round effects are the dominant factor. Institutions with a high exposure to those corporate sectors that are particularly affected come under financial pressure. As no granular data is available on bank portfolios, conservative assumptions were applied regarding rating changes, resulting in significant stress effects in KfW's banking portfolio.

### Conclusion and further steps

The climate stress test, conducted for the first time using existing KfW processes, systems and methods, focused on quantifying the impact of rising carbon prices on KfW Group's loan portfolio. The lack of data available (especially regarding carbon emissions, banks' corporate exposure and the adaptability of affected borrowers) and the fact that there are still no best-practice methods in the market pose major challenges to climate stress testing. This is why climate-stress testing is being further developed and expanded as part of the further development of ESG risk management in the tranSForm project (also with a view to simulating physical hazards such as flood risks).



### 3. Risk management

Climate risks are not classed as an independent category of risk, but act as a risk driver and can affect several categories of risk. For KfW, this relates particularly to

- credit risks,
- reputational risks and
- operational risks, especially physical risks in this case (e.g. property damage caused by the consequences of climate change). OpRisk management already considers these events as ‘climate risks’, albeit using different terms.

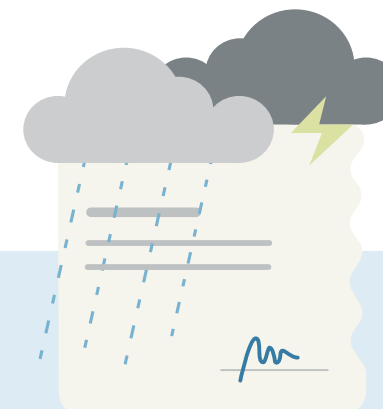
Over the short to medium term, the transitory risks are more relevant to our portfolio than the physical risks because the risks arising from climate change have reached national, European and international levels in the legislators’ perception, as illustrated by the debate about reasonable CO<sub>2</sub> prices, for example. The transition to a climate-neutral economy is also increasingly taking the form of concrete action (as with the Green Deal in the EU), and this process could be a challenge for the economy and thus for some of our customers as well.

#### Climate risks at individual exposure level

If we regard a climate risk as an essential aspect in risk-relevant transactions, we take this into account at two points in the credit process – as we do other risk drivers:

- **Identification of the customer’s probability of default:** Depending on the severity and materiality of the climate risk, this is incorporated into a rating via the quantitative aspect (climate risks have already affected the customer’s business figures) and/or the qualitative aspect (e.g. in the case of regulatory risks or via manual upgrades or downgrades).
- **Evaluation of the transaction structure and its terms and conditions:** The front office and risk management offices perform a credit appraisal in a two-stage process (first and second decision recommendations) that focuses primarily on the structure of the transaction, such the term of the loan. If a climate issue appears to be unfavourable (risk) or particularly positive (opportunity) in its interplay with the structure, this is assessed during the credit appraisal and the results are incorporated into the recommendation for decision. In the case of a risk, this may lead to the loan being denied or subjected to additional conditions.

The approval of a new loan or a loan follow-up decision is then made by the relevant decision-making level (management levels and committees) depending on the severity of the risk (risk exposure).



Climate risks affect credit, reputational and operational risks

### Climate risks at portfolio level

A wide range of formats are already in place within KfW Group for dealing with climate risks at portfolio level. We are continuously developing and extending these formats by:

- Examining risks in the context of studies or analyses, particularly if there is a link to entire industries. These are presented and discussed in various committees (e.g. the Group Committee for Sector Risks or the Group Credit Risk Committee). There are separate departments for financial industry risks and country risks; these also submit analyses to the Group Credit Risk Committee.
- Including risks in different ‘heat maps’, e.g. the general Risk Report Heat Map or the Environment and Climate Risk Heat Map.
- Discussing risks in the Expert Committee for stress tests and, where appropriate, subsequently performing a stress test which is then presented to the Group Credit Risk Committee for information purposes.
- Establishing transparency regarding material risks via the risk reporting system.

If the security evaluation or rating method demonstrate climate risks to be relevant enough to be explicitly included as their own criterion within the methodology, the risks are examined by the security or rating systems working groups set up for this purpose. Measures derived from the analyses performed by the various committees are then discussed and decided upon by the Group Credit Risk Committee. We also addressed climate risks again during our regular risk inventory process in 2022. This confirmed our previous finding that these risks are not a separate category of risk – an opinion shared by BaFin in its [→ Guidance Notice on Dealing with Sustainability Risks, from December 2019](#). The Group’s procedural rules were amended accordingly in early 2020 to include a definition of climate risks.

In addition to operational and reputational risks, climate risks could have a particularly large impact on KfW’s credit risk. In contrast, their influence on other categories of risk (e.g. business or liquidity risks) still appears to be limited at the moment. Climate risk as a factor in the context of credit risk is therefore the main focus of our work.

### Climate risks as reputational risks

Climate risks are also linked to reputational risks and therefore regarded as ‘non-financial risks’. KfW has an overarching strategy and specific sub-strategies for these forms of risk.

Non-financial risks arise from KfW’s primary business activities. They comprise operational risk as well as reputational and project risks. For KfW, the main operational risks are information security risks, compliance risks, business interruption risks and legal risks.

As a public-sector institution with high ethical, governance and compliance standards, KfW Group regards reputational risks as material even though significant adverse effects to its assets, income or liquidity situation as a result of a negative reputation have not yet been observed or measurable. Reputational risks can arise for KfW in a climate context, for example, if KfW has financed borrowers that are criticised for their emissions.

Sub-risk strategies for this topic could limit or prevent the impact created by these risks. For example, KfW focuses particularly on using training courses to raise employee awareness (e.g. in-house events to explain climate risks) so that risks can be identified at an early stage.

## 4. Metrics and targets

In the area of climate-relevant metrics and targets, the TCFD recommendations apply primarily to both the outside-in and the inside-out perspective. Metrics for the 'outside-in' risk perspective are being continually developed. Over the medium term we aim to generate multiple metrics and, if required, targets for the 'outside-in' risk perspective. The ESG risk profile described

above, which is in the process of being developed, is also designed to contribute to this. Metrics in a broader sense include the findings from the scenario analyses and stress tests, which represent findings obtained over the years and are gradually combined to form a single picture.

### Results of KfW scenarios and stress tests

Year	Scenario	Climate risk category	Focus	Timescale	Result
2019/2020	IEA 2017 2°C scenario	Transitory risk	Oil and gas sector	2030	No major risks to portfolio business identifiable
2020/2021	IPCC RCP 8.5	Physical risk	US and Germany; automotive, chemicals, electric utilities sectors	2030, 2050	No major risks to portfolio business identifiable
2020/2021	IPCC RCP 8.5	Physical risk	US, China, Vietnam	2050, 2100	No major risks to portfolio business identifiable, to be monitored for new business
2020/2021	2°C stress test/worst case calculation	Transitory risk 'disorderly'; simplified simulation for CO <sub>2</sub> price	Sections on corporates and major banks	2030 and beyond	Considerable risks exist – generally manageable for KfW
2021/2022	Climate litigation scenario	Transitory risk, particularly climate litigation risks	Oil and gas, banking, cruise shipping and automotive sectors	–	No major risks identifiable at present
2022	Climate stress test NGFS net zero scenario	Transitory risk	Corporates and financial institutions in the KfW Group portfolio	2025	Although KfW's total capital ratio decreases over the course of the scenario until the end of 2025, it remains well ahead of the expected regulatory capital requirements and within the risk appetite defined by the Executive Board.

Metrics for the inside-out perspective include KfW Group's own carbon emissions in addition to the carbon footprint of KfW's financing activities ([→ chapter on sustainability strategy](#)). They are recorded in accordance with the Greenhouse Gas Protocol for scope 1 and 2 and on a selective basis for scope 3.

Scope 3 emissions make up the majority of KfW's carbon emissions and are mainly generated by our business trips. KfW Group's carbon emissions are listed in detail in the [→ chapter on banking operations](#).



# Banking business



# Banking business

## How we promote sustainable development

### Review

2022 was a year of considerable challenges. A variety of crises have asked a lot of our policymakers, economy and society at large. Nevertheless, there are clear signs of emerging structural change in Germany. With the funding it provides, KfW has made a considerable contribution to mastering these challenges. This is also reflected in KfW's business figures: in 2022, KfW reported a new business volume of EUR 166.9 billion, which marks an all-time high.

#### Highlights

**Exceptional promotional business volume** in Germany amounting to EUR 136.1 billion

**Priority area of climate change and the environment** increased significantly to EUR 60.5 billion

Increase in the **promotion of developing countries and emerging economies** to EUR 12.6 billion – EUR 8.2 billion of which was for climate action and environmental protection

### Outlook

The journey towards a climate-friendly, digital and resilient Germany has begun. A large number of projects already show that Germany has the energy and the strength required to embark on this journey. This makes us cautiously optimistic as we look ahead to the future. After this exceptional year, we will focus on providing targeted support in areas where structural change requires significantly more momentum and where we can effectively support entrepreneurial action and the plans of private households and municipalities alike.

#### Goals

**Long-term borrowing** via the capital markets of EUR 80 to 85 billion is planned for 2023. At least EUR 10 billion of this amount is to be raised by issuing large-volume green bonds in various currencies

Introduction of the **Worst-Performing Building Bonus (WPB)** in the form of a repayment bonus to promote the energy-efficient refurbishment of the worst 25% of buildings in Germany from an energy efficiency perspective

## Promotional priority areas

### Based on promotional principles

KfW Group's primary goal is the transformation of the economy and society with the aim of improving economic, social and environmental living conditions. As a public promotional bank, it is guided by the two promotional principles of subsidiarity and sustainability – in addition to its focus on megatrends and German SMEs. The principle of subsidiarity means that KfW concentrates on addressing market weaknesses without encumbering or crowding out private enterprise. KfW and commercial banks work together as partners and do not compete with each other. KfW supports commercial banks in financing projects that otherwise would not get off the ground. With regard to the principle of sustainability, KfW aims to be a sustainable bank in a holistic sense: in its business, in its operations and in its role as an employer. KfW's promotional work is geared towards long-term and sustainable success. Its financing activities are driven by the highest environmental and social standards as well as key megatrends (→ [Development of promotion by megatrend, page 73](#)). The promotional principles are explicit components of KfW Group's 2027 Strategic Objectives (→ [chapter on sustainability strategy, page 21](#)).

Three reporting formats are used to control and steer the strategic target variables over the course of the year. These formats are used to report to the Executive Board on a monthly basis and the Board of Supervisory Directors on a quarterly basis.

- Strategic performance report (primary target promotion; Group Planning and Control is responsible for this report)
- Risk report (secondary target risk and liquidity; Risk Controlling is responsible for this report)
- Financial controlling report (secondary target profitability and efficiency; Controlling is responsible for this report)

### A measurable contribution to the SDGs

To make its diverse contributions to the global Sustainable Development Goals transparent, KfW Group has been mapping all of its new annual business to the 17 Sustainable Development Goals since 2019. It discloses which funding volumes it invests in the individual SDGs together with contributors. This mapping offers important points of departure for KfW's further development as a transformative promotional bank that focuses on its impacts so as to drive environmentally, economically and socially sustainable solutions.

Building on its broad statutory mandate, KfW Group again covered all 17 SDGs in 2022.

Detailed information on each business sector's contribution to the SDGs and details on the methodology are provided on the → [KfW website](#).



KfW covers all 17 SDGs with its promotion

## How KfW Group's promotional business contributes to sustainable development<sup>1</sup>



### SDG contributions made by KfW Group in 2022:

UN SDGs		in EUR million
SDG 1	“No poverty”	4,012
SDG 2	“Zero hunger”	742
SDG 3	“Good health and well-being”	2,723
SDG 4	“Quality education”	4,206
SDG 5	“Gender equality”	565
SDG 6	“Clean water and sanitation”	1,809
SDG 7	“Affordable and clean energy”	57,690
SDG 8	“Decent work and economic growth”	40,500 <sup>2</sup>
SDG 9	“Industry, innovation and infrastructure”	20,041
SDG 10	“Reduced inequalities”	4,500
SDG 11	“Sustainable cities and communities”	49,962
SDG 12	“Responsible consumption and production”	542
SDG 13	“Climate action”	57,287
SDG 14	“Life below water”	217
SDG 15	“Life on land”	990
SDG 16	“Peace, justice and strong institutions”	592
SDG 17	“Partnerships for the goals”	1,963

<sup>1</sup> Volume-weighted presentation for 100% of new commitments. More information is available on the website → [KfW and Sustainable Development Goals \(SDGs\)](#).

<sup>2</sup> The results presented here do not include the mandated transactions in the amount of EUR 54.2 billion executed by KfW on behalf of the German Federal Government to support energy suppliers in connection with the war of aggression against Ukraine.

## Reporting on EU Taxonomy

### Legal requirements in the context of the EU taxonomy regulation

The European Union's taxonomy regulation (EU taxonomy) pursues the goal of redirecting capital flows towards environmentally sustainable activities. For this purpose, it describes a classification system which, with the help of verifiable criteria, allows economic activities to be classified as environmentally sustainable. The reporting obligations relating to the EU taxonomy are based, in particular, on Regulation (EU) 2020/852 in conjunction with Delegated Regulation (EU) 2021/2178 supplementing article 8 of the EU taxonomy ("disclosure delegated act"; DDA).

The EU taxonomy covers economic activities with a potential positive impact on the following six environmental objectives: climate change mitigation, climate change adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems.

The technical screening criteria for assigning the environmental sustainability of economic activities to these objectives are specified in further EU delegated acts. Delegated Regulation (EU) 2021/2139, adopted in mid-2021, sets out provisions governing the requirements for the two environmental goals of climate change mitigation and climate change adaptation as what is known as a "climate taxonomy". Complementary Climate Delegated Act (EU) 2022/1214 (CCDA) contains additional conditions subject to which certain power generation activities that use nuclear energy and natural gas can also be classified as environmentally sustainable transitional activities. Further legal regulations to determine the technical screening criteria for environmental goals 3 to 6 are expected to follow in 2023.

The reporting obligations on the EU taxonomy will come into force in stages. Financial undertakings have to report seven taxonomy key performance indicators (KPIs) for the transition period covering financial years 2021 and 2022. These report, among other things, the proportion of financing for taxonomy-eligible economic activities in relation to total assets. From financial year 2023, affected financial undertakings will have to comply with the full reporting requirements, which are based in particular on the disclosure of taxonomy-aligned economic activities, including the main KPI for banks, the green asset ratio (GAR).

The mandatory scope of application of the EU taxonomy is defined by the European corporate sustainability reporting requirements. Up until now, these were set out in the Non-Financial Reporting Directive (NFRD), which was transposed into national law in Germany with the CSR Directive Implementation Act (CSR-RUG). The NFRD was reformed by Directive (EU) 2022/2464, the Corporate Sustainability Reporting Directive (CSRD), which was published in December 2022. Going forward, the CSRD will significantly increase the scope and extent of corporate sustainability reporting obligations.

**Addressing the EU taxonomy within KfW Group**

As part of the group-wide [→ tranSForm project \(see page 23\)](#), KfW is addressing the implementation of the EU taxonomy within KfW. KfW supports the EU's goal of mobilising additional private and public capital to finance environmentally sustainable economic activities. KfW shares the fundamental view that increasing transparency concerning the sustainability impact that financing has can have a positive incentive effect. For KfW as a digital transformation and promotional bank, the EU taxonomy is playing an increasing role in how KfW deals with its customers and investors alike. EU taxonomy criteria have already found their way into product development. For example, the promotional criteria for the “Climate action campaign for SMEs” and “Sustainable mobility for municipalities and companies” programmes are based on EU taxonomy criteria.

With regard to its own reporting, KfW Group does not fall within the direct scope of application of Article 8 of the EU taxonomy. As a result, there is no group-wide reporting on EU taxonomy KPIs to date. The situation is different for KfW IPEX-Bank, which falls within the direct scope of application of article 8 of the EU taxonomy. The following sections present the quantitative and qualitative disclosures that are mandatory for financial year 2022.

**Mandatory disclosures by KfW IPEX-Bank GmbH on the EU taxonomy as of 31 December 2022**

KfW IPEX-Bank is required to make quantitative and qualitative disclosures in the context of the EU taxonomy. The scope of the taxonomy KPIs to be reported is derived from article 10 DDA. Accordingly, KfW IPEX-Bank has to report on the proportion of its taxonomy-eligible economic activities as of the 31 December 2022 reporting date. In addition, it has to report further taxonomy KPIs that put the proportion of taxonomy-eligible business into an overall context.

KfW IPEX-Bank is responsible for [→ Export and project finance](#) within KfW Group. Due to this focus, large parts of the portfolio are outside of the scope defined by the EU taxonomy. The largest item, accounting for 88.5% of total assets, relates to transactions with business partners outside the scope of the NFRD. These transactions relate primarily to project and export financing outside the EU, as well as special financing and other business with business partners based in the EU that are not subject to the NFRD.

This means that only a smaller share of total assets fall within the scope of the EU taxonomy and is subject to a taxonomy eligibility review. This share is generally divided, on the one hand, into risk exposures that can be assigned to a sustainable economic activity within the meaning of the taxonomy compass of the EU taxonomy and, on the other, into business whose exposure is to be weighted to reflect the taxonomy KPIs that the business partner concerned has itself reported. Together, these make up the taxonomy-eligible economic activities. The remaining part of the business subjected to the taxonomy eligibility review is to be allocated to taxonomy-non-eligible economic activities. No risk exposures to nuclear and gas activities as defined in the CCDA are included in the transactions subjected to the taxonomy eligibility review. For more information on the calculation method, see [→ Basis for calculating KfW IPEX-Bank's taxonomy KPIs](#).

KPIs for KfW IPEX-Bank<sup>1</sup>

		Share of total assets	
Risk exposures to sovereigns, central banks and supranational issuers		3.0%	
Trading portfolio		n/a	
Short-term interbank loans		0.0%	
Derivatives		n/a	
Risk exposures to non-NFRD entities		88.5%	
		<b>Share of total assets in 2022 (turnover KPI)<sup>2</sup></b>	<b>Share of total assets in 2022 (CapEx KPI)<sup>3</sup></b>
Eligible for taxonomy review	Taxonomy-eligible economic activities	3.9%	4.0%
	Taxonomy-non-eligible economic activities	2.3%	2.2%

<sup>1</sup> As not all asset items are included in the taxonomy KPIs presented (for example intangible assets), the percentages set out above do not add up to 100%.

<sup>2</sup> Based on the turnover KPI of the counterparties

<sup>3</sup> Based on the CapEx KPI of the counterparties

**Basis for calculating KfW IPEX-Bank's taxonomy KPIs**

Gross carrying amounts are recognised for assets on the basis of the single-entity financial statements of KfW IPEX-Bank prepared in accordance with the provisions of the German Commercial Code. In addition, existing definitions and distinctions from regulatory financial reporting (FinRep) are applied.<sup>1</sup>

To determine the taxonomy KPIs for the 2022 reporting year, the KPIs explained below are expressed in relation to total assets before risk provisions.

As of the 2023 reporting year, the covered assets are to be taken as a basis, i.e. total assets less risk exposures to sovereigns, central banks and supranational issuers, as well as the trading portfolio. Due to the insignificant share of these items and, as a result, the insignificant effect on the taxonomy KPIs, no separate disclosure has been made on the basis of the covered assets.

Risk exposures to sovereigns, central banks and supranational issuers include transactions with central, Federal State and district governments, supranational organisations and balances with central banks. KfW IPEX-Bank does not hold any financial assets with the intent to trade. Derivatives outside the trading book are not reported as onerous contracts in accordance with the provisions of the HGB.

Business partners' NFRD obligation is operationalised in accordance with articles 19a and 29a of Directive 2013/34/EU. The first step involves identifying all business partners in the customer group comprising credit institutions and other financial or non-financial enterprises that have their registered office in the EU and employ more than 500 people. These business

partners with transactions with a known purpose are classified as being subject to the NFRD if they are also considered as capital market-oriented. Business partners with transactions without a known use of proceeds (general financing) are considered to be subject to the NFRD if they have published mandatory taxonomy KPI reports for financial year 2021. In such cases, the taxonomy KPIs published are used to determine the taxonomy-eligible or taxonomy-non-eligible economic activities.

For the purpose of determining the NFRD obligation, the direct (legal) business partner with which the business relationship is maintained is considered in each case. Transactions with business partners in the customer groups comprising credit institutions and other financial or non-financial enterprises that do not meet the criteria listed for the NFRD obligation are grouped as non-NFRD counterparties.

KfW IPEX-Bank uses transactions with counterparties subject to the NFRD and loans to regional authorities to verify taxonomy eligibility, as well as to determine which economic activities are taxonomy-eligible and which are not. Taxonomy-eligible economic activities without directly attributable economic activities are determined, in cases involving non-financial companies, based on the turnover KPI and the CapEx KPI published by the counterparty. The taxonomy eligibility KPI published by financial undertakings for the 2021 reporting year, as well as transactions classified as taxonomy-eligible with a known use of proceeds, are included in the calculation of taxonomy-eligible economic activities based on both the turnover KPI and the CapEx KPI in equal parts.

<sup>1</sup> According to question 20 of the Frequently Asked Questions (FAQs) published by the EU on 20 December 2021

### Classification of KfW IPEX-Bank's taxonomy KPIs

Based on the regulatory requirements of the EU taxonomy described above, only a small proportion of KfW IPEX-Bank's overall portfolio can be included in the taxonomy eligibility review.

Under the EU taxonomy, it is mainly transactions with private individuals, local authorities as well as companies and financial undertakings that are relevant. KfW IPEX-Bank does not have any retail business. This means that the assessment of the overall portfolio is largely based on the criteria relating to corporate financing and financial undertakings. As far as these counterparties are concerned, credit institutions have to include those transactions whose legal counterparty falls within the mandatory scope of the NFRD and, as a result, the EU taxonomy itself. The relevant criteria in this regard are having a registered office in the EU, size criteria such as the number of employees, and status as a public-interest entity.

KfW IPEX-Bank has a significant amount of business with counterparties outside the EU due to its financing mandate. In a conventional export financing arrangement with KfW IPEX-Bank, for example, a loan is concluded with a foreign buyer of a German or European delivery. The buyer is not covered by the scope of the NFRD. As a result, this business is not considered any further in accordance with the EU taxonomy requirements and is allocated to non-NFRD risk exposures.

Another significant share of KfW IPEX-Bank's business is attributable to special financing transactions with single-purpose entities as direct counterparties. These generally do not fall under the scope of the NFRD themselves due to size criteria – even if they are based in the EU.

These transactions are also allocated to non-NFRD exposures – even if their financing purpose is directly related to a taxonomy-eligible economic activity within the EU. This means that the majority of KfW IPEX-Bank's business lies outside the legally defined and mandatory scope of application of the EU taxonomy.

Sustainability in its actions is a particular priority for KfW IPEX-Bank. As a result, it has firmly established sustainability in its → [mission statement](#) and in its business and risk strategy. An indication of the environmental dimension of KfW IPEX-Bank's business is provided by the share of the new commitment volume that is allocated to → [Climate change and the environment](#) (see page 80).



## Development of promotion by megatrend

### Focus on global challenges

In 2022, KfW Group focused most of its promotional activities on what KfW believes to be the socially and economically important megatrends of ‘climate change and the environment’, ‘globalisation’, ‘social change’ and ‘digitalisation and innovation’, all of which are embedded in its strategic objectives. KfW Group also supported further promotional areas that are not tied to any trends. In order to reduce global poverty, the business sector KfW Development Bank has been supporting the German Federal Government in financing and implementing development projects. Another priority area for KfW is the promotion of SMEs and entrepreneurs in Germany. In addition to KfW’s coronavirus aid – which was continued in the reporting year until 30 June 2022 – the mandated transactions triggered by the war in Ukraine (UBR Special Programme – Ukraine, Belarus, Russia) are another promotional area that is not tied to any trends. One exception is KfW Capital’s coronavirus aid, which falls under the megatrend of digitalisation and innovation.

In order to address the particular importance of the ‘climate change and the environment’ megatrend, an ambitious target has been applied to these promotional areas since 2012. Since 2020, the aim has been for this area to account for 38% of the total promotional business volume. KfW Group achieved a figure of 36% (or 59% after adjustments to reflect commitments in the context of the coronavirus and Ukraine/energy crises) in 2022.

The → [table on page 74](#) shows how the 2022 commitment volumes of KfW’s individual business sectors were distributed among the megatrends defined in the strategic objectives.

The allocation of the main products of the domestic business sectors SME Bank & Private Clients, Customised Finance and Municipal Financing, KfW Development Bank, KfW IPEX-Bank, DEG and KfW Capital to the four defined megatrends depends on their financing purpose. In the case of KfW Development Bank, for example, climate action and environmental protection projects are categorised under this megatrend. All other financing activities are predominantly categorised under the priority area of “poverty alleviation”, one of the promotional issues not tied to a trend. Similarly, any financing by DEG and KfW IPEX-Bank from areas other than climate action and environmental action are mainly categorised under the ‘globalisation, megatrend. KfW Capital’s business, on the other hand, is geared towards the megatrend of ‘digitalisation and innovation’.

The product range for domestic promotional business mainly consists of promotional programmes focused on specific topics. The → [table on page 75](#) shows the particularly high-volume promotional products for domestic promotional business and lists the respective megatrends to which they are assigned based on the promotional approach.



**KfW Group commitment volume according to business sector and megatrend in 2022, in EUR billion<sup>1</sup>**

	<b>Business sector: SME Bank &amp; Private Clients</b>	<b>Business sector: Customised Finance &amp; Public Clients</b>	<b>Business sector: KfW Capital</b>	<b>Business sector: Export and project finance</b>	<b>Business sector KfW Development Bank</b>	<b>Business sector DEG</b>	<b>Total commitment volume</b>
Total commitments	64.8	70.0	1.3	18.1	10.9	1.6	166.9 <sup>2</sup>
Including climate change and the environment (environmental share) <sup>3</sup>	45.3 (70%)	3.9 (5.5%) <sup>4</sup>	0%	3.1 (17.3%)	7.6 (69.4%)	0.6 (40%)	60.5 (36%) <sup>5</sup>
of which globalisation	n/a	0.3	n/a	12.5	n/a	1	13.8
of which social change	7.7	1.5	n/a	n/a	n/a	n/a	9.2
of which digitalisation and innovation	1.93	1.4	1.3	2.5	0.1	n/a	7.2
of which non-trend-related promotional issues <sup>6</sup>	9.9	62.9	n/a	n/a	3.2	n/a	76

<sup>1</sup> Differences in the totals are due to rounding.

<sup>2</sup> Also includes commitments in the Financial markets business sector in the amount of EUR 0.4 billion, of which EUR 0.4 billion is attributable to climate change and the environment; adjusted for the export and project finance commitments from KfW's programme loans

<sup>3</sup> Percentage of total commitments for the business sector or area

<sup>4</sup> The environmental share of financing in the core business of the business sector is 33.7%. Due to non-recurring effects, it amounts to 5.5%. This is largely due to the implementation of energy supply security measures on behalf of the Federal Government.

<sup>5</sup> Also includes commitments from the Financial markets business sector in the amount of EUR 0.4 billion

<sup>6</sup> Including KfW coronavirus aid commitments, mandated energy transactions and emergency aid for gas and heat

**KfW's largest-volume domestic promotional programmes in 2022 (commitments in EUR billion)**


Megatrend	SME Bank & Private Clients	Customised Finance & Public Clients	KfW Capital
Climate change and the environment	Federal Funding for Energy-efficient Buildings (BEG) (36.3)	IKU – Investment Loans for Municipal and Social Enterprises (1.0)	
Globalisation	---	Refinancing export loans covered by Federal guarantees (0.3)	
Social change	Home Ownership programme (3.1)	IKK – Investment Loans for Municipalities (1.1)	
Digitalisation and innovation	Digitalisation and Innovation Loan (1.9)	Digital Infrastructure Investment Loan (0.7)	ERP VC Fund Investments (0.187) ERP/Future Fund – Growth Facility (0.245)
Non-trend-related promotional issues <sup>1</sup>	ERP Promotional Loan for SMEs (4.0)	Global funding of the promotional institutions of the German Federal States (2.3)	

<sup>1</sup> Non-trend-related promotional issues were dominated by special funding for energy security at EUR 54.2 billion and emergency aid for gas and heat at EUR 4.1 billion in financial year 2022. Neither of these are regular promotional programmes, which is why they are not listed here.

**Non-trend-related promotion**

A special focus was placed on measures in 2022 to support companies that have been affected by the Ukraine crisis and need liquidity. SMEs, large enterprises and freelancers affected by the Ukraine war and the sanctions are being supported through the provision of loans. The funds can be used to finance purchases and running costs. KfW assumes up to 90% of the banking risk, thereby facilitating access to credit. The promotional programme will run until the end of 2023.

Another particular focus was supporting energy suppliers and energy traders in Germany, including the emergency aid for gas and heat for December advance payments, which was provided at short notice on behalf of the Federal Government (around EUR 4 billion to around 2,300 energy suppliers).

Applications could be submitted for the promotional programmes to address the coronavirus crisis for companies, the self-employed and freelancers in Germany until 30 April 2022; the programmes were discontinued as of 30 June 2022.

These programmes meant that in the first half of 2022, it was also possible for businesses that needed additional funds during the pandemic to improve their liquidity with the help of various loan programmes and equity capital support from KfW Group. These also included KfW Capital's coronavirus aid, which falls under the megatrend of digitalisation and innovation.

One focus in international business among non-trend priorities is poverty alleviation through KfW Development Bank.

KfW's flood aid also largely falls into the “non-trend-related promotion” category.

A total promotional business volume of EUR 76 billion, including KfW coronavirus aid commitments, mandated energy transactions and the emergency aid for gas and heat (2021: EUR 18.4 billion), was accounted for by non-trend-related promotion in 2022.

### SME Bank & Private Clients

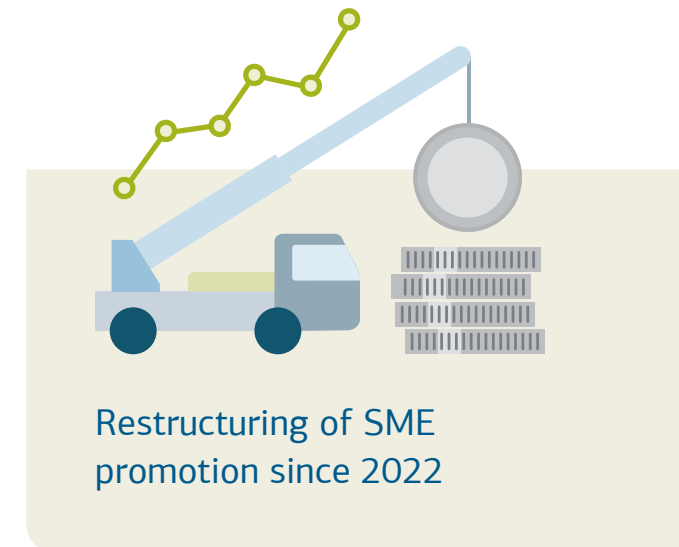
The KfW Entrepreneur Loan from the SME Bank & Private Clients business sector provides low-interest financing for projects in Germany to small, medium-sized and large companies, sole traders and freelancers who have been operating their business for at least five years. One exception is the ERP Start-up Loan, which provides low-interest financing for young companies that have been in operation for at least three years but less than five years.

The SME promotion was restructured and made clearer as of 1 January 2022. In connection with the new promotional offering, the ERP promotion is being expanded to all small and medium-sized enterprises (SMEs). This means young companies that have been on the market for less than five years and companies in the regions eligible for promotion are given particularly favourable conditions.

Large companies with a maximum annual revenue of EUR 500 million now have access to general corporate funding with the new promotional loans for large mid-sized companies. Foundations, successions and projects can be funded in Germany and abroad. Financing partners also have the option of receiving a 50% exemption from liability.

KfW has been offering the KfW UBR Special Programme since 9 May 2022 to mitigate the impact of the Russian war on Ukraine on the economic situation of German companies. Originally scheduled to end on 31 December 2022, the programme has been extended until the end of 2023. Production losses, declining revenue, closures of production facilities and a proportion of increased energy costs can be financed through the programme. The maximum loan amount is EUR 100 million per group, and an exemption from liability of up to 80% is offered as part of the programme.

The significantly expanded loan offering due to the coronavirus crisis and the corresponding package of measures put together by the German Federal Government was discontinued on 30 June 2022.



## Restructuring of SME promotion since 2022

### Customised Finance & Public Clients

As part of the 2022 KfW UBR Special Programme – Syndicate Financing, KfW supports domestic and foreign companies that are having financing difficulties due to the Ukraine war and related sanctions but are structurally sound and competitive in the long term.

To stabilise the energy supply in Germany and strengthen the resilience of the German economy, several individual mandates from the Federal Government for energy supply companies were implemented. To date, financing in this context has been committed in particular for procuring replacement gas, meeting short-term “margining” liquidity requirements (obligatory collateral pledged when trading in energy) and for financing gas procurement to maintain certain gas storage facility filling levels legally required in Germany.

Small and medium-sized enterprises as well as freelancers can benefit from KfW’s favourable refinancing terms for new business acquisitions under the global loan for lease finance.

General funding helps promotional institutions of the Federal States to fulfil their promotional mandates, insofar as these also fall within KfW’s statutory mandate. In the dedicated variant of general funding, selected loan purposes are granted special terms and conditions.

There are plans to continue with the global loans to promotional institutions of the Federal States to support start-ups and small SMEs in the future. For a climate-friendly and competitive Germany, start-ups and small, growth-oriented SMEs with group revenue of up to EUR 75 million are to be funded in the Federal Republic of Germany.

The target group includes young and/or growth-oriented companies with innovative (e.g. environmental and digital) business models.

KfW also provides working capital financing under the Investment Loan for Municipal and Social Enterprises (IKU) programme.



## Ensuring energy security

KfW is currently supporting energy security projects on behalf of the Federal Government in order to feed liquefied natural gas (LNG) into the German gas grid and natural gas storage facilities as quickly as possible. This is reducing Germany’s decades-long dependence on Russian pipeline gas and putting its energy supply on a broader footing. In line with the German climate goals, the permits for the new LNG terminals are, however, limited until 31 December 2043. Further operation of the facilities beyond this date can only be permitted for climate-neutral hydrogen and its derivatives (e.g. ammonia). This should ensure that the goal of climate neutrality in Germany can be achieved by no later than 2045.

### Business sector KfW Development Bank

In order to reduce global poverty, KfW Development Bank has been supporting the German Federal Government in financing and implementing development projects. Around 23.6% of the total commitments of EUR 10.9 billion in the reporting year went to projects in Sub-Saharan Africa to combat poverty directly. Promotional priority areas include social infrastructure (particularly healthcare, education, water supply, sanitation and waste disposal, governance), economic infrastructure (in particular energy production and supply, transport and storage), financial system development, multisectoral issues such as environmental protection and resource conservation, migration and flight, and support for reform processes.

### Business sector DEG

DEG promotes private enterprises that are active in developing countries and emerging economies. In 2022, DEG provided financing for 80 projects in developing countries and emerging economies with a volume of EUR 1.6 billion. At the start of 2022, DEG implemented its new “Climate.Impact>Returns.” strategy. One important building block is professionalising staff. Around 90 employees were trained with a focus on mitigating climate change and the new strategy.



## Uganda: water as a vital basis of life

As a consequence of a protracted armed conflict in Gulu, Uganda, the majority of the infrastructure has been destroyed or is no longer sufficient for the growing population. A KfW project with a financing volume of EUR 41 million combines effective immediate measures with long-term investments in infrastructure. Around 225,000 people are benefiting from water supply measures (e.g. construction of a treatment plant or extension of a dam), including many vulnerable people in informal settlements. As a result of sanitation measures, access to public sanitary facilities has increased from 32% to 90%. In addition, floods are being prevented by new drainage channels, particularly in disadvantaged districts. A waste management system has also been introduced.



23.6% of KfW Development Bank's funds went to Sub-Saharan Africa in 2022

### Climate change and the environment

KfW Group's business activities focus on content related to climate and environmental protection. In 2022, new commitments in this area accounted for 36% of the total promotional business volume at EUR 60.5 billion (2021: EUR 56.4 billion). This makes KfW one of the largest financing partners worldwide for projects that promote climate action and environmental protection. Across all business sectors, KfW supports measures to expand renewable energy, improve energy efficiency and adapt to climate change, as well as to prevent and reduce pollution.

### SME Bank & Private Clients

The promotional priority area of energy efficiency and renewable energy accounted for the largest share in the Mittelstandsbank (SME Bank) business segment with a promotional business volume of EUR 18.5 billion, followed by corporate investment at EUR 10.5 billion.

In 2022, the Private Clients business segment recorded a new business volume of EUR 31.7 billion. The promotional business volume was primarily accounted for here by the Federal Funding for Energy-efficient Buildings programmes, which were restructured in April 2022 and now concentrate on top-level funding with an ambitious energy standard and high requirements for sustainability in the building life cycle (Sustainable Building Quality Seal (QNG)). The scope of the refurbishment promotion was also reduced. In particular, KfW no longer offers any promotion of individual energy-efficient refurbishment measures. Instead, it is focusing its promotion on comprehensive refurbishment to the Efficiency House standard. As part of the refurbishment promotion, a bonus for the refurbishment of worst-performing buildings was also introduced in the third quarter to accelerate the energy-efficient refurbishment of the worst 25% of buildings in Germany from an energy efficiency perspective.

The measures aimed at promoting energy efficiency in buildings also include the promotion of the use of energy consultants, who are deployed in energy-efficient construction and refurbishment projects for residential and non-residential buildings and advise and support customers with their investment projects. Their involvement is mandatory in energy-saving funding programmes for buildings.

### Customised Finance & Public Clients

On behalf of the Federal Ministry for Housing, Urban Development and Building (BMWSB), KfW's Energy-efficient Urban Rehabilitation programme awards grants to municipalities to promote the creation of neighbourhood-based refurbishment strategies and their implementation with refurbishment managers. This programme thus primarily prepares building-related investments that are supported, for example, by the Federal Funding for Energy-efficient Buildings programmes but also investments in areas such as district heating. In addition, the range of loans offered as part of the Energy-efficient Urban Rehabilitation programme promotes investment measures such as the construction and rehabilitation of heating networks and efficiency measures in water supply and wastewater disposal. Since 1 April 2021, funds have also been provided for measures to create and upgrade green infrastructure, water-sensitive design measures and climate-friendly mobility measures in the neighbourhood.

On behalf of the Federal Ministry for Digital and Transport (BMDV), KfW supports businesses and the public sector with investments in ambitious climate action measures in the field of mobility in Germany. The Sustainable Mobility Investment Loan promotes climate action measures in the field of infrastructure for climate-friendly transport, climate-friendly vehicles and sustainable information and communication technologies. The requirements for the measures are based on the EU taxonomy criteria.

As part of the Federal Funding for Energy-efficient Buildings programme aimed at municipalities, KfW financed the construction of new energy-efficient buildings with low energy requirements and carbon emissions, as well as energy-efficient refurbishment at municipal level in 2022. Overall, the Energy-efficient Urban Rehabilitation and IKK/IKU Federal Funding for Energy-efficient Buildings programmes accounted for EUR 1.3 billion in new commitments in 2022.

### Export and project finance

The highest commitments in the business sector Export and project finance – for which KfW IPEX-Bank is responsible – that are attributable to the megatrend of climate change and the environment were EUR 1.41 billion in the Power and Environment sector department. A significant portion of this amount was used to finance wind farms. All in all, the business sector contributed EUR 3.14 billion to the megatrend. This underscores KfW IPEX-Bank's efforts to make a significant contribution to environmental protection and climate action.

### Business sector KfW Development Bank

In 2022, EUR 7.6 billion was provided on behalf of the German Federal Government solely for financing climate action and environmental protection projects in developing countries and emerging economies. That is 69.4% of the total commitments in 2022. This means that climate finance remains one of the priority areas of Financial Cooperation.

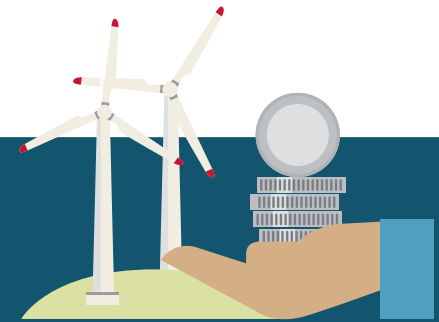
### Business sector DEG

DEG financed climate action and environmental protection projects totalling EUR 609 million in 2022 (2021: EUR 409 million). One focus was renewable energy projects in Africa, Asia and Latin America designed to promote the generation and use of green electricity in developing countries.



## Expansion of PET recycling in India

To reduce negative impacts on the environment from disposable PET bottles and promote a sustainable circular economy, DEG is providing Indian recycling company Polygenta Technologies Ltd., a subsidiary of perPETual Technologies GmbH, with a long-term loan of USD 16.25 million. The Danish development financier IFU is committing the same amount to the project. The loan will be used to construct two new production lines at the site in Nashik, Maharashtra. This will enable the company to further expand its recycling capacity and process more than 200 tonnes of PET plastic waste a day.



EUR 1.41 billion from IPEX-Bank went to wind farms etc. in 2022



## Globalisation

High pressure to innovate, international markets, new partnerships and competitors as well as open labour markets are the characteristics of the globally networked economy. KfW Group pursues the goal of securing the long-term competitiveness of the German and European economy – and therefore growth and employment. To this end, it finances innovative business ideas, supports investments in modern production facilities and finances projects that enable companies to access international markets. In 2022, EUR 13.8 billion (2021: EUR 11.8 billion) in new commitments were related to the megatrend of globalisation.

## Customised Finance & Public Clients

KfW provides interested banks with long-term funds for refinancing export loans through the “Refinancing export loans covered by Federal Guarantee” programme – with a volume of EUR 0.3 billion in 2022. It thereby supports German exports and secures long-term growth and employment in Germany, while giving the partner countries a helping hand with investments – among other things in projects aimed at energy provision and improved health care.

## Export and project finance

KfW IPEX-Bank pursues the goal of securing the long-term competitiveness of the German and European economy – and thus growth and employment. With a total volume of EUR 18.1 billion in 2022 (2021: EUR 13.6 billion), it provided project and export finance for medium-sized and large enterprises in key industries. Of this sum, EUR 12.5 billion was related to the megatrend of globalisation.



## Promoting autonomous driving

In 2022, KfW IPEX-Bank provided financing of EUR 250 million to automotive supplier ZF Friedrichshafen. The financing will go towards selected development activities in the area of autonomous driving systems and technologies for assisted driving, including the development of autonomous systems for electric shuttle applications. Additionally, the funds will be used to develop a broad range of components and systems for various applications and levels of automated driving that contribute to improving active vehicle safety, efficient traffic flow, improved global traffic management and therefore also to improving sustainability in the traffic sector.

### Social change

Demographic change will pose major challenges for Germany in the decades to come. The aim is not only to maintain the well-developed social protection systems and to adapt infrastructure to the needs of different age groups; it is also a matter of preserving the current level of prosperity with fewer and fewer, but well-qualified workers. KfW Group's education financing helps to prepare young people for the professional demands of the future – and thus to secure Germany's economic strength in the long term. In addition, the bank supports age-appropriate housing modernisation.

### SME Bank & Private Clients

In 2022, the main contribution to the megatrend of social change was made by the homes and living priority area with a commitment volume of EUR 4.1 billion. In addition to the Home Ownership programme and the Age-appropriate Conversion programme, this priority area includes the Baukindergeld scheme introduced in 2018, which was discontinued on 31 December 2022. Thanks to the Baukindergeld programme, families received support in purchasing their own homes with a commitment volume of EUR 0.8 billion in total in 2022.

The ERP Start-up Loan can also finance business successions – the programme thus contributes to absorbing demographic change.

### Customised Finance & Public Clients

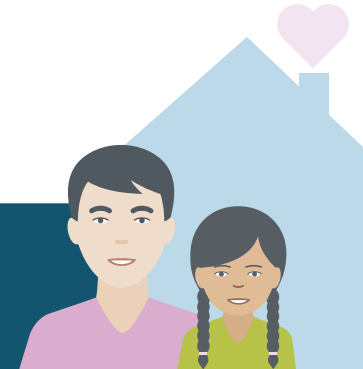
KfW supports social change in the business sector Customised Finance & Public Clients by financing municipal and social infrastructure in Germany. Social infrastructure measures are supported, for example, in the form of direct loans to municipalities for their long-term financing needs via the IKK Investment Loans for Municipalities programme or through on-lending to

municipal and non-profit enterprises via the IKU Investment Loan for Municipal and Social Enterprises programme. In the segment for individual financing of banks and promotional institutions of the Federal States, KfW refinanced promotional institutions of the Federal States through programme-based global loans to help customers purchase residential property in Germany.



## Special Programme for Refugee Facilities

KfW supported cities and communities in creating, modernising and equipping facilities for refugees in the first half of 2022. To this end, KfW launched the “Special Programme for Refugee Facilities” for municipalities and provided a total of EUR 480 million from its own funds and funds of the Federal Ministry for Housing, Urban Development and Building (BMWSB). The extraordinary support for municipalities is processed via the IKK Investment Loans for Municipalities Programme, which was already in place. The application period expired on 30 June 2022. With this offering, KfW tied in with the “Extraordinary Support for Refugee Accommodation” from 2015, in which around EUR 1.5 billion has been committed to aid for municipalities.



The Special Programme for Refugee Facilities supported cities and communities in the first half of 2022

### Digitalisation and innovation

Digital technologies are an important source of innovation in broad areas of the economy. They are therefore considered a key driver of competitiveness and growth, changing the way people today live, work and communicate with each other.

Digital technologies essentially have the potential to trigger social and economic development processes and make them more efficient.

### SME Bank & Private Clients

With ERP digitalisation and innovation loans of EUR 1.9 million, the SME Bank & Private Clients business sector financed digitalisation and innovation projects as well as investments and working capital of innovative companies in 2022. KfW provides loans of between EUR 25,000 and EUR 25 million here.

With the ERP Mezzanine for Innovation product, KfW supports investments and working capital of private companies and freelancers with up to EUR 5 million in each case so that they can carry out innovative projects.

### Customised Finance & Public Clients

Through the KfW Loan for Growth, the business sector promotes investments and working capital for larger projects involving innovation and the digitalisation of commercial enterprises.

The Venture Tech Growth Financing product is designed to give young, fast-growing technology companies access to venture debt to scale their business models, thereby providing crucial support for the development of the venture ecosystem in Germany.

Since 2020, the Digital Infrastructure Investment Loan has been promoting broadband expansion on the basis of fibre-optic networks on behalf of the BMDV from federal funds at attractive financing terms.

Overall, the megatrend of digitalisation and innovation accounted for EUR 1.4 billion in new commitments in the business sector Customised Finance & Public Clients.

### KfW Capital

As a wholly owned subsidiary of KfW, KfW Capital aims to sustainably improve the provision of venture and growth capital to innovative technology companies in Germany. KfW Capital invests in German and European VC funds with support from the ERP Special Fund and the Federal Government's Future Fund, indirectly giving innovative German technology companies better access to growth capital by strengthening the funds' capital base and bolstering Germany's status as a hub for innovation in the process. In addition to its own market business, KfW Capital manages funds of the Federal Government on a fiduciary basis. This includes, for example, business activities conducted for equity investments that KfW enters into on a fiduciary basis for the Federal Government's Future Fund.

Commitments in the business sector KfW Capital totalled around EUR 1.3 billion in 2022 (2021: EUR 502 billion). This significant increase by more than 150% is due to various factors: firstly, KfW Capital was able to expand the commitment volume to the ERP VC Fund Investments and ERP/Future Fund – Growth Facility programmes further than planned (to EUR 432 million, of which ERP VC Fund Investments: EUR 187 million and ERP/Future Fund – Growth Facility: EUR 245 million). In the previous year, the commitment volume to these two programmes was EUR 298 million.

Secondly, the commitments to the GFF-EIF Growth Facility implemented by the European Investment Funds with funds held in trust by KfW from the Future Fund have also risen considerably: whereas around EUR 183 million was provided for this in 2021, around EUR 474 million was committed in 2022.

In addition, EUR 312 million was committed to the German Growth Fund within the Future Fund. KfW Capital also invested EUR 40 million in High-Tech Start-Up Fund IV.

As a wholly owned subsidiary of KfW, KfW Capital invests – with the support of the ERP Special Fund and the Future Fund invests – in European VC funds that themselves finance innovative technology companies in Germany at least with the capital provided by KfW Capital.

#### Export and project finance

The business sector Export and project finance, for which KfW IPEX-Bank is responsible, contributed EUR 2.5 billion to the megatrend of digitalisation and innovation in 2022. The financing is channelled, for example, into digital infrastructure projects and broadband expansion.



## KfW Capital Award

KfW Capital presented the KfW Capital Award for the first time in 2022 – in connection with the KfW Entrepreneurs' Award. Specifically, the Best Female Investor KfW Capital Award is given to female VC investors who successfully invest in start-ups and innovative technology companies in Germany. The Best Impact Investor KfW Capital Award places an additional focus on investors for whom impact is an integral component of their investment strategy. Dr Manon Sarah Littek, co-founder of the VC fund Green Generation Fund was named Best Female Investor in 2022. The team from the Extantia Capital VC fund won the category of Best Impact Investor. With the two categories chosen, KfW Capital particularly gives prominence to diversity, gender and impact, which are still underrepresented in the VC ecosystem, underlining how important they are.



## Transforming food retail

In 2022, KfW IPEX-Bank committed financing of EUR 120 million to Dutch online supermarket Picnic for its first fully automated warehouse in Germany. Picnic delivers food along the same routes at regular intervals. The focus of this “milkman principle” is the recurring weekly shop by families in suburbs. Bundling multiple and larger orders reduces the volume of traffic. Moreover, the specially developed delivery vehicles are fully electric. In addition, Picnic only procures products in quantities in which customers actually order them, meaning the online supermarket avoids unnecessary food waste.

**Business sector: KfW Development Bank**

The potential of digitalisation is also exploited in KfW Development Bank's portfolio. There are currently 325 projects with digital components with a total volume of EUR 10.2 billion. The content is broad, spanning from the digitalisation of public administration in Rwanda through promoting technology start-ups in India right down to using satellite data to monitor conservation areas in Ecuador.

KfW sees itself not only as a financier of digital projects but also as a source of ideas and a developer of independent innovative solutions. For example, it developed TruBudget, a blockchain application for transparent implementation of public investments, which is already being used in ten KfW Development Bank projects. The OSCAR digital support system for decision-making, which was initiated and developed by KfW before the outbreak of the coronavirus pandemic, has established itself as an integral component of the pandemic response in the partner country Nepal, and is to also be used in other countries in Southeast Asia in future in cooperation with the WHO.

**Business sector: DEG**

Digital business models have not just been on the rise since the coronavirus pandemic. In particular, private companies in developing countries and emerging economies are using the opportunities that digital technologies and innovations offer.

As an experienced financier of private companies, DEG supports its customers in advancing forward-looking projects with sound market knowledge, impact and climate expertise, and its international network. The projects range from an equity investment in an online retailer in Africa which is expanding its technological infrastructure, through financing technology companies in Ukraine, which was also continued in 2022, right down to co-financing an online tool for assessing carbon emissions in developing countries and emerging economies.

## KfW in the capital market

KfW Group's very good reputation on international capital markets is due not only to its excellent credit and sustainability ratings but also to its holistic approach to sustainability, which includes acting responsibly on the capital market. With its business activities specifically aimed at sustainability objectives, KfW Group aims to channel capital into sustainable and environmentally sound projects, thereby living up to its social responsibility in the capital market too.

Due to its first-class credit standing, supported by the institutional liability and direct guarantee from the Federal Republic of Germany in particular, KfW has a Triple-A rating from Moody's, Scope Ratings and Standard & Poor's. This and its sound, transparent capital market strategy make it a reliable partner for investors.

The sustainable business activities in the business sector Financial markets include:

- The green bond portfolio
- Sustainability-oriented management of the liquidity portfolio
- Funding via green bonds

The first-named activity is to be classified as promotional business.

### Green bond portfolio

KfW began to establish a green bond portfolio under a mandate by the Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection (BMUV) in April 2015. The objectives of this portfolio are to finance climate action and environmental protection measures through an instrument based on the capital market, and to contribute to the qualitative development of the green bond market. The KfW green bond portfolio is a pure fixed-income portfolio with a buy-and-hold approach. In 2021, a target volume ranging from EUR 2 to 2.5 billion was set for green bond portfolio fluctuation until expiry of the promotional mandate at the end of 2023. Continuation of the promotional mandate is being reviewed.

The promotional mandate of the BMUV stipulates compliance with minimum criteria that align with the [→ Green Bond Principles \(GBP\)](#). The minimum criteria refer to the project categories such as renewable energy, energy efficiency, environmentally friendly transport projects and biodiversity, including the statement of objectives and expected impacts from projects, the process of project selection, funding delimitation, reporting and qualified verification by a third party (e.g. a "second-party opinion"). No funds are provided for measures intended for commercial electricity generation from nuclear energy or coal, and [→ KfW's bank-wide exclusion list](#) is upheld. At the same time, the all-encompassing focus of green bond issuers on climate protection and sustainability is taken into account.



ESG and exclusion criteria are included in the liquidity portfolio

To ensure compliance, KfW checks for adherence to the minimum criteria before each investment and uses an internal assessment scheme to categorise green bonds. KfW also analyses reporting after each investment. Based on the information provided by the respective issuer, KfW examines whether the use of funds is explained in a transparent manner and indeed fulfils the promotional purpose. If the issuer fails to use the funds appropriately, KfW reserves the right to terminate the investment.

Beyond that, KfW supports the qualitative development of the green bond market. The objective is to advance the establishment of ambitious market standards for green bonds in dialogue with other market participants such as issuers, independent third parties or market initiatives. The GBP play a particularly important role here. As an investor, KfW is a member of the GBP Executive Committee and a coordinator of the Impact Reporting Working Group. The BMUV receives an annual report about market and portfolio development and the accompanying activities. KfW's Executive Board is informed about the portfolio's development on a monthly basis. As of 31 December 2022, the volume of the green bond portfolio was EUR 2.3 billion.

### **The liquidity portfolio**

KfW's liquidity portfolio is part of its bank-wide liquidity management activities. This portfolio is a pure bond portfolio, which comprises only bonds from public-sector issuers and supranational organisations as well as bank bonds, Pfandbriefe (German covered bonds) and asset-backed commercial papers (ABCP)/asset-backed securities (ABS), which have an investment-grade rating. As of 31 December 2022, the liquidity portfolio amounted to EUR 32.9 billion.

Upon signing the United Nations' Principles for Responsible Investment (PRI) in 2006, KfW committed itself to conducting business activities in its role as an investor in a sustainable manner. The sustainability approach for KfW's liquidity portfolio includes the following components:

#### **1. Integration of ESG criteria**

When selecting investments for the liquidity portfolio, KfW has taken into account the issuers' sustainability assessment based on environmental, social and governance (ESG) criteria in addition to their credit rating since 2008.

This sustainable investment approach for the liquidity portfolio is based on a best-in-class approach. All issuers are assigned to the respective sectors in the liquidity portfolio (financial institutions, countries and automobiles for ABS) and evaluated in comparison with other companies against ESG criteria. This evaluation is based on the sustainability assessments performed by an SRI rating agency. According to the best-in-class approach, bonds are purchased only from issuers whose sustainability rating is among the top 50% of their sector.

#### **2. Exclusion criteria**

In addition to the ESG criteria, exclusion criteria are also considered in the process for investment decisions. This is intended to ensure that no funds provided by KfW to issuers can flow into projects which, from our perspective, are likely to have an unacceptable negative impact on certain environmental and social aspects. The exclusion criteria are aligned with the [→ IFC Exclusion List](#) (an exclusion list issued by the International Finance Corporation (IFC), a member of the World Bank Group) and with [→ KfW's bank-wide exclusion list](#). Exclusion criteria are not considered for bonds of sovereign issuers or bonds issued by central, regional or local authorities.

### 3. Engagement

Since KfW does not hold any shares relating to its securities investments and therefore is not able to actively exercise any voting rights to steer these companies towards more sustainability, its primary approach when dealing with these issuers is to focus on voluntary dialogue. As part of this strategy, KfW provides issuers with regular information on their sustainability ratings and their standing compared with other companies in their sector. The aim is to send a strong signal to these issuers that their sustainability rating is a relevant criterion when considering potential investments in KfW's liquidity portfolio.

#### “Green Bonds – made by KfW”

With its many years of experience and excellent reputation as an issuer, KfW provides important new impetus on the capital markets. KfW has been issuing green bonds in different currencies since 2014, offering investors the opportunity to specifically combine the typical security and liquidity features of KfW bonds with promoting climate action and environmental protection.

As a pioneer in the market, KfW aims to continue to reinforce the “green” market environment internationally and attract sustainability-oriented investors. KfW uses its “Green Bonds – made by KfW” to encourage investments in sustainable and climate-friendly projects in order to make a quantifiable contribution to climate protection and as a result also achieve its sustainability objectives. KfW therefore already takes account of sustainability criteria in the issuing process by preferentially mandating banks with a holistic ESG approach and prioritising investors with a dedicated sustainability approach when making allocations. The second update to its KfW Green Bond framework, which has applied since January 2022, has allowed KfW to expand its underlying project categories. The framework's two

existing project categories – “renewable energy” and “energy efficiency” – have been joined by the project category “sustainable mobility”. This includes investment loans for companies and municipalities to finance sustainable mobility and as a result entails a high level of ambition for sustainable investments. Climate-friendly passenger cars and heavy vehicles, carbon-free public transport and even infrastructure for climate-friendly transport are all examples of projects eligible for support. The new KfW Green Bond framework also takes into account the GBP published in June 2021 and it carries a second-party opinion from CICERO Shades of Green. In view of the potential introduction of a regulated European green bond standard and an EU taxonomy for environmentally sustainable economic activities, statements regarding the respective status of implementation of the EU taxonomy have been incorporated into the new framework for the underlying credit programmes.

In 2022, KfW issued 20 “Green Bonds – Made by KfW” in ten currencies with an equivalent value of EUR 10.6 billion (including seven top-ups of existing bonds). This accounted for 12% of the total new issue volume in financial year 2022. KfW reached an important milestone in its green bond programme in financial year 2022 by exceeding a total issue volume of EUR 50 billion for green bonds and thus remains one of the world's largest issuers of green-bonds.

KfW received multiple awards from leading industry publications in 2022 for selected successful and market-defining green bond transactions.



20 green bonds with a volume of EUR 10.6 billion were issued in 2022



### Transparency in how funds are used

KfW offers a high degree of transparency with its “Green Bonds – Made by KfW”: the use of the funds, which correspond to the net proceeds from the green bonds, is monitored regularly and → published annually. KfW also reports regularly on the environmental and social impact of its projects that are part of its Green Bond framework.

### Environmental impacts

In financial year 2022, KfW published its impact report, which reports on the environmental and social impact of the green bonds issued in 2019 and 2020. According to this report, the investments in the amount of the net proceeds from the green bonds (EUR 16.5 billion) led to a savings of 2.4 million tonnes of CO<sub>2</sub> equivalents per year. This is equivalent to the annual CO<sub>2</sub> emissions of 1.6 million cars – which is 60% of the newly registered cars in Germany in the past year.

The impact report is available on KfW’s website → [Impact Report 2019 & 2020](#). The environmental and social impacts of the green bonds issued in financial year 2022 estimated below are based on the results of the projects financed in 2019 to 2021 and evaluated by independent external research institutions. They take account of the pro rata financing share of the respective project categories with the exception of the sustainable mobility category (1.9% of the total volume) and the modernisation of residential and non-residential buildings, because no estimates from previous years are yet available for these. The following estimates result for the green bonds issued in financial year 2022:

- The green bonds issued in 2022, with net proceeds of EUR 10,596 million, contribute to reducing greenhouse gas emissions by an estimated 2.1 million tonnes of CO<sub>2</sub> equivalents annually. This represents a reduction of 195 tonnes of CO<sub>2</sub> equivalents for every EUR 1 million issued.
- The financed renewable energy projects will create new electrical power generation capacity of an estimated 2,400 MW<sub>el</sub> per year (0.22 MW<sub>el</sub> per EUR 1 million), which will supply an estimated 3.97 million MWh of electricity per year (375 MWh per EUR 1 million).
- In addition, the projects financed contribute to estimated annual energy savings of almost 120,000 MWh. This means that 11.1 MWh of energy are saved with an issue volume of EUR 1 million.

Moreover, the projects financed contribute to securing or creating an estimated more than 130,000 jobs per year. This is equivalent to twelve jobs per year for every EUR 1 million of issue volume. The actual environmental and social impacts may differ from these estimates.

All projects associated with KfW Green Bonds issued in 2022 share the common feature that they contribute to at least one of the following three United Nations SDGs: “Affordable and clean energy” (SDG 7), “Sustainable cities and communities” (SDG 11) and “Climate action” (SDG 13).

# Environmental and Social Impact Assessment (ESIA)

In order to fulfil KfW Group's promotional mandate and simultaneously minimise potential negative effects on or risks to people and the environment, KfW subjects all planned projects in developing countries and emerging economies, as well as all export and project financing, to an Environmental and Social Impact Assessment (ESIA). This commitment is set out in the sustainability guidelines issued by [→ KfW Development Bank](#) and [→ KfW IPEX-Bank](#) and is also a mandatory requirement under the [→ DEG Guideline for environmental and social sustainability](#).

The sustainability guidelines for KfW's [→ domestic promotional business](#) were revised and published on 1 March 2023. It applies to the KfW business sectors SME Bank & Private Clients and Customised Finance & Public Clients. The guidelines are based on internationally accepted practices. They now establish a graded test procedure with regard to environmental and social risks for all promotional projects – depending on the investment country and risk content of the project financed. Where relevant, the KfW Development Bank's experts will be called in for a more in-depth review.

KfW Capital's sustainability guidelines also set out a process for reviewing investments. Due to the investment focus on only European and German funds and the associated geographical focus of the portfolio companies, risks such as those faced in developing countries and emerging economies play a minor role in the ESG risk assessment. Accordingly, no separate ESIA is anchored in [→ KfW Capital's sustainability guidelines](#).

## The principles of the ESIA

The ESIA is an integral part of preparing, appraising and monitoring for the organisational entities defined above and KfW Group's projects, and it is performed according to similar processes and standards.

One component of the ESIA is risk screening, which assigns the risks to risk categories. The screening is followed by an in-depth appraisal. If this shows that international environmental and social standards in some areas have not yet been adhered to, measures for action to rectify the situation are defined. The implementation of the measures as well as regular reporting and review of their implementation are contractually agreed with the partners. KfW Group's ESIA process is based on environmental and social standards that are consistent with internationally recognised benchmarks. These include the following:

- For public-sector borrowers and project-executing agencies: the most recent version of the World Bank's [→ Environmental and Social Standards \(ESS\)](#)
- For cooperation with the private sector and financing under the International Climate Initiative (IKI), the [→ International Finance Corporation's Performance Standards \(IFC PS\)](#)
- For commercial export and project finance: the [→ Equator Principles](#) and the [→ International Finance Corporation's Performance Standards \(IFC PS\)](#)

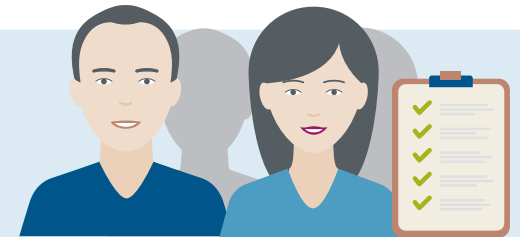
In addition to the above-mentioned standards, the assessment of human rights also forms an integral part of the ESIA for all types of project. In the case of co-financing projects, other standards can be applied provided they are at least equivalent to the aforementioned standards of the respective business sector of KfW Group.

Overall there are currently 64 experts responsible at KfW Group for implementing the ESIA requirements from the respective sustainability guidelines (FC: 48, of which 24 are in the Environmental and Social Impact Competence Centre – these also cover the ESIA for KfW-IPEX Bank, DEG: 16). Following extensive restructuring efforts in the last few years, KfW Development Bank has built up a network of environmental and social experts for reviewing and monitoring environmental and social risks in the business sector. These experts are equally divided between the operational project teams and the Environmental and Social Impact Competence Centre and work in close cooperation in FC projects with high and significant ESIA risks. At the same time, the competence centre regularly conducts target-group-specific training for employees at KfW Development Bank. In addition, the experts from the competence centre advise the operational units of KfW IPEX-Bank on compliance with their Sustainability Guideline.

All new employees at KfW Development Bank, KfW IPEX-Bank and DEG receive mandatory training in the processes and standards for ESIA as part of their introductory training. Refresher courses and training on specialist topics such as occupational safety in the projects and ESIA in the financial sector are also regularly held for employees responsible for the ESIA under the credit process. Follow-up training is provided in the event of significant changes.

Furthermore, there is a separate mandatory training course on protecting human rights as part of the orientation events for new KfW Development Bank employees; this course is held four times a year. After the comparatively high recruitment figures in 2020 and 2021, refresher courses predominated proportionately in the area of Financial Cooperation in 2022. The team leaders in Financial Cooperation are kept up to date in a regular key subject group on the latest environmental and social issues and they in turn contribute their questions from the field, thereby further contributing to ongoing joint learning.

A total of 343 KfW Group employees received training on environmental and social issues in the year under review. In addition, around 50 internal and external board members were given training on dealing with environmental and social risks in connection with their board work for KfW Development Bank. In DEG, 330 employees were also trained on impact and climate in the context of the implementation of the new “Climate.Impact.Returns.” business strategy.



There are 64 experts responsible for ESIA at KfW Group

### The ESIA process

The first step of the ESIA is the screening, during which KfW Development Bank, DEG or KfW IPEX-Bank categorises a project according to possible environmental and social impacts and risks. Projects are assigned to categories A, B+ (DEG and FC) or B “as appropriate” (IPEX-Bank), B and C according to international standards. The results are subject to an internal review that is independent of the respective front-office department. The categorisation determines the content and extent of the assessment.

The assessment by KfW is based on environmental and social impact studies, any requisite sectoral studies (for example, on resettlement requirements or biodiversity conservation) and documentation of compliance with national legislation. These documents must be submitted by the borrowers. To assess social concerns and the protection of human rights, it is essential that public information, participation of the locally affected people (local participation) and the handling of critical objections to projects meet international standards and are documented. Projects that are likely to have an unacceptable environmental or social impact that cannot be prevented or mitigated by suitable measures are not eligible for funding.

Measures are usually defined in an action plan if shortcomings are identified during the assessment. These then have to be implemented by the project partner or financed enterprise in an effort to prevent unwanted environmental or social impacts or at least bring them down to an acceptable level or balance out any residual effects. If resettlement measures or substantial economic restrictions cannot be avoided, a Resettlement Plan is drawn up for those affected, defining how the livelihoods of those affected can be maintained at least at the same level.

KfW requires the project partners or financed enterprises to regularly provide detailed reports about the implementation of the agreed measures.

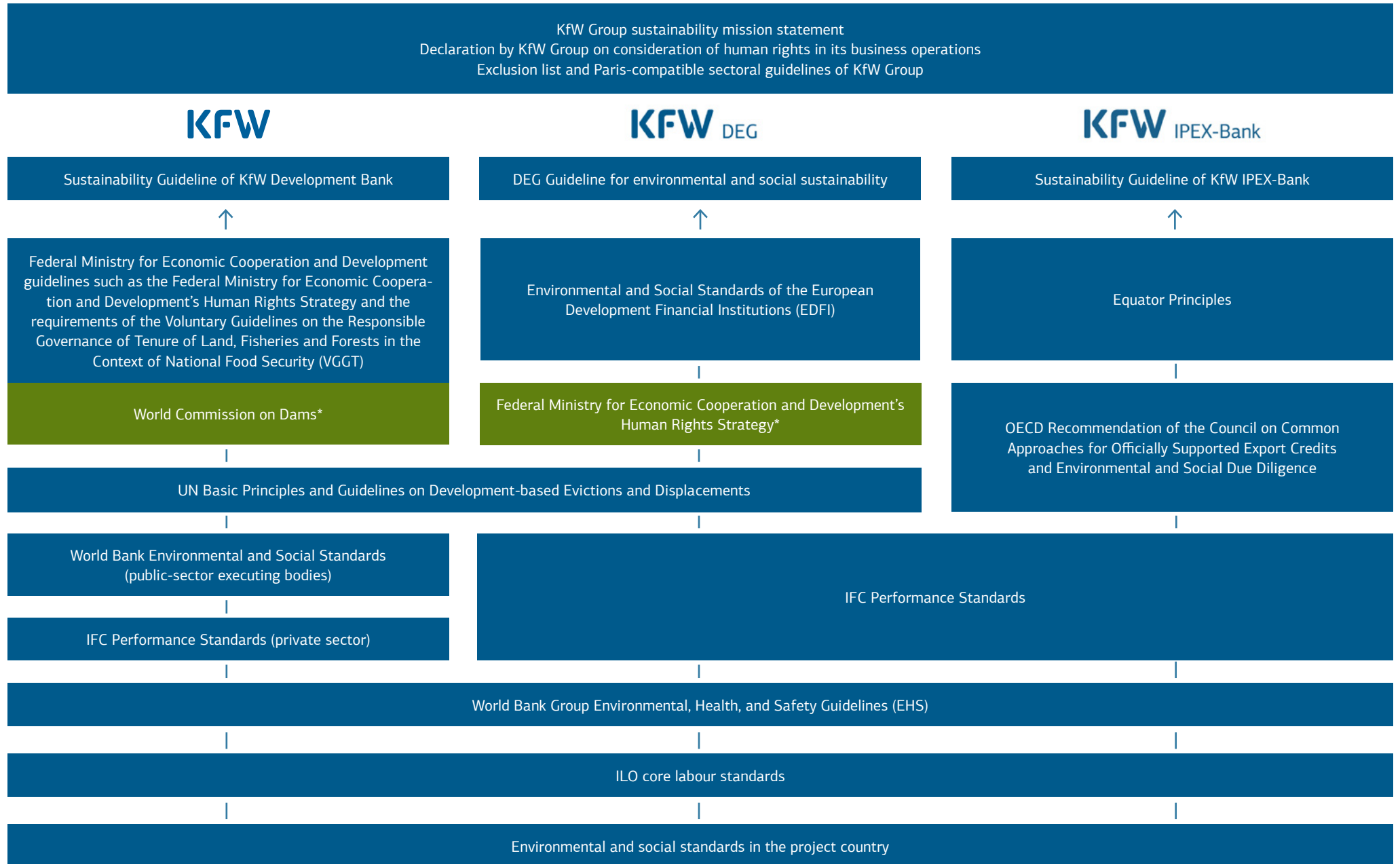
As part of the transparency initiative, KfW Development Bank has increased the amount of information it makes available to the public in the last few years. Since mid-2019, the information on the environmental and social risk classification for all projects has been published on the transparency portal with a brief statement (from 1 March 2016). A brief summary of the results of the Environmental and Social Impact Assessment has also been published since the beginning of 2020.

DEG’s publication guidelines stipulate that for larger land-based projects in the renewable energy and agriculture sectors, a summary of the environmental and social action plan must be published on the respective company’s website.



**Comprehensive transparency  
regarding the results of the ESIA**

Standards to be applied in Environmental and Social Impact Assessments in KfW Development Bank, DEG and IPEX-Bank



\*Standards flagged with an asterisk are used for orientation. The other standards must be used in the ESIA.

### Climate mainstreaming

In addition to the ESIA, KfW Development Bank applies climate mainstreaming to all projects, looking at adaptation to climate change and climate action. Climate mainstreaming was introduced in 2020 to replace the assessment of climate change adaptation and mitigation previously employed until 2019.

Climate mainstreaming aims to incorporate climate change into the design and implementation of all projects and to address the challenges of climate change mitigation and adaptation more effectively. Climate mainstreaming is applied to all FC projects and is described in detail in KfW Development Bank's updated Sustainability Guideline. Similar to other parts of the Sustainability Guideline, climate mainstreaming has been transposed into an internal process and employees are trained on an ongoing basis in how to apply it.

### Project categorisation of potential environmental and social risks of newly committed financing in 2022

	Risk category A (high)	Risk category B (medium)	Risk category C (low)
<b>KfW IPEX-Bank</b>	<b>19</b>	<b>41</b>	<b>162</b>
<b>KfW Development Bank</b>	<b>33</b>	<b>238<sup>1</sup></b>	<b>49</b>
Direct financing	20	200	47
Financial sector	13	38	2
<b>DEG</b>	<b>31</b>	<b>39</b>	<b>10</b>
Non-financial sector	12	25 <sup>2</sup>	3
Financial intermediaries	19	14	7

<sup>1</sup> A total of 76 of the 238 projects in risk category B (moderate risk) were assigned to sub-category B+ or FI/B+ (significant risk).

<sup>2</sup> 20 of these projects are in the B+ category (medium to high risk in some instances).

## Complaint mechanisms

KfW Group uses incoming complaints as a vital customer-feedback tool to optimise processes and services. In this approach, KfW bases its work on the BaFin minimum requirements for complaint management. Individuals – be they customers, potential customers or financing partners – who are not satisfied with a KfW service are able to submit critical feedback to KfW either orally, in writing or online using a complaint form. Each complaint is responded to individually. The central Complaint Management team coordinates clarification of the matter involving all necessary departments at the bank and makes sure the case is dealt with immediately. Complaints are evaluated quarterly and reported in the form of key findings to the Executive Board. Should the analysis process uncover any recurring problems, these are addressed to make KfW's services even more customer-friendly.

An external ombudsman serves KfW Group as a point of contact for all group employees and third parties where they can submit information about possible compliance violations → [KfW whistleblower system](#).

### KfW IPEX-Bank complaint mechanism

KfW IPEX-Bank offers the option of submitting a complaint to the e-mail address → [ComplaintsOffice-KfWIPEX@kfw.de](mailto:ComplaintsOffice-KfWIPEX@kfw.de) or via the → ["Principles of complaint management at KfW-IPEX Bank" web page](#).

For complaints that can be classified under sustainability or as environmental and social concerns, the complaint form on this web page offers assistance and classification in various languages. Complaints can be submitted anonymously.

Furthermore, a whistleblower system is in place for potentially criminal activities (ombudsperson). KfW IPEX-Bank provides information to the Management Board on an ad-hoc basis. Any sensitive cases, in particular potentially criminal activities or misconduct by KfW IPEX-Bank employees, can be raised – also anonymously – with the external ombudsperson. KfW IPEX-Bank did not report any complaints in 2022.



External ombudsperson  
for KfW Group employees  
and third parties

**KfW Development Bank complaint mechanism**

The complaint management system of KfW Development Bank enables anyone who feels adversely affected by any action to submit a complaint. Contact options and information on the mechanism and reporting are provided on the [→ website](#).

KfW Development Bank has been working continually on improving the transparency of its complaint management system since 2020. Its revision is based on the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the German Supply Chain Act (Lieferkettensorgfaltspflichtengesetz – LkSG). KfW Development Bank has been a member of the Independent Accountability Mechanisms Network (IAMnet) with its complaint management system since March 2022. Sharing information with other complaint management system users improves complaint processing. KfW Development Bank is becoming even more transparent with its publication of an annual [→ Complaints Report](#), which contains an overview of all complaints received in 2021 and their processing status in addition to current information on the complaint mechanism. It contains statistical evaluations of complaints by issue, sector and country as well as selected complaint examples. As the Complaints Report publishes information on all complaints, additional information on complaints is not provided in this Sustainability Report.

**DEG complaint mechanism**

DEG has its own complaint mechanism. This option can be used by any person who believes they have been adversely affected by a project co-financed by DEG. An external committee of three independent, international experts (independent expert panel (IEP)) assesses the situation and decides whether arbitration

proceedings are initiated in permitted cases or if a compliance assessment should be carried out. DEG set up this mechanism together with the Dutch development financier FMO in 2014. The French development bank Proparco joined in 2018. No new complaints were submitted in the 2022 reporting year. Information on existing complaints is available on the [→ DEG website](#). The IEP also publishes an annual report on its work.

**KfW Capital complaint mechanism**

The central Complaint Management team, created in 2021, coordinates clarification of cases involving all relevant departments at KfW Capital; it also ensures the issues are promptly handled. The central Complaint Office can also be contacted by post at the KfW Capital business address or online at the central e-mail address [→ beschwerde-kfw-capital@kfw.de](mailto:beschwerde-kfw-capital@kfw.de). KfW Capital did not receive any complaints in 2022. Moreover, KfW Capital introduced a confidential whistleblower system. This allows confidential reporting and receipt of information on suspected compliance violation. At the heart of this whistleblower system is the appointment of an external ombudsperson whom whistleblowers can contact confidentially to report any suspicious circumstances. Information directly relating to KfW Capital is forwarded to KfW Capital's Compliance department in anonymised form, if necessary. This permits KfW Capital to systematically handle such information.



## Project evaluation

KfW Group has select domestic promotional programmes regularly evaluated by external independent research institutes to determine their promotional effectiveness. The most relevant promotional programmes in terms of volume and focus are usually selected for evaluation. The aim of the evaluations is to determine the promotional impacts and effectiveness of each programme. The evaluation results are published on the → [KfW website](#). They constitute an important basis for quality assurance and further development of the promotional programmes. The methods used for evaluation studies are developed to enable specific programme and the promotional impacts to be measured. This often includes comprehensive empirical surveys.

At KfW Development Bank, Financial Cooperation projects are systematically evaluated by a staff unit that reports directly to the Executive Board. The evaluation department is responsible for (i) ex-post evaluations, (ii) project-accompanying evaluations and (iii) institutional learning.

The framework for the evaluation processes under (i) is defined by work instructions, technical notes, and sample outlines and processes. Each year, around half of all FC projects that have been completed in the past three or so years undergo an ex-post evaluation. The projects are selected in the form of a sectorally layered, representative random sample and evaluated on the basis of the key criteria defined by the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD): relevance, coherence, effectiveness, efficiency, development impact and sustainability. The projects

are evaluated on the basis of an evaluation strategy drawn up in advance with an adapted methodology as a rapid appraisal with on-site missions for data collection. If sufficient information is available, desk assessments can be performed. If on-site missions are not possible, for instance due to travel restrictions, remote methods are developed. The → [evaluation reports](#) are available to the public. The Executive Board is also informed of the results of each individual evaluation.

Selected projects are supported during implementation by means of project-accompanying evaluations (ii), which concern projects of particular relevance to development policy. The recognised methods applied in rigorous impact evaluation (RIE) serve ongoing impact assessment purposes. The time horizon for project-accompanying evaluations is typically several years, although (interim) results evidencing project impact are produced on a regular basis.

Open source and open data are increasingly used in methods development and institutional learning (iii) to plan evaluator field inspections and to triangulate the results of ex-post evaluations. One focus is on the evaluation of geodata, in which satellite data is mapped to project sites, allowing observation of the actual on-site situation over long periods of time (> 20 years). Also, virtual project inspections and hybrid meetings with project stakeholders are carried out in cooperation with local evaluators. As of 2007, a new digital knowledge portal (QUER) has enabled customised access to and assessment of evaluation results for all staff. The aim is quicker access to learning experiences. DEG uses the Development Effectiveness Rating (DERa) system

## Customer orientation

to rate the effectiveness of its projects in terms of promoting local development and contributing to the SDGs. The rating builds on international best-practice approaches by mainly using quantitative and harmonised indicators. The development contributions made by each client are evaluated in five effectiveness categories based on the SDGs: fair and decent jobs, local income, market and sector development, environmental stewardship and community benefits. The results of the evaluation are published → online annually. In 2022, the DERA score for the DEG portfolio was 81 points, which is above the 75-point average that is considered a good target score. A survey conducted in 2022 found that DEG customers produce some 35 TWh of green electricity per year, which is enough to supply over 33 million people. This means an annual savings of 24 million tonnes of CO<sub>2</sub>.

KfW Group uses a number of different channels to meet the high information requirements of its customers and other interested parties. Staff at KfW's infocenter responded to around 888,000 enquiries with expert advice, making 2022 the first year with fewer than a million written and telephone queries made after three record years. The sustained high level of interest focused on education (42%), housing (46%) and commercial financing (12%).

The [www.kfw.de](http://www.kfw.de) website is the first port of call for information on promotional opportunities. A total of 93% of kfw.de hits are attributable to the domestic promotion pages (including the grant portal). Whether private individuals, companies, public institutions or business partners – all interested parties can find information on our products and services of relevance to them by target group and topic.

By the end of 2022, more than 10.5 million users had accessed the kfw.de domestic promotion pages and visited the website twice on average. After heavy growth in recent years, this is the first time since 2017 that visitor volume has decreased (-17%). The decline in visits (-25%) and views (-35%) was even greater. This drop was due in particular to reduced grant promotion (-44% visitors). Visitors to the loan pages, in contrast, increased (+7%), but not enough to offset the loss. This mainly affected the area Private customers in construction and housing (visitors: -28%, of which for grants: -53%). More restrictive promotional terms for the Federal Funding for Efficient Buildings product (including a temporary halt to promotion) and not least the considerable rise in interest rates have also further softened demand.

As for the commercial sector, discontinuation of KfW's coronavirus aid contributed to a general decline (–79% visitors). There was nonetheless a heavy increase in enquiries on commercial matters (+59% visitors). This was largely driven by interest in the areas Power, Renewables and Water (+73%) and Infrastructure (+60%). Demand was very high in particular for promotional programmes in e-mobility (the newly launched “Charging stations for electric cars on non-residential buildings” grant programme), photovoltaic systems (+85%) and energy and resource efficiency (+155%). The sharp increase in energy costs, due primarily to the war in Ukraine, generated an additional boost to demand for the key promotional areas energy efficiency and renewable energy. In addition to the grant portal for KfW grant products, interested parties also have the option of preparing loan applications.

The preliminary application app – “KfW promotional assistant” – developed for the KfW Special Programme helps customers prepare for bank consultation. It helps them select the promotional programme, structure the promotion they want and furnish the customer information required. Although applications can no longer be submitted for the KfW Special Programme as of 30 April, interested parties can continue to apply for commercial promotional programmes using the KfW promotional assistant. In 2022 more than 24,711 preliminary applications have been filed using the KfW promotional assistant, amounting to a total volume of EUR 4.39 billion. Overall, there were 42,931 preliminary applications with a volume of EUR 6.6 billion.

The online consultation appointment request system (BAN) has also been available since 2013 to facilitate access to a financing partner. Thanks to KfW's digital on-lending system Bankdurchleitung Online (BDO), KfW's financing partners can confirm the eligibility of an investment project to the customer electronically, even during the consultation, and reserve the prevailing interest conditions. By year-end 2022 (30 November), over

9,300 customers used this option to request an appointment with up to three KfW financing partners online for the majority of on-lent promotional products. After the coronavirus-induced peak in 2020, when many corporate clients used BAN right at the start of the pandemic, usage figures have significantly declined in the last couple of years. Volume declined again in 2022 by 31%, after falling by 63% in 2021. Start-up financing in particular saw a sharp decline (–57%), partially because the KfW promotional assistant has now replaced the online consultation appointment request system on the commercial programme pages as the recommended next step towards promotion.

Following the addition of the chatbot feature for student loans to the KfW website in October 2019, a chatbot for the “Baukindergeld” scheme was added in May 2020. The chatbot enables the website to offer digital dialogue with customers around the clock. It responds to standard questions on kfw.de – particularly those related to the high-volume business – automatically and without users having to wait. Chatbot technology is also used within the group now too, and serves as the basis for the technical development of an attended chat as a further communication channel in the KfW Infocenter: live chat.

Customer satisfaction with the domestic promotional business is assessed in → [KfW new customer monitoring](#) (German only). Around 1,000 sub-borrowers and grant recipients are surveyed every month to gain a representative picture of their opinions. Along with the external evaluations of the promotional programmes (→ [Project evaluation, page 97](#)), their feedback provides valuable information on how KfW products, processes and services can be aligned more closely with market requirements. The results showed once again in 2022 that KfW scores far higher than the industry average in the categories of customer satisfaction and loyalty for the private customers of banks and savings banks. SME recipients of the ERP Promotional Loan gave particularly positive feedback. More than 80% responded that they were completely or very satisfied overall



> 80% satisfaction with the ERP Promotional Loan for SMEs

with KfW. The reorientation of KfW's SME promotion at the beginning of 2022 was thus successfully implemented from the customer perspective as well. Borrowers particularly praised the streamlined application processes. Feedback shows that simplifying the products and speeding up the digital application processes enabled KfW to respond exactly to the needs of customers.

### Accessible service

KfW Group pressed ahead in 2022 with efforts to make its website fully accessible. It made the following optimisations:

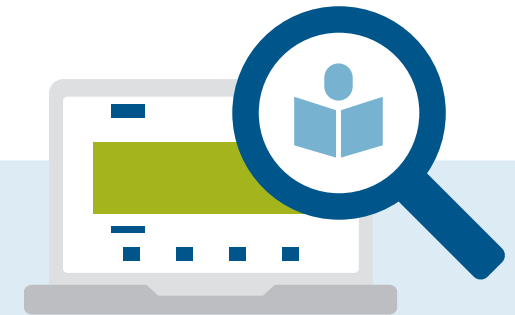
- Addition of a video in German sign language on the website's main content
- New corporate design for web pages and roll-out of a new interactive design on kfw.de. This is inherently accessible through optimised colour contrast/style guides and needs-based presentation for mouse and keyboard operation
- Optimisation of the website for use of screen readers
- Elimination of around 40 accessibility weak points throughout KfW through central programming
- Measures to simplify implementation of accessible PDF documents; development of a macro to generate accessible leaflets
- Ongoing optimisation of all web pages by the different KfW editorial teams. Almost 80 anomalies discovered in 2022 through ongoing checks were eliminated through KfW editorial team optimisation measures.

The results of this year's audit of the website [www.kfw.de](http://www.kfw.de) by the Federal Monitoring Centre for Accessibility of Information Technology (BFIT-Bund) were positive. The audit found the website to be 90% barrier-free based on the tested pages. Unresolved issues are still being processed at the same time as new accessible components are being implemented on the website.

This favourable result is thanks to efficient interdisciplinary cooperation within KfW through coordinated editorial, design and development measures.

Achieving 100% accessibility and the efforts this entails play a major role in further developing KfW's website. KfW aims for full compliance with the requirements of the German Ordinance on Accessible Information Technology ("BITV").

KfW has been revising all application and commitment forms on its portals since April 2022. Out of a total of 109 existing forms, 29 were revised and made accessible in 2022. New forms are directly designed to be barrier-free – there were 16 of them in 2022. The advice and application portals used by private individuals are to be given priority in the efforts to provide accessibility. KfW implements accessibility requirements right from the start when developing new portals of this type. BITV checks were carried out for existing software in order to identify potential for improvement and implement them.



Continual improvement of KfW website accessibility: currently around 90%



## Other key business figures

### Key corporate figures for KfW Group

	2018	2019	2020	2021	2022
Operating result after valuation (before promotional expense), in EUR million	1,834	1,503	691	2,575	1,668
Profit/loss from operating activities (before promotional expense), in EUR million	1,839	1,549	688	2,541	1,669
Consolidated profit, in EUR million	1,636	1,367	525	2,215	1,365
Total assets, in EUR billion	485.5	506.0	546.4	550.7 <sup>1</sup>	554.6
Volume of lending, in EUR billion	483.5	486.2	543.1	564.2	607.0
Volume of business, in EUR billion	590.7	610.7	674.1	686.6 <sup>1</sup>	709.6
Equity, in EUR billion	30.3	31.4	31.8	34.2	36.6
Tier 1 ratio, in %	20.1	21.3	24.1	23.9	25.0

### Comparison of KfW Group's total commitment volume, in EUR billion<sup>2</sup>

<b>KfW Group<sup>3</sup></b>	<b>75.5</b>	<b>77.3</b>	<b>135.5</b>	<b>107.0</b>	<b>166.9</b>
<b>Domestic promotional business<sup>4</sup></b>	<b>46.0</b>	<b>43.4</b>	<b>106.4</b>	<b>82.9</b>	<b>136.1</b>
SME Bank & Private Clients	36.3	36	86.3	73.0	64.8
Customised Finance & Public Clients	9.5	7.2	19.2	9.5	70
KfW Capital	0.1	0.2	0.9	0.5	1.3
<b>Capital markets</b>	<b>1.5</b>	<b>1.4<sup>5</sup></b>	<b>0.4</b>	<b>0.5</b>	<b>0.4</b>
<b>Export and project finance</b>	<b>17.7<sup>5</sup></b>	<b>22.1<sup>5</sup></b>	<b>16.6<sup>5</sup></b>	<b>13.6</b>	<b>18.1</b>
<b>Promotion of developing countries and emerging economies</b>	<b>10.6<sup>5</sup></b>	<b>10.6</b>	<b>12.4</b>	<b>10.1</b>	<b>12.6</b>
of which KfW Development Bank	8.7 <sup>5</sup>	8.8 <sup>5</sup>	11	8.6	10.9
of which DEG	1.9 <sup>5</sup>	1.8 <sup>5</sup>	1.4	1.5	1.6

<sup>1</sup> Adjustment to prior-year comparative figures due to the change in method for calculating deferred taxes on derivatives in 2022.

<sup>2</sup> Differences in the totals are due to rounding.

<sup>3</sup> Adjusted for commitments made in Export and project finance with funding from KfW programme loans (2018: EUR 245 million, 2019: EUR 175 million, 2020: EUR 468 million, 2021: EUR 212 million, 2022: EUR 241 million)

<sup>4</sup> The restructuring of domestic promotion in 2020 has led to changes in the breakdown of corporate figures for the individual business sectors.

<sup>5</sup> These figures were reported incorrectly in 2022. We have corrected the errors.



# Banking operations

# Banking operations

## How we ensure in-house environmental protection

### Review

KfW Group also implements its environmental and social requirements in its own operations and adapts its processes to current developments. A sustainability function in procurement newly created in the reporting year has ensured that our suppliers' compliance with contractually agreed environmental and social requirements is verified in future. The first step in this context is a tool-based solution to generate a risk analysis in accordance with the requirements of the German Supply Chain Act (Lieferkettensorgfaltspflichtengesetz – LkSG).



### Highlights

Implementation of **food waste analysis and certification by the German Nutrition Society (DGE)** in KfW's own catering facilities

Implementation of an employee campaign to **save energy in banking operations** and initiate **green nudging** measures

Offering a **fully-electric shuttle service** at the Frankfurt office

### Outlook

In order to further reduce the environmental footprint of our daily activities, we will continue to expand photovoltaic systems at our locations as part of our "Sustainable Office Operations 2030" project and ensure more biodiversity with wildflower meadows and green roofs. Our strategic approach to sustainable banking operations will also be further advanced in 2023, with the involvement of all affected areas.



### Goals

**Combined photovoltaics expansion and green roofing** at the Berlin office in 2024 and 2025

Gradual conversion of the entire vehicle fleet to **electric cars** by 2025

**Sustainable office operations** by 2030

## A structured approach to environmental protection

For KfW Group, climate and environmental action in banking operations means minimising natural resource use, preventing waste and protecting air, water and soil.

The sustainability guidelines for in-house environmental protection at KfW Group have been a key component of environmental management at the group companies and offices since October 2012. KfW Group's environmental management is subject to ongoing evaluation and review by the responsible departments. The GEFMA 160 standard is used as the framework for documenting and assessing Central Services activities. We review the data reported here on an ongoing basis, supplementing it when needed – such as by adding information on DGE certification and food waste analysis in catering in the reporting year.

KfW coordinates its environmental activities across the group via a central sustainability management system; specific objectives and measures are laid down in the current Sustainability Programme ([→ chapter on sustainability strategy, from page 36](#)).

KfW includes all its own buildings throughout Germany as well as all other rented buildings whenever possible in its in-house environmental data. The employee consumption figures are based on a different set of numbers from the figures in the [→ “Employees” chapter](#). As such, the section on the company's operational impact on the environment considers both full-time KfW Group employees and long-term contractors at the company's offices as they also contribute, for instance, to energy and water consumption and waste creation. Therefore, the figures listed below relate to 8,672 people (2021: 8,435).

Negative environmental impacts directly caused by KfW's business activities tend to be limited. However, KfW is aware of its responsibilities for climate action and environmental protection and thus continually works to further reduce possible negative impacts caused by its banking operations. Furthermore, anchoring extensive internal environmental management as part of the group's overarching sustainability management system is a matter of course for KfW. This environmental management system applies to the entire group with all of its employees and for all of its offices.

Through the group's ongoing commitment to in-house environmental protection, the aim is to reduce the consumption of energy, water and paper, and the production of waste per employee. KfW's mobility strategy also includes reducing carbon emissions on business trips.

A further focus is on KfW's contribution to local biodiversity at its sites. The company has created green spaces at all sites to this end; for example, KfW plants greenery on its flat roofs wherever possible. Not only do these create important habitats for flora and fauna species in urban areas, green roofs also contribute to cooling urban climates. KfW performed a feasibility study in 2022 to investigate the possibility of converting the Berlin office roof into a green roof. The expansion potential for photovoltaic systems is around 25 kWp and the combined roof area suitable for landscaping spans around 250 m<sup>2</sup>. This will be carried out as part of the photovoltaic expansion and is scheduled for 2024 and 2025.

Five bee colonies have been established on the wildflower meadows sown at KfW and DEG in Frankfurt and Cologne. Managed by KfW Stiftung, this project is also accessible to the public.





## Energy consumption

A core objective of in-house environmental protection is to continually increase the share of renewable energy sources – where economically viable. To achieve its objectives, KfW Group uses its own photovoltaic, solar, geothermal and wood pellet systems and heat pumps. It taps any potential for expansion in the process. An assessment of expanding the photovoltaic system at the Bonn location was concluded in 2021. The ‘Heating and cooling system conversion’ project includes plans to create photovoltaic areas starting in 2023/2024 for generation of around 450 kilowatts peak (kWp).

As an additional measure, all buildings owned or rented by KfW are fully powered with certified green electricity<sup>2</sup>. The same goes for KfW’s external data centre. KfW has implemented various measures to save natural gas due to the current energy policy situation as a consequence of the Ukraine war. The significant decline in natural gas and wood pellet consumption can be attributed to favourable weather conditions and savings measures under the Ordinance on Securing the Energy Supply through Rapid Impact Measures (“EnSikuMaV”).

### Energy consumption of KfW Group in Germany<sup>1</sup> in megawatt-hours

	2018	2019	2020	2021	2022
Green electricity (100%) <sup>2</sup>	23,962	21,928	22,452	21,961	23,476
Cogeneration unit <sup>3</sup> (electricity, own use)	1,549	2,486	2,984	3,635	1,591 <sup>6</sup>
Photovoltaic (own use)	15	14	15	13	13
Photovoltaic (fed into grid) <sup>4</sup>	-73	-71	-73	-66	-65
Emergency power generators (diesel)	7	51	75	75 <sup>5</sup>	121 <sup>7</sup>
Natural gas	18,185	18,936	19,266	24,459	16,236
Heating oil	265	0	0	0	41 <sup>8</sup>
District heating	2,042	1,459	1,025	1,488	1,178
Solar thermal energy	12	0	0	0	0
Wood pellets	604	306	306	820	319
<b>Total</b>	<b>45,092</b>	<b>42,694</b>	<b>43,139</b>	<b>48,816<sup>5</sup></b>	<b>41,383</b>
Per employee	5.9	5.5	5.4	5.8	4.8

<sup>1</sup> Differences in the totals are due to rounding.

<sup>2</sup> Ensured via proof of origin

<sup>3</sup> For information only; not included in the total figure because the power generated in this way is included in the natural gas row.

<sup>4</sup> Negative amount not taken into account.

<sup>5</sup> An examination of the prior-year figures revealed that they had been stated incorrectly in the previous report; they have now been adjusted retroactively.

<sup>6</sup> No cogeneration units are currently used to generate electricity.

<sup>7</sup> Improved recording methods will enable the consumption data for emergency power generators (diesel) to be more precise at all locations from 2022.

<sup>8</sup> A mobile heating unit was used during renovation measures at the Bonn office.

### Business travel

After the low in 2021, KfW Group recorded an increase in business travel activity in reporting year 2022. After the restrictions of the two pandemic years, a significant increase in rail and air travel indicates an upwards trend, although it has not yet reached the level of 2019. Awareness-raising measures directed at employees on the carbon footprint left by the various means of transport are planned for 2023 as a means of increasingly replacing business trips with video conferencing where possible or by relying on rail travel.

Around 45% of fleet vehicles available in the year under review were chargeable electric or hybrid cars. The vehicle fleet is to be converted to exclusively battery-powered vehicles by 2025 (subject to vehicle availability). A similar strategy is being pursued for company cars. As of 1 April 2023, only electric cars can be ordered as company cars.

### Business travel at KfW Group<sup>1</sup> in thousands of kilometres

	2018	2019	2020	2021	2022
Car (petrol) <sup>2</sup>	278	231	375	1,017	1,275
Car (diesel) <sup>2</sup>	4,632	4,146	3,111	2,371	2,022
Car (natural gas) <sup>2</sup>	32	79	130	130	110
Electric vehicles	176	207	n/a <sup>3</sup>	n/a <sup>3</sup>	n/a <sup>3</sup>
Train <sup>4</sup>	5,072	6,194	2,111	896	3,661
Flights (domestic) <sup>5</sup>	5,253	4,172	795	263	815
Flights (continental) <sup>5</sup>	5,464	5,184	899	757	2,820
Flights (intercontinental) <sup>5</sup>	52,420	47,383	10,062	7,838	32,021
<b>Total</b>	<b>73,327</b>	<b>67,596</b>	<b>17,483</b>	<b>13,272</b>	<b>42,725</b>
Per employee	9.6	8.7	2.2	1.6	4.9

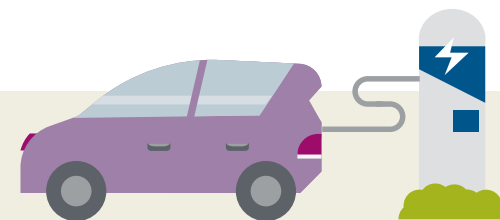
<sup>1</sup> Discrepancies in the totals are due to rounding.

<sup>2</sup> These rows comprise all the kilometres driven by cars in the KfW Group fleet in a year. Since only company cars issued to specific employees are also used for private purposes, it is assumed that the kilometres incurred during business trips with these cars as well as the kilometres not recorded by taxi, rental car or private car are thus roughly compensated for. It is not currently possible to make a more precise assessment.

<sup>3</sup> No mileage information is available for electric cars for 2020, 2021 or 2022.

<sup>4</sup> All rail travel in Germany and neighbouring countries booked through the in-house travel management team. Individual reservations and trips settled on a subsequent basis are not included, but they tend to be the exception.

<sup>5</sup> Annual kilometres of all internal and external employees as well as external experts paid by KfW and guests that were booked through in-house travel management; since 2020, flights of KfW Capital employees have also been included.



Expansion of charging infrastructure for electric cars: a total of 150 charging stations at KfW locations

KfW Group aims to further strengthen the trend towards comparatively lower-emission modes of transport for business trips. This also includes expanding the charging infrastructure for electric cars at the company's sites, which was largely completed in 2022. As a result, the Frankfurt location has 117 charging stations, while Berlin has 19 and Bonn 14. Employees are also entitled to have their travel costs reimbursed for local public transport, or can apply for a "job ticket" or a "BahnCard" for German trains, for example.

Additionally, there are a large number of bike racks, as well as showers and lockers for employees who cycle to work.

The number of kilometres travelled and the modes of transport used by employees on their way to and from work are not documented and therefore are not included in the figures below.

#### Energy consumption for business travel at KfW Group<sup>1</sup> in megawatt-hours

	2018	2019	2020	2021	2022
Car (petrol and natural gas)	428	402	596	1,117	1,508
Car (diesel)	5,506	5,305	3,837	2,872	2,639
Train	1,167	1,485	486	206	842
Flights (domestic)	4,785	3,800	724	240	743
Flights (continental)	2,481	2,354	408	343	1,280
Flights (intercontinental)	23,799	21,512	4,568	3,559	14,538
<b>Total</b>	<b>38,166</b>	<b>34,858</b>	<b>10,619</b>	<b>8,337</b>	<b>21,550</b>
Per employee	5.0	4.5	1.3	1.0	2.5

<sup>1</sup> Calculated on the basis of figures from the Association for Environmental Management and Sustainability in Banks, Savings Banks and Insurance Companies (VfU); factors including upstream chain.

## Emissions

KfW Group's banking operations generate carbon emissions as a result of the consumption of energy and heat, and the use of fuel during business trips and events. The goal is to ensure climate-neutral banking operations wherever possible.

### Low-emission banking operations

KfW Group's banking operations generate relatively low levels of climate-damaging emissions due to energy usage (buildings) and business trips. KfW has been offsetting emissions that remain despite the conversion to renewable energy sources and the use of more environmentally friendly means of transport since 2006. Furthermore, it assigns a CO<sub>2</sub> factor to the total green energy it consumes, as the use of green power still generates emissions. Electricity consumption at the external data centre is also included in the offsetting process. KfW is continuously working to optimise emissions reporting and offset the emissions that cannot be prevented.

To offset its carbon emissions, KfW Group purchases high-value → [Clean Development Mechanism \(CDM\)](#) credits on the market and discontinues them for good. In 2022, these originated from a wind power project and a project to generate electricity from crop residues, both in India, and a project to build small-scale biogas plants in Nepal. The offset certificates used are all certified by the highest possible standard – Gold Standard. When evaluating its carbon equivalents (CO<sub>2</sub>e), KfW uses international standards set by the Greenhouse Gas Protocol and emissions are divided between Scopes 1 to 3 accordingly. Emissions rose overall in 2022 compared to 2021, but were still low compared to the years prior to the pandemic (see table on → [page 109](#)).



**CO<sub>2</sub>e emissions of KfW Group<sup>1</sup> in tonnes**

	2018	2019	2020	2021	2022 <sup>2</sup>
Emissions from direct energy consumption (Scope 1) <sup>3</sup>	5,571	5,435	5,361	6,629	4,585
Emissions from indirect energy consumption (Scope 2) <sup>4</sup>	1,898	1,348	1,240	1,366 <sup>5</sup>	1,353
Total business travel (Scope 3) <sup>6</sup>	8,665	7,753	1,602	1,186	4,758
Events (Scope 3) <sup>7</sup>	101	96	15	3	124
<b>Total</b>	<b>16,236</b>	<b>14,632</b>	<b>8,218</b>	<b>9,184<sup>5</sup></b>	<b>10,820</b>
Per employee	2.1	1.9	1.0	1.1	1.2

<sup>1</sup> Unavoidable CO<sub>2</sub>e emissions of KfW Group have been offset since 2006.

<sup>2</sup> Higher emissions are the result of demand backlog after COVID-related restrictions in 2020 and 2021.

<sup>3</sup> Natural gas, wood pellets and own vehicle fleet

<sup>4</sup> Green electricity, district heating, oil and emergency power generators (diesel)

<sup>5</sup> An examination of the prior-year figures revealed that they had been stated incorrectly in the previous report; they have now been adjusted retroactively.

<sup>6</sup> Only flights; long- and short-distance rail travel is CO<sub>2</sub>e-neutral by nature.

<sup>7</sup> Emissions for participants' travel to and from KfW buildings for events



## Resource consumption

Internal energy consumption at a financial institution such as KfW Group is low compared to that of a manufacturing company. KfW is striving to make material flows more efficient. One of its aims is to further reduce the consumption of paper, through a targeted transition from paper-based to digital processes, among other means.

The amount of paper consumed increased year on year in 2022, with per-employee consumption up by around 19%. This was due to a considerable rise in the volume of promotional materials for more events due to the end of the pandemic restrictions. The largest percentage of paper used at KfW Group – over 63% – is recycled paper with the Blue Angel ecolabel. Publications intended for public use are printed exclusively on FSC® paper,

which means that we do not use any ECF, TCF or virgin fibre paper bleached with elemental chlorine. Furthermore, the group only works with climate-neutral printing companies, making a further contribution towards climate neutrality at KfW.

### KfW Group paper consumption in Germany in kilograms

	2018	2019	2020	2021	2022
Recycled paper (Blue Angel) <sup>1</sup>	213,000	165,035	125,911	66,666	67,927
Stationery (recycled paper – Blue Angel) <sup>1</sup>	1,865	1,802	2,061	3,115	1,037
Virgin fibre paper for promotional materials (FSC® mixed sources label)	39,704	63,728	50,500	20,220	41,264
<b>Total</b>	<b>254,569</b>	<b>230,565</b>	<b>178,472</b>	<b>90,001</b>	<b>110,227</b>
Per employee	33.3	29.5	22.5	10.7	12.7
of which recycled paper (in %)	84	72	72	78 <sup>2</sup>	63

<sup>1</sup> Refers to 80g/m<sup>2</sup> A4 printer and copy paper.

<sup>2</sup> An examination of the prior-year figure revealed that it had been stated incorrectly in the previous report; it has now been adjusted retroactively.

## Water management

In accordance with the sustainability guidelines for in-house environmental protection, KfW Group strives to continuously reduce water consumption within the group. All office sites have rainwater harvesting systems. Recycled rainwater is used to water green areas and flush toilets, among other things. Outdoor sprinkler systems were successfully installed at the Frankfurt location in the reporting year. This allows KfW to save approximately 15% of the three-year average water consumption. A planning order was also issued during the reporting period for replacement of open cooling towers with closed ones at the Frankfurt location in order to further reduce water consumption.

KfW does not withdraw water from or discharge water into areas of water stress.

### Water consumption

Per-employee water consumption rose by around 18% year on year in 2022. The reason for this is essentially the increased use of the buildings since the end of the coronavirus restrictions.

### Wastewater

KfW Group discharges wastewater into the public sewage networks. This is common household wastewater. Compliance with thresholds is ensured by separation systems – further treatment of wastewater is not required. Nothing is discharged directly into water bodies. KfW discharged around 53,456m<sup>3</sup> of wastewater into the sewage system from its four German locations in 2022. There was no unplanned discharge of wastewater. Apart from the groundwater in Berlin, the quantity of wastewater is not measured but determined instead based on the amount of water consumed from the grid minus the amount of water used for outdoor irrigation.

### KfW Group water use in Germany in cubic metres

	2018	2019	2020	2021	2022
Drinking water	95,502	106,618	97,978	68,100	80,633
Other process water (rainwater and ground water)	17,750	15,264	17,004	6,758	10,288 <sup>1</sup>
<b>Total</b>	<b>113,252</b>	<b>121,882</b>	<b>114,982</b>	<b>74,858</b>	<b>90,921</b>
Per employee	14.8	15.6	14.5	8.9	10.5

<sup>1</sup> Unlike in previous years, the rainwater used at the Berlin location was also included in process water in 2022.



Saving water by installing outdoor sprinkler systems at the Frankfurt location

## Waste management

KfW Group has its waste collected, transported and, whenever possible, recycled group-wide by certified waste management companies. When drawing up contracts, it ensures that the transport routes are as short as possible.

### Quantities of waste and methods of disposal

The quantity of non-hazardous waste, such as non-recyclable waste, organic waste and packaging waste, fell slightly in the year under review, and the quantity of hazardous waste was further reduced. The main reasons for this were clearing out of furniture storage facilities, disposal of archives and major relocations in the buildings. The increased use of digital signatures has also reduced the amount of paper waste.

Hazardous waste is always disposed of properly. In addition to normal forms of waste, waste may also be generated from comprehensive construction and refurbishment work. This is not included in the data below to ensure comparability with previous years.

A workshop is planned with our service provider and KfW catering staff in 2023 to develop operational measures to reduce food waste. A second food waste analysis will also be carried out to verify the effectiveness of the measures decided and implemented.

### Waste generated by KfW Group in Germany<sup>1</sup> in tonnes

	2018	2019	2020	2021	2022
Non-hazardous waste	2,139	2,304	1,959	2,081	1,589
of which paper for recycling	206	340	272	307	162
Hazardous waste	84	138	95	54	41
of which electronic waste	41	13	16	17	15
<b>Total</b>	<b>2,222</b>	<b>2,442</b>	<b>2,054</b>	<b>2,135</b>	<b>1,630</b>
Per employee (in kg)	290	300	258	253	188

<sup>1</sup> Differences in the totals are due to rounding.



## Procurement

As a bank owned by the German Federal Government and the Federal States, KfW Group bears a great deal of responsibility and is required to uphold its status as a role model when it comes to procurement. KfW Group's procurement policy therefore pursues the fundamental goal of sustainable procurement to meet as many of KfW's requirements as possible and to be able to report the purchasing volume based on sustainability aspects in a systematic and nuanced manner. The protection of human rights and compliance with internationally recognised environmental and social standards are equally as important as its commitment to using as many environmentally-friendly products as possible. These principles are reflected in the [→ Sustainability requirements for procurement at KfW Group](#). The requirements are part of the KfW sustainability mission statement and apply across the group in addition to our general terms and conditions of purchase for all orders. The main focal areas of the sustainability requirements are "social responsibility", "anti-corruption", "conduct in competition" and "compliance with requirements for KfW's suppliers and service providers".

KfW Group's supply chain is distributed across personnel services, facility management (including office furniture and company vehicles), IT, marketing and communications. Food for KfW's catering areas is procured by KfW catering in Frankfurt and by contracted caterers in Berlin and Bonn. The rule is to focus on organic and fair-trade products and short transport routes. KfW aims for around 40% of all its catering products purchased to be of organic quality or bear sustainability labels by 2025.

In addition, KfW's invoice review actively supports the further reduction of paper invoices by suppliers and service providers with the roll-out of electronic invoicing. The percentage of invoices issued in this format as of the end of 2022 was 64.58%. The invoice review is subject to regular dialogue with suppliers in order to increase the percentage.

KfW aims to ensure that sustainability requirements are taken into account in all EU-wide contract award procedures as of 1 January 2023 in a move to more strongly address sustainability criteria in KfW's procurement. This can relate to both performance (product-specific) and service provider suitability (service provider-specific). If products or services of the same price and quality are on offer, the best alternative in terms of sustainability is selected. KfW ensures in so doing that observation of human rights and environmental criteria as well as the principles of transparency, non-discrimination and competition are promoted among suppliers.

We support the objectives set and measures determined by training our employees, creating an appropriate data management system and, as of 2022, also by establishing our own sustainability function in Procurement.

KfW's procurement volume was EUR 572.71 million in 2022 (2021: EUR 541.27 million). Of the approximately 1,363 active contractors (2021: 1,420), 87% are based in Germany and 13% in other OECD states.

### Environmental and social criteria

KfW Group also expects its suppliers and service providers to bear corporate responsibility for achieving sustainable development goals. Suppliers and service providers must have principles and management systems in place to minimise significant impact on the environment. Their corporate policies should require an efficient approach to resources and the development of innovative and environmentally friendly products. KfW also attaches value to compliance with social principles and standards, including human rights, when awarding contracts. For example, according to the Sustainability requirements for procurements at KfW Group, contractors may not use child or forced labour. Workforce wages, benefits and working hours must at least comply with the local legal requirements. In addition, KfW expects its suppliers and service providers to prevent bribery, price-fixing and other unfair practices and to actively oppose all manner of corruption. Corresponding contractual terms and conditions have been incorporated into KfW's sample documents.

Both sustainable products and compliance with the LkSG, and thus responsible supply chains, are decisive for KfW in the context of procurement. A risk analysis of KfW's procurement processes conducted at least once a year forms the basis for prioritisation of environmental and human rights-related risks and taking preventive and remedial action. The risk analysis is tool-based and focuses on factors such as the supplier sector and registered office, any negative reports that may have been filed, and the data stored by the supplier in the tool's company profile.

Binding expectations of the supplier and its supply chains are set out in the agreements to prevent supply chain risk from occurring. In addition, the Sustainability requirements for procurement at KfW Group published on the KfW website contain principles that must be implemented and complied with by suppliers in all business sectors worldwide.

The [→Sustainability requirements for procurements at KfW Group](#) (German only) were revised as part of the implementation of the LkSG and published as a group-wide document at the beginning of 2023.

### Assessment of suppliers and service providers

The extent to which suppliers and service providers fulfil their contractually agreed duties of sustainable service delivery had been verified in the past by means of a standardised survey in cooperation between the Procurement department and KfW's central sustainability management team. Procurement created a sustainability function in 2022 to better address the importance of sustainability in procurement. In future, this function will check compliance with contractually agreed environmental and social requirements with the aid of tools, as part of the ongoing risk analysis in accordance with the LkSG. Non-compliance with KfW's contractually agreed environmental and social requirements on the part of suppliers and service providers may lead to their exclusion in serious cases.



Revision of the Sustainability requirements for procurement at KfW Group in the context of LkSG implementation



# Employees

# Employees

## How we shape our role as a responsible employer

### Review

The agile and digital transformation of the world of work also affected future human resources work at KfW Group in 2022. After more than two years as a contingency measure, we have incorporated mobile working into our regular operations and adapted it to current needs through a wide range of support services. A large number of options for individual development in digital working have also been established, from self-guided learning to comprehensive training sessions.

#### Highlights

We provided a total of 31 webinars, each with around one hundred participants, on topics such as childcare and mental health to help **improve work-life balance**

Various measures were introduced such as a cross-media campaign to reinforce the objective of **increasing the proportion of women in management and senior professional positions**

### Outlook

Creating an attractive and digital world of work will remain a focus of human resources work at KfW Group. Another priority is supporting managers in order to be well prepared for the constantly changing requirements. The offering for future employees is also to be further improved through state-of-the-art training. KfW wants to take advantage of the opportunities offered by a diverse and family-friendly working environment. How we deal with mobile and in-office work will occupy us beyond the coronavirus pandemic.

#### Goals

Expansion of the number of **junior staff** on the basis of new talent planning in cooperation with the departments

Extension of the **staff agreement on working hours** until the end of 2023 in an effort to further advance the concept of a results-based work culture

## Human resources policy

The purpose of our human resources work is to systematically provide our staff with the best possible support in their roles with a diverse range of options and measures. To attract and retain employees, KfW Group cultivates an attractive and healthy working environment, is heavily committed to initial vocational training and offers a wide range of development options. A healthy balance between work and family, and equal opportunities for all employees, are two key concerns at KfW Group. With this focus, the group is living up to its social responsibility and establishing a strong position in the increasingly tough competitive market for up-and-coming talent and experienced professionals. HR is making a key contribution to realisation of the KfWplus+ agenda by helping to improve KfW's performance. This includes creating a personnel agility frame-

work, continuous development and promotion of employee potential, supporting the implementation of digitalisation projects, promoting equal opportunities and actively supporting changes to the business and operating model and governance. HR was able to fulfil these ambitions again last year by responding flexibly and as needed to the rapidly changing demands. More information on KfW Group's human resources work is provided [→ online](#).

All Human Resource (HR) issues are derived from KfW's mandate and business strategy including the KfWplus+ agenda:

Promotion of staff employability in ways that enable employees to fulfil KfW's promotional mandate in the future as well

- Design of a sustainable working environment
- Creation of catalysts for further development of the corporate culture and shaping change processes within the framework of a modern, future-oriented, transformative promotional bank
- Continuous improvement of employer appeal to recruit the best employees and retain talent going forward
- Compliance with regulatory requirements via appropriate tools, processes and structures

### KfW Group employees by gender in 2022

8,122 total employees



### Personnel structure<sup>1</sup>

As of year-end 2022, KfW Group employed a total of 8,122 people, 25.9% of whom worked part-time – i.e. fewer than 39 hours a week (full-time). The proportion of part-time staff has remained constant over the last five years.

The staff turnover rate in 2022 was 3.5% at KfW, 9.5% at KfW IPEX-Bank, 5.3% at DEG and 12.5% at KfW Capital.

To cope with peaks in the promotional business and its own operations, KfW also employs a small number of temporary staff. There were 56 such contracts at KfW Group in 2022. KfW provides temporary employment agencies with all the information required by law and necessary to enable them to offer temporary staff comparable working conditions and fair wages. In addition, KfW offers temporary workers comparable working conditions within KfW.

### Remuneration

KfW Group employees covered by collective bargaining agreements are subject to the regulations of the collective bargaining agreement for public banks. This includes regulations on working hours (e.g. regular working hours and how to deal with overtime), pay, leave entitlement and termination of employment. Among other things, the collective agreement provides for special protection against dismissal if the necessary conditions are met. Employees not under collective agreement are subject to similar working and employment conditions as pay-scale employees: the applicable collective agreement also serves as a frame of reference for agreements for non-pay-scale employees. The main working conditions are regulated in particular in staff or works agreements negotiated and concluded between the employer and the staff council or works council. The percentage

of pay-scale employees (including temporary staff, but excluding trainees, sandwich students, graduate trainees, interns and local employees) is 27.3% at DEG, 22.1% at KfW IPEX-Bank and 28.2% at KfW.

KfW is expressly committed to fair, transparent and non-discriminatory remuneration principles and to the same standards for the evaluation process. This was specifically reinforced in a staff agreement concluded at the end of 2017. The remuneration systems do not draw any distinctions on grounds of gender, nationality, ethnicity or religion.

Activities that fall under collective bargaining agreements are assigned in accordance with collective bargaining pay-scale groups for public banks. The remuneration of employees who are not covered by a collective bargaining agreement is regulated by a staff agreement at KfW and by appropriate works agreements at KfW IPEX-Bank and DEG. Different salary ranges are prescribed for each level not covered by a collective bargaining agreement, and form the basis for remuneration. The variable component is based on performance assessments focusing on the achievement of qualitative and quantitative targets.



25.9% of KfW Group employees worked part-time in 2022

<sup>1</sup> The subsidiary KfW Capital is not included in this chapter due to its short existence (since 2018) and its relatively small size.

In overall terms of content and substantive structure, KfW's remuneration system is based on its business model as a state-owned promotional bank. It is designed as a performance-based remuneration system and is characterised by a focus on fixed remuneration and a very small variable remuneration component when compared with conventional commercial banks. The variable remuneration is fixed using a three-pronged approach encompassing the criteria of promotional objective, earnings and risk, and takes particular account of the sustainability of business success pursuant to section 7 of the Remuneration Ordinance for Institutions (Institutsvergütungsverordnung – IVV).

When assigning employees to foreign posts, KfW provides additional benefits which take account of economic and safety requirements. These additional benefits address both the local situation and the differences between the home and host countries.

### **The principles of fair remuneration**

Every year, KfW Group applies a structured procedure to assess its employees' performance. Employee target management and performance assessment are both important instruments for corporate management. Performance management results create the basis for determining remuneration at KfW Group.

Since 2018, all KfW Group employees have been able to assert their right to access information in accordance with section 10 of the German Transparency of Remuneration Act (Entgelttransparenzgesetz). To this end, they can learn about the criteria and procedures used to determine remuneration and make enquiries about median gross monthly remuneration and up to two salary components of a peer group of the other gender. All KfW Group companies have implemented this legislative requirement.

### **Pensions and additional benefits**

KfW Group employees gain entitlement to employer-financed pension benefits for the duration of their employment and are also entitled to disability benefits and benefits for surviving dependants. The scope, exact details and amount of the company pension are based on the pension regulations set by KfW and its subsidiaries. KfW Group also offers its employees voluntary deferred compensation for pension benefits, reimbursement for travel costs to and from work, private accident insurance and access to low-interest building loans. A limited number of additional benefits, such as access to low-interest building loans, are only available to permanent KfW employees.

### **Employee participation**

Employees have full freedom of association and collective bargaining rights. This includes the right to form associations to protect and advance working and economic conditions.

The German Federal Staff Representation Act (Bundespersönlichkeitsvertretungsgesetz – BpersVG) governs the representation of staff interests for all KfW employees. Employee interests are represented by a General Staff Council, which is responsible for issues across all locations and generally meets once a month, and by the three Local Staff Councils in Frankfurt, Bonn and Berlin, which meet once a week. There are separate works councils at KfW IPEX-Bank and DEG in accordance with the German Works Council Constitution Act (Betriebsverfassungsgesetz – BetrVG). In addition, KfW IPEX-Bank and DEG have a Supervisory Board with elected staff representatives. The laws on employee participation (German Federal Staff Representation Act (Bundespersönlichkeitsvertretungsgesetz – BpersVG) and the German Works Council Constitution Act) make it impossible to create a works council for the entire group.

## Diversity and equal opportunities

The responsible bodies and affected employees are involved as extensively as possible at an early stage, especially during change processes – such as internal restructuring, major new projects and decisions on corporate strategy. This inclusion process can take a number of forms, including face-to-face information from line managers, in-house information events and intranet notifications. An Equal Opportunities Officer and three deputies, elected by female employees at KfW, also represent their interests. Furthermore, the interests of disabled employees are represented by the relevant KfW, KfW IPEX-Bank or DEG representative for employees with disabilities.

Various interest groups are integrated in KfW's remuneration policy in different ways:

- Shareholders are involved as stipulated in the KfW Bylaws through the Board of Supervisory Directors and the Remuneration Committee.
- Employees can exert influence through the employee representatives – in other words, the staff and works councils – in accordance with the German Federal Staff Representation Act or Works Council Constitution Act.

### Employees in foreign offices

For local KfW Group staff working in its foreign offices, the working hours and social benefits apply that comply with or exceed the respective national legal requirements. They are based on the benefit level provided by comparable international companies locally.

Diversity and equal opportunities are a matter of course for KfW Group. Discrimination based on nationality, ethnic origin, gender, religion, fundamental beliefs, disability, age or sexual orientation is prohibited. This is also reflected in KfW's mission statement: "Our behaviour is shaped by respect, esteem and integrity. Work-life balance is important to us. We want openness and diversity, and we collectively uphold decisions that have been made."

To underpin its commitment to a diverse workforce, KfW signed the diversity charter in 2019, implementing it through a variety of internal and external measures (e.g. events and activities to promote diversity and respect, and employee articles on the intranet). Activities performed are published on an annual basis, including in this report. Employees are involved in the implementation of the charter, such as in the "Fathers' Network" and events on caring for family members. KfW IPEX-Bank also signed the Diversity Charter in 2020, and KfW Capital did so in 2022.

Regular dialogue between KfW IPEX-Bank and DEG ensures that all measures and initiatives in the area of human resources policy are based on shared corporate values. Many measures applied by KfW are therefore described below and supplemented by initiatives of KfW IPEX-Bank and DEG.



KfW Capital also signed the Diversity Charter in 2022.



The measures, initiatives and instruments in the area of diversity and equal opportunities are grouped together in the following section based on the issues of equal opportunities, reconciliation of work and family life, inclusion and career prospects. External employer appeal is measured on the basis of Trendence market research results, and employee satisfaction on the basis of in-house surveys. Measures were taken in 2022, for example, to also enable Ukrainian refugees to find employment at KfW (e.g. special job platforms, internship offers, employment in the KfW daycare centre and participation in intensive German language courses offered by KfW).

### Gender equality

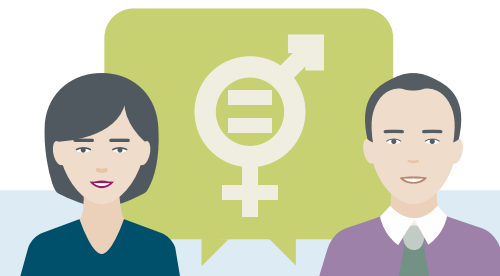
KfW, KfW IPEX-Bank and DEG have different corporate forms, which is why KfW and the subsidiaries operate under different laws in the area of equality. This explains why there are differing measures and target quotas, among other things. Regardless of this fact, a commitment to ensuring equal opportunities for men and women – including remuneration – is a key component of KfW Group's human resource policy. KfW's fifth Equal Opportunities Plan is currently underway, having started in 2020 and with targets until 2023. KfW developed this plan together with the Equal Opportunities Officer and substantiated it with specific targets and measures.

The plan sets trends in line with the German Federal Equality Act (Bundesgleichstellungsgesetz – BGleG), the aim of which is equal involvement of women in management positions.

Examples include:

- removal of structural disadvantages and reduction of the underrepresentation of women or men at management levels and in senior specialist positions
- improved reconciliation of work and family life, particularly motivating men to make use of reconciliation offers
- particular consideration of women with disabilities

KfW reviewed the Equal Opportunities Plan after two years as scheduled in 2022, assessing overall achievement of objectives and making appropriate adjustments, as necessary. The amendment to the BGleG was taken into account. There was no adjustment to the target quotas – until the end of 2023. By the end of 2025, there should be equal involvement of women and men in management positions (→ Increasing the proportion of women in management and senior professional positions).



KfW recorded increases in the proportion of women at all three management levels in 2022



## Goals and measures of the Equal Opportunities Plan 2020–2023

<p><b>1 Increasing the proportion of women in management and senior specialist positions</b></p> <ul style="list-style-type: none"> <li>– Increasing the percentage of female directors to 25.0% (+ 4 women), heads of department to 32.5% (+ 6 women), team leaders to 40.0% (+ 14 women)</li> <li>– Participating in agile positions/roles</li> <li>– Expanding the talent pool (for employees and managers)</li> <li>– Evaluating the application process</li> </ul>	<p><b>2 Improving the reconciliation of work, family, care and private life (women and men)</b></p> <ul style="list-style-type: none"> <li>– Assessing new modules (including assuming childcare costs for business trips, short-term family care leave with continued social security contributions)</li> <li>– Considering women with disabilities</li> <li>– Establishing flexible working hours and locations</li> <li>– Motivating men to use work-life balance options</li> </ul>	<p><b>3 Identifying and eliminating structural disadvantages</b></p> <ul style="list-style-type: none"> <li>– Implementing a gender-sensitive remuneration policy (for new hires, transfers, salary reviews)</li> <li>– Introducing second-life careers (for employees who have made use of longer-term work-life balance options and have potential)</li> <li>– Analysing development opportunities (regardless of the use of reconciliation offers)</li> </ul>	<p><b>4 Making equal opportunities part of corporate culture</b></p> <ul style="list-style-type: none"> <li>– Providing specific information (to managers and employees)</li> <li>– Reporting on a regular basis (to Executive Board and Heads of Department)</li> <li>– Incorporating and evaluating equality issues in the employee survey</li> </ul>
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Review of the catalogue of measures after 2 years

### Increase the proportion of women in management and senior specialist positions

KfW will continue to pursue the objective of increasing the proportion of women in management and senior specialist positions using both internal promotions and external recruitment until the end of 2023. These measures are expected to achieve a target quota of 40.0% in team leaders, 32.5% among heads of division and 25.0% among heads of department. By the end of 2022, the quota of female leaders was 38.9%, heads of department 32.7% and directors 16.7%. Achieving the targets of the Equal Opportunities Plan is a key interim objective in meeting the requirements of the BGlEiG. Against this backdrop, KfW formed a project team in 2021 comprising staff from all HR departments, the Equal Opportunities Officer and her three deputies. Initial ideas are already under development. The review of the Equal Opportunities Plan was conducted in 2021/22 with a view to the BGlEiG requirements, and steps were derived on that basis (see below).

In the course of implementing new requirements in conjunction with the German Limited Liability Companies Act (GmbH-Gesetz – GmbHG), KfW IPEX-Bank set itself a target in summer 2022 of 40.0% women at head of department level by 30 June 2027. This figure was 25.0% at the end of 2022. The target for team management level was set at 40.5% by 30 June 2027; this figure was 32.5% as of the end of 2022. The new target for the proportion of women in Management Board positions is 50.0% by 30 June 2027; this figure was 25.0% at the end of 2022.

In the context of compliance with the GmbHG, DEG defined a minimum target for the proportion of women in its management-level positions by 2022, stipulating 33% for the top management level, 22% for director level and 35% for head of department level. The target quotas have been met, with the exception of director level. As of the end of 2022, the proportion of women at top management level was 33.3%, at director level 20.0% and at head of department level 38.5%.

DEG drew up its first equal opportunities plan in 2022, including the four key areas of action gender empowerment, work-life blend, gender balance and pay, and presented it to the Supervisory Board. This plan includes both the quotas prescribed by law and additional target quotas for women at other functional levels, as well as comprehensive measures and performance indicators in order to be transparent regarding achievement of the ambitious equal opportunities targets. The Equal Opportunities Plan defines binding targets for the four areas of action over the next five years against which those responsible will be measured. Action has been defined for all target quotas, such as identifying and promoting potential female candidates, increasing the transparency and data basis of the remuneration structure, encouraging increased use of part-time and temporary part-time models, parental leave and tandem teams.

The recruitment processes and HR development tools for increasing the proportion of women, particularly in management roles, have been successfully integrated into ongoing HR processes at KfW. Examples include:

- Mentoring: New team leaders are mentored by experienced managers.
- Part-time managers: 91 of the 529 managers at KfW (17.2%) worked on a part-time basis in 2022. We distinguish between part-time management on a stand-alone basis – where a unit is led by a single manager – and tandem management – where a team or department, usually large in size, is led by two managers who share the workload. KfW currently has around 15 tandems; IPEX-Bank had seven in 2022.
- The IT department has been taking part in the “Mentoring Hesse” scheme since early 2019. As part of this programme, ten experienced female IT employees mentor interested female STEM students.



### New equal opportunities plans and targets at DEG and IPEX-Bank

- Forming two talent pools with more places for women than men (explorer-pool: 9 out of 15 are women, “trampoline pool”: 9 out of 16 are women).
- Continuation of a forum established in 2021 for dialogue between female heads of department, team leaders and ambitious female employees.
- Establishing regular meetings of the “equal opportunities” focus group with HR representatives and the Equal Opportunities Officer.

Based on the results of the review of the Equal Opportunities Plan, in order to further reinforce the objective of increasing the proportion of women in management and senior professional positions, the following actions were taken in 2022:

- Development of a cross-media campaign to further recruit women for management positions, promote and motivate women to take on such positions, including through communication on the subject of role models, information on unconscious bias and raising awareness of recruitment barriers and the glass ceiling
- Transparent design of selection procedures for positions as heads of department and directors
- Disproportionate staffing with women to close the gap, also externally, if necessary
- Publication of a promotional video for women in agile roles with the participation of Chief Executive Officer Stefan Wintels and the Equal Opportunities Officer

#### Proportion of women in management in 2022 (2021) in %<sup>1</sup>

	KfW	KfW IPEX-Bank	DEG	KfW Capital
Executive Board	40.0 (50.0)	-	-	-
Management Board	-	25.0 (25.0)	33.3 (33.3)	0 (0)
Heads of Department	16.7 (13.0)	-	20.0 (22.2)	-
Heads of Division	32.7 (30.3)	25.0 (27.8)	38.5 (35.0)	-
Team leaders	38.9 (38.2)	32.5 (31.1) <sup>2</sup>	-	40.0 (25.0)

<sup>1</sup> Figures were omitted in categories where those hierarchy levels do not exist. The group was not presented as a whole due to the differing hierarchy levels. The total figures are based on all employees at the respective levels of hierarchy.

<sup>2</sup> An examination of the prior-year figure revealed that it had been stated incorrectly in the previous report; it has now been adjusted retroactively.

#### Making equal opportunities part of corporate culture

Incorporating equal opportunities requires role models and time to succeed in the long term. The issue of equal opportunities has been included in existing formats, e.g. introductory events for new employees, event and interview series by the Equal Opportunities Officer, and by including the subject in the employee survey. In general, a gender-sensitive approach is applied during all selection processes, potential assessment processes and succession management. Female managers, representatives from the HR department and the Equal Opportunities Officer are involved in all selection processes. KfW’s participation in the PANDA network’s “Employers for Equality” programme also helps to make equal opportunities part of corporate culture.

## Reconciling work, family and caregiving

Finding a balance between work and personal life is key to health and employability, and also increases motivation and loyalty to the company. This applies in particular to employees with family responsibilities, who are also increasingly caregivers for relatives in addition to children. KfW and KfW IPEX-Bank employees in Frankfurt can use KfW's own company creche and have access to daycare slots provided by a cooperation partner to assist with childcare. Their children can also be looked after in emergency or holiday care services for up to ten days per year nationwide. KfW has established its own caregiving guides and also uses a service provider to provide targeted advice to employees. Long-term cooperation partners are on hand – besides existing social counsellors at all locations – to provide advice during family crises and conflicts at work. In addition to personal counselling, there is also a 24-hour hotline available seven days a week.

KfW and KfW IPEX-Bank were awarded the “Work and family audit” certificate by the non-profit Hertie Foundation in 2001; DEG has been certified since 2012. KfW and KfW IPEX-Bank were successfully re-audited in 2020. Both banks are currently in the process of re-auditing again.

A range of selected topics to improve work-life balance were also available in 2022, on a virtual basis, with a total of 31 webinars provided on issues such as childcare, mental health and caregiving. Around 100 participants were registered for each of the webinars.

### Services relating to caregiving

KfW Group has established a wide range of caregiving services to support its employees as they provide care for their relatives:

- At-home caregiving guides: These help to navigate the internal and external offerings.
- On-site drop-in sessions: A specialist in elderly care offers a monthly drop-in session at KfW and KfW IPEX-Bank locations. The on-site sessions were discontinued due to the pandemic and were replaced by home visits to the employees' relatives. Employees have the chance to speak to experts about all care-related issues.
- 24/7 hotline: Furthermore, employees can access a hotline for any urgent issues relating to family members requiring care.
- Informational events: Webinars on caregiving and related topics were offered to all staff.

### Offers for families

KfW and KfW IPEX-Bank also support their employees with integrated childcare offers. The parent-child offices previously available at all locations were re-opened in 2022 after being closed due to the pandemic. KfW and KfW IPEX-Bank have also had a company crèche at the Frankfurt office since 1973 with capacity for 45 children. It was renovated and more staff hired in 2022; ‘theme rooms’ were set up in the process. The crèche now has a studio with a workbench, a relaxation room and many more features. There will no longer be a summer closure as of 2023, in order to offer even more extensive daycare.



24/7 hotline to answer urgent questions for employees caring for relatives

Moreover, in cooperation with a parents' organisation, ten places at the Erasmus kindergarten and 66 crèche places at two other facilities are also reserved. The childcare options were adjusted in line with pandemic restrictions and largely remained available.

For childcare at other facilities, employees can access extensive databases with lists of spots in day nurseries, after-school care facilities and schools. Employees across Germany can also access 24-hour emergency care from a family service all year round in the case of last-minute childcare requirements as well as virtual childcare options.

KfW also organises childcare services provided by a family service where needed at conferences hosted by KfW. Assistance in finding babysitters and au pairs and a very comprehensive holiday programme are also available and used by large numbers of employees. These childcare options are available for KfW and KfW IPEX-Bank staff in Frankfurt, Berlin and Bonn. DEG not only offers its employees in Cologne a childcare allowance, it also provides access to emergency childcare options via a family service provider and support in organising regular childcare options. To make it easier to plan a return to work, DEG also provides a total of ten childcare places.

KfW has joined the nationwide Fathers' Network and has also established its own Fathers' Network. Six virtual talks on different topics were held in 2022, with 100 attendees at each event.

### Flexible forms of work

KfW Group helps its employees to balance their work and personal lives as well as possible, each in their own unique ways. There are three components of this reconciliation: a broad range of part-time models, flexible working hours and mobile working. The latter is explained in more detail below. There is also flexibility in terms of working space at the KfW offices, such as the parent-child offices. Leave for childcare or family caregiving is also possible where necessary. Management roles can be performed in a part-time or in some cases a tandem capacity. KfW has its own working hours policies that include autonomous working hours (initially only for non-pay-scale employees) and a clear argument for flexible working hours and increased use of options for working from home. The relevant staff agreement was extended for the time being until 31 December 2023. The agreement aims to promote more conscious management of working hours and systematically move away from a culture based on the hours spent in the office to one that focuses on each individual's results. The stated objectives of the agreement are to give employees more responsibility and to allow more flexible arrangements in terms of working hours and location, while taking KfW's business needs into account at the same time.

The mobile working option continued to be heavily used in 2022. A total of 40.2% KfW staff used the mobile working option in 2022 (excluding DEG and KfW Capital). Even before the pandemic, KfW sought to increase the flexibility of its own organisation. Mobile working can also be used in the future to complement on-site office work. This option and its structure were set out in a staff agreement on mobile working at the end of 2020. In addition, a supplementary agreement to the staff agreement on mobile working was concluded at the end of 2022,



40.2% mobile working in 2022

initially limited to one year, based on which mobile working is not generally to exceed 60% of an employee's total working hours (instead of 40% as before). This further raised flexibility in terms of working location.

Mobile working is generally available to all employees whose duties and working environment allow them to work outside of KfW premises, provided this has been discussed with their line manager. KfW incorporated mobile working into normal operations in 2022 after more than two years as a contingency measure due to the coronavirus pandemic, by providing numerous support services, including for managers. A wide range of options for individual development in digital working were also introduced, from self-guided learning using an extensive “tool box” of resources, through reverse mentoring, to comprehensive traditional training sessions.

In addition, KfW can now reach its employees with more virtual services such as online training, virtual psychological counselling and fitness activities. All teams are encouraged to agree on specific rules, and update them where necessary, for dealing with mobile work in a “Mobile working team charter”, thus enabling tailored implementation.

## Inclusion

KfW Group supports the inclusion of individuals with disabilities as an aspect of social responsibility in line with the UN Convention on the Rights of Persons with Disabilities. KfW has embedded the convention's goals in its inclusion agreement, which was concluded between KfW's general representative for those with disabilities and the General Staff Council.

KfW exceeded the statutory quota of 5% for employment of staff with disabilities once again in 2022 at 6.1%, which was also a year-on-year increase (previous year: 5.9%). This merits particular mention given the increased headcount at KfW. An internal target quota, above the statutory level, of 6% was resolved at KfW in 2021, with the aim of reaching it by the end of 2023. It has therefore been achieved early. The quota of staff with disabilities was 2.98% at KfW IPEX-Bank and 4.49% at DEG in 2022. There were 0.0% employees with disabilities at KfW subsidiary KfW Capital in 2022, and due to its increased headcount, the company was therefore required to pay the surcharge for not employing persons with disabilities (Schwerbehindertenabgabe) again in 2022.

KfW implements measures for development of the corporate culture and in recruitment to promote inclusion.

### Development of the corporate culture

An inclusion event initiated by KfW Development Bank and HR was held in the summer of 2022 with paralympians Mareike Miller and Sebastian Junk and cooperation partner the National Paralympic Committee Germany. Executive Board member Bernd Loewen and FC Director Dr Andrea Hauser attended the event, which was live-streamed for all KfW staff and interested external parties.

Four virtual workshops were also offered again in the reporting year to raise the awareness of employees and managers on interacting with people with disabilities; each had between 60 and 70 attendees. A video was also created in 2022 to explain to staff how the level of disability is determined, and how to apply for a disability card or equal status recognition certificate (Gleichstellungsbescheid).

A cross-functional working group has been set up on the issue of accessibility, with the aim of achieving full accessibility at KfW. The members of the group stay in regular contact via a dialogue forum. The group addresses the statutory requirements, informs the departments, serves as a central point of contact and provides advice on the subject. The objective is to better coordinate and bundle overarching questions on accessibility, as well as increasing the visibility and relevance of the issue. The working group met four times in 2022 and discussed current legislation and its relevance to KfW, as well as general news and plans on the subject of accessibility at KfW. A call for tender is planned for 2023 to obtain support in creating accessible PDFs and advisory services. We aim to make aids available to our employees with disabilities to provide them with a work set-up that is as accessible and self-determined as possible. We are constantly developing and optimising our processes to this end.

To make sure their interests are represented appropriately at each KfW location, employees with disabilities elect a representative. DEG and KfW IPEX-Bank also have an elected representative for individuals with disabilities, who represents the interests of this group. Elections for new representatives were held at all locations at the end of 2022.

### Recruitment

Comprehensive steps were taken in 2022 with a positive effect on external recruitment of staff with disabilities. In addition to the awareness measures for managers, there was also a focus on labour market initiatives. KfW maintained partnerships with numerous associations and organisations in order to contribute to society and make potential applicants aware of KfW as an inclusive employer – such as through coaching for applicants.

KfW also published job advertisements on target group-specific job platforms and took further steps to actively attract applicants with disabilities. These include comprehensive support for applicants with disabilities in the recruitment process and the additional option of a targeted two-year training course at KfW to develop professional potential. The aim is to enter into long-term employment with KfW following the two-year development period.

KfW took part in a talent programme with myAbility in Berlin and Frankfurt to attract students to KfW, which offered students taster days in various areas with a view to signing an employment contract.



Virtual workshops to raise staff awareness on interacting with people with disabilities



### Conflict management

Employees who feel they are discriminated against for reasons outlined in the German General Act on Equal Treatment (Allgemeines Gleichbehandlungsgesetz – AGG) can contact the respective AGG representative.

One verified case of discrimination was recorded at KfW in the period under review. Suspected cases are documented by an internal complaint unit and then analysed and handled in collaboration with the respective individuals or departments.

In cases of conflict, external contact points through social counsellors and an external psychosocial hotline are provided. As a supplementary measure, an intact system of committees made up of the Staff Council, the Equal Opportunities Officer (and three deputies) and a representative for employees with disabilities ensures that a range of different contacts are available.

## Professional prospects

Attracting, developing and retaining capable employees is essential to the long-term success of KfW Group in view of demographic and social change – and it is also our responsibility. In its management principles, KfW outlines its commitment to creating a working environment based on trust. All instruments for developing and selecting managers rely on a behaviour-based skills model and are aligned with a clearly defined target vision for good management.

### Training

KfW Group offers a wide range of entry-level career opportunities. It trains employees in different professions and subject areas at all locations as required. A software technology degree programme with a focus on software development was offered for the first time at KfW's Frankfurt office in 2022. And the Berlin office started a Chamber of Industry and Commerce (IHK) traineeship programme for "IT specialists for system integration".

The total number of interns, sandwich degree students and vocational and graduate trainees at KfW was 245 as of 31 December 2022 (previous year: 248). This equates to a training rate of 4.0% (previous year: 4.2%). The training rate was 1.1% at KfW IPEX-Bank (previous year: 3.6%) and 2.7% at DEG (previous year: 2.2%). As of the end of 2022, 132 people were enrolled in their first vocational training course at KfW (previous year: 135), of whom 86 were sandwich degree students (previous year: 88). The number of graduate trainees stood at 53 as of 31 December 2021 (previous year: 53). KfW Capital does not currently provide any training itself, although one vocational trainee and six graduate trainees/sandwich students from KfW worked at KfW Capital in 2022.



245 vocational trainees,  
sandwich students, interns and  
graduate trainees in 2022

There were a total of 10 junior staff at KfW IPEX-Bank as of year-end 2022 (previous year: 31), of whom nine were graduate trainees/sandwich students (previous year: 30) and one was an intern (previous year: 1).

As of December 2022, there were 18 trainees at DEG (previous year: 15), of whom four were graduate trainees/sandwich students (previous year: 4), nine were interns (previous year: 8) and five were vocational trainees (previous year: 3).

In the course of the reporting year, 203 students completed internships at KfW Group in compliance with the guidelines of the Fair Company Initiative. The application process is adapted for applicants with disabilities. An increase in the number of vocational trainees, sandwich students and graduate trainees is planned for 2023.

KfW IPEX-Bank gave a guest lecture for the first time in 2022 in cooperation with the careers service at the Goethe University in Frankfurt on the subject of syndication in project and export financing, also with the aim of recruiting new graduate trainees and interns. In July 2023, KfW IPEX-Bank will be participating in the “LGBTQIA+” recruitment fair in Frankfurt for the first time to attract new up-and-coming talent.

### Continuing education

With its qualification strategy, KfW Group aims to guarantee individual development opportunities for employees and managers geared to future requirements. In this way it secures their long-term sustainable employment in the group.

To achieve this, KfW offers employees a wide range of continuing education opportunities. The entire training offering is basically available to all staff (with a few exceptions in the

management training programme). Needs assessments are performed on the basis of past experience as well as through ongoing personal dialogue between HR and the departments. Sustainability issues are covered in the training programme for the Financial Cooperation department – for example environment, energy and water. KfW Group’s Executive Board and Board of Supervisory Directors also receive regular training on sustainability issues such as sustainable finance and ESG risk management. Training related to health matters is also available, including a “Healthy leadership” course for the managers target group.

In the period under review, the focus of skills development was on management, interpersonal and communication training, language courses as well as content and training in digitalisation and agile cooperation. The total number of hours of continuing education for KfW employees in 2022 was 99,129. These internal courses were supplemented by external training programmes as needed. KfW IPEX-Bank and DEG also offer their own continuing education programmes. A particular focus of DEG’s programme in 2022 was on the topic of “impact and climate”. The aim was to further develop all employees’ expertise in impact and climate issues through a modular training programme. A total of 2,752 hours of continuing education were spent on this subject at DEG in the reporting year.

In general, all employees can take advantage of almost every training and continuing education programme. It is up to employees and their managers to select an appropriate training course. In exceptional cases, training courses are offered to specific target groups (e.g. management training); these must receive special approval.



Average number of hours  
of continuing education  
for KfW employees: 19

### Professional development

All KfW Group employees receive feedback from their line managers about their performance in the past year during an annual performance review, which also covers the issues of skills acquisition and personal development. In addition to the annual performance review, managers obtain feedback from supervisors via a structured management feedback system. They have the choice, as needed, between 360-degree feedback (from line managers, their team, interfaces and colleagues) and, as of 2023, a new 90-degree pulse check (focused on the team). The structured feedback enables reflection on leadership practices and encourages a positive, constructive culture of feedback and cooperation. This feedback makes it possible to derive targeted individual training measures.

A succession management process for management positions, which takes place every two years, creates transparency in how succession is handled at different hierarchical levels and serves as a basis for internal recruitment recommendations. The next succession management process will be conducted in early 2023.

Candidates for leadership positions are required to successfully complete the respective potential assessment procedure for team leader, head of department or director positions. The leadership skills model developed specifically for KfW and KfW IPEX-Bank forms the basis for this procedure. KfW has used an assessment of potential procedure adapted to the pandemic conditions since 2020; this was continued in 2022. Adapted potential assessments for agile leadership functions were also developed by the end of 2021, and have been in use since March 2022. This is based, as before, on the leadership skills model, which is also appropriate for agile leadership functions.

The following developments were further highlights in the year under review:

**New Learning:** KfW reviews its learning and skills acquisition strategy on a continuous basis, adapting the portfolio to meet new overarching conditions. One particular aim is to encourage the use of digitally supported learning formats in order to establish a blend of skills development offerings geared towards the respective learning objective. It also further expanded its “learning pathways” in 2022, which enable employees to expand and develop their knowledge and skills by way of self-learning materials, tutorials and online communities. It has been possible to register for training courses independently on external learning platforms since 2022, meaning that staff can book e-learning and online courses to suit their needs. 2022 also saw the launch of the KfW video portal, which allows users to record and share videos as a simple and efficient means of passing on knowledge to their colleagues.

**Lead Transformation:** This management development programme gives managers the opportunity to analyse new requirements and refine their understanding of leadership so that they are equipped for their role in KfW’s central change processes. The following priorities were set between the programme launch in 2019 and the end of December 2021:

- Leadership and risk culture: how managers practise risk culture in their daily leadership
- Leadership and resource optimisation: how managers at KfW manage resources
- Leadership in an agile environment: where and how agility can be useful in collaborative work

The programme started a new cycle with new priorities in autumn 2022. The focus is on new learning methods and a high degree of individual responsibility on the part of managers, who are required to contribute their knowledge and their expectations for the future. All events are mixed in terms of hierarchical levels and organisational units, something that participants find particularly valuable.



New 90-degree pulse check as a management feedback format from 2023

The programme cycle will run for two years, until the end of 2024. All managers are completing the mandatory qualification modules as planned. The programme will continue with new priorities in 2023: agile management 2.0, sustainable management, management in flexible and hybrid worlds of work, and technological innovation and digitalisation.

**Talent management:** A range of measures is intended to better foster talent at KfW, KfW IPEX-Bank, DEG and KfW Capital in future. These include targeted mentoring, scholarships for young employees studying part-time while continuing to work, and a stronger focus overall on job changes between departments. Two talent pools for potential junior staff and managers were also set up. The pool participants work on projects relevant to KfW and report their results internally and to the Executive Board. They are also involved in an extensive development programme and expand their network and visibility within KfW. The centralised talent management is complemented by additional initiatives in departments and subsidiaries for identifying and promoting talent.

### Digitalisation and agile working

KfW Group offers both in-person and virtual training courses. Around 9,200 individual bookings for virtual training were recorded in 2022. Technical opportunities such as a virtual whiteboard for video and web conferences allow collaborative working and a much broader range of training, workshops and meetings.

Digitalisation and agility will continue to significantly transform what is required of employees in the coming years. The Skills of the Future project creates transparency in terms of the existing and future agile and technological skills that will be needed at KfW. On this basis, measures were regularly derived for staff development, recruitment and promotion of young talent, with further development provided for employees at KfW in particular. Regular training sessions are held on agile methods, for example, and employees can attend in-house training to become certified Scrum Masters or Product Owners under the Scrum approach. In the Lead Transformation management development programme, “agility” and “agile leadership” also play a prominent role.

The expansion of our learning and skills acquisition offering both increases the training on offer to the bank as a whole and covers department-specific needs by way of external or specialist training courses. In-house courses on the following subjects have been created or expanded and gradually added to the learning portal: cloud-based data storage, programming languages PL/I, Informatica and Python, Big Data, artificial intelligence and data competence, MicroStrategy, provider management, banking for non-bankers and traditional project management.

The activities of the interdisciplinary Transformation Team Agile KfW (TTA) and Transition Team Scrum (TTS) were continued and further developed. The focal points are completing and adopting a vision for the future, “agile KfW 2025”, which will make it possible to align all measures and initiatives that contribute to agility. In addition, a bank-wide set of cooperative principles was developed and rolled out with a kick-off workshop in senior management. The aim here is to promote interdisciplinary work and to enable self-organisation for all employees.

## Social commitment

### Employee donations and initiatives

KfW, KfW IPEX-Bank and DEG employees have the opportunity to donate a portion of their monthly salary through the “spare cents” or “spare euros” initiative. Their payable salary is rounded down to the next full euro or five euros. In 2022, the donations from KfW staff amounted to EUR 43,796, and KfW topped it up by a further EUR 43,796, making a total of EUR 87,592.

KfW IPEX-Bank donated a total of EUR 15,000 and DEG approximately EUR 59,000.

In total, KfW (including the employee “spare cents” donations) made donations amounting to EUR 310,779 to non-profit organisations in 2022. Almost half of this (EUR 140,983) went to the Action Alliance for Disaster Relief (Aktionsbündnis Katastrophenhilfe) for aid in Ukraine, and EUR 75,000 to the TUMO digital learning centre. According to its donation guidelines, KfW does not provide financial support or other allowances to political parties, including organisations that are affiliated with parties.



EUR 354,575 in donations to non-profit organisations in 2022



### Support for refugees

Following Russia’s attack on Ukraine, KfW Group launched an extensive support programme in 2022 for people seeking refuge from the war in that country:

- Communicating job vacancies on relevant job platforms, attending events and offering internships
- Intensive language courses for young adults planning to stay in Germany for at least 12 months offered in cooperation with the FRAP Frankfurt job market programme
- Childcare for new hires from Ukraine
- Executive Board donation facility of EUR 140,983 to Caritas International, the German Red Cross, Diakonie Katastrophenhilfe and UNICEF (Action Alliance for Disaster Relief) to match the amount of personal donations by KfW staff.

#### KfW donations 2018-2022 in EUR

	2018	2019	2020	2021	2022
KfW (including the Executive Board)	142,920	93,700	50,000	106,671	310,779
Employees	35,990	43,500	48,515	40,647	43,796
<b>Total</b>	<b>178,910</b>	<b>137,200</b>	<b>98,515</b>	<b>147,318</b>	<b>354,575</b>

## Safety and health

To maintain and increase its employees' ability to perform over the long term, KfW Group operates its own occupational health and safety management services. The focus of these services is to provide an appropriate working environment, including ergonomic workstations, to prevent risks and accidents at work, and thereby also prevent and minimise sick days.

### Health management

Preventive healthcare is the basis for healthy daily working life at KfW Group. In terms of strategy, the health management concept is based on the Finnish model, the "House of Work Ability". As such, the company offers a range of areas of action and measures:

**Care from company physicians:** KfW's Occupational Health Office is available to all KfW and KfW IPEX-Bank employees. It is staffed five days a week at the Frankfurt office and provides occupational health care based on the German Ordinance on Preventive Occupational Health Care (Arbeitsmedizinische Vorsorgeverordnung – ArbMedVV). Among other things, it provides regular optional healthcare relating to work at a computer screen and mandatory healthcare in the case of activities performed in the tropics and sub-tropics and during other stays abroad with special climatic stress and risks of infection. In addition to occupational health, the company physicians also deal with socio-medical matters. They work closely together with the staff from occupational safety. All employees and external service providers were offered a COVID-19 booster vaccination at the KfW offices at the beginning of the year, in addition to a voluntary flu vaccination. The Occupational Health Office is staffed on certain days at the Berlin and Bonn locations. KfW Capital has an external company physician.

**Health check:** The voluntary check-up for all managers at KfW and KfW IPEX-Bank allows staff to undergo a physical check-up to measure their endurance and also includes an optional assessment of their personal risk of burnout. A consultation session held after the check-up provides individuals with advice on how to change their lifestyle based on the results of the examination. This offer was open to directors and heads of department again in 2022. We assume that the backlog from the pandemic will be worked off over this year, enabling the offer to then be extended to all management levels again.

**Preventing psychological stress:** Risks arising from high levels of psychological stress were identified by KfW as part of an employee survey in mid-2021. The action derived from the results by managers and teams continued to be implemented throughout 2022 and its effectiveness reviewed. Overarching measures were communicated to the Executive Board in order for structural improvements to be introduced and to raise awareness of problem areas. Webinars were also offered on stress management and resilience.

We aim to support our staff travelling abroad in fragile states as best we can with mandatory training and counselling sessions. In acute crisis situations, an emergency hotline is also available for them to talk to specially trained psychologists.



Voluntary health check  
for managers

**Corporate sports programme and increased awareness:**

KfW Group offers a broad spectrum of subsidised corporate sports. It also offers prevention courses. For instance, the DEG health platform provides access to many subsidised and certified prevention and health courses. More than 90% of DEG employees are now registered. KfW and KfW IPEX-Bank also offer a health platform, which is being introduced in several stages. Currently, employees have access to a free magazine and company section where they can find information on health issues and book in-house offers. Around 70% of KfW and KfW IPEX-Bank staff are currently registered. A collaboration that enables employees to get discounted access to fitness and wellness facilities worldwide rounds off the sports programme.

KfW Group holds regular physical fitness days to create more awareness of health issues. An in-person “Healthy in late summer” health day event was held in 2022 along with a digital health day. In addition, monthly health-related webinars were offered to give employees tips to incorporate into their daily routine, on issues such as burnout and relaxation. See also [→ Reconciling work, family and caregiving \(page 125\)](#).

**Operational integration management:**

Operational integration management: All employees who are unfit for work for more than 42 days in a 12-month period receive an invitation to an operational integration management hearing from the KfW Health Manager.

The discussion will revolve around how the employee can return to work, how to prevent future absences and how to maintain performance – for example through medical rehabilitation, technical support at work or a reduction in working hours.

**Occupational safety**

KfW Group considers how to promote good health when setting up and designing workstations. Since the risk of injury caused by an accident at work is low for KfW Group employees, the primary focus is not on absence rates caused by occupational accidents but on absence caused by illness. In 2022, sick leave per employee at KfW was 11.8 days (2021: 8 days<sup>1</sup>).

A total of 72 work-related accidents from work, commuting and participation in corporate sports programmes were reported in the entire group in 2022 (2021: 43). KfW supports employees in taking advantage of the driving safety courses provided by the occupational health and safety agency.

The occupational safety committees (ASAs) active at each site coordinate occupational safety activities. In accordance with legal requirements, ASA meetings are held on a quarterly basis at all locations.

KfW Group has incorporated guidelines on occupational health and safety and the associated company guidelines in its Organisation Manual in the form of a work instruction. Once a year, the employees are trained on hazards at work and preventive measures in a mandatory online course.

<sup>1</sup> An examination of the prior-year figure revealed that it had been stated incorrectly in the previous report; it has now been adjusted retroactively.

The minimum employee participation rate of 95% is checked on a quarterly basis at department level. Any additional hazards identified are discussed based on the activity in question. Managers are also trained separately on their role in occupational health and safety.

COVID-19 remained a focal point for KfW's safety engineers and health management in 2022. Throughout the pandemic, the risk assessment and hygiene concept were updated for the entire bank, and various hygiene considerations when meeting with people in a work context were developed on the basis of risk assessments and in compliance with the legal occupational health and safety requirements and Federal State regulations. KfW Group offers an e-learning programme on "Protection from Covid infection at KfW" in line with legal requirements. This raises employees' awareness of measures to reduce the risk of infection for themselves and others. This online training is mandatory for KfW employees. It allowed business operations to be maintained in accordance with protective coronavirus measures.

The risk assessments focus in particular on groups of persons not only active in an office context. KfW created working guides for risk assessments and mobile working in 2022 and made them accessible to all staff via the intranet. The safety engineers offer ongoing training on occupational safety.

The new Governance working group "Accessibility" enabled the aspect of person-related risk assessment to take a new turn. The aim is to implement a process, involving the necessary experts from various departments, to establish the best possible working conditions for the employees concerned.

### **Staff security during assignments abroad**

KfW Group pays special attention to security during foreign assignments. A directive contains uniform group-wide requirements for the safety and security of personnel abroad and is designed to protect staff on business trips and seconded staff as well as the national personnel of the foreign branch offices. Staff security abroad focuses on staff security risks that may arise due to general and violent crime, terrorist threats, political tensions and unrest, acts of war, natural disasters, illness and accidents. Based on systematic monitoring, a group-wide "List of countries with critical security situations" is kept that uses various risk categories to classify countries and sub-regions. The classification has an impact on the required level of protection and results in the definition of decision-making powers commensurate with the risks in terms of whether to continue activities in regions with a critical security situation. People's physical safety takes precedence over business objectives at all times. To ensure independent decision-making in critical security situations, group-wide security management is always structurally separate from the operating units and front-office areas at KfW Group.



## Employee figures

All figures are rounded to one decimal place except for the absolute total of employees. Furthermore, the figures for the group are calculated in summary form. The figures reported do not include temporary workers or external workers unless otherwise stated. Employees working in KfW's branch offices around the world (local staff) have been integrated in the bank's reporting systems since 2020. However, due to different legal bases (for example, in collective bargaining law or in determining the inclusion rate), different reporting models are used worldwide, so locally employed workers are only included in some of the tables shown.

The subsidiary KfW Capital, which was established in 2018, is included in the following key figures as far as possible. KfW Capital is not listed separately in some cases because the figures have negligible significance due to the small number of employees or because they were not available.

### Employee structure at KfW Group<sup>1</sup>

Number	2018	2019	2020	2021	2022
<b>KfW Group<sup>2</sup></b>	6,574	6,934	7,610	7,985	8,122
of which women	3,176	3,364	3,693	3,865	3,906
<b>KfW</b>	5,184	5,475	5,977	6,288	6,423
of which women	2,493	2,644	2,883	3,018	3,060
<b>KfW IPEX-Bank</b>	708	779	856	901	910
of which women	339	370	416	442	445
<b>DEG</b>	677	673	751	751	739
of which women	348	348	386	384	379
<b>KfW Capital</b>	n/a	23	26	45 <sup>3</sup>	50 <sup>3</sup>
of which women	n/a	5	8	21	22

<sup>1</sup> Including locally employed staff of KfW branch offices worldwide since 2020

<sup>2</sup> Including members of the Executive Board, members of the Management Board and staff not actively employed, adjusted for secondments within the group

<sup>3</sup> Excluding temporary student employees

# 8,122

employees worked at  
KfW Group in 2022

**Number of employees at KfW Group in 2022 by gender and region (continent)**

	Men	Women	Other	Total
Africa	120	101	0	221
Americas	39	40	0	79
Asia	107	88	0	195
Europe	3,949	3,677	1	7,627
Oceania	0	0	0	0

**Employees covered by collective bargaining agreements in %**

	2018	2019	2020	2021	2022
KfW Group	26.4	27.9	26.8	27.7	27.3
KfW <sup>1, 2</sup>	26.8	28.0	28.1	28.5	28.2
KfW IPEX-Bank <sup>2</sup>	19.8	24.0	21.0	23	22.1
DEG	28.6	28.1	27.0	28.7	27.3
KfW Capital <sup>3</sup>	n/a	n/a	n/a	n/a	10.0

<sup>1</sup> As in previous years, the rate refers to the total figure excluding the local employees directly employed by the foreign branch offices.

<sup>2</sup> Including temporary staff, but excluding trainees, sandwich students, graduate trainees, interns and local employees

<sup>3</sup> These figures relate solely to temporary student employees.

### Employees with fixed-term contracts in %<sup>1</sup>

	2018	2019	2020	2021	2022
<b>KfW Group</b>	10.4	12.3	12.4	12.8	12.5
of which women	53.4	54.5	53.0	49.6	49.1
<b>KfW</b>	10.4	12.6	12.9	13.4	13.4
of which women	54.8	55.9	54.0	49.6	49
<b>KfW IPEX-Bank</b>	6.2	10.0	10.3	11.4	9.8
of which women	52.3	49.9	46.6	49.5	50.6
<b>DEG<sup>2</sup></b>	14.8	12.8	11.1	10.1	8.8
of which women	46.0	47.7	50.6	50	49.2
<b>KfW Capital<sup>3</sup></b>	n/a	n/a	n/a	0	10.0
of which women	n/a	n/a	n/a	0	40.0

<sup>1</sup> Including locally employed staff of KfW branch offices worldwide since 2020

<sup>2</sup> Including temporary staff, interns, trainees and local employees

<sup>3</sup> These figures relate solely to temporary student employees.

### Part-time staff in %<sup>1</sup>

	2018	2019	2020	2021	2022
<b>KfW Group</b>	26.9	28.2	26.5	25.6	25.9
of which women	76.6	75.2	75.6	74.4	73.8
<b>KfW</b>	27.6	28.6	27.2	26.2	26.6
of which women	75.1	73.4	74.0	72.7	72
<b>KfW IPEX-Bank</b>	24.6	26.6	27.1	24.9	25.4
of which women	85.1	82.6	78.0	77.7	77.9
<b>DEG</b>	24.1	27.5	21.8	22.2	22.1
of which women	80.4	82.2	87.8	86.8	86.5
<b>KfW Capital</b>	n/a	n/a	n/a	7	4.0
of which women	n/a	n/a	n/a	100	100.0

<sup>1</sup> Including locally employed staff of KfW branch offices worldwide since 2020

## Length of employment and rate of employee turnover

Average length of employment in years					
	2018	2019	2020	2021	2022
KfW	11.9	11.9	11.9	11.7	11.9
KfW IPEX-Bank	10.9	10.8	10.9	11.0	11.2
DEG	10.6	10.2	10.7	10.9	10.9
KfW Capital	10.5	9.6	9.0	6.0	6.0

Fluctuation in % <sup>1</sup>					
	2018	2019	2020	2021	2022
<b>KfW</b>	3.3	2.3	3.1	3.2	3.5
Ratio of women	1.5	1.3	1.4	1.4	1.6
Ratio of men	1.9	1.1	1.7	1.8	1.9
<b>KfW IPEX-Bank</b>	6.1	7.3	4.3	3.7	9.5
Ratio of women	3.0	3.7	2.3	1.4	4.0
Ratio of men	3.1	3.6	1.9	2.3	5.5
<b>DEG</b>	7.3	9.5	3.4	3.5	5.3
Ratio of women	4.1	4.3	1.7	1.6	2.5
Ratio of men	3.2	5.2	1.6	1.9	2.8

<sup>1</sup> Since 2017, the rate has been calculated based on the total number of employees. This figure is the absolute number of employees as of the reporting date of 1 December in the respective year. Temporary employees, contractors, local employees of foreign branch offices and staff with fixed-term contracts that have ended are not included. The survey includes all employees that voluntarily left the organisation or are no longer available due to dismissal, retirement or a fatal work-related accident (calculation in accordance with the GRI Standards).

**New employees by gender<sup>1</sup>**

	2018	2019	2020	2021	2022
<b>KfW (headcount)</b>	661	683	679	859	735
in % (of total workforce)	12.8	12.5	12.0	14.4	12.1
Women (in %) <sup>2</sup>	50.7	52.4	50.4	50.6	45.4
<b>KfW IPEX-Bank (headcount)</b>	73	130	109	103	114
in % (of total workforce)	10.3	16.7	13.3	11.9	13.0
Women (in %) <sup>2</sup>	57.5	46.2	56.0	46.6 <sup>3</sup>	40.4
<b>DEG (headcount)</b>	134	31	47	38	61
in % (of total workforce)	19.8	4.6	6.9	5.5	9
Women (in %) <sup>2</sup>	41.6	48.4	44.7	50	57.4
<b>KfW Capital</b>	n/a	n/a	n/a	20	18
in % (of total workforce)	n/a	n/a	n/a	44.4 <sup>3</sup>	32.7
Women (in %) <sup>2</sup>	n/a	n/a	n/a	65	27.8

<sup>1</sup> As in previous years, the rate refers to the total figure excluding the local employees directly employed by the foreign branch offices.

<sup>2</sup> Proportion of women among new employees

<sup>3</sup> An examination of the prior-year figure revealed that it had been stated incorrectly in the previous report; it has now been adjusted retroactively.

# 928

new employees joined KfW  
Group's workforce in 2022

**New employees by age group in absolute numbers**

		2018	2019	2020	2021	2022
<b>KfW</b>	age group < 30	327	351	407	406	419
	30 ≤ age group ≤ 50	281	266	223	368	276
	50 < age group ≤ retirement age	53	66	49	85	40
<b>KfW IPEX-Bank</b>	age group < 30	39	93	67	73	62
	30 ≤ age group ≤ 50	35	35	40	29	48
	50 < age group ≤ retirement age	3	2	2	1	4
<b>DEG</b>	age group < 30	70	12	17	11	15
	30 ≤ age group ≤ 50	58	16	27	25	41
	50 < age group ≤ retirement age	6	3	3	2	5
<b>KfW Capital<sup>1</sup></b>	age group < 30	n/a	n/a	n/a	9	11
	30 ≤ age group ≤ 50	n/a	n/a	n/a	11	7
	50 < age group ≤ retirement age	n/a	n/a	n/a	0	0

<sup>1</sup> Excluding temporary student employees

## Training and education

	2018	2019	2020	2021	2022
<b>Training and education rate</b> in %					
KfW <sup>1, 2</sup>	4.0	4.3	4.2	4.2	4.0
KfW IPEX-Bank <sup>3</sup>	6.2	4.6	3.6	3.6	1.1
DEG <sup>4</sup>	4.0	3.5	2.2	2.2	2.7
KfW Capital	n/a	n/a	n/a	n/a	n/a
<b>Continuing education</b> in hours					
KfW	90,952	51,012	113,424	113,424	99,129
KfW IPEX-Bank	10,884	5,184	12,246	12,246	9,399
DEG	6,318	3,356	5,098	5,098	2,752
KfW Capital	n/a	n/a	520	520	700

<sup>1</sup> Trainees, sandwich degree students, graduate trainees and interns

<sup>2</sup> As in previous years, the rate refers to the total figure excluding the local employees directly employed by the foreign branch offices.

<sup>3</sup> Graduate trainees and interns

<sup>4</sup> Graduate trainees and interns, also including trainees since 2018

# 111,980

hours of continuing education  
completed in 2022

### Employees on parental leave in 2022 (2021)

	Men	Women	Total
<b>Number of employees who took parental leave in 2022 (2021)</b>			
KfW Group	158 (139)	282 (275)	440 (414)
KfW	118 (108)	234 (212)	352 (320)
KfW IPEX-Bank	21 (19)	35 (42)	56 (61)
DEG	18 (12)	11 (20)	29 (32)
KfW Capital	1 (0)	2 (1)	3 (1)

### Number of employees who returned to the workplace from parental leave in 2022 (2021)

KfW Group	130 (118)	142 (138)	272 (256)
KfW	97 (85)	109 (96)	206 (181)
KfW IPEX-Bank	19 (19)	16 (25)	35 (44)
DEG	13 (14)	16 (17)	29 (31)
KfW Capital	1 (0)	1 (1)	2 (1)

### Number of employees who ended their parental leave in 2021 (2020) and were still under contract at the end of 2022 (2021)

KfW Group	110 (119)	132 (117)	242 (236)
KfW	81 (82)	93 (83)	174 (165)
KfW IPEX-Bank	17 (27)	25 (19)	42 (46)
DEG	12 (10)	14 (15)	26 (25)
KfW Capital	n/a (0)	n/a (0)	n/a (0)



**Employees with disabilities; disability quota<sup>1</sup> in %**

	2018	2019	2020	2021	2022
KfW	5.6	5.7	5.8	5.9	6.1
KfW IPEX-Bank	2.3	1.9	2.6	2.8	3.0
DEG	3.3	4.0	3.8	4.3	4.5
KfW Capital	n/a	n/a	0	0	0.0

<sup>1</sup> Data based on disability law

# 6.1%

of KfW employees had  
disabilities in 2022

**Women in %<sup>1</sup>**

	2018	2019	2020	2021	2022
KfW	48.1	48.3	48.2	48	47.6
KfW IPEX-Bank	47.7	47.5	48.6	49.0	48.9
DEG	51.4	51.7	51.4	51.1	51.3
KfW Capital	n/a	n/a	30	46.6	44.0

<sup>1</sup> Including locally employed staff of KfW branch offices worldwide since 2020

**Women in management positions in %**

<b>KfW<sup>1</sup></b>	33.2	33.5	34.9	35.6 <sup>7</sup>	36.7
Middle management <sup>1</sup>	27.1	27.3	29.4	30.3 <sup>7</sup>	32.7
Senior management <sup>3</sup>	12.5	8.7	8.7	13	16.7
<b>KfW IPEX-Bank<sup>4</sup></b>	29.2	30.4	30.9	30.2	30.8
Middle management <sup>2</sup>	27.8	27.8	29.4	27.8	25.0
Senior management <sup>5</sup>	25.0	25.0	25	25.0	25.0
<b>DEG<sup>6</sup></b>	30.0	31.3	33.3	32	34.7
Middle management <sup>2</sup>	31.7	33.3	35.9	35	38.5
Senior management <sup>3</sup>	22.2	22.2	22.2	22.2	20.0
<b>KfW Capital</b>	n/a	n/a	n/a	17	33.3
Middle management	n/a	n/a	n/a	25	40.0
Senior management	n/a	n/a	n/a	n/a	n/a

<sup>1</sup> Team leaders, heads of department, directors

<sup>2</sup> Heads of department

<sup>3</sup> Directors

<sup>4</sup> Team leaders, heads of department and Management Board

<sup>5</sup> Management Board

<sup>6</sup> Heads of department, directors

<sup>7</sup> An examination of the prior-year figure revealed that it had been stated incorrectly in the previous report; it has now been adjusted retroactively.

# 30%

> 30% women in management positions at KfW, KfW IPEX-Bank and DEG in 2022

**Personnel expenditure and provisions**

	2018	2019	2020	2021	2022
Expenditure on personnel (KfW Group) in EUR million	771	749	770	842	887
Pension provisions (KfW Group) <sup>1</sup> in EUR billion	2.1	2.5	2.7	2.6	1.7

<sup>1</sup> Including provisions for similar obligations (IFRS 2)

**Work-related accidents at KfW Group in Germany**

	2018	2019	2020	2021	2022
KfW Group	80	87	62	43	72
of which fatal	1 <sup>1</sup>	0	0	0	0

<sup>1</sup> Commuting accident

# Glossary

**ABS – asset-backed securities:** A form of financing in which payment claims (such as regularly recurring invoices) are collateralised, in other words, given the form of a tradable security. The asset in this case is the invoice to be paid. Similarly, asset-backed commercial papers (ABCP) are a tradable money market instrument covered by a company's assets.

**Bonds:** Bonds are usually fixed-interest long-term debt securities issued by public bodies or private companies and used to take out loans in the financial market (see also > green bonds).

**Institutional liability:** The legislative or constitutional legal liability of a public-law institution's owner to equip this legal entity with the resources needed to function through internal arrangements – in this case the German Federal Government's responsibility for KfW Group.

**Bank on-lending:** The core of KfW's business model for domestic promotion: private and commercial promotional loans are not taken out directly from KfW but from the customer's regular bank or a commercial bank. This bank then forwards the applications to KfW and subsequently passes on the funds provided by KfW back to their client.

**Best-in-class approach:** Under this investment strategy (for shares or > bonds), only the most sustainable companies in any sector are incorporated into an investment portfolio.

**Biodiversity:** Diversity of species, genetic diversity and diversity of eco-systems. The destruction and fragmentation of natural habitats are a current threat to the existence of many species of flora and fauna. A great number of initiatives and international agreements aim to protect biodiversity.

**Carbon equivalents (CO<sub>2</sub>e):** Unit of measure to standardise greenhouse gas emissions by converting them to be comparable with carbon dioxide (CO<sub>2</sub>) and presentable together in a greenhouse gas balance.

**Compliance:** A company's adherence to legal provisions, regulatory standards, and its own in-house rules and regulations.

**Diversity:** The variety of people in the workforce in terms of gender, sexual orientation, age, nationality, religion, disability/ability, etc. This diversity allows for different perspectives and makes problems easier to solve thanks to a range of approaches.

**Efficiency house:** A standard for measuring the energy efficiency of residential buildings. The designated standard (e.g. 40) indicates how energy-efficient a building is compared to a reference building. The lower the number of the standard, the higher the energy efficiency.

**Issuers:** Companies or governments that float ownership interests (shares), bonds or other securities (e.g. > bonds) in the financial market.

**ERP – European Recovery Program:** Originally introduced by the US as a recovery programme for Western Europe after the Second World War. The funds earmarked for economic development in Germany now take the form of the German government's ERP Special Fund, which is managed by KfW.

**ESG – Environmental, Social, Governance:** Factors relating to the environment, society and corporate governance that – alongside financial figures – play a role in an > issuer's rating on the financial markets.

**EU taxonomy – taxonomy for sustainable economic**

**activities:** The European Union’s unified classification system for defining sustainable activities. The aim of the EU taxonomy is to provide investors and companies with a uniform framework to define sustainability in order to enable more funds to be raised for climate-friendly projects and economic activities.

To be classified as “environmentally sustainable” under the EU taxonomy, an economic activity must pursue one of six environmental objectives and must not harm any of them. Companies subject to the obligation to publish non-financial reports must provide information for 2021 on their turnover, capital expenditure (CapEx) and operating expenditure (OpEx) associated with the environmentally sustainable economic activities relating to the objectives climate change mitigation and climate change adaptation.

**Financial intermediaries:** In international Financial Cooperation projects in developing countries and emerging economies, KfW works with local financial intermediaries, in other words with local organisations that manage a project’s committed funds on a fiduciary basis and are required to submit reports in accordance with defined criteria.

**FC – Financial Cooperation:** A central instrument in German development cooperation that aims to permanently improve the living standards of people in developing countries and emerging economies and also aims to mitigate climate change. KfW Development Bank has been responsible for FC on behalf of the German Federal Government since the 1960s.

**Global loan:** A large-volume promotional loan issued by KfW to the promotional institutions of the German Federal States, leasing companies and promotional banks in the EU. Under this scheme, KfW’s business partners pass on the favourable interest rates to their own clients.

**Governance:** Normally used in the sense of “corporate governance”: (responsible) corporate governance is based on executive and supervisory roles as well as generally accepted standards, such as the German Corporate Governance Code.

**Green bonds:** “Green” > bond means that the investors require > issuers to use the funds received from issuing the bond to finance measures that protect the environment and mitigate climate change.

**Greenhouse Gas Protocol – GHG Protocol:** International standard for calculating and reporting greenhouse gas emissions, such as CO<sub>2</sub>. The GHG Protocol distinguishes between three areas (known as scopes): Scope 1 covers all direct emissions from internal sources (e.g. combustion processes in industrial plants). Scope 2 refers to indirect emissions resulting from electricity, steam, heating and cooling that are generated or purchased from outside the company. Scope 3 contains all other indirect emissions, such as those generated from the transport of goods or business trips.

**GRI – Global Reporting Initiative:** An organisation based in Amsterdam, which has been using multi-stakeholder processes to develop generally accepted but non-legally binding sustainability reporting standards since 1999. Sustainability Reporting Standards, known as GRI Standards for short, have also applied since 2016.

**ISSB – International Sustainability Standards Board:** The International Financial Reporting Standards (IFRS) announced the creation of the ISSB in the autumn of 2021. The aim of the ISSB is to develop international, integrated sustainability reporting standards. It is to be based in Frankfurt am Main, Germany.

**Leverage ratio:** The relationship between equity and total assets before it is weighted for risk.

**Net greenhouse gas neutrality:** Greenhouse gas-neutral describes an activity that does not affect the concentration of CO<sub>2</sub> or CO<sub>2</sub> equivalents in the atmosphere. “Net” indicates that emissions can occur but are offset and that the activity is therefore not greenhouse gas-neutral per se, but is neutral on balance.

**Paris Climate Agreement and Paris compatibility:** The Paris Agreement on climate change is an international treaty that entered into force in 2016. The signatory states agreed on a long-term goal of limiting global warming to well below 2°C compared to average pre-industrial global levels, but preferably to 1.5°C. The Agreement is also intended to increase the capacity of countries to adapt to the adverse effects of climate change. A calculated carbon budget indicates the upper threshold for worldwide emissions in order to stay below the temperature limit, and implementation of the Agreement is defined in a set of rules. We consider activities to be “Paris-compatible” if they are consistent with achieving these goals.

**Scope 1, 2 and 3:** Greenhouse gas emissions are generally broken down into three categories (scopes). See > Greenhouse Gas Protocol – GHG Protocol.

**SDGs – Sustainable Development Goals:** 17 goals designed to promote sustainable development adopted by the global community in 2015 as part of the United Nations' 2030 Agenda (find out more [→ here](#)).

**Sustainable finance:** In general, a financial sector that is geared towards sustainability and in which financial institutions contribute to sustainable development. Launched in 2016, the EU Strategy on Sustainable Finance aims to ensure, among other things, that banks focus more on environmental and social criteria in their investment strategy in future and that they promote the real economy by granting loans to sustainable companies. See also > EU taxonomy.

**TCFD – Task Force on Climate-related Financial Disclosures:** The G20's expert committee, the TCFD, publishes recommendations on how companies can better analyse and assess climate-related risks in terms of the impact on their business activities, and make these risks transparent.

**Treasury:** The management of investments – in KfW's case, the liquidity portfolio.

**UN PRI – UN Principles for Responsible Investment:** The PRI is an investor initiative in partnership with UNEP Finance Initiative and UN Global Compact. Its aim is to develop principles for responsible securities management which reflect the increasing importance of environmental, social and governance (> ESG) factors in investment decisions.

**Venture capital/venture debt:** Time-limited investments in young, unlisted companies with above-average growth potential despite currently insufficient earnings power.



# GRI content indices and non-financial report

# GRI content index

In this index, a distinction is made between the GRI Universal Standards based on the materiality analysis carried out in 2022 and additional standards that are reported for transparency reasons. For the Content Index - Essentials Service, GRI Services reviewed that the GRI content index is clearly presented, in a manner consistent with the Standards, and that the references for disclosures 2-1 to 2-5, 3-1 and 3-2 are aligned with the appropriate sections in the body of the report.

Statement of use	KfW Group reports on financial year 2022 in accordance with the GRI Standards.
GRI 1 applied	GRI 1: Foundation 2021
Applicable GRI Sector Standards	None

Standard / Disclosure	Pages(s)	Comment/reason for omission
<b>General Disclosures</b>		
<b>GRI 2: General Disclosures 2021</b>		
<b>1. The organization and its reporting practices</b>		
2-1 Organizational details	2, 7-9	
2-2 Entities included in the organization's sustainability reporting	2, 7	
2-3 Reporting period, frequency and contact point	2, 163	
2-4 Restatements of information	101, 105, 110, 135, 141, 146	Subsequent corrections to individual KPIs are indicated by footnotes on the pages listed.
2-5 External assurance	2	
<b>2. Activities and workers</b>		
2-6 Activities, value chain and other business relationships	7-14, 66, 112-114	
2-7 Employees	117-118, 137-139	
2-8 Workers who are not employees	117	
<b>3. Governance</b>		
2-9 Governance structure and composition	41-43	
2-10 Nomination and selection of the highest governance body	41-42	
2-11 Chair of the highest governance body	41-42	
2-12 Role of the highest governance body in overseeing the management of impacts	17, 26, 41-42, 51-52	



2-13 Delegation of responsibility for managing impacts	22-25, 41-45	
2-14 Role of the highest governance body in sustainability reporting	2	
2-15 Conflicts of interest	41-42, 49	
2-16 Communication of critical concerns	41, 51-52	
2-17 Collective knowledge of the highest governance body	41-42	
2-18 Evaluation of the performance of the highest governance body	41-42	
2-19 Remuneration policies	41, 118-119	
2-20 Process to determine remuneration		Restrictions relating to confidentiality: individual employee salaries are protected as confidential information and disclosure of this information, even for statistical evaluation, accordingly remains limited. Information about annual remuneration of the Executive Board can be found in the remuneration report.
2-21 Annual total compensation ratio		Restrictions relating to confidentiality: individual employee salaries are protected as confidential information and disclosure of this information, even for statistical evaluation, accordingly remains limited. Information about annual remuneration of the Executive Board can be found in the remuneration report.
<b>4. Strategy, policies and practices</b>		
2-22 Statement on sustainable development strategy	5	
2-23 Policy commitments	18-19, 41-43, 45-46, 51-52, 90-92	
2-24 Embedding policy commitments	18-19, 41-43, 45-46, 51-52, 90-92	
2-25 Processes to remediate negative impacts	90-98	
2-26 Mechanisms for seeking advice and raising concerns	95-100	
2-27 Compliance with laws and regulations	46-47	
2-28 Membership associations	27	
<b>5. Stakeholder engagement</b>		
2-29 Approach to stakeholder engagement	26-27	
2-30 Collective bargaining agreements	118-138	
<b>Material Topics</b>		
<b>GRI 3: Material Topics 2021</b>		
3-1 Guidance to determine material topics	28-29	

3-2 List of material topics	30-32	
Promotional business		
3-3 Management of material topics	66, 73-85	
<b>GRI 201: Economic Performance 2016</b>		
201-1: Direct economic value generated and distributed	74, 101, 133	
<b>GRI 203: Indirect Economic Impacts 2016</b>		
203-1: Infrastructure investments and services supported	7-13, 66, 73-85	
<b>Product portfolio</b>		
FS6: Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/ large) and by sector	73-75, 101	
FS7: Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	67, 73-75	
FS8: Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	67, 73-75	
Mandated transactions		
3-3 Management of material topics	7, 10, 73	
<b>GRI 201: Economic Performance 2016</b>		
201-1: Direct economic value generated and distributed	73-75	
<b>GRI 203: Indirect Economic Impacts 2016</b>		
203-1: Infrastructure investments and services supported	75-77	
Appraisal of financing activities		
3-3 Management of material topics	66, 90-93	
<b>GRI 203: Indirect Economic Impacts 2016</b>		
203-2: Significant indirect economic impacts	90-94	
<b>GRI 304: Biodiversity 2016</b>		
304-2: Significant impacts of activities, products and services on biodiversity	88-89, 90-92	
Capital market		
3-3 Management of material topics	86-89	

<b>Product portfolio</b>		
FS7: Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	83-84, 86-87	
FS8: Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	88-89	
Risk management		
3-3 Management of material topics	51-52	
<b>GRI 201: Economic Performance 2016</b>		
201-2: Financial implications and other risks and opportunities due to climate change	54-63	
Evaluation and impact measurement		
3-3 Management of material topics	23-24, 66-67, 97-98	
<b>GRI 304: Biodiversity 2016</b>		
304-2: Significant impacts of activities, products and services on biodiversity	79-80, 90-93	
<b>GRI 411: Rights of Indigenous Peoples 2016</b>		
411-1: Incidents of violations involving rights of indigenous peoples		<p>Reports on human rights complaints to KfW Development Bank, which deals with this disclosure, have been published online since the beginning of 2022. They can be found on the <a href="#">→ KfW Development Bank website</a>.</p> <p>Previous complaints submitted to DEG are also available online, on the <a href="#">→ DEG website</a>.</p>
Sustainable business management		
3-3 Management of material topics	17-19, 21-25, 42-45	
Transparency and stakeholder communication		
3-3 Management of material topics	26-27, 95-98	
<b>GRI 415: Public Policy 2016</b>		
415-1: Political contributions	50	
<b>GRI 417: Marketing and Labeling 2016</b>		
417-2: Incidents of non-compliance concerning product and service information and labeling		None
417-3: Incidents of non-compliance concerning marketing communications		None

Compliance and anti-corruption		
3-3 Management of material topics	46-50	
<b>GRI 205: Anti-corruption 2016</b>		
205-2 Communication and training about anti-corruption policies and procedures	47, 49	
205-3: Confirmed incidents of corruption and actions taken	47	
<b>GRI 207: Tax 2019</b>		
207-1: Approach to tax	47-48	
207-2: Tax governance, control, and risk management	47-48	
207-3: Stakeholder engagement and management of concerns related to tax	47-48	
207-4: Country-by-country reporting	48	In KfW Group, only KfW IPEX-Bank has a foreign branch office subject to this reporting obligation. It performs its country-by-country reporting in its <a href="#">→ annual report</a> .
Procurement		
3-3 Management of material topics	113-114	
<b>GRI 204: Procurement Practices 2016</b>		
204-1: Proportion of spending on local suppliers	113	
<b>GRI 308: Supplier Environmental Assessment 2016</b>		
308-2: Negative environmental impacts in the supply chain and actions	113-114	
<b>GRI 414: Supplier Social Assessment 2016</b>		
414-1: New suppliers that were screened using social criteria	113-114	
414-2: Negative social impacts in the supply chain and actions taken	113-114	
Diversity and equal opportunities		
3-3 Management of material topics	120-124, 127-129	
<b>GRI 405: Diversity and Equal Opportunity 2016</b>		
405-1: Diversity of governance bodies and employees	121-124, 137, 139-141, 146	Incomplete information: KfW Group does not record the age groups of its employees unless they are new hires.

405-2: Ratio of basic salary and remuneration of women to men		Restrictions relating to confidentiality: Individual employee salaries are protected as confidential information and disclosure of this information, even for statistical evaluation, accordingly remains limited at KfW Group.
<b>GRI 406: Non-discrimination 2016</b>		
406-1: Incidents of discrimination and corrective actions taken	129	
FS14: Initiatives to improve access to financial services for disadvantaged people	98-100	
Attractive working environment		
3-3 Management of material topics	117-120, 125-127	
<b>GRI 201: Economic Performance 2016</b>		
201-3: Defined benefit plan obligations and other retirement plans	147	
<b>GRI 202: Market Presence 2016</b>		
202-2: Proportion of senior management hired from the local community		All of the managers at KfW Group locations outside Germany are seconded and employed in Germany. There are no guidelines on hiring local management.
<b>GRI 401: Employment 2016</b>		
401-1: New employee hires and employee turnover	140-142	Incomplete information: Details about employee turnover and new employee hires are not collected by region. The key figures are not relevant for management as the majority of our employees are in Germany. Turnover by age group is not recorded at KfW Group.
401-3: Parental leave	123, 144	
<b>GRI 402: Labor/Management Relations 2016</b>		
402-1: Minimum notice periods regarding operational changes	119-120	
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>		
407-1: Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		None
Complaint mechanisms		
3-3 Management of material topics	95-96	

Additionally reported topics		
In-house environmental protection		
3-3 Management of material topics	104-105, 108, 110, 111, 112	
<b>GRI 301: Materials 2016</b>		
3-3: Management of material topics	110	
301-1: Materials used by weight or volume	110	
301-2: Recycled input materials used	110	
<b>GRI 302: Energy 2016</b>		
302-1: Energy consumption within the organization	105	
302-3: Energy intensity	105-107	
302-4: Reduction of energy consumption	105-107	
<b>GRI 303: Water and Effluents 2018</b>		
303-1: Interactions with water as a shared resource (management approach)	111	
303-2: Management of water discharge-related impacts (management approach)	111	
303-5: Water consumption	111	
<b>GRI 305: Emissions 2016</b>		
305-1 Direct (Scope 1) GHG emissions	108-109	
305-2 Energy indirect (Scope 2) GHG emissions	108-109	
305-3: Other indirect (Scope 3) GHG emissions	108-109	
305-4: GHG emissions intensity	108-109	
305-5: Reduction of GHG emissions	108-109	
<b>GRI 306: Waste 2020</b>		
306-1: Waste generation and significant waste-related impacts	112	
306-2: Management of significant waste-related impacts	112	
306-3: Waste generated	112	

Training and education		
3-3 Management of material topics	129-132	
<b>GRI 404: Training and education 2016</b>		
404-1: Average hours of training per year per employee	129-130, 143	
404-2: Programs for upgrading employee skills and transition assistance	130-132	
404-3: Percentage of employees receiving regular performance and career development reviews	131	
Cybersecurity		
3-3 Management of material topics	50	
<b>GRI 418: Customer Privacy 2016</b>		
418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	50	
Occupational health and safety		
3-3 Management of material topics	134-136	
<b>GRI 403: Occupational Health and Safety 2018</b>		
403-1: Occupational health and safety management system	134-136	
403-2: Hazard identification, risk assessment, and incident investigation	135-136, 147	
403-3: Occupational health services	134-136	
403-4: Worker participation, consultation, and communication on occupational health and safety	135	
403-5: Worker training on occupational health and safety	135	
403-6: Promotion of worker health	134-136	
403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	134-136	
403-9: Work-related injuries	135, 147	Incomplete information: A breakdown by gender is not recorded for this indicator. As temporary workers do not make up a significant proportion of the overall workforce, this data is not recorded for this employee group.
403-10: Work-related ill health	135	



Mobility		
3-3 Management of material topics	106-107	
<b>GRI 302: Energy 2016</b>		
302-2: Energy consumption outside of the organization	106-107	



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