

## PRI Reporting and Assessment survey 2011 Full Responses

Your organisation:

**KfW Bankengruppe**

### Organisational overview

This section determines which questions in the survey are relevant to your organisation. Your organisation's characteristics also play a role in determining your peer group for benchmarking. Therefore, please ensure you provide accurate answers.

You will be provided with an *Other* category in some questions, but please only use this option if the alternatives listed do not represent you in any way, as this may prevent you from having results comparable with peers.

**You will not be able to continue the online survey until you have completed fully both this section and the 'Governance, policy and strategy' section.** However, you can prepare your answers for the following sections by reviewing the full list of questions and explanatory notes on the [PRI extranet](#).

This section may require you to collect information from multiple sources. We strongly recommend you begin collecting this information as soon as possible and before commencing the survey.

This section of the survey is not scored.

### Q 2 What category best describes your organisation?

Please select **one category** which best represents your **primary activity**.

**Asset owners (AOs)**

Other asset owner - please specify:  
promotional bank

### Q 6 Please indicate the number of staff your organisation employs and select the level of complexity that best describes your organisation?

Approximate number of staff: 4200

Level of complexity of organisation: Simple

**Q 7 What were your organisation's total assets under management as of 31 December 2010, including the assets of all your consolidated subsidiaries?**

	billions	millions	thousands	units
Total AUM:	21	400	000	000
Currency:	Euro (EUR)			

**Date of assets under management figure**

	year	month	day
Date:	2010	December	31

The amount you indicated above is roughly equal to the amount calculated below in United States Dollars. Please confirm that this figure is approximately correct before proceeding. Exchange rates are from the International Monetary Fund.

Source: *IMF Exchange Rate archive, December 2010*

	billions	millions	thousands	units
Total AUM in USD:	28	419	228	055

**Q 8 Please provide an approximation of your average asset mix for 2010 or your most recent count, in %.**

(For asset classes you hold in insignificant amounts you may choose not to list them and will not be asked related questions. +/- 5% is sufficient; the sum of all the fields must be 100 %)

Asset class	Internal active	Internal passive	External active	External passive
Listed equity (developed markets)	%	%	%	%
Listed equity (emerging markets)	%	%	%	%
Fixed income - sovereign and other non-corporate issuers	33 %	%	%	%
Fixed income - corporate issuers	67 %	%	%	%
Private equity	%	%	%	%
Listed real estate or property	%	%	%	%
Non-listed real estate or property	%	%	%	%
Hedge funds	%	%	%	%
Commodities	%	%	%	%
Infrastructure	%	%	%	%
Cash	%	%	%	%
Other - please specify:	%	%	%	%

Please contact the PRI Secretariat at [assessment@unpri.org](mailto:assessment@unpri.org) before indicating that more than 10% of your assets fall into the 'Other' category. A response of 'Other' may render the benchmarking results less useful for you and your peers.

If you manage balanced or multi-asset class products with listed equity, fixed income and potentially other asset classes, the relative assets in these funds need to be separated out into the different asset classes.

**Total (must add up to 100%): 100 %**

## Governance, policy and strategy

This section is focused on the governance, policies and strategies guiding your organisation's approach to responsible investment (RI). 'Policy' in this section may refer to one overall RI policy or multiple policies that address various elements of RI or ESG issues. Some questions in this section are scored, while other questions are not scored but do determine the applicability of subsequent questions.

Please make sure you provide accurate answers. You will not be able to enter this section unless you have completed the "Organisational overview" section. **You will not be able to continue the survey until you have finalised this section.** However, if you wish to begin preparing your answers for the following sections, you may do so by reviewing the full list of questions and explanatory notes in the manual provided on the [PRI extranet](#). This section will be scored separately from the six Principles.

### Q 11 Please provide a description of how your governance, policies and strategies address RI and ESG issues.

**Note that this text - in addition to being part of the full survey - will also be part of the *Executive Summary* of the survey. The *Executive Summary* is a separate document that will collate the text you provide for each of the introductory sections of the survey (GPS and the six Principles).**

As the promotional bank of the Federal Republic of Germany and the federal states, KfW Bankengruppe carries a special responsibility for the improvement of the economic, social and ecological living conditions. It bases its decisions on the sustainability strategy of the Federal Government, which is also reflected in the "Statement on environmental protection and sustainable development", which KfW presented to the German Bundestag in 2003. In that document, the Bank reaffirmed its obligations arising from the "UNEP Statement by Financial Institutions on the Environment and Sustainable Development". The environmental and social principles of KfW Bankengruppe, which were prepared in 2006, define KfW's fundamental positions for designing environmentally and socially just products and processes in all of its business areas and subsidiaries. KfW reports on its sustainability activities on a ongoing basis, e.g. in its CSR internet portal or its current "Sustainability Report 2009".

KfW's mission is to give impetus to economic, social and ecological development not only within Germany but around the world. The promotion of environmental and climate protection is a priority in all of KfW's business areas. The EUR 25.3 billion committed to projects in this field in 2010 represented approximately 31 per cent of KfW's overall business volume.

A particularly important task for a finance institution is to ensure that the co-financed projects and programmes do not have any unacceptable environmental and social impacts and risks. The sustainability management system of KfW Bankengruppe ensures that the co-financed projects and programmes are planned and implemented strictly in accordance with environmental and social sustainability criteria.

A further element of KfW's sustainability management system is in-house environmental protection. KfW seeks to minimise the environmental and climate impacts of processes such as consumption of water, paper, heating energy and electricity in its buildings and staff business travel. Since 2006 it has been making unavoidable residual emissions fully CO2 neutral.

In order not only to promote the topic of sustainability through its original lending business but also to take responsibility as an institutional investor in the capital market, KfW is a signatory to the Principles for Responsible Investment (PRI). KfW thereby commits itself to align its investment behaviour with sustainability criteria and to communicate the importance of sustainable investment behaviour to the capital market.

### Q 12 Do you have a policy or a set of policies that make specific reference to responsible investment, and if so, do they cover environmental, social, and governance issues?

Please select "Yes" or "No": Yes

If "Yes", which issue(s) does it cover? Environmental  
Social  
Governance

**Q 13 For the following asset classes, to what extent has your policy or approach to responsible investment been incorporated into internal management processes (e.g. business planning, strategic planning, or similar)?**

Extent that your approach has been incorporated into internal management processes

Please select:

"Large", "Moderate", "Small" or "Not at all"

Asset class

Fixed income - sovereign and other non-corporate issuers

Large

Fixed income - corporate issuers

Large

**Q 14 Within your organisation:**

- What roles are present?
- Who has a clear responsibility related to responsible investment implementation? and
- Are there incentives and/or training on RI/ESG issues?

	Roles present in your organisation	Responsibilities on RI/ESG	Incentives	Training
	Please check all that apply		Please choose among "Yes, for all", "Yes, for some" or "No"	
Board of trustees or board of directors and their committees	Yes	Yes	N/A	Yes, for some
Chief Executive Officer or Chief Investment Officer or equivalent	Yes	Yes	Yes, for all	Yes, for all
Other senior management	Yes	Yes	Yes, for all	Yes, for all
Portfolio managers	Yes	Yes	Yes, for all	Yes, for all
Analysts				
Researchers	Yes	Yes	Yes, for all	Yes, for all
RI or ESG specialist	Yes	Yes	Yes, for all	Yes, for all
Other - please specify:				

**Q 15 Select any of the following RI, ESG and/or SRI approaches that you or your external investment managers currently apply in the investment decision making process.**

**Please note that this question helps determine which questions you will be asked in subsequent sections, so please carefully review the definition of each possible answer.**

Please select all those that are relevant  
(columns are visible based on your answer  
to Q8 on asset classes breakdown)

Internally managed      Externally managed

Exclusion based on ethical criteria

Screening as a way to avoid the potential negative publicity surrounding the companies/sectors in question as it may adversely reflect on you or your manager's brand/license to operate

Screening based on a belief that exclusion or inclusion of certain investments from your investment universe can have a material effect on portfolio performance

ESG analysis within individual investment decisions, possibly including these factors into valuation and investment performance models



Themed investing

None of the above (this reply excludes any of the above)

**Q 17 Please select any of the following active ownership activities that you, your external service providers or your external investment managers have undertaken in 2010 on behalf of your organisation?**

**Please note that this question helps determine which questions you will be asked in subsequent sections, so please carefully review the definition of each possible answer.**

You may select any approach you or your external managers, service providers or partner entities adopt on your behalf

Engagement on ESG issues with listed equity or fixed income issuers in the following asset classes: listed equity (developed markets), listed equity (emerging markets), listed real estate/property, listed securities held in hedge funds, or fixed income - corporate issuers.



Ownership and engagement activities focused on ESG issues related to investments in the following asset classes: Listed equities which permit a significant control, sovereign and other non-corporate fixed income, private equity, non listed real estate/property, hedge funds, infrastructure, or other.



None of the above (this reply excludes any of the above).

**Q 18 Please add any overall comments and clarifications related to governance, policy and strategy here.**

In the capital markets, growing importance is being attached to sustainability and sustainable investment in general. KfW's mission statement already includes sustainability among its core values, a fact that is reflected in the bank's original lending business. This is why KfW acts as a Responsible Investor when managing its liquidity portfolio. KfW first introduced its sustainable investment approach for the liquidity portfolio at the beginning of 2008, as one of its measures to implement the Principles for Responsible Investment (PRI). For KfW, PRI implementation is an important step towards sustainable investment.

By making its investment approach transparent and by open communication, KfW aims to send a message to bond issuers to proactively manage their respective sustainability profile. By this means, issuers can ensure that their bonds remain an attractive investment opportunity for KfW.

## Principle 1 - We will incorporate ESG issues into investment analysis and decision-making processes.

This section focuses on the integration of ESG considerations into the investment process. The questions are split into three sections. Only questions relevant to your organisation will be displayed, based on your responses to Q 8 (your investment management structure and asset class breakdown).

The three sections are:

- I. Internally and actively managed investments;
- II. Externally and actively managed investments; and
- III. Passively (both internally and externally) managed investments.

Some questions in this section are scored. Any question that is scored, but is not relevant to your organisation, based on your investment management structure and asset class breakdown or other responses, will not affect your overall score for Principle 1.

You do not need to complete Principle 1 questions before completing questions for other Principles. While completing this section you are free to navigate to any of the other sections of the survey without losing answers already completed.

### Definitions

Please note that this section of the survey focuses on investment decision-making processes and how ESG issues are integrated in these processes. It does not address the integration of ESG issues in other parts of your organisation and/or activities, such as the running of offices (e.g. how you manage your own organisation's waste) or your organisation's collaboration with other investors on ESG issues.

**ESG Integration, as addressed in this section of the survey, relates to the consideration of ESG issues alongside traditional financial measures, based on the belief that ESG issues can affect the performance (risk and/or return) of investment portfolios (to varying degrees across companies, sectors, regions, and asset classes and through time).**

Integration is considered to be:

- screening based on the belief that exclusion or inclusion of certain investments in the investable universe can effect materially on the portfolio's financial performance; and/or
- ESG analysis within individual investment decisions based on the belief that such analysis can effect materially on the investment's financial performance.

Please note the view that ESG issues can influence investment returns based either on:

1. The premise that performance on these issues will eventually be reflected in financial and operational outcomes and that externalised costs in the future will be priced and have an impact on revenue growth, margins, etc.; or,
2. The premise that the way in which the market rates or prices the stock will be affected even in the absence of an impact on financial or operational performance.

Exclusion of stocks or sectors from portfolios or down-weighting them based on the possibility that an association with the stocks may adversely affect the owners profile or brand amongst stakeholders is **not** regarded as integration. Also, exclusion based on ethical considerations of sectors is not considered ESG integration. However, screening based on norms that are believed to be material in the investment process are included in the above definition of integration.

**Q 19 Please provide a description of your organisation's approach to this Principle. For example, how do your organisation's investment analysis and decision-making processes incorporate ESG issues?**

**If your assets are managed both internally and externally, please describe how you address this in both portions of your assets. In addition, please describe any activities you may be doing to integrate ESG issues into the management of those investments that passively track indices (if you use this approach).**

**Note that this text - in addition to being part of the full survey - will also be part of the *Executive Summary* of the survey. The *Executive Summary* is a separate document that will collate the text you provide for each of the introductory sections of the survey (GPS and the six Principles).**

In the international capital markets, KfW is primarily perceived as one of the largest bond issuers in Europe. However, KfW also plays a role as an investor in these markets. As a part of KfW's overall liquidity management activities, it manages the so-called liquidity portfolio, which accounts for more than 85% of its direct investments.

At the beginning of 2008 a sustainable investment approach was introduced for the liquidity portfolio of KfW. The liquidity portfolio is a pure fixed income portfolio. At least 80 % of its assets have to meet the criterion of ECB eligibility. The portfolio's asset allocation consists of sovereign bonds, bonds issued by supranational or semi-governmental institutions, government-guaranteed issues, financials and covered bonds. Financials and covered bonds currently account for about two thirds of portfolio assets. KfW also imposes strict minimum requirements on the issuers' credit ratings and maintains a highly diversified regional distribution. The portfolio, whose nominal volume of about EUR 20 bn makes it KfW's largest, is managed by a sustainable investment approach. To develop a sustainable investment approach, KfW first of all had to operationalise the concept of 'sustainability'.

The national sustainability strategy of the German federal government, KfW's internal environmental and social guidelines, its mission statement and its core activities serve as the basis for KfW to accomplish this. The three dimensions of ESG - 'environment', 'social' and 'corporate governance' - have been specified in detail by about 60 individual criteria. Since KfW defines itself as an 'environmental bank', the environmental dimension is assigned a weight of 60 % in the overall sustainability rating. The two remaining dimensions are weighted at 20 % each. Overweighting the environmental dimension means that those issuers with a strong commitment to environmental protection receive a particularly good sustainability rating. KfW's external partner for the generation of KfW-specific sustainability ratings for each issuer in the liquidity portfolio is the sustainability rating agency Sustainalytics. Examples for criteria used by Sustainalytics to analyse the activities of each issuers related to the environment include the quality and scope of environmental reporting, greenhouse gas mitigation programmes, and investment in renewable energies.

When rating financial institutions, criteria such as environmental and social standards in the lending business or the volume of sustainable financial investments play a major role. Where corporate governance is concerned, special emphasis is placed on transparency criteria. Is sufficient information disclosed regarding the remuneration, biographies or independence of the members of the managing board? Other criteria include public relations, compliance with anti-corruption guidelines and the signing of agreements such as the PRI, the UN Global Compact or the Equator Principles. Light is also shed on any controversies that may have occurred, e.g. incidents that are in conflict with the labour law.

Criteria for the social dimension relate mainly to employees, e.g. the acceptance of employees' associations, measures to prevent discrimination in the workplace, or fluctuation in the workforce. They also cover relationships with business partners in the value chain, and the social commitment of the issuer.

All bond issuers in KfW's portfolio universe are subject to this sustainability analysis, which results in the assignment of the above described sustainability ratings that are generated by Sustainalytics. On the basis of these sustainability ratings the portfolio universe is subdivided into three groups: issuers with a "good rating", those with an "average rating" and those with a "relatively poor rating".

The sustainability ratings are not produced in the form of absolute ratings - as in conventional credit ratings - but in the form of rankings. In other words, a rating always has to be interpreted relative to the rest of the respective industry. This ranking system makes it possible to establish a hierarchy of all issuers in KfW's portfolio universe based on sustainability criteria. The ratings are updated on a monthly basis.

Whether an issuer is included in KfW's liquidity portfolio first of all depends on the issuer's financial standing. The issuer's financial standing is evaluated in an internal limit process that determines the limit volume that can be invested in each issuer. The sustainability ratings described before - good rating, average rating, relatively poor rating - are applied in a second step. Based on this classification, it is determined whether to maintain or reduce the above-mentioned limit volume for an issuer. The so-called 20-60-20 rule determines the breakdown of the liquidity portfolio universe into the 20% top issuers, the 60% issuers with an average rating and the 20% issuers with a relatively poor rating. For the 20% best, the predetermined limit volume remains in place. The limit volume of the 60% issuers with an average rating is reduced by 10%, while that of the 20% issuers having a relatively poor rating is reduced by 30%.

This approach optimises the portfolio and prevents it from including investments that are less sustainable. The approach promotes competition among issuers and encourages them to improve their sustainability rating in order to prevent limit reductions or to increase limits that have been reduced, and once again secure further business (i.e. new investments in their securities by KfW). Therefore, in KfW's view it is essential to inform the issuers about their current sustainability rating on an ongoing basis and to encourage them to maintain or strengthen their commitment to sustainability.

---

**Q 20 What percentage, by asset class, of your organisation's assets under active management internally integrate the consideration of RI/ESG issues in investment decision making processes - such as researching ESG information and/or constructing/managing portfolios - and to what extent?**

**Please note that the percentages requested here are different from the data in Q8.**

<b>Asset class</b>	<b>What percentage of assets under active management internally (see example in notes)</b> (+/- 5 per cent is sufficient)	<b>Research (gathering and analysing)</b>  If percentage is greater than zero, please select: "Large", "Moderate", "Small" or "Not at all"	<b>Portfolio construction and management</b>
Fixed income - sovereign and other non-corporate issuers	100 %	Large	Large
Fixed income - corporate issuers	90 %	Large	Large

**Q 21 For the assets under active management internally that integrate the consideration of RI/ESG issues, to what extent do you have a process for monitoring the capability of investment analysts, portfolio managers and other relevant investment professionals on how they integrate the consideration of RI/ESG issues into investment analysis and decision-making processes?**

**Applies only to investments that include integration of RI/ESG issues as indicated in Q20.**

<b>Asset class</b>	<b>Monitoring</b> Please select: "Large", "Moderate", "Small" or "Not at all"
Fixed income - sovereign and other non-corporate issuers	Large
Fixed income - corporate issuers	Large

**Q 25 Please add any overall comments and clarifications related to Principle 1 here. Please also describe any significant activities relating to Principle 1 not already captured by your answers above.**

As a promotional bank, sustainability is a key principle in all our actions. Whilst every area in our business must follow corporate guidelines, our approach to sustainability in portfolio management merits particular attention. KfW chose not to adopt a standard format offered by external service providers. The definition of sustainability for KfW, i.e. the selection and weighting of the criteria describing ESG (environment, social issues and corporate governance), was developed in-house. From KfW's perspective, the individual definition of sustainability of any investor is key for the development of a sustainable investment approach that best fits one's unique investment needs and expectations.

This underlines the significance to integrate sustainability in investments for KfW, emphasises KfW's independence and takes into account KfW being a promotional bank and not a professional asset management company.

KfW is a pure fixed income investor. Internal guidelines restrict the investment universe to sovereign bonds, bonds issued by supranational or semi-governmental institutions, government-guaranteed issues, financials and covered bonds. These restrictions are a challenge for sustainable portfolio management: the two methods mainly used to introduce sustainability into portfolio management - the 'best in class' approach and exclusion criteria - are not easy to implement for KfW. The 'best in class' approach would further restrict the investment universe and would not take into account the sheer size of KfW's liquidity portfolio that amounts to approx. EUR 20 bn. On this background, the construction of an adequately diversified portfolio would not be possible. The introduction of exclusion criteria as is common in equity portfolios is also not applicable without significant modifications due to the different nature of fixed income assets. Nevertheless, in 2010 KfW started the project to integrate exclusion criteria into its well-proven approach. The implementation of exclusion criteria started in the first quarter of 2011.

The chosen procedure which allows every issuer's individual sustainability rating to influence investment limits is a useful innovation. It enables the creation of a sustainable portfolio even in restricted investment areas with a relatively small universe. Whilst only 20% of all issuers maintain their limit, 80% of issuers are confronted with direct consequences from their actions and achievements in the area of sustainability. When an issuer's limits are reduced, further investment is curtailed, and will ultimately be blocked if the limit cut leads to an investment stop. The portfolio's sustainability level is continuously assessed by means of monthly rating updates and by regular re-evaluation of the approach's efficacy and outcomes.

Another positive feature of KfW's sustainable investment approach is its competitive element. Bond issuers with good sustainability ratings only maintain their limits if they defend their position in the long run. Improvements in sustainability ratings lead to a better position in the rankings. Since a change in the ranking of any one issuer automatically influences the position of the others, an issuer may also be demoted to a lower group under the '20-60-20' rule, with consequences for their individual limit situation.

## Principle 2 - We will be active owners and incorporate ESG issues into our ownership policies and practices.

This section is focused on active ownership and is divided into three parts. You will see only those questions relevant to your organisation.

The first part addresses voting related to listed investments. The second part addresses non-voting engagement activities undertaken by your organisation or on your behalf by third parties with listed equity and corporate fixed income issuers. For the purpose of this survey, the term 'engagement' refers to non-voting contact with companies to discuss concerns regarding ESG issues. The third part addresses ownership and engagement practices for other asset classes such as sovereign and other non-corporate fixed income issuers, private equity, non-listed real estate/property, hedge funds, and infrastructure. This third section also covers any listed equities where investors have significant control (as defined in Q9, explanatory note [B]).

The third section is necessary to account for the differing levels of influence that investors may acquire when investing in other asset classes versus those of listed equities.

The contents and parts for this section of the survey are therefore:

1. Voting and engagement activities related to listed equity investments undertaken by:
  - A. internal staff;
  - B. external parties (e.g., service providers and external managers).
2. Engagement activities related to corporate fixed income issuers;
3. Ownership and engagement activities for sovereign and other non-corporate fixed income, private equity, non-listed real estate and property, hedge funds, and infrastructure, as well as listed equities when they represent significant control.

While completing this section you are free to move to any of the other sections of the survey without losing work already done.

Please note that for this survey, proxy voting activities entail any casting of votes at AGMs and the filing or co-filing of resolutions. Engagement activities refer to all interactions with investee companies that are not related to voting activities. Engagement activities should seek to achieve relevant information and promote better ESG performance by companies. Such activities involve usually written communications, phone calls and meetings with management. For indirect investors in certain asset classes, such as private equity, infrastructure, and non-listed real estate, active ownership may not be possible with the underlying asset. Active ownership in this case should be viewed as engaging with third party managers to consider and interact on ESG issues with underlying holdings. Working with governments to modify laws, rules and regulations in favour of ESG issues should not be counted as engagement in this part of the survey and it will be addressed separately in Principle 4 and 5.

**Q 26 Please provide a description of your organisation's approach to this Principle. For example, how is your organisation an active owner and how does it incorporate ESG issues in its ownership policies and practices?**

**Describe both your voting activities and any other engagement activities you undertake across the different asset classes you hold.**

**Note that this text - in addition to being part of the full survey - will also be part of the *Executive Summary* of the survey. The *Executive Summary* is a separate document that will collate the text you provide for each of the introductory sections of the survey (GPS and the six Principles).**

A key element of the Principles for Responsible Investment - and therefore of a sustainable investment process - is engagement. The term in this context refers to all actions designed to promote the acceptance of sustainable investment practices among market participants. This includes calling on other investors to openly address environmental, social and governance (ESG) issues, and helping implement the PRI by adopting appropriate disclosure and reporting practices. The ideal of engagement by an investor is that of an "active owner". Under the PRI, shareholders and owners of voting rights commit themselves to use the means at their disposal to encourage companies in which they invest to adopt more sustainable business practices. Since KfW does not own any shares as part of its own securities investments, but does intend to fully meet its obligations arising from the PRI, KfW's engagement as a pure fixed income investor primarily involves dialogue with the issuers included in its liquidity portfolio.

At the heart of KfW's sustainable investment approach is the idea that an issuer's sustainability rating should be ranked in relation to the sustainability ratings of all other issuers in the portfolio universe. Depending on the degree of an issuer's sustainable business practices, his sustainability rating can improve or deteriorate relative to the rating of all other issuers. In the context of KfW's investment approach, an issuer whose sustainability performance improves will receive a stronger weighting within the portfolio. To promote competition for sustainability ratings among issuers, an important aspect of KfW's approach is to communicate the results of its rating activities to all issuers on an ongoing basis.

The dialogue starts by writing to the issuers, drawing their attention to KfW's sustainable investment approach. The explanation of the approach is followed by a current evaluation for every individual issuer that informs him of his current rating with KfW ("good rating", "average rating", "relatively poor rating"). Based on this rating, the issuer is then informed about the possible implications. Depending on this rating the limit volume for investments in bonds of his company will either incur no reduction ("good rating"), or are reduced by 10% ("average rating") or 30% ("relatively poor rating"). This mailing activity generates a meaningful exchange of views, which KfW then steps up at regular meetings with strategic business partners. To inform issuers about their sustainability rating gives them the opportunity to improve their sustainability activities, which eventually leads to a better sustainability rating with KfW in the future.

Further opportunities for engagement with issuers are created by the monthly updates of the sustainability ratings as part of the portfolio optimization process. KfW intends to further intensify these efforts to sustainably incorporate ESG issues into the financial industry. In this context KfW not only actively participates in international conferences, but also gets involved in bilateral forms of cooperation, such as workshops and project groups.

**Q 37 Do you have a written engagement policy or other documents that direct engagement with listed equity and fixed income issuers; if so, do these policies address environmental, social and governance (ESG) issues?**

Asset class	Engagement policy or other documents	Do they address E, S or G
	Please select "Yes" or "No"	Please select all that apply
Fixed income - corporate issuers	Yes	Environmental Social Governance

**Q 38 Who engages with listed equity or fixed income issuers on behalf of your (or your client's) organisation? Please rank the importance of the different groups listed below based on the engagements undertaken by that group.**

Please note that subsequent questions will be asked specifically on the groups that you list here. Only the activities of the most important will be scored (except for question 39 where all will be scored).

Please select from:  
 "Internal staff"  
 "External engagement service provider(s)"  
 "External investment manager(s) "  
 "Other external entity"

Most important:	Internal staff
Second most important:	
Third most important:	
Fourth most important:	

If "Other external entity" is selected, please list it here.

**Q 39 In total, how many listed equity and fixed income issuers did your organisation engage with or were engaged with on your organisation's behalf on ESG issues in 2010, by level of engagement?**

Please do not double count. Engagements that are listed in one column should not be repeated in another. Choose to list them where the highest level of effort is being applied. Consider both individual and collaborative engagements carried out during the year.

	Internal staff	External engagement service provider(s)	External investment manager(s)	Other external entity
Extensive engagement	90			
Moderate engagement	60			
Basic engagement	0			
We do not track these engagement activities				

**Q 40 Approximately what proportion of the engagements with listed equity or fixed income issuers undertaken by your organisation or on your organisation's behalf addressed environmental, social or governance (ESG) issues?**

(+/- 5% rounding is sufficient)

	Internal staff	External engagement service provider(s)	External investment manager(s)	Other external entity
Environmental	100 %	%	%	%
Social	100 %	%	%	%
Governance	100 %	%	%	%
We do not track these engagement activities				

**Q 41 To what extent do you assess and monitor the ESG engagement competency and capabilities of the following groups?**

Please select:  
"Large", "Moderate", "Small" or "Not at all"

Internal staff Large

**Q 42 Given your (or your client's) engagement policy and/or approach to engagement, to what extent do you or do the third parties acting on your behalf, have a process for identifying and prioritising ESG related engagement opportunities?**

Please select:  
"Large", "Moderate", "Small" or "Not at all"

Internal staff Large

**Q 43 To what extent do you or your third party engagement providers or investment managers set ESG engagement objectives and evaluate engagement successes?**

Please select:  
"Large", "Moderate", "Small" or "Not at all"

Internal staff Large

**Q 44 To what extent do you or your external investment manager integrate the information gained from ESG engagements into the investment decision-making process?**

Please select:  
"Large", "Moderate", "Small" or "Not at all"

Internal staff Large

**Q 46 What percentage of engagements with listed equity and fixed income issuers that ended in 2010 were deemed successful?**

	Internal staff	External engagement service provider(s)	External investment manager(s)	Other external entity
Engagement success	20 %	%	%	%

**What measures does your organisation or its external service provider(s) and or external manager use to assess the impact and success of engagement with listed equity and fixed income issuers, and how did you perform in 2010 based on those measures?**

KfW's engagement activities result in active communication and exchange on sustainability activities of issuers with KfW. KfW discusses the current sustainability performance of an issuer that lead to his current rating. This gives him the opportunity to improve his sustainability activities, which in turn are considered in future rating updates by our external sustainability rating provider, Sustainalytics.

**Q 47 Do you have an active ownership policy and/or strategy that addresses environmental, social and governance (ESG) issues for each of the following asset classes?**

Asset class	Policy and/or strategies address
Fixed income - sovereign and other non-corporate issuers	Environmental Social Governance

**Q 48 Per asset class, which role is most important in bringing forth active ownership activities on your behalf and, to what extent are ESG issues addressed by this role in these ownership activities?**

Asset class	Select the most important: "Internal staff", "External engagement service provider(s)", "External investment manager(s)", "Other external entity" or "Nobody"	Please select the extent of active ownership activities: "Large", "Moderate" or "Small" for each of the categories selected
Fixed income - sovereign and other non-corporate issuers	Internal staff	Large

**Q 49 To what extent do you assess and monitor ESG active ownership competency and capabilities undertaken by the groups listed below in the following asset classes: Listed equities with significant control, fixed income, sovereign and other non-corporate issuers, private equity, non-listed real estate/property, hedge funds and infrastructure?**

	Please select: "Large", "Moderate", "Small", "Not at all" or "Not applicable"
Internal staff	Large
External engagement service provider(s)	Not applicable
External investment manager(s)	Not applicable
Other external entity	Not applicable

**Q 50 Please describe your organisation's , your external service providers or your external investment manager's approach to addressing ESG issues in active ownership in the following asset classes. Please include a description of the processes used to ensure ESG issues are addressed, any metrics used to gauge success, the sources of your expertise and specific examples.**

Asset class	Please add your remarks
Fixed income - sovereign and other non-corporate issuers	KfW is a pure fixed income investor. Our engagement activities here refer to non-corporate bond issuers, e.g. agencies. Our approach here is the same as that for corporate issuers described in Question 26.

**Q 51 Please add any overall comments and clarifications related to Principle 2 here. Please also describe any significant activities relating to Principle 2 not already captured by your answers above.**

Equity exposure is not part of KfW's so-called securities business in the narrower sense. KfW's securities business in the narrower sense consists primarily of the liquidity portfolio which is purely fixed income. It is actively managed according to KfW's sustainable investment approach mentioned under Principle 1. The engagement activities described here address the issuers forming the portfolio universe of the liquidity portfolio.

Aside from KfW's securities business in the narrower sense, KfW also holds assets being part of its lending business in the form of securities, and the 'phase-out portfolio'. These assets are either monitored in the context of KfW's loan business or are not strategic in nature. The only equity positions KfW holds have their origin in restructured loans and hence do not classify as being of strategic significance and are not included in KfW's sustainable investment approach.

### Principle 3 - We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Principle 3 is about ensuring that information related to ESG issues is disclosed by companies and other entities in your organisation's investment universe. It is closely related to your activities on Principle 1 and Principle 2.

This section lists questions regarding:

- Who seeks ESG disclosure information for your organisation;
- The level of detail and content that is sought;
- The information you may be seeking regarding norms, standards, codes of conduct or international initiatives related to RI/ESG.

While completing this section you are free to move to other sections of the survey without losing work you have already done.

#### Q 52 Please provide a description of your organisation's approach to this Principle. For example, how does your organisation seek appropriate disclosure on ESG issues by the entities in which it invests?

**Note that this text - in addition to being part of the full survey - will also be part of the survey's *Executive Summary*. The *Executive Summary* is a separate document that will collate the text you provide for each of the introductory sections of the survey (GPS and the six Principles).**

KfW's liquidity portfolio is managed according to a sustainable investment approach as described under Principle 1. It is a pure fixed income portfolio, therefore KfW's activities concerning engagement or seeking for appropriate disclosure on ESG issues address the bond issuers forming the liquidity portfolio universe. They are carried out via a direct dialogue with these issuers. In 2010, KfW engaged with the bond issuers (described under Principle 2). In addition, KfW used this platform to encourage the issuers to make their commitment to sustainability more transparent and to publish related information according to the standards of the Global Reporting Initiative.

Part of KfW's sustainable investment approach is the generation of sustainability ratings for each bond issuer according to KfW's unique definition of sustainability. These ratings are produced by our external partner, the sustainability rating agency Sustainalytics GmbH. To be able to produce these ratings based on true and complete data, the agency's analysts seek for appropriate disclosure on ESG issues for all issuers in KfW's portfolio universe. Sustainalytics inquires about non-disclosed but relevant data and urges KfW's issuers to be transparent and to disclose complete information for all the ESG-criteria that influence their sustainability ratings. If those issuers do not disclose, they will be confronted with minus points in their ratings. The sustainability ratings for all issuers in KfW's portfolio universe are updated monthly by Sustainalytics.

#### Q 53 Who asked for and/or collected from your organisation's investee companies (or other investment entities) information about their ESG policies, practices or performance in 2010?

Please select all that apply

Internal staff



External investment manager(s)

External engagement service provider(s)

External research providers

Brokers / dealers

Other - please specify:

External sustainability rating agency



None of the above: Investee companies, or other investment entities, were not asked to provide information about their ESG policies, practices or performance in 2010 (please specify below why not)

**If investee companies were not asked, please specify why.**

**Q 54 To what extent did you or your external agent(s) seek appropriate disclosure on ESG issues by the investees and, where necessary, encourage investee companies to produce standardised and/or systematic reporting about their ESG policies, practices or performance in 2010?**

Please select:  
"Large", "Moderate", "Small" or "Not at all"

**Asset class**

Fixed income - sovereign and other non-corporate issuers	Large
Fixed income - corporate issuers	Large

**Q 55 In which format or mechanism have you or your third party agents requested reporting on ESG policies, practices or performance?**

**Reporting formats**

Please select all that apply

Integrated with regular financial reports	<input checked="" type="checkbox"/>
Standalone corporate (social) responsibility or sustainability reports	<input checked="" type="checkbox"/>
Global Reporting Initiative (GRI)	<input checked="" type="checkbox"/>
Carbon Disclosure Project (CDP)	<input checked="" type="checkbox"/>
Global Framework for Climate Risk Disclosure	<input type="checkbox"/>
Communication on Progress (COP) by the United Nations Global Compact	<input type="checkbox"/>
Country-level company form of the Extractive Industries Transparency Initiative (EITI)	<input type="checkbox"/>
Submission of a tailored survey	<input type="checkbox"/>
Other reporting framework by an industry or association - please specify:	<input type="checkbox"/>
None of the above	<input type="checkbox"/>

**Q 56 To what extent did you or your third party agents seek information from companies regarding their practices related to norms, standards, codes of conduct or international initiatives/ declarations/ conventions related to ESG issues in 2010?**

Please select:  
"Large", "Moderate", "Small" or "Not at all"

Please select: Large

**Q 57 Please add any overall comments and clarifications related to Principle 3 here. Please also describe any significant activities relating to Principle 3 that are not already captured by your answers above.**

The Carbon Disclosure Project (CDP) is an initiative designed to increase the transparency of corporate CO2 emissions. Over 500 investors around the world who support the project invite companies every year to disclose their CO2 emissions and their strategies to help mitigate climate change. This information enables the Carbon Disclosure Project to maintain the largest freely available database of corporate CO2 emissions in the world. With the approval of the disclosing companies, their responses are published on the CDP website. So far, participation in the Carbon Disclosure Project has remained voluntary. Since no obligatory carbon reporting has yet been introduced for companies, the CDP is filling an important gap. KfW has been supporting the CDP since 2007.

## **Principle 4 - We will promote acceptance and implementation of the Principles within the investment industry.**

Principle 4 is about promoting the acceptance and implementation of the Principles for Responsible Investment (PRI) among your clients, service providers, partners, brokers/dealers and other investment industry players. In addition, it is about working with governments, regulators and international bodies to address and define approaches relating to ESG issues.

While completing this section you are free to move to any of the other sections of the survey without losing work already done.

**Q 58 Please provide a description of your organisation's approach to this Principle. For example, how does your organisation promote the acceptance and implementation of the Principles within the investment industry?**

**Please describe how you support the incorporation of ESG factors in the investment industry via mandates, incentives, Request for Proposals (RfPs), policy discussions etc. Please, indicate how your organisation does this in relation to clients and/or beneficiaries, peers or other entities.**

**Note that this text - in addition to being part of the full survey - will also be part of the *Executive Summary* of the survey. The *Executive Summary* is a separate document that will collate the text you provide for each of the introductory sections of the survey (GPS and the six Principles).**

KfW is a "green" bank and sustainability is part of its global promotional mandate. It is one of the largest financiers of green energy, both nationally and internationally. Yet sustainability is much more than merely environmental protection. The promotion of environmental and climate protection is a priority that cuts across all business areas. KfW, being an asset owner signatory to the PRI, commits not only to promoting sustainability through its original lending business but also to taking responsibility as an institutional investor in the capital market. By committing to these principles KfW undertakes to orientate its investment practices towards sustainability, to encourage other market players to make sustainable investments and to report on their sustainability related activities in an appropriate manner.

Currently, KfW promotes Principle 4 by diverse means of communication - direct dialogue with business partners, mailing activities and presence in national and international media. Special focus is laid on the bond issuers of KfW's liquidity portfolio that is managed according to the sustainable investment approach described in Principle 1. In 2010, KfW communicated its sustainable investment approach and its status as an asset owner signatory to the PRI on various occasions. Examples for this are articles or interviews in the German "Handelsblatt Business Briefing", "EuroWeek", "Institutional Money" or "Financial Times Deutschland". KfW also participated in national and international conferences on the subject of sustainable investment. From KfW's view, these events offer good opportunities to communicate KfW's individual approach to sustainable investment, to promote the PRI in the capital markets and to learn about the experience of other market participants on the issue.

**Q 59 Did you include RI/ESG considerations when working with service providers and/or external investment managers in 2010 (where applicable)?**

Specifically when:

- a. searching for service providers or external managers;
- b. agreeing on service requirements;
- c. structuring incentive schemes.

Service providers or external managers	a. Searches	b. Agreements	c. Incentives	We do not work with this type of provider
	If you work with this type of service provider, please select "Yes, for all", "Yes, for some" or "No"			
Brokers / dealers	No	No	No	
External engagement service provider				✓
Investment consultant				✓
Investment research provider	Yes, for all	Yes, for all	Yes, for all	
Proxy voting service provider				✓

Other - please specify:

**Q 60 To what extent did you encourage peer organisations and/or your institutional clients and/or other investment industry players to consider RI/ESG issues in 2010?**

Please select:  
"Large", "Moderate", "Small" or "Not at all"

Please select: Large

**Q 61 Does your broker evaluation process (which determines how you allocate commissions to brokers) include an ESG component, and/or do you have a budget to pay for broker research on ESG issues?**

Please select:  
"Yes" or "No"

Please select: No

**Q 62 To what extent do you identify ESG issues and suggest them to brokers or other investment research providers for research?**

Please select:  
"Large", "Moderate", "Small" or "Not at all"

Please select: Large

**Q 63 To what extent did you engage in dialogue, lobbying or initiatives pertaining to government policy and/or industry regulations related to RI/ESG issues in 2010?**

Please select:  
"Large", "Moderate", "Small" or "Not at all"

Please select: Large

**Q 64 Please add any overall comments and clarifications related to Principle 4 here. Please also describe any significant activities relating to Principle 4 not already captured by your answers above.**

KfW's activities relating to Principle 4 are closely connected with its liquidity portfolio that is managed according to KfW's sustainable investment approach described under Principle 1. The portfolio is actively managed by KfW's internal portfolio managers. It is a pure fixed income portfolio that is invested in sovereign bonds, bonds issued by supranational or semi-governmental institutions, government-guaranteed issues, financials and covered bonds. Portfolio transactions, i.e. buying or selling these bonds, are executed with a broad range of German and international banks. These transactions are not executed by applying a specific fee. The bank counterparties make profit by actively trading these bonds, which is common market practice. Due to these characteristics, it is very difficult to alter these business practices by applying incentive schemes that include ESG considerations.

---

## Principle 5 - We will work together to enhance our effectiveness in implementing the Principles.

Principle 5 is about collaborating with others in your implementation of responsible investment. The questions in this section are designed to capture the many ways in which signatories collaborate (for example by using the PRI Clearinghouse), and thus may overlap with areas discussed previously in the survey. However, the focus here is only those activities that involve working with others to implement the Principles.

While completing this section you are free to move to any of the other sections of the survey without losing work already done.

### Q 65 Please provide a description of your organisation's approach to this Principle. For example, how does your organisation work with other parties to enhance its implementation of the Principles?

**Note that this text - in addition to being part of the full survey - will also be part of the *Executive Summary* of the survey. The *Executive Summary* is a separate document that will collate the text you provide for each of the introductory sections of the survey (GPS and the six Principles).**

As a signatory to the PRI, KfW commits not only to promoting sustainability via its core lending business but also by taking responsibility as an institutional investor in the capital market. Therefore, KfW's core bond portfolio, the so-called liquidity portfolio, is managed by a sustainable investment approach (described in Principle 1). Aside from KfW's activities related to Principle 1, KfW puts significant effort in the implementation of Principle 5 - to work together to enhance the effectiveness in implementing the Principles. In the course of implementing the sustainable investment approach for its liquidity portfolio in 2008, KfW started to communicate with other institutional investors and banks in Germany to exchange views regarding sustainable investment and the different ways and solutions how to manage a portfolio according to ESG criteria. In KfW's view, it is the task of every investor to find his individual solution to sustainable investment that best fits his investment needs, return targets and risk profile. On this background it is very helpful to contact other investors on the subject to discuss views, problems and ideas on integration of ESG criteria. In 2010, KfW was very active in communicating with other investors and banks in Germany and started the process of organising regular meetings and workshops to discuss issues related to the PRI.

### Q 66 To what extent did you collaborate with other investors in regard to the Principles, and what Principle did you collaborate most on?

Extent of Collaboration	Principle you collaborated most in
Please select: "Large", "Moderate", "Small" or "Not at all"	Please select: Principle 1, 2, 3, 4 or 6
Large	Principle 1

### Q 67 Did you log in to the PRI Engagement Clearinghouse in 2010 and if so, how did you use it?

Logged in?	If Yes, please select all that apply
No	

## Q 68 Did your organisation participate in any RI/ESG-issue related associations?

Among those you did participate in, please select:

- the first, second and third most important to your organisation, and
- for the three most important, to what extent your organisation participated.

For those not listed, please use the 'Other' field.

Associations	Please select all that apply	Please select only one "Most important", one "Second most important" and one "Third most important"	Only for these three most important, please select to what extent: "Large", "Moderate" or "Small"
Carbon Disclosure Project (CDP)	✓	Most important	Large
United Nations Environmental Program Finance Initiative (UNEP FI)	✓	Second most important	Large
Other (1) - please specify: Transparency International	✓	Third most important	Large

## Q 69 Please add any overall comments and clarifications related to Principle 5 here. Please also describe any significant activities relating to Principle 5 not already captured by your answers above.

Since 2006, KfW is an asset owner signatory to the PRI. Thus, KfW has been one of the first companies in Germany committing to integrate ESG criteria in its investment practices in the context of fulfilling the PRI. KfW's sustainable investment approach is transparent and publicly disclosed in detail on KfW's CSR internet portal. In 2010, KfW has actively participated in national and international conferences (e.g. Mercer workshop in Wiesbaden, Novethic conference in Paris, conference of the Frankfurt School of Finance & Management in Frankfurt, PRI recruiting event in Munich). By presenting its own approach to sustainable investment, KfW intends to help other investors to understand that there are many different and individual solutions on how to implement a sustainable investment process in their respective portfolios.

Furthermore, KfW has used every occasion of one-on-one meetings with business counterparties to raise the issue of sustainable investment and the PRI. It is common practice on senior management level within KfW to address this issue during business meetings.

KfW is also a member of the working group "Green Finance" of the German "Heinrich-Böll-Foundation", which is taking place in cooperation with Dr. Gerhard Schick (head of the finance committee of the German Bundestag for the fraction of Bündnis 90/Grüne party).

In 2010, KfW intensified the contact to the other PRI signatories in Germany. KfW plans to initiate a PRI workshop in 2011 (scheduled for May 2011). KfW also intensified its media relationships on the issue of sustainable investment in order to reach a wider spectrum of interested parties.

KfW very much appreciated to participate in the asset class session "RI in Fixed Income - Strategies in Practice" at the PRI in Person event in October 2010.

## Principle 6 - We will each report on our activities and progress towards implementing the Principles.

Principle 6 is about your organisation's reporting of responsible investment activities (as opposed to Principle 3 which relates to the reporting of your investees or potential investees). The questions in this section focus on how you disclose your activities regarding the implementation of the Principles and where that disclosed information can be found.

While completing this section you are free to move to any of the other sections of the survey without losing work already done.

**Q 70 Please provide a description of your organisation's approach to this Principle. For example, in what ways does your organisation report your implementation of the Principles? Please include any sort of disclosure and transparency practices you have adopted.**

**Note that this text - in addition to being part of the full survey - will also be part of the *Executive Summary* of the survey. The *Executive Summary* is a separate document that will collate the text you provide for each of the introductory sections of the survey (GPS and the six Principles).**

KfW reports in detail about its sustainable investment approach in its current Annual Report, Financial Report and Sustainability Report, as well as in its newly created CSR internet portal (links: <http://nachhaltigkeit.kfw.de> and [http://nachhaltigkeit.kfw.de/EN\\_Home/index.jsp](http://nachhaltigkeit.kfw.de/EN_Home/index.jsp)). The CSR portal focuses on KfW's sustainable investment process and gives a detailed and transparent description of the steps necessary to implement this process within KfW. The portal also contains information on KfW's engagement process and other activities related to sustainable investment.

As a signatory to the PRI, KfW has made available its answers to the PRI Reporting and Assessment survey 2010 on the PRI website and will do this again for 2011.

In 2010, KfW intensified its media presence on the issue of sustainable investment. Hence, these articles and interviews are publicly available in print and online media.

KfW's sustainability performance has already been rated by the renowned independent SRI agencies Oekom Research and Sustainalytics. Oekom classified KfW as "Prime", one of the best ratings awarded in the group of financial institutions. Sustainalytics has ranked KfW third among non-listed banks worldwide and as the best rated development bank. KfW provided Oekom Research and Sustainalytics all the information necessary for the proper and complete evaluation of its diverse sustainability activities.

**Q 71 To what extent did you disclose, either to clients/beneficiaries or publicly, your policy and/or approach to incorporating ESG issues into investment analysis and decision-making processes in 2010?**

Please select:

"Large", "Moderate", "Small" or "Not at all"

Large

**If you disclosed, please indicate how this disclosure can be obtained - a web address (URL) would be sufficient. If answering *not at all*, please explain why not.**

*Yes, you did disclose:* [http://nachhaltigkeit.kfw.de/DE\\_Home/index.jsp](http://nachhaltigkeit.kfw.de/DE_Home/index.jsp)  
*how can it be obtained* [http://nachhaltigkeit.kfw.de/EN\\_Home/index.jsp](http://nachhaltigkeit.kfw.de/EN_Home/index.jsp)

*Did not disclose publicly:*  
*please explain why not*

**Q 74 Did you disclose your non-proxy voting active ownership and engagement policies or other documents activities?**

Please select one: Yes - disclosed publicly

**If 'Yes, disclosed publicly', please indicate how it can be obtained - a URL would be sufficient. If not, please explain why**

*Yes, disclosed publicly:* [http://nachhaltigkeit.kfw.de/DE\\_Home/Nachhaltiges\\_Investment/Nachhaltiger\\_Investmentansatz\\_der\\_K](http://nachhaltigkeit.kfw.de/DE_Home/Nachhaltiges_Investment/Nachhaltiger_Investmentansatz_der_K)  
*how can it be obtained* [http://nachhaltigkeit.kfw.de/EN\\_Home/Sustainable\\_investment/KfWs\\_sustainable\\_investment\\_approac](http://nachhaltigkeit.kfw.de/EN_Home/Sustainable_investment/KfWs_sustainable_investment_approac)

*Did not disclose publicly:*  
*please explain why not*

**Q 75 To what extent did you disclose (either to clients/beneficiaries or publicly) your non-proxy voting RI/ESG active ownership and engagement activities, results and progress in 2010?**

Please select:  
"Large", "Moderate", "Small" or "Not at all"

Please select: Large

**If you disclosed, please indicate how this disclosure can be obtained - a web address (URL) would be sufficient. If answer please explain why not.**

*Yes, you did disclose:  
how can it be obtained* [http://nachhaltigkeit.kfw.de/DE\\_Home/Nachhaltiges\\_Investment/Nachhaltiger\\_Investmentansatz\\_der\\_K](http://nachhaltigkeit.kfw.de/DE_Home/Nachhaltiges_Investment/Nachhaltiger_Investmentansatz_der_K)  
[http://nachhaltigkeit.kfw.de/EN\\_Home/Sustainable\\_investment/KfWs\\_sustainable\\_investment\\_approach](http://nachhaltigkeit.kfw.de/EN_Home/Sustainable_investment/KfWs_sustainable_investment_approach)

*Did not disclose publicly:  
please explain why not*

**Q 76 Did you disclose (either to clients/beneficiaries or publicly) RI/ESG activities, results and progress related to Principle 3, Principle 4 or Principle 5 in 2010?**

Please select "Yes, disclosed publicly", "Yes - disclosed to clients or beneficiaries only" or "Not at all"

**Principle 3** Yes - disclosed publicly

**If 'Yes, disclosed publicly', please indicate how it can be obtained - a URL would be sufficient. If not, please explain why not.**

*Yes, disclosed publicly:  
how can it be obtained* In 2010, KfW engaged with the bond issuers of KfW's liquidity portfolio and also used these opportunities to encourage the issuers to make their commitment to sustainability more transparent and to publish relevant information according to the standards of the Global Reporting Initiative. This initiative in general was made public by KfW on various occasions at national and international conferences, business meetings and media contacts. However, KfW - being a promotional bank owned by the German government and the federal states - decided not to disclose issuer specific information or results. Further information can be obtained in KfW's sustainability report: [http://www.kfw.de/kfw/en/III/Download\\_Center/Sustainability\\_PDFs/KfW\\_Fol\\_NB09\\_eng\\_barrierefrei](http://www.kfw.de/kfw/en/III/Download_Center/Sustainability_PDFs/KfW_Fol_NB09_eng_barrierefrei)

*Did not disclose publicly:  
please explain why not*

Please select "Yes, disclosed publicly", "Yes - disclosed to clients or beneficiaries only" or "Not at all"

**Principle 4** Yes - disclosed publicly

**If 'Yes, disclosed publicly', please indicate how it can be obtained - a URL would be sufficient. If not, please explain why not.**

*Yes, disclosed publicly:  
how can it be obtained* KfW's activities related to this principle can be obtained in the respective online and print media as well as in KfW's CSR portal: [http://nachhaltigkeit.kfw.de/DE\\_Home/Nachhaltiges\\_Investment/Nachhaltiger\\_Investmentansatz\\_der](http://nachhaltigkeit.kfw.de/DE_Home/Nachhaltiges_Investment/Nachhaltiger_Investmentansatz_der) and [http://nachhaltigkeit.kfw.de/EN\\_Home/Sustainable\\_investment/KfWs\\_sustainable\\_investment\\_appro](http://nachhaltigkeit.kfw.de/EN_Home/Sustainable_investment/KfWs_sustainable_investment_appro)

*Did not disclose publicly:  
please explain why not*

Please select "Yes, disclosed publicly", "Yes - disclosed to clients or beneficiaries only" or "Not at all"

**Principle 5** Yes - disclosed publicly

**If 'Yes, disclosed publicly', please indicate how it can be obtained - a URL would be sufficient. If not, please explain why not.**

*Yes, disclosed publicly:  
how can it be obtained* KfW actively participated in national and international conferences and increased its presence on the issue in the media.

*Did not disclose publicly:  
please explain why not*

**Q 77 Please add any overall comments and clarifications related to Principle 6 here. Please also describe any significant activities relating to Principle 6 not already captured by your answers above.**