

KfW Bankengruppe

RESPONSIBLE INVESTMENT REPORT 2012

Executive summary (public version)

February 2013



Introduction and disclaimer from the Principles for Responsible Investment

Signatories to the Principles for Responsible Investment commit to report on their responsible investment activities and their progress in implementing the Principles. The PRI has developed a Reporting Framework which allows signatories to meet these commitments.

This publication is an executive summary of the public Responsible Investment report, the content of which is based on responses to the pilot 2012 Reporting Framework. It presents an overview of the signatory's organisation and asset allocation; their overarching approach to responsible investment; and implementation of the Principles.

The contents of this report are being piloted this year for signatories and stakeholders to provide feedback. The reports will be updated for the 2013/2014 reporting cycle to reflect the comments we receive on design, structure and usability.

Moreover, due to the pilot nature of the 2012 Reporting Framework, certain indicators are undergoing further changes. These changes will also be reflected in the reports for the next reporting cycle.

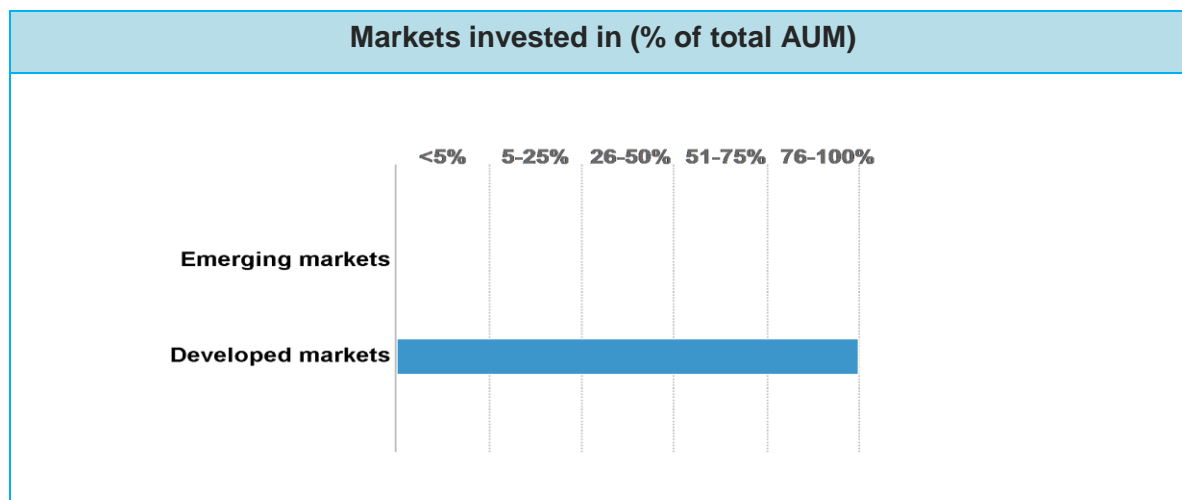
This document is based on information reported by signatories and responses have not been independently audited by the PRI Secretariat, PRI working groups, or any other third party. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Organisational overview

This section provides an overview of our organisation, including the type of investor we are, the location of our headquarters, the number of staff we employ, and our total assets under management and asset allocation.

Main characteristics	
Investor type	Asset Owner
Investor category	Development bank
Headquarters	Germany
Assets under management	US\$ 25.91 billion as of 31/12/2011
Total number of staff	4700

Asset allocation (as % of total AUM)	Internally managed	Externally managed
Fixed income (corporate)	51-75%	-
Fixed income (sovereign)	26-50%	-



Overarching approach to responsible investment

This section describes our overall approach to responsible investment, including governance, responsible investment policy, objectives and targets, the resources we allocate to responsible investment and our approach to collaboration on responsible investment and public policy-related issues.

Our RI snapshot quote

“ KfW has developed a specific way to achieve sustainability in asset management and in this way also operates as a trendsetter for comparable credit institutions. ”

Responsible Investment Policy

Publicly available RI policy

All our policies are public.

Policy name	URL
KfW's responsible investment approach	http://nachhaltigkeit.kfw.de/EN_Home/Sustainable i...
Liquidity portfolio	http://nachhaltigkeit.kfw.de/EN_Home/Sustainable i...
ESG integration	http://nachhaltigkeit.kfw.de/EN_Home/Sustainable i...
exclusion criteria	http://nachhaltigkeit.kfw.de/EN_Home/Sustainable i...
engagement	http://nachhaltigkeit.kfw.de/EN_Home/Sustainable i...

Summary of RI policy
see URL

KfW Bankengruppe

Coverage of RI policy

Coverage of RI policy by asset category	ESG coverage in RI policy
<ul style="list-style-type: none"> ✓ Fixed income corporate ✓ Fixed income sovereign 	<ul style="list-style-type: none"> ✓ Environment ✓ Social ✓ Governance

Governance and Human Resources

Staff members with RI responsibility in oversight or implementation		
Roles	RI Oversight	RI Implementation
Non-employee Board members	✓	-
Chief Executive Officer	✓	✓
Chief Investment Officer/Investment Committee	✓	✓
Portfolio Managers	✓	✓
Financial Analyst	-	-
Dedicated RI/ESG manager or analyst	✓	✓

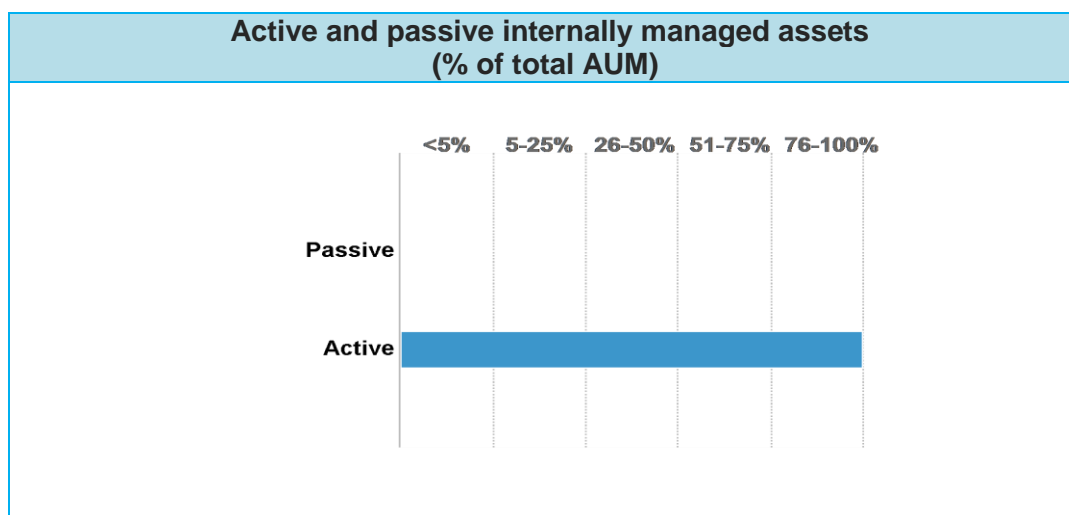
Promoting responsible investment

We promote responsible investment through		
Encouragement of partners, clients, providers and other industry players	Participation in collaborative initiatives	Engagement with public policy makers
✓	✓	-

RI implementation via staff or service providers

This section describes the RI implementation of activities carried out by staff or service providers. It includes details of our asset allocation and the main RI activities per asset category.

Internally managed assets' characteristics



Quantitative strategies (% of internal actively managed assets)	
Fixed Income Corporate	0%
Fixed income sovereign	0%

Fixed income (Corporate)

ESG incorporation (actively managed)

ESG incorporation strategies (as a % of internal actively managed assets)					
ESG integration	Overarching ESG exclusions	Fund/mandate specific ESG exclusions	ESG themed investments	ESG positive screening	Other
100%	100%				

Engagements

Engagement objectives	Run by internal staff	Run by service providers
To monitor ESG activities of the company	✓	N/A
To influence company behavior on ESG issues	✓	N/A
To monitor and influence companies on business strategy not directly related to ESG issues	-	N/A

Engagement for monitoring

	Run by internal staff	Run by service providers
Engagement cases	N/A	N/A
Companies engaged with	90	N/A
(% of the number of our fixed income investment portfolio companies)	100%	

Engagement for influence

	Run by internal staff	Run by service providers
Engagement cases	N/A	N/A
Companies engaged with	90	N/A
(% of the number of our fixed income investment portfolio companies)	100%	

Fixed income (Sovereign)

ESG-incorporation (actively managed)

ESG incorporation strategies (as a % of internal actively managed assets)					
ESG integration	Overarching ESG exclusions	Fund/mandate specific ESG exclusions	ESG themed investments	ESG positive screening	Other
100%					