KFW CAPITAL

ESG25

Responsibility makes a difference.

Responsibility is about more than just words. It is reflected in the decisions we make. In the investments we make. And in the results they generate.
Responsibility means taking action. Responsibility makes a difference.

> **kfw-capital.de**/Sustainability

Foreword from the Senior Management

Dear readers,

KfW Capital invests in German and European venture capital and venture debt funds and, through these funds, in a large number of companies. We bridge funding gaps, mobilise private capital and develop our products to meet the needs that arise in the market. For us, responsibility means two things: setting high standards for our own investments and, at the same time, helping to establish these standards in the European venture capital (VC) market. We are both investors and market developers.

Data lays a key foundation for the work that we do. For several years now, we have been collecting ESG data from our fund managers and their portfolio companies. This report makes the findings of this work available to the general public. Because fund managers, entrepreneurs, policymakers and academics need a solid foundation for discussing sustainability in the VC market. At the same time, we expect a lot of ourselves in terms of transparency. We can only expect transparency from others if we ourselves act transparently.

Responsibility makes a difference. This overarching topic is the theme of this year's ESG report. In the VC market, decisions are made during the early stages of a company's development that can shape its structures, processes and priorities for years to come. Investors and fund managers support this development and can influence how firmly sustainability considerations are established at up-and-coming companies. Responsibility is not only evident in the end result, but also in the choices made along the way.

Three themes run through the various chapters of this report:

diversity | net zero | value creation

We consider these issues to be particularly relevant to the sustainable development of the VC ecosystem and, at the same time, we believe that there is still considerable need for action. Among other things, we are examining the ongoing gender pay gap, the question of an appropriate strategy for fast-growing companies to achieve net zero and the added value created by our work and the incorporation of sustainability issues into companies' activities. We have gained many important insights into these topics. At the same time, reliable findings often only emerge after a longer period of observation. This means that we do not yet have definitive answers to some of our questions, but with each new set of data that emerges, it will become possible to arrive at a better understanding of the overall context. *With this in mind, the following pages highlight where responsibility is making a difference today and where we want to – and indeed must – continue our work. We invite you to examine our findings, appraise them critically and discuss them with us.*

Dr Jörg Goschin
CEO

Alexander Thees
Member of the Management Board

Contents
ESG25

01

Shaping responsibility.

Responsibility begins before an investment is made. Our purpose is clear: KfW Capital invests on behalf of the public sector and helps to determine which ideas in Germany and Europe receive funding.

KfW Capital as a partner for the German and European venture capital ecosystem

154
venture capital funds

from various sectors and funding stages within the portfolio

~3,300
start-ups

and young tech companies supported

EUR 2.9 billion
invested

in German and European venture capital funds with the support of the ERP Special Fund*

4.9×
Germany multiple

For every euro that KfW Capital makes available to the VC funds, they invest EUR 4.90 in German companies.

* The ERP Special Fund is a development fund administered by the Federal Republic of Germany, financed by Marshall Plan funds, to support start-ups, innovation and small and medium-sized enterprises in Germany.

All figures as at 31 December 2025

KfW Capital invests federal funds and its own capital and provides targeted market stimulus. Our activities have a direct impact (on funding recipients and other stakeholders), a systemic impact (on the VC ecosystem) and, beyond that, an indirect impact (through the economic, social and environmental impacts of the innovations and technologies we fund). Further details on how we operate can be found later on in this report.

KfW Capital as a VC investor driven by a sense of responsibility

Our remit

KfW Capital was established in 2018 as a wholly-owned subsidiary of KfW.

On behalf of the Federal Government and as part of the KfW Group, KfW Capital aims to strengthen and further develop the German and European VC ecosystem in the long term.

Our remit combines two roles:

Investor

We invest in VC and venture debt funds and make co-investments in companies alongside portfolio funds. Our thorough investment due diligence sends out a clear signal and mobilises private capital.

Market developer

We set standards for responsible investment in the market, build up expertise through venture education and address structural gaps such as late-stage growth capital or a lack of diversity.

Principles

Market orientation

Return-oriented investments following thorough due diligence on market terms (pari passu)

Steady investment

A pillar of stability and a reliable partner for European VC funds in all market phases

Sustainability

Systematic consideration of material ESG aspects and assessment of social and environmental impacts as part of Group-wide impact management

Our target dimensions

Strengthening innovation and competitiveness

Strengthening the capital base of innovative start-ups and scale-ups, as well as financing future technologies as a driving force for the German and European economy

Closing the funding gap in the German and European VC markets

Expansion and further development of a sustainable supply of venture and growth capital through our own investments and the mobilisation of private capital

Development of the VC ecosystem

Strengthening the overall conditions in, as well as the appeal and accessibility of, the VC ecosystem, for talent and investors

KfW Capital as a VC investor driven by a sense of responsibility

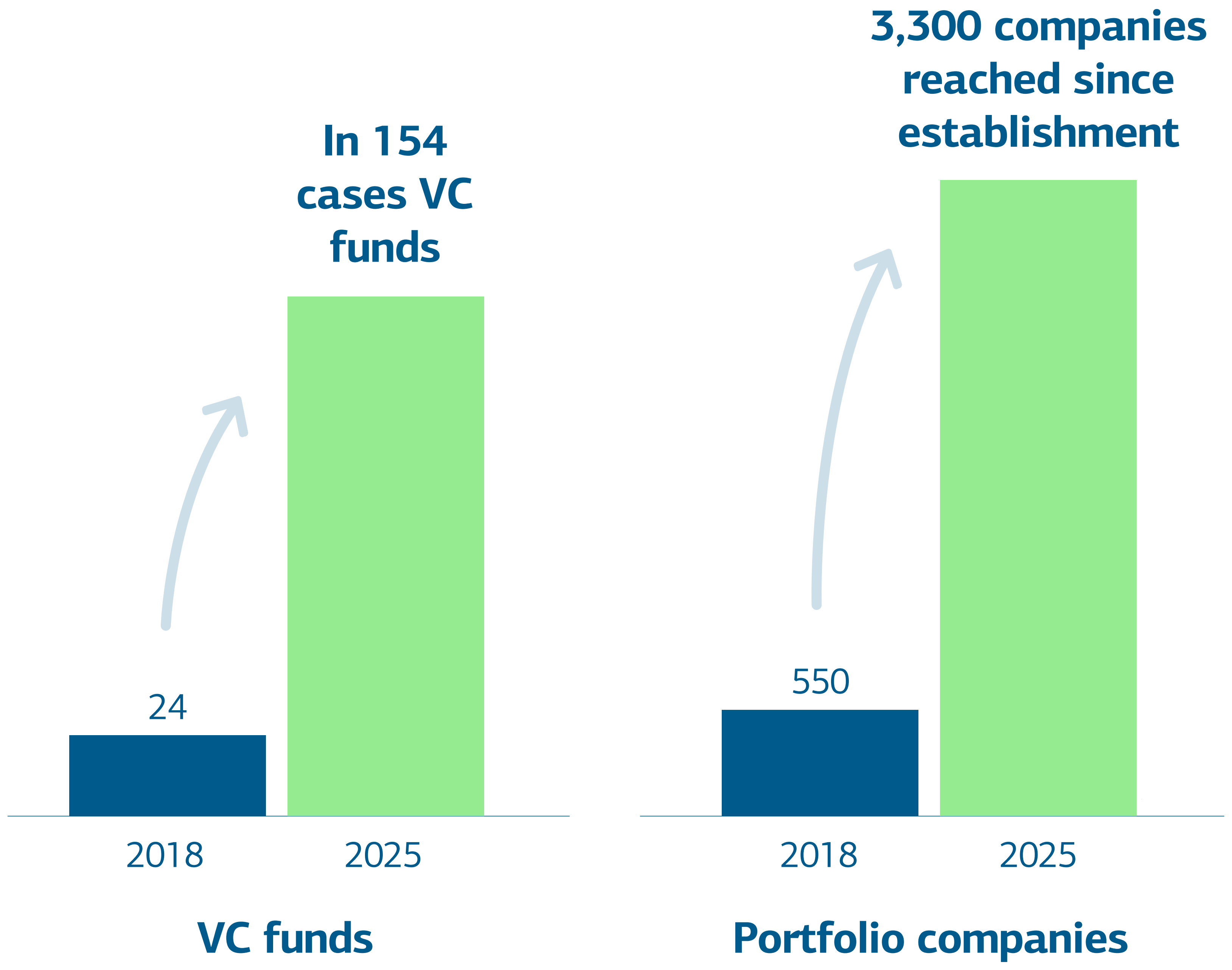
In recent years, KfW Capital has established itself as a key VC investor in Germany and Europe and has built up a significant portfolio by managing KfW's own funds and federal funds, also from the ERP Special Fund.

In-depth due diligence before an investment decision was made

Before making investment decisions, KfW Capital carries out a benchmark-setting due diligence review of investment opportunities, taking into account commercial and legal aspects as well as sustainability criteria. In addition, the sustainability officer sits on the Investment Committee. Further information on the sustainability assessment and the requirements can be found here.

Investment requirements – including those relating to sustainability – allow us to support the development of fund managers and establish standards in the market. More than a third of the funds are subject to requirements regarding their ESG policy or ESG framework with a view to further developing their own processes.

In 2025, KfW Capital was indirectly involved in around 50% of all venture capital transactions in Germany



KfW Capital as a VC investor driven by a sense of responsibility

Using capital in a targeted manner

KfW Capital deploys capital in a targeted manner to strengthen the funding available to innovative start-ups and scale-ups in Germany.

Investments are made either indirectly via fund investments or directly via co-investments:

Fund investments

Investments in VC and venture debt funds, which in turn invest in innovative start-ups and scale-ups

Co-investments

Co-investments in selected innovative start-ups and early-stage technology companies, in partnership with portfolio funds

We step in where the market has specific funding needs:

- **Direct leverage of private capital:** leveraging private funds through public investment
- **Scale-up funding:** Bridging funding gaps during the growth phase
- **Sector-agnostic investments:** promoting future technologies across various sectors
- **Investments with a specific focus:** focus on those sectors that are crucial to the future viability of the German

We use our investment programmes to address specific funding needs*:

Tech Fund Invest	Investments in VC funds focusing on technologies of the future such as DeepTech, AI, BioTech, ClimateTech and DefenceTech
Scale-up direct	Direct co-investments, in partnership with portfolio funds, in fast-growing technology companies during later funding rounds
First-of-a-Kind	Investment in private-sector funds to finance innovative, capital-intensive and industrial technology facilities, e.g. data centres for AI companies
WIN 400	Investments in VC funds with innovative fund strategies
ERP VC fund investments	Investments in VC and venture debt funds to bolster the financing of innovative start-ups and technology companies in Germany and Europe
Growth Fund Germany	Mobilising private capital through a public-private fund of funds

> *How do we set the framework for our investments, and what aspects are particularly important to us as part of this process? Dr Björn Rock, Senior Product and Sustainability Manager at KfW Capital, provides answers to these questions on the next page.*

* The icons illustrate the funding needs in the market that the individual investment programmes are designed to address.

»The starting point is the question of where funding gaps exist for promising German and European start-ups and scale-ups.«

Dr Björn Rock
Senior Product and Sustainability Manager, KfW Capital

Inside product management

Three questions for Dr Björn Rock

Björn, how does a new programme come about at KfW Capital?

»The starting point is the question of where funding gaps exist for promising German and European start-ups and scale-ups. The gaps might, for example, relate to growth financing or new fund managers that do not have a long track record behind them. We often already have an idea of the first few instruments we could use. However, it is crucial to work together with the Federal Government, KfW and market participants to develop solutions that offer genuine added value. Otherwise, we end up developing solutions that don't meet actual needs. And a new funding programme is not always the right answer to every market challenge. We provide targeted, high-quality support on a range of topics, for example through the KfW Capital VC Academy or training programmes.«

You mention new fund managers who do not have a long track record behind them. Exactly which gap are you addressing in this area?

»The main hurdle is access to the market itself. We aim to provide targeted support to new teams with smaller funds – specifically including those with a more gender-diverse partner line-up, as women are still vastly underrepresented in the VC ecosystem. What is more, emerging managers find it particularly difficult to raise capital because they cannot yet demonstrate a long track record of financial success.«

Where in the market are new financing needs currently arising?

»First-of-their-kind projects are a good example: the first commercial facilities to implement a new technology on an industrial scale for the first time. Many of them come from the ClimateTech and industrial transformation sectors. They are usually too risky for a conventional bank loan and are of little use as collateral. For venture capital, however, brick-and-mortar production facilities like these are too expensive. To address this very issue, KfW Capital is implementing a programme, under the Germany Fund ("Deutschlandfonds") umbrella, which invests in newly established private-sector funds that finance projects like these. The aim is to mobilise a significant volume of private capital.«

KfW Capital as a builder of networks and know-how

In addition to its financing activities, KfW Capital contributes to the development of the VC ecosystem through initiatives aimed at shaping the market. Standards for investment processes, venture education and networking opportunities promote the building of capacity and expertise in the market.

UN Principles for Responsible Investing

In February 2026, KfW Capital signed the UN Principles for Responsible Investment, meaning that it has now made a formal commitment to the six principles.

The signing of the principles does not alter our existing practice; rather, it places it within an internationally recognised framework and ensures that our progress can be verified independently in future.

Signatory of:

PRI PRINCIPLES FOR RESPONSIBLE INVESTMENT

> unpri.org

* Articles published as part of a media partnership with VC magazine

Strengthening the ecosystem

Knowledge, networks and standards – extending beyond investment activity

KfW Capital

... analyses market trends, collects data and maintains close dialogue with fund managers and all other relevant players in the ecosystem.

- Active participation in the advisory committees (Limited Partner Advisory Committee) for almost all fund investments
- Annual ESG data collection, including market benchmarking, for reporting fund managers

2025

- Six articles published in VC magazine (e.g. in the ESG Corner)*; coverage in otherprint media, including Bloomberg, t3n and Sifted
- Speaker and panel appearances at around 60 events
- Colleagues attended around 25 conferences in more than ten countries

... creates and promotes opportunities for professional development and networking.

KfW Capital VC Academy

Held four times a year to discuss current market issues, with a steadily growing number of participants from the worlds of business, politics and society

ESG training sessions and sparring

ESG training for VC funds developed in collaboration with partners (2025: participation by approximately 90 fund managers and limited partners (LPs) worldwide); close dialogue on ESG and impact issues

KfW Capital Award

Since 2022: Awards in various categories, such as Best Female Investor or Best Impact Investor

Nurturing talent and promoting diversity

Two partial scholarships for women as part of the “Certified Private Equity Analyst” professional development programme; participation in trade fairs and university events (e.g. the University of Mannheim, the Frankfurt School of Finance & Management)

> *Chapter 3 provides more in-depth insights into the professional development and networking schemes.*

KfW Capital as a catalyst for the VC-ecosystem

An investment by KfW Capital sends a signal to the market and makes it easier for fund managers to raise private capital.

Portfolio funds raise a total of around EUR 39 billion, at least 50% of which comes from private investors. And the funds are invested locally: 4.9 times the capital contributed by KfW Capital is being channelled into companies in Germany. KfW Capital plays a key role in the success of fundraising for portfolio funds:

- **In almost a third of its investments,** KfW Capital invested at the first closing.
- **With an average investment size** of just under EUR 20 million, KfW Capital accounts for an average of around 9% of the fund volume.

Our funds account for around 20% of the VC deal volume in Germany in 2025.

KfW Capital aims to contribute to an accessible, diverse and effective ecosystem. This requires a range of fund profiles, both experienced and new market participants, as well as suitable financing options for different stages of development and varying objectives. KfW Capital helps to support market sectors with particular financing needs:

- **Around one third comprised** of emerging managers[1]
- **Around 30% later-stage** growth funds (including five opportunity funds)
- **Over half (55%)** of the funds have at least one woman at partner level (see Chapter 2)
- **Around 20 investments** in dedicated impact funds[2]

By sending these signals to the market, KfW Capital acts as a source of start-up funding for innovations that will strengthen Germany's competitiveness and shape the SME sector of tomorrow.

[1] Emerging managers – first or second generation of funds
[2] Impact funds are characterised by the fact that, in addition to financial returns, they aim to achieve a measurable positive social or environmental impact.

In addition to our investment activities and the associated signals they send out, KfW Capital mobilises private capital directly through the German Growth Fund:

Growth Fund Germany

With a total volume of **around EUR 1 billion (of which approximately 70% comes from private investors), the Growth Fund Germany is one of the largest VC fund-of-funds in Europe.** It has invested in over 45 funds, which collectively hold stakes in more than 500 companies. In addition, the Growth Fund Germany has made several co-investments. The investment focus is on the ICT, life science, deep tech, industrial tech and climate tech sectors. The Growth Fund Germany will be fully invested in the course of 2026, bringing its investment period to a close.

KfW Capital is also acting as an anchor investor and advisor for the second generation of funds.

On 1 April 2026, fundraising began for the Growth Fund II.

KfW Capital as a driving force for innovation and growth

A strong VC ecosystem forms the foundation on which forward-looking companies are established, grow and can deliver financial, social and environmental added value.

Start-ups as a driving force for innovation in Germany and Europe

KfW Capital contributes to the establishment of new businesses, the growth of start-ups and scale-ups, as well as to successful exits and follow-on financing in Europe. **This allows KfW Capital to make an important contribution to the competitiveness and economic development of Germany as a business hub.** The targeted promotion of future technologies enhances Germany's appeal to international capital and strengthens the innovation ecosystem in the long term.

Strengthening innovation, digitalisation and competitiveness

~ 23%
of the Investments relate to funds in particularly innovative technology sectors, such as deep tech – with a focus on AI and transformative technologies – bio tech, climate tech and agri tech.

~ 1,500
Number of founders we expect to fund through our 2025 commitments

~ 9,800
Number of founders we expect to fund through our commitments since 2018

> 20%
Proportion of companies with a focus on AI

~ 60%
Share of German unicorns established since 2018 in which KfW Capital has invested

> *Start-ups are a driving force for economic growth and job creation: VC-backed start-ups in Germany grow, on average, more than four times as fast as small and medium-sized enterprises as a whole, and more than twice as fast as start-ups not funded by venture capital. Within our portfolio, we witnessed annual employment growth (FTE) of around 30% in 2025 amongst reporting portfolio companies.*

KfW Capital as a driving force for innovation and growth

Taking social and environmental impacts into account

As investors and market developers, we create the environment needed to support the growth of up-and-coming companies. However, tangible change and impact ultimately occur at portfolio company level, through the products, services and business models of the start-ups and scale-ups financed, which can contribute to economic, environmental and social transformation.

In addition to the **focal areas of economic growth and innovation (SDGs 8 and 9)**, portfolio companies are developing social and environmental solutions: over 15% of the companies have an environmental impact, and just under a quarter achieve a social impact, predominantly with regard to health. KfW Capital's impact assessments form part of KfW's group-wide impact management framework. To this end, KfW has defined a comprehensive set of impact targets and impact indicators, based on the United Nations' Sustainable Development Goals (SDGs), in order to be able to report on impacts across all areas.

Find out more about impact management and the latest "KfW Impact Insights" from the Group.

Nina Zündorf
Impact management officer at KfW

»As a responsible bank, it is important to us at KfW to assess the impact of our business activities and to make this impact transparent. This applies to the Group as a whole, with different divisions and subsidiaries being responsible for different focal areas. KfW Capital has significant leverage through its financing of innovative technologies with far-reaching potential for scaling and transformation.«

02

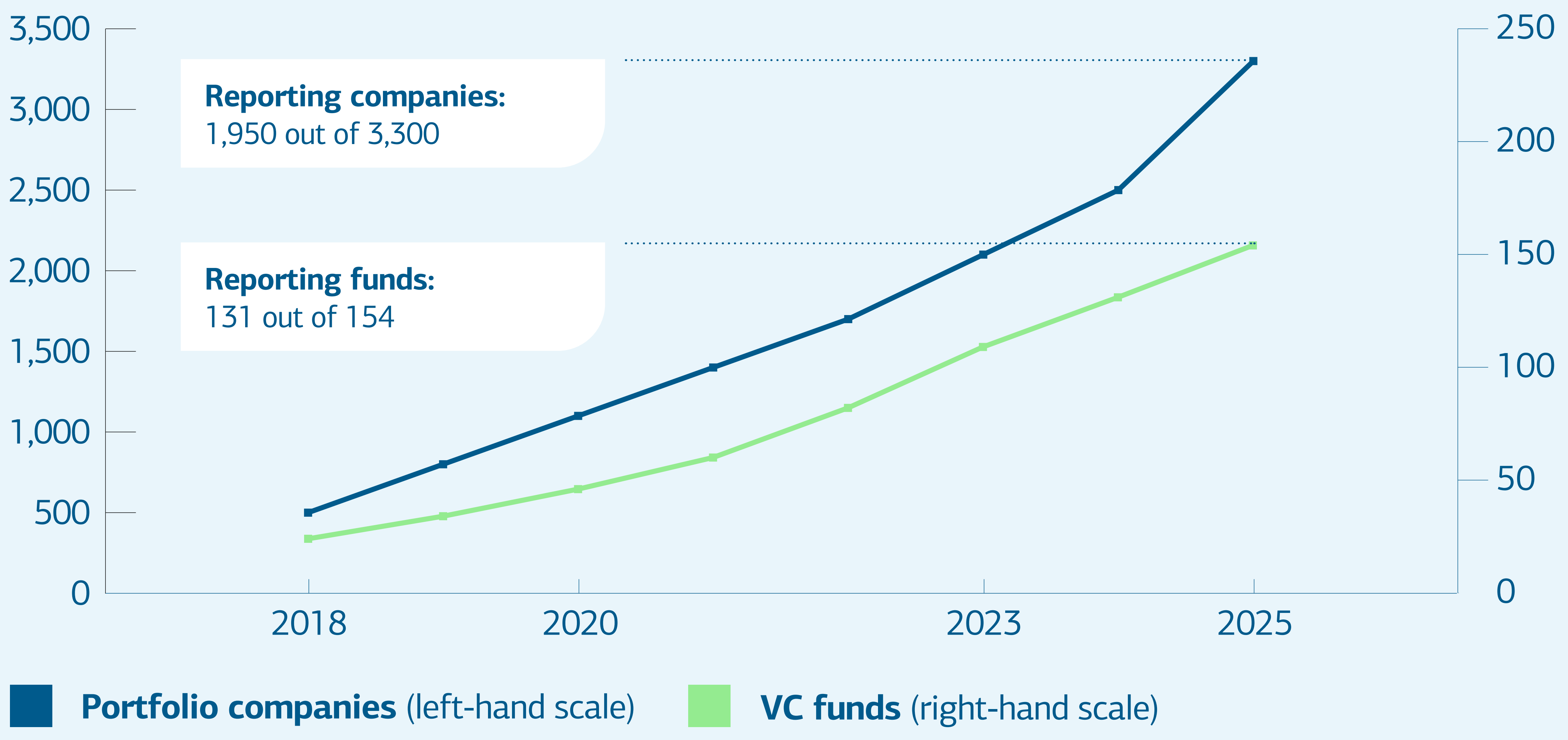
Sharing responsibility.

Our responsibility does not end with our investment – it begins there. Together with our VC funds, we are advancing key ESG issues. This turns capital into a catalyst for sustainable transformation.

A look at our portfolio

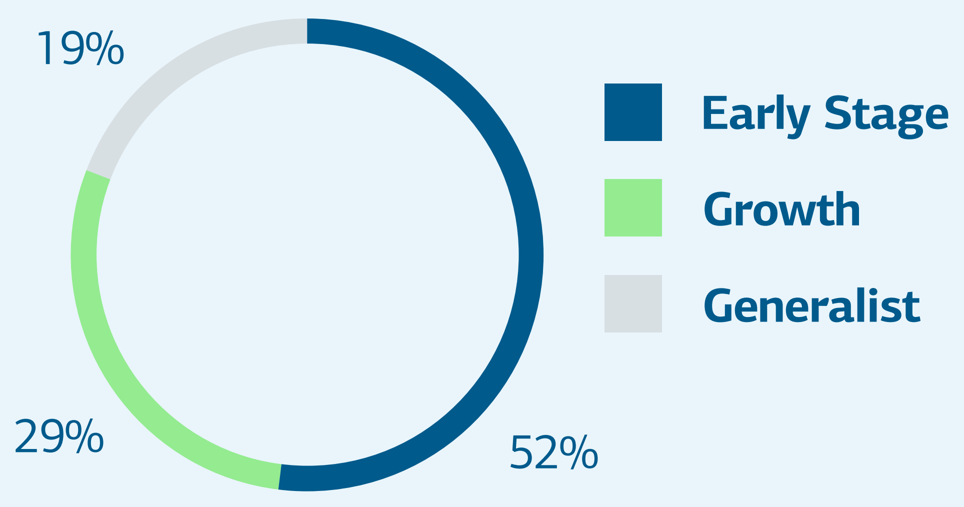
A diversified VC portfolio forms the basis for our analyses: since its establishment in 2018, KfW Capital's portfolio had grown, by the end of 2025, to comprise 154 VC funds that have invested in around 3,300 companies. Our portfolio funds cover a wide range of sectors and market phases, providing a sound basis for representative analyses of the European market.

Number of portfolio companies and VC funds

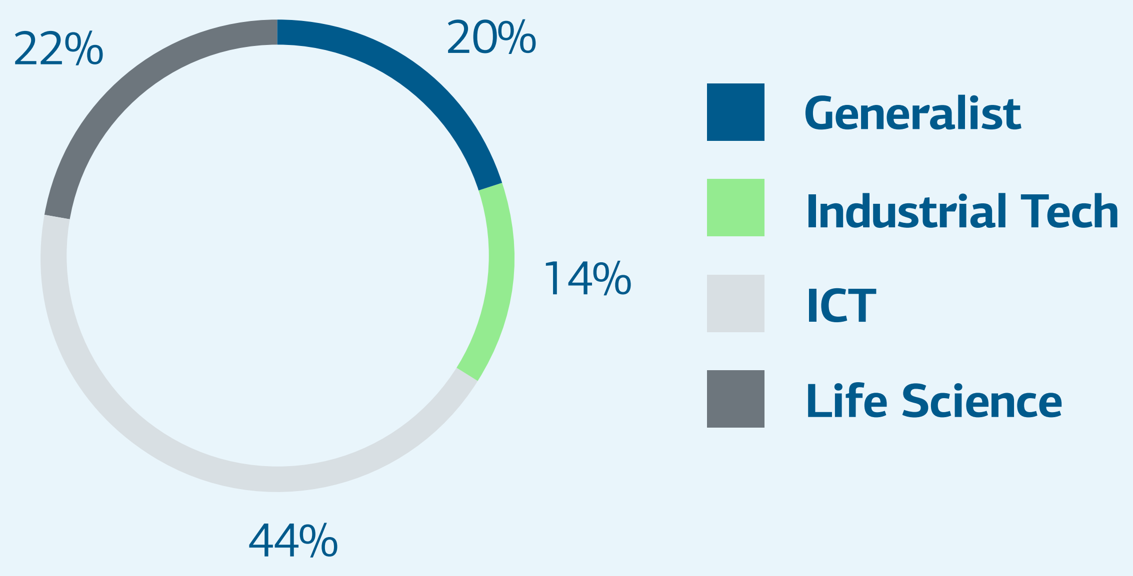


At the same time, the pool of data on which these analyses are based is growing. Since 2022, we have been collecting ESG data annually at three levels: from fund managers, funds and portfolio companies; for the 2025 reporting year, 84 fund managers, 131 funds and around 1,950 portfolio companies submitted their reports. This year's report therefore includes around 700 more companies than our first ESG report in 2023.

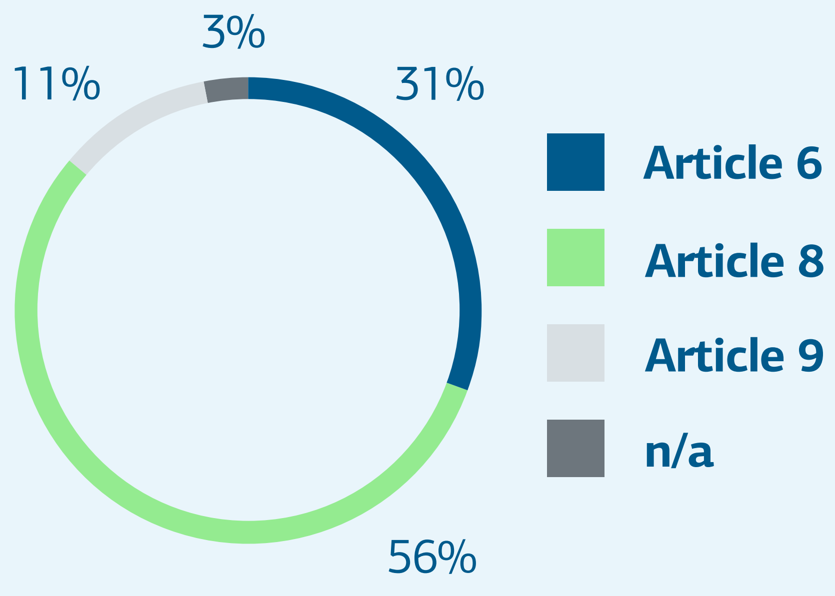
Proportion of funds by phase



Breakdown of funds by sector



Breakdown by SFDR article



The proportion of funds classified as Article 6 has declined since the last report

KFW CAPITAL

A look at our portfolio

The diversification of the overall portfolio is also reflected at the level of the reporting companies (see figure on the right).

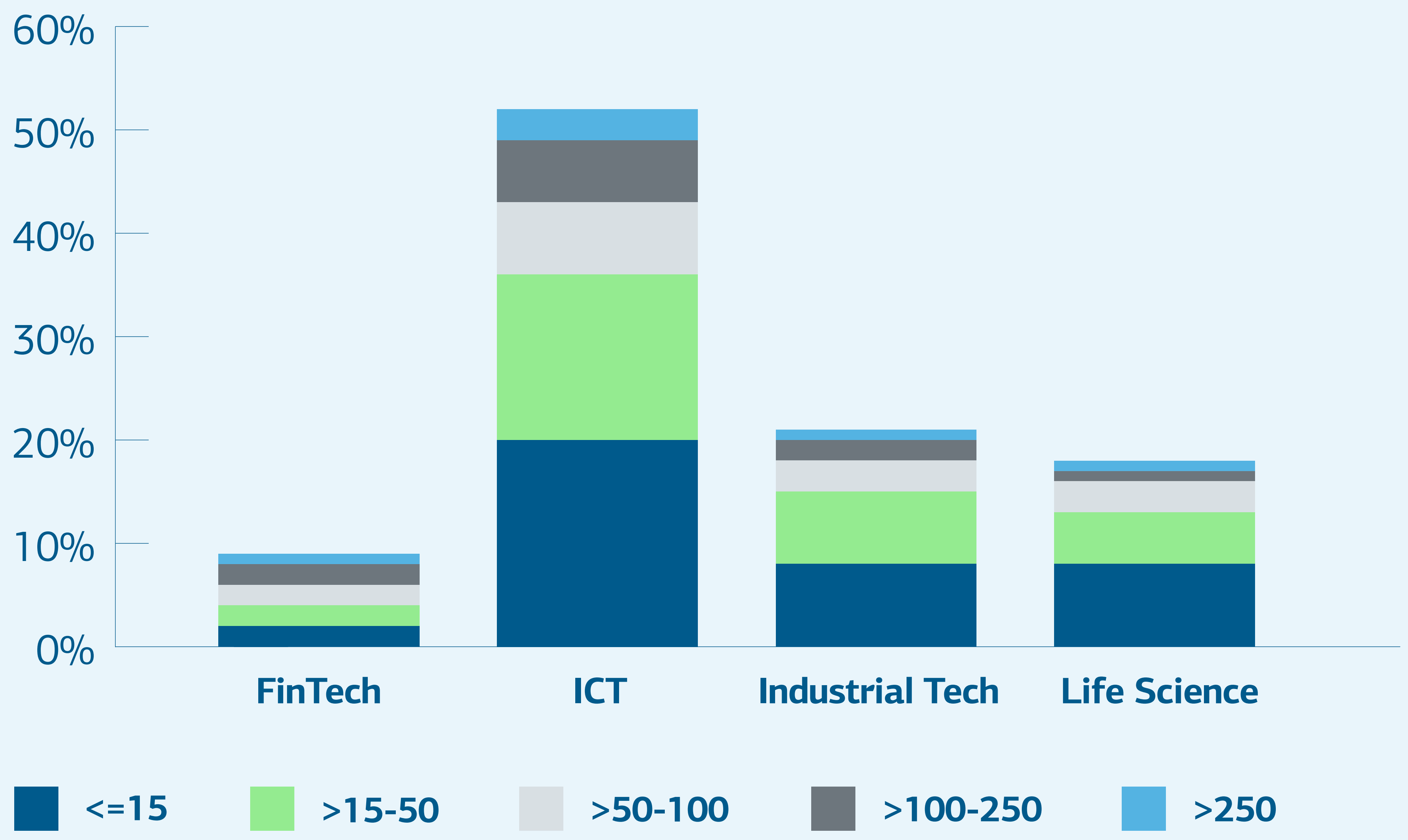
The data is collected in accordance with the Invest Europe ESG Reporting Framework, and we are working alongside partners from the ecosystem to ensure its ongoing development and harmonisation. A uniform standard reduces the workload for fund managers who report to several limited partners (LPs) and enables comparisons across portfolios – something that individual surveys cannot achieve.

For this year's statistical analyses, we have collaborated with Dr Steffen Viete from KfW Research, a partnership that we hope to continue in the years to come. Once again, the three focal issues – **diversity, net zero** and **value creation** – took centre stage.

We examined a large number of statistical correlations. Although the sample size is still small in some cases, the first few interesting trends are already becoming apparent. This work has laid the foundations on which we intend to build in the coming years. As our portfolio grows in size and matures, the scope for analysing the data will increase going forward.

The analyses of the focal issues presented in this chapter relate exclusively to those fund managers, funds and portfolio companies that have made data available.

Portfolio companies by size and sector



> Further insights into the results of the ESG data collection process, as well as more detailed information on the methodology and limitations, can be found in the appendix to this report.

Diversity throughout the investment chain

– how the partner structure, processes and portfolio companies interact

The economic and social benefits of diverse teams are frequently discussed in academic circles. Particularly when dealing with complex issues in decision-making and innovation processes, diverse perspectives are seen as key success factors[1]. This is also relevant to the venture capital asset class: research findings show better deal and fund performance among VC firms with a higher proportion of women[2].

Nevertheless, the gender balance in the venture capital ecosystem remains very uneven. This applies both to investors and to the start-ups receiving funding. In 2025, only around 18% of funding rounds in Europe were secured by start-up teams including at least one woman, of which only around 5% were all-female start-up teams[3]. A similar picture emerges in our portfolio: as in previous years, the proportion of companies in which at least one female founder is still actively involved stands at just over 17%, whilst the proportion of female founders has stagnated at around 10%[4]. The proportion of female founders in the life science and industrial tech sectors is structurally higher than in ICT and FinTech. The exact breakdown by sector is set out in the appendix.

Greater participation by women at all levels of the VC ecosystem has positive effects in terms of ensuring more equal access to capital – regardless of gender. Fund managers play a key role here as the decision-makers responsible for capital allocation. Diversity begins at partner level, extends to the investment team and to the decision-making and supervisory bodies, and should be embedded in internal processes and structures.

Fund managers can themselves act as role models for internal **diversity** within their own teams and, furthermore, systematically integrate this through fund-related **actions and processes.** In certain areas – such as diversity at partner level and the existence of relevant policies – positive trends are emerging:

Team

Proportion of women at partner level: 16.9%
15.6% (2024), 15.0% (2023)

Funds with at least one woman at partner level: 54.8%
52.8% (2024), 46.3% (2023)

Team diversity: 42.4%
39.9% (2024), 43.6% (2023)

At partner level, a positive trend is continuing. In accordance with Invest Europe's definition, we have only included partners with a stake in the management company and/or formal key individuals within the fund in question.

Actions and processes

Diversity, equity and inclusion (DEI) policy: 75.0%
73.6% (2024), N/A (2023)

Diversity clauses in term sheets: 34.7%
28.0% (2024), 31.9% (2023)

Diversity tracking in the deal flow pipeline: 27.2%
37.0% (2024), N/A (2023)

The DEI policy plays a key role in systematically addressing this issue and is regularly implemented across all sectors. Other formal process considerations have so far only been adopted to a limited extent and do not show any consistent trends.

[1] van Knippenberg, D., De Dreu, C. K., & Homan, A. C. (2004). Work group diversity and group performance: An integrative model and research agenda. Journal of Applied Psychology, 89(6), 1008–1022.
[2] Calder-Wang, S. and P. A. Gompers (2021), 'And the children shall lead: Gender diversity and performance in venture capital', Journal of Financial Economics, 142(1), 1–22.
[3] Source: Dealroom.co; KfW Research
[4] Refers to female founders who are still employed by the company

An important insight: diversity amongst fund managers at partner level is reflected in their own processes and throughout the investment chain within the portfolio.

KFW CAPITAL

As a limited partner, we are involved right at the start of the funding chain and address diversity and employee development at review meetings with fund managers and using the criteria set out in individual programme priorities.

Fund managers (VC funds)

55% of the funds in our portfolio have at least one woman at partner level.

These funds are more likely to implement diversity-related measures in their investment process:

+ 14 pp (percentage points) – existence of a DEI policy (from approx. 68% to approx. 83%)[2]

+ 20 pp – Tracking gender diversity in the deal flow pipeline. This is almost equivalent to double the probability[2]

+ 12 pp – Use of diversity clauses in term sheets[2]

Portfolio companies

Investor characteristics and measures are reflected in the (founder) diversity of the portfolio – also taking into account general company characteristics (size, sector, country)[1].

Fund managers with a DEI policy are 6.9 percentage points more likely to invest in start-up teams with at least one woman[3].

Fund managers who track diversity are 4.6 percentage points more likely to invest in start-up teams with at least one woman[3].

> *Our portfolio fund Future Energy Ventures illustrates the role that VC funds can play in the portfolio and what targeted investment in early-stage companies might look like.*

[1] Further information on the statistical methods can be found on the methodology page in the appendix.
[2] Results of linear regression analyses at fund level for 2024 and 2025, taking into account vintage year, sector (Generalist, ICT, Industrial Tech, Life Science) and strategy (Early, Generalist, Growth). All correlations are statistically significant at the 5% level or higher.
[3] Results of linear regression analyses at portfolio company level for 2024 and 2025, taking into account company size, technology sector and country. All correlations are significant at the 1% level.

CASE STUDY

Early-stage investor Future Energy Ventures demonstrates the role VC funds can play in their own portfolio and what targeted engagement can look like.

The data suggests a trend: diverse teams can achieve better performance

4.7%

Higher success rate
with a 5% increase in diversity (2021)
Success rates for individual deals rise by 4.7% when gender diversity increases by 5%.

Calder-Wang, S. and P. A. Gompers (2021) "And the children shall lead: Gender diversity and performance in venture capital"

2,5×

More revenue per dollar invested in women-owned start-ups
78 vs. 31 cents per dollar

BCG (2018) "Why Women-Owned start-ups Are a Better Bet"

Diversity can drive innovation and long-term value. That's why we promote DEI practices not only in our portfolio companies but also within our own fund management team. This helps us to invest in the best founders, regardless of their background, and provide them with the best possible support as their businesses grow.

We hold ourselves to the same DEI standards that we encourage in the Fund's portfolio companies

56%
of our entire team is female

45%
of our investment team is female

50%
of our managing directors are female

52%
of candidates interviewed over the last two years were female

01/07/2026 Future Energy Ventures

Recruiting
For each position, we consider at least two female candidates or candidates from underrepresented groups. We also recommend this to our portfolio companies.

Investments
For all of the Fund's lead investments, a DEI clause is included in the term sheet to promote diverse hiring and employment practices.

Objective
15% of the portfolio companies in Fund I have at least one female or a non-binary founder. We actively track gender diversity of founders and CEOs across the entire dealflow.

CASE STUDY

A special focus in our work with our portfolio companies is the issue of the "gender pay gap." For us, this means identifying, understanding, and driving solutions.

Average unadjusted gender pay gap (UGPG)

19%
in portfolio companies

Comparable market figures

23%
UGPG in European tech industry[1]

19%
UGPG in German ICT sector[2]

32% **Share of female employees** in portfolio companies

19% **Share of C-level positions** held by women in portfolio companies

[1] Ravio (2026) Compensation Trends Report, [2] Destatis (German Federal Statistical Office), published 2026, covering 2024 data

»A number on a page changes nothing. What changes a company is a board member asking why the gap exists, and what is being done about it.«

Natalie Milde Head of Impact, Future Energy Ventures

The Fund's average unadjusted gender pay gap for our portfolio companies already sits below the benchmark for the European tech sector, and at the same level as Germany's ICT sector. However, if a significant discrepancy in pay emerges at individual companies, this triggers a structured engagement process to identify the underlying causes and potential areas for improvement. The explanatory power of the unadjusted gender pay gap is nonetheless always limited, as it does not account for many factors, such as different hierarchical levels. It is therefore necessary to look more closely. For instance, if 32% of a company's employees are women, but only 19% are in C-level positions, the discrepancy is more likely to be driven by an uneven distribution of women across leadership roles than by unequal pay for the same work.

Engagement Process

Q1 Approach management

Q2 Remind management

Q3 Approach the board

Q4 Remind the board

Determine the cause of the UGPG, model the adjusted gap if possible, and identify solutions where needed.

We escalate to the Board if management does not show substantial efforts to create clarity and drive improvements.

Growth meets decarbonisation

– how early action paves the way for net zero

The path towards decarbonising the economy is a transformative challenge for society as a whole. New industries are emerging; supply chains need to be restructured and business models adapted. Venture capital plays a crucial role in this regard: there is no other point at which business models, technologies and processes are shaped as significantly as during the start-up and growth phases of young companies.

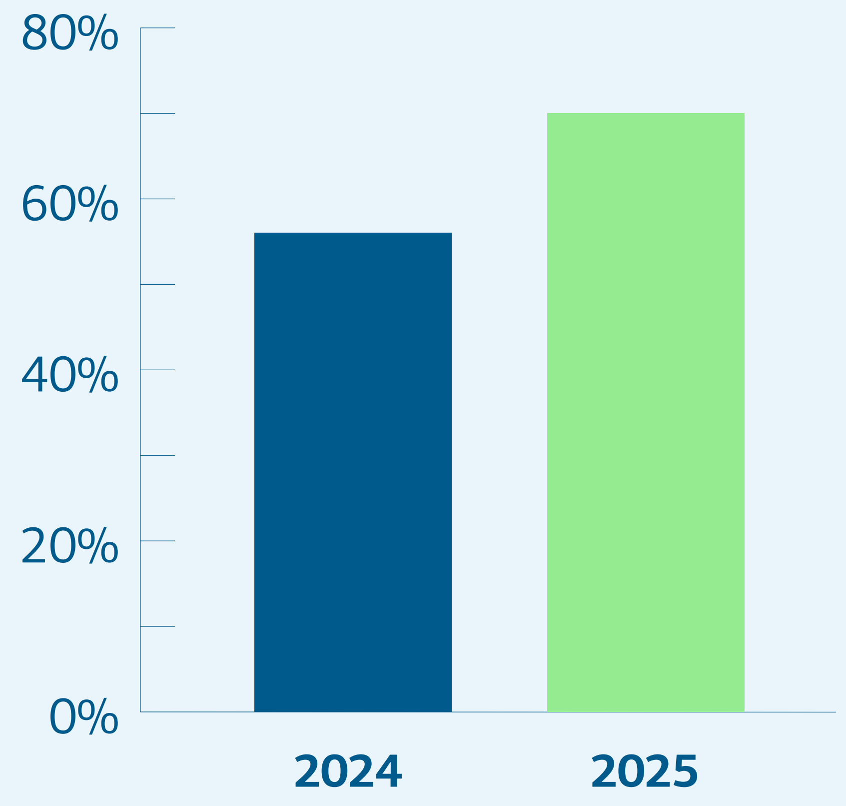
And this is precisely where structural tension can emerge. Growth and decarbonisation are initially based on two different approaches: a business that is being scaled rapidly generally also increases its consumption of resources. At the same time, decisions are made during this phase that shape a company's environmental footprint in the long term. This has far-reaching consequences and is often difficult to reverse later on, or can only be reversed at a considerable cost. As a result, net zero targets in a growth portfolio mean, first and foremost, building up climate expertise at an early stage. Those who recognise early on where emissions, reliance on fossil fuels and climate risks arise can make business decisions that are better equipped to withstand the challenges of the future. Energy and resource efficiency reduces costs, whilst reliable data makes it easier to access capital and meet customer requirements. In this respect, net zero can become a catalyst for long-term value creation. VC funds can provide crucial support to their portfolio companies in this regard. *This is illustrated, amongst other things, by the case study on our portfolio fund Norrsken VC.*

At the same time, the issue of greenhouse gas (GHG) accounting and net zero remains a challenge within the VC ecosystem. In practice, there is often a lack of resources to tackle the topic in a structured manner. Compared with previous years, the proportion of companies reporting greenhouse gas data has fallen slightly. This may be due to reduced regulatory pressure resulting from changes to sustainability reporting. As a result, data availability and quality remain key issues. Free services offer small businesses an accessible way to start collecting relevant data. After all, the first step towards net zero is always to set up a suitable GHG accounting system.

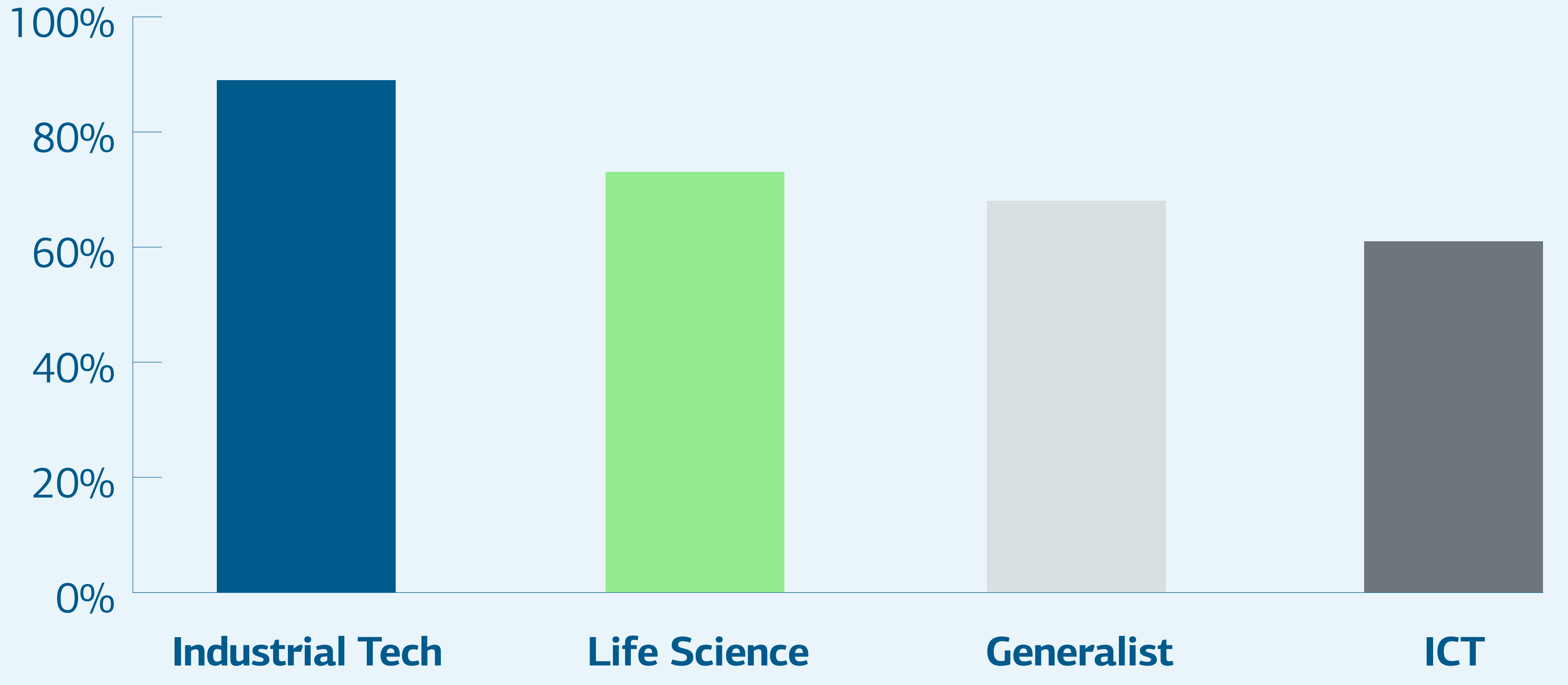
A look at the data shows where KfW Capital's portfolio stands in terms of this particular topic.

VC funds

In 2025, **70% of portfolio funds had a policy on climate risks as part of their investment process.** This represents an increase of 14 percentage points compared with the previous year. Climate risks may be addressed as part of an environmental, ESG or responsible investment policy, or as a stand-alone policy.



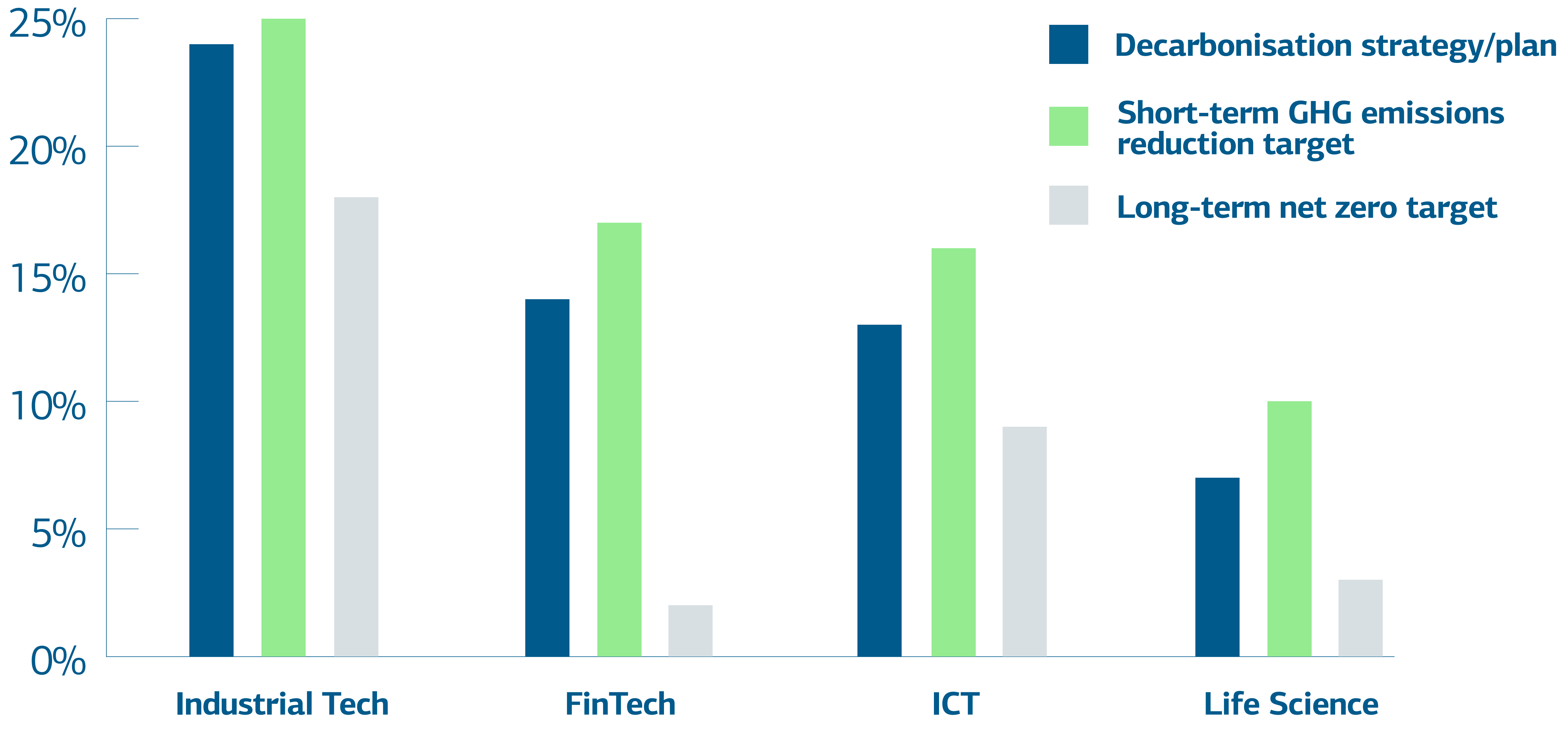
There also appears to be a **link between the fund investment strategy and the existence of a corresponding policy.** VC funds focusing on industrial tech companies are significantly more likely – at 89% – to address climate-related issues as part of a relevant policy than, for example, VC funds with a primary investment focus on the ICT sector (61%). The differences could be attributable, amongst other things, to climate risks being more material in investment strategies that allocate a larger proportion of their portfolio to hardware.



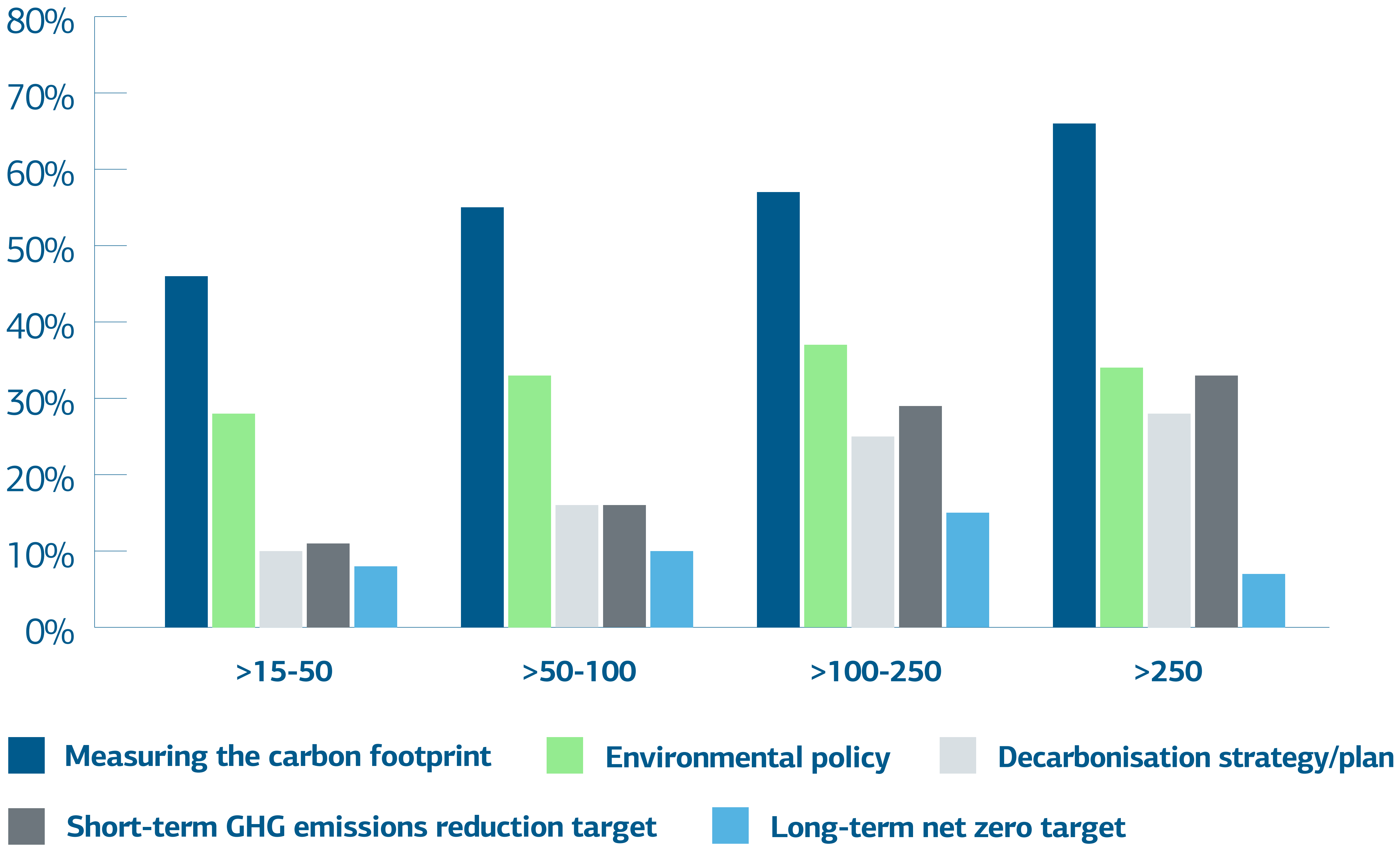
Portfolio companies

A similar picture emerges when looking at the portfolio companies. Decarbonisation strategies and reduction targets are significantly more common amongst companies in the industrial tech sector than amongst start-ups and scale-ups in the life science sector.

The general need to ensure transparency regarding their own emissions and to manage them is significantly greater for companies with physical products, production facilities and the associated energy costs than it is for software companies or life science start-ups that are primarily engaged in research. However, the increasing use of AI across all sectors is driving up energy intensity and the associated costs in many areas – albeit only indirectly in some cases – and could mean that corresponding measures become increasingly relevant in other sectors, too, in the future.



In addition to the sector, the size of a company plays a particularly significant role in determining whether it records data on its emissions or pursues relevant strategies. In almost all five of the measures covered by our reporting, we are seeing an increase in the percentage of coverage within companies as the number of employees rises.



However, before start-ups and scale-ups can set their sights on the long-term goal of net zero – as is the case with large or listed companies – they often focus first on specific steps towards achieving it.

In order to provide, among other things, a suitable framework for venture capital-backed companies, the Climat International initiative and the Private Equity Task Force of the Sustainable Markets Initiative have joined forces with other experts to develop a model that takes account of the specific challenges facing private markets, as described at the outset: The Private Markets Decarbonisation Roadmap (PMDR).

The PMDR is based on an Alignment Scale, which allocates companies' progress towards their decarbonisation ambitions to progressive levels (1–5). Further measures are implemented at each stage. At the same time, the model sets different levels of ambition for early-stage VC-backed companies and those in the growth phase.

The PMDR Alignment Scale

1. Not started
There is no emissions measurement system or reduction plan in place

2. Capturing data
Scope 1, 2 and material Scope 3 emissions are measured

Venture capital
(intended by the PMDR for early-stage VC companies)

3. Preparing to decarbonise
A reduction plan is in place, but it is not geared towards net zero

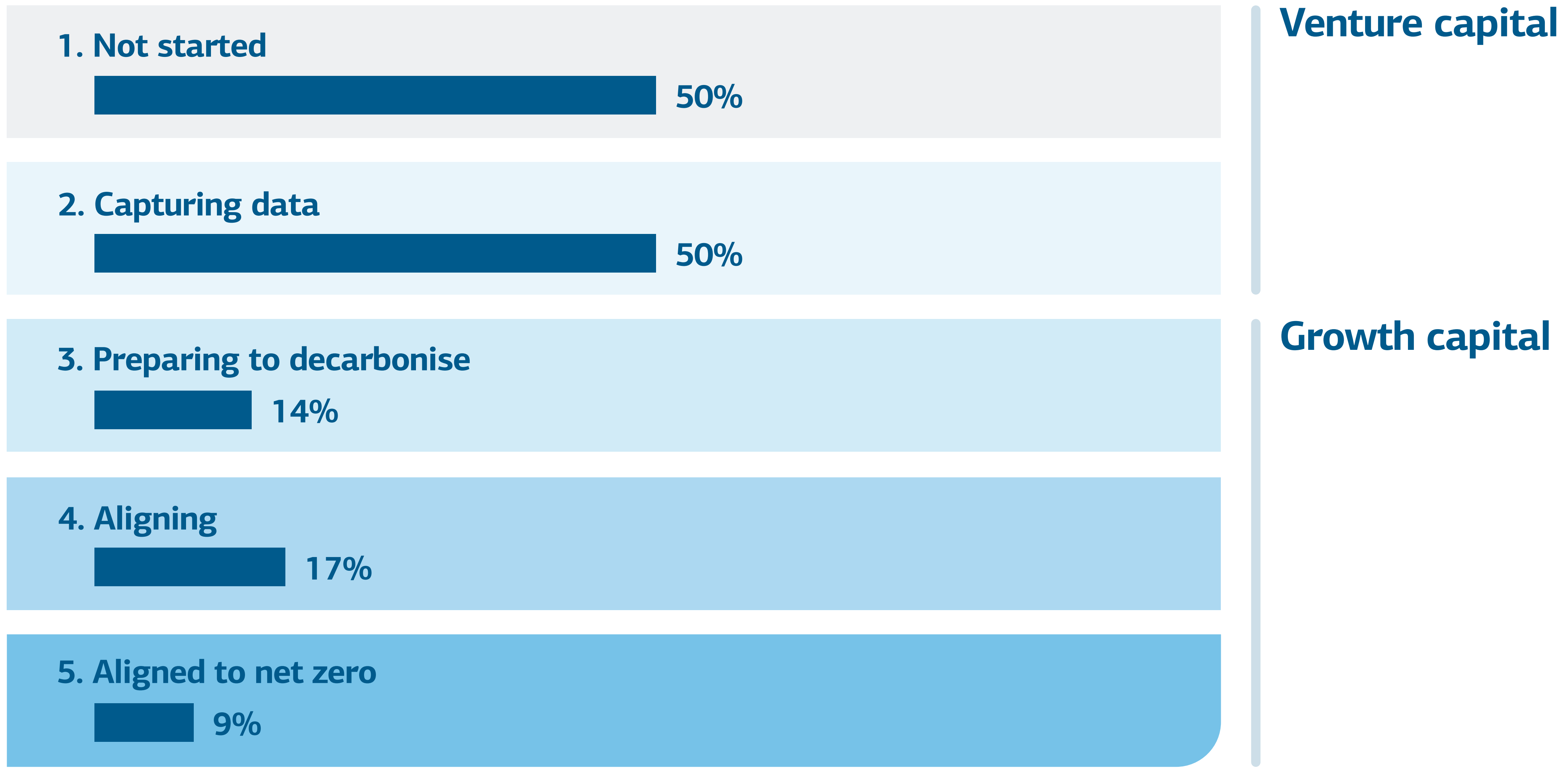
4. Aligning
A short-term, science-based target on a net zero pathway

5. Aligned to Net Zero
Emissions are demonstrably following the net zero pathway

Growth capital
(Further stages (relevant from the growth phase onwards))

The levels of the PMDR Alignment Scale are reflected in the KPIs included in our reporting: four out of the five indicators shown (carbon footprint measurement, decarbonisation strategy/plan, short-term GHG emissions target, long-term net zero target) cover stages 1 to 5 of the scale.[1] The development stage of a start-up or scale-up on its decarbonisation path can therefore be classified based on the PMDR Alignment Scale using our reporting data.

This paints the following picture for our portfolio: around half of the companies have a GHG accounting system in place. Less than 20% of the portfolio is already implementing stage 3 measures or higher. It is, however, important to note that these figures are based on questions asked only of start-ups with more than 15 FTEs. Consequently, particularly young companies have been excluded from the data below.



[1] The KPI for measuring the carbon footprint corresponds to the first two stages of the Alignment Scale: If the carbon footprint is not measured, this corresponds to stage 1 (Not started); if it is measured, this corresponds to stage 2 (Capturing data). The remaining three KPIs correspond to stages 3 to 5 respectively. Although the Environmental Policy, which is also included in the reporting, is an important component of our reporting, it has no equivalent on the PMDR Alignment Scale, which is why it is not included in this classification.

The PMDR Alignment Scale and its recommendations for venture capital and growth capital provide a useful framework for growing start-ups and scale-ups. The framework therefore also provides VC funds with a useful guide regarding the measures that should be initiated depending on the stage of a company's development. The most important course of action, however, remains establishing a robust GHG accounting system within companies. Because it is only by measuring the data that it can be used as a basis for initiating further targeted measures.

> *Our Norrsken VC portfolio fund demonstrates how commitment can work within the portfolio.*

CASE STUDY

Portfolio-driven support at Norrsken VC
– how to approach decarbonisation and net zero as an early-stage company

How have you supported your portfolio with decarbonisation?

»Norrsken VC partnered with sustainability consultants Position Green to launch a structured decarbonisation support programme for our portfolio – combining group workshops on net zero pathways with 1:1 advisory sessions for companies needing more tailored help.«

Norrsken VC is a Stockholm-based impact venture capital fund backing early-stage companies solving some of the world's greatest challenges. We manage SFDR Article 9 funds and work closely with our portfolio on impact, ESG, and sustainability – from reporting to hands-on operational support.

What triggered you to roll out this support?

»The programme was built in direct response to a request from one of our founders. We had been running GHG accounting trainings for several years – to build literacy in the portfolio, meet LP expectations, and strengthen our PAI reporting. But the request which came in for advisory on emissions target setting was more strategic.

»It would be great to get some advisory on the emissions target. The challenge simply is that we are very cautious already about our emissions but at the same time need to grow, travel, etc. It would be great to draft a long-term vision of our target and intermediary target to actively work towards.«

NVC Portfolio company founder

This spoke to a tension we recognised across the portfolio: how do you balance external pressure – especially coming from investors – for fast growth with a genuine commitment to growing responsibly? We saw an opportunity to build something that could help the whole portfolio – not just one company.«

Agate Freimane, Alexander Danielsson, David Frykma, Niklas Adalberth, Tove Larsson, Fabian Erici
Partner at Norrsken VC

CASE STUDY

From one request to a portfolio programme: what we did and what we learnt

SME Climate Hub is a global, freeinitiative. It helps small and medium-sized enterprises(SMEs) measure their greenhouse gas emissions,achieve their climate goals, and adapt toa climate-friendly economy.

› **smeclimatehub.org**

How did you roll this out, and when did you decide to make it available to the whole portfolio?

»We brought in Position Green immediately for a joint call. What became clear early on was that target-setting wasn't the right starting point – the company first needed to get clear on its growth plans, data availability, and what it actually wanted to achieve.

That realization shaped the whole programme. The specific target would always be unique to each company, but the underlying process – mapping emissions sources, understanding reduction levers, navigating methodologies like SBTi – was relevant across the portfolio. We turned this into a workshop open to everyone, with a few hours of 1:1 advisory support available on request for those needing more tailored follow-up.«

What were your main learnings from this?

»We try to adopt a pragmatic approach across the board: we can't customize to every need in a venture portfolio, but we can build programs that resonate broadly. We avoid perfection as a goal – at the early stage we invest in, our most valuable contribution is often to build awareness and readiness, and set companies off on the right path. A few more specific learnings:

Investor-driven support lands best when triggered by the companies themselves – timing matters. Start where companies are, not where you'd like them to be; at an early stage, beginning to think about this at all is already a milestone. And steer toward free tools first – the SME Climate Hub, for example – rather than pushing companies onto expensive platforms before they're ready. Meaningful data beats comprehensive data.«

- *Timing matters – support lands best when companies ask for it themselves*
- *Start where they are, not where you'd like them to be*
- *Free tools first – meaningful data beats comprehensive data*

CASE STUDY

Norrsken VC's broader approach to impact & sustainability support

*»**The net zero programme described in this case study is one example of how we work with our portfolio more broadly.** At Norrsken VC, we structure our impact and sustainability support around four areas – designed to meet companies where they are and build lasting capability rather than one-off compliance.«*

Agnes Bredinger
Chief Impact Officer, Norrsken VC

Building for scale from day one

- Supply chain management and resilience
- AI trust and safety frameworks, to help companies build responsible AI from the ground up
- Sustainability governance, from policies, processes to board-level accountability.
- CO_2 measurement and reduction planning, net zero pathways, and climate risk

Build regulatory advantage

- EU Taxonomy alignment support, third party verified, qualifying companies for a wider pool of capital
- Regulatory awareness and preparedness
- Direct access to policy expertise via our policy team in Norrsken Brussels, right next to the European Parliament

Readiness for growth capital

- Structured impact and sustainability evidence for fundraising processes
- Qualification as 'sustainable investments' under SFDR – unlocking dedicated capital pools
- Grant funding support

Co-investor harmonisation

- Aligned sustainability standards between co-investors, reducing due diligence and reporting friction
- Single digital reporting interface for co-investors
- Norrsken as coordination layer, enhancing harmonisation

GUEST COMMENTARY

Using ESG Data to Unlock Hidden Value in Young Companies

Prof. Ioannis Ioannou
Associate Professor of Strategy and Entrepreneurship, London Business School

A few years ago, sustainability appeared to be securing a permanent place in corporate strategy and capital markets. Investors made public commitments, reporting standards multiplied, and ESG became part of the language of boards and regulators.

Today, that confidence has weakened. Political backlash has intensified, companies speak more cautiously, and sustainability is increasingly folded back into conventional risk management.The deeper concern is that the system has learned to absorb the pressure for change without changing very much. Sustainability remains present in reports, metrics, and corporate language, while its influence over business models and capital allocation quietly declines. Targets become aspirations. Strategic commitments become indicators. Transformation gives way to incremental adjustment.

Part of the problem is that ESG developed an extensive technical infrastructure without building the narrative infrastructure needed to support it. Technical infrastructure gives us standards, indicators, and disclosures. Narrative infrastructure explains what those numbers mean, whose experience they reflect, and how they connect to the purpose and direction of the business. Without that connection, reporting can continue even as both conviction and real impact fade.

Venture capital occupies a distinctive position in this debate. Investors often enter a company while its basic architecture is still taking shape. Choices about governance, hiring, product design, and the treatment of environmental and social effects remain open. At that stage, investors do more than provide capital. They influence the habits, priorities, and assumptions that the company will carry into its next phase.

Young firms may also often possess capabilities that conventional financial indicators struggle to see. I refer to these as trapped competencies: expertise in things like circular design and circular business models, low-carbon operations, inclusive governance, workforce development, or durable stakeholder relationships. These capabilities can create resilience and prepare a company for an economy shaped by ecological constraints and social expectations. Yet they often remain undervalued because markets continue to reward faster growth, lower immediate costs, and familiar measures of performance.

In the current climate, these competencies can be quietly deactivated. The people and knowledge remain inside the firm, but the strategic mandate weakens. A commitment to circularity becomes a side project. Inclusive governance becomes a statement of intent. Climate expertise becomes a reporting function rather than an influence on product development or investment decisions.

ESG data can help prevent this, provided it is used the right way. Its role is to make these capabilities visible while there is still time to develop them. Reporting should reveal how a company is preparing for future regulation, resource constraints, workforce expectations, changing customer demand and broader societal shifts. It should help investors understand whether sustainability is shaping the business itself or sitting alongside it.

This requires a proportionate approach. Early-stage companies should not be expected to reproduce the reporting systems of listed corporations. They do need information that allows founders, funds, and LPs to identify priorities, track development, and confront trade-offs. The value lies in the conversation that follows. Data should shape board discussions, influence incentives, guide milestones, and inform the allocation of follow-on capital.

Narrative infrastructure is equally important. Investors and founders must explain why these capabilities deserve attention and how they contribute to the company's long-term position and sustainable value creation. Otherwise, ESG metrics risk becoming another layer of administration. When evidence is connected to strategy and purpose, it can create the conviction needed to protect capabilities whose value has yet to appear fully in financial results.

The question, therefore, is no longer simply whether a company can scale. Investors must also ask what, exactly, is being scaled. A company can grow rapidly while reproducing the same externalities and vulnerabilities that the green transition is meant to address. It can also scale capabilities that support resilience, regeneration, and broader value creation.

Private capital will help shape which of these paths prevails. By identifying trapped competencies early, giving them strategic authority, and directing capital toward their development, venture investors can become active participants in the green economy transition. Good ESG reporting supports that work when it helps investors see value that the market has yet to recognise.

*»The question, therefore, is no longer simply **whether** a company can scale. Investors must also ask **what, exactly,** is being scaled.«*

Good governance pays off

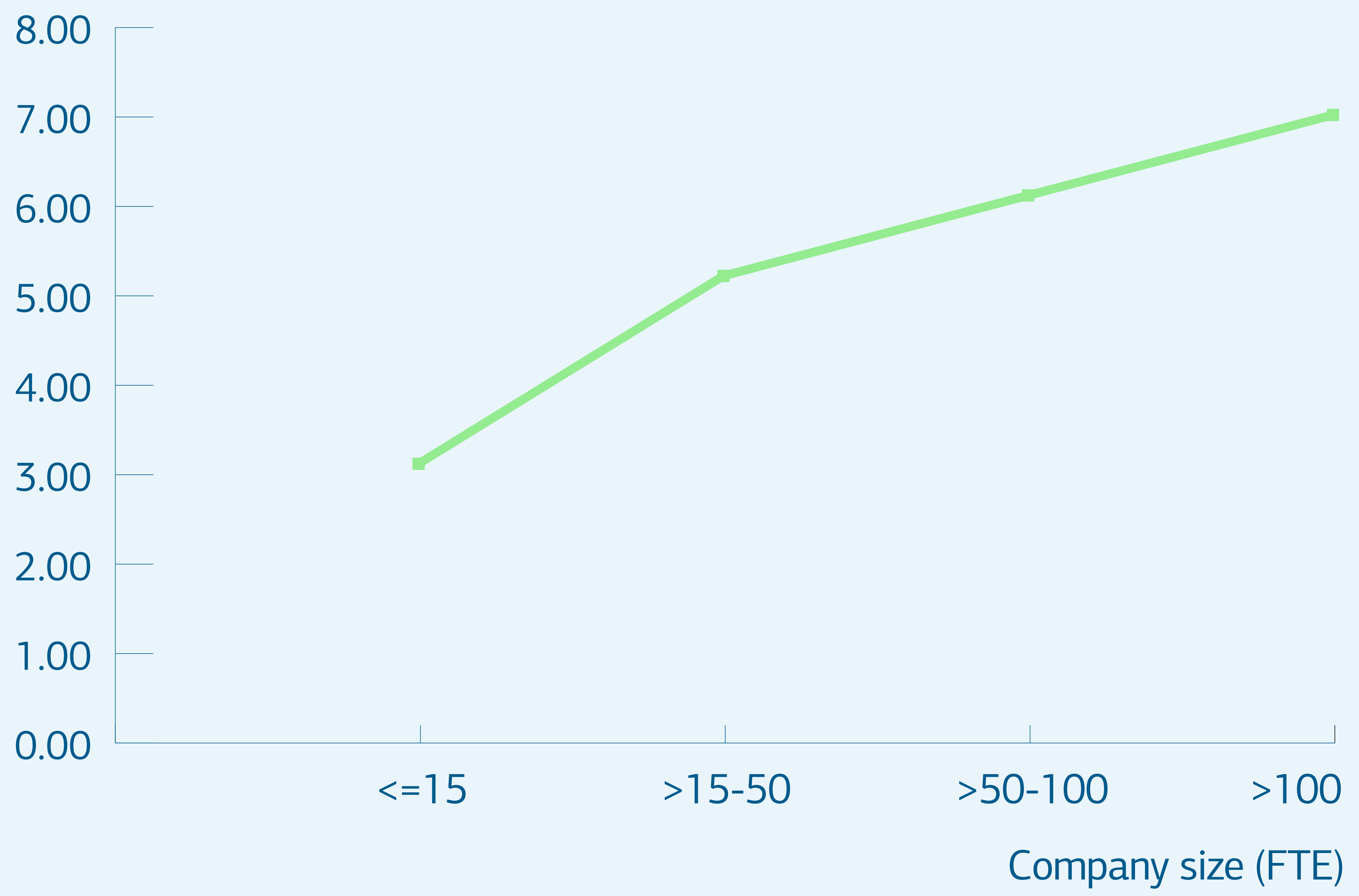
– how sound ESG frameworks can enhance companies' financing success and resilience

In order to unlock the trapped competencies highlighted by Professor Ioannou and generate genuine added value, ESG considerations have to be integrated into the organisation at both a strategic and operational level. Given the limited capacity and competition for resources faced by start-ups, this means setting the right course early on by focusing on key factors. In this context, it remains important to continually reassess the time horizon as the company develops.

Sustainability-related policies reflect a company's formalised approach to relevant ESG issues such as diversity or data protection. A look at our portfolio shows that companies with more than 100 full-time equivalents (FTEs) have, on average, around seven out of the 13 policies included in our survey. As expected, and in line with available market insights[1], companies incorporate sustainability considerations in an increasingly systematic manner as they grow in size.

On the one hand, larger companies have the resources required to formalise appropriate policies. On the other, this trend is also being driven by external pressure arising from regulatory requirements, customer demands or potential exit strategies. Furthermore, additional issues become increasingly relevant as business activities expand geographically and corporate structures become more complex.

Average number of policies by size category



[1] including, amongst others, the European ESG Data Benchmark Revaia and the Invest Europe ESG KPI Report 2024–2026

KFW CAPITAL

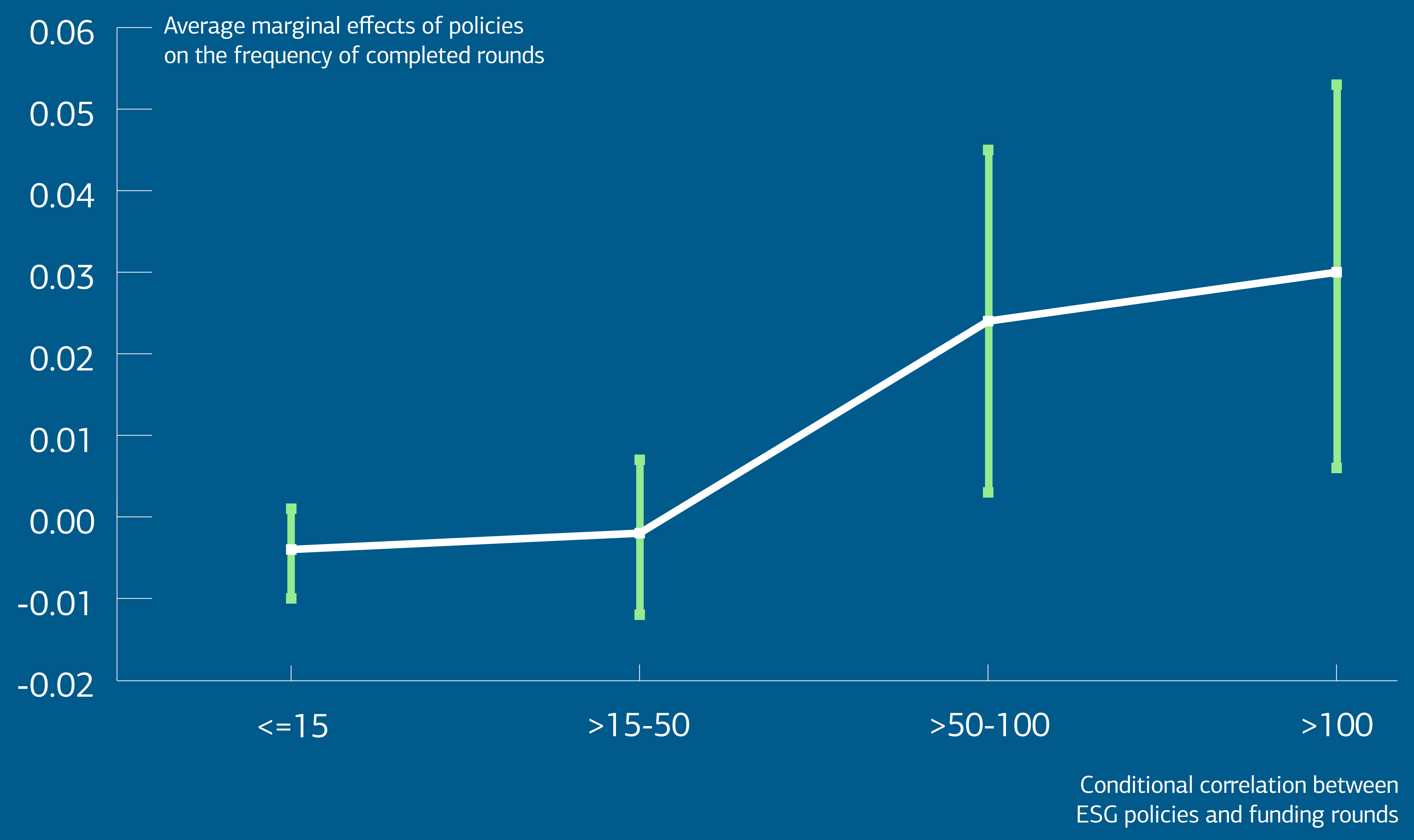
Our data pool enables us, for the first time, to investigate whether sustainability-related activities are measurably linked to factors that represent added value from the company's perspective.

In this analysis, we examine how frequently a company successfully completes funding rounds. Sound ESG governance should enable companies to complete more successful funding rounds. Even though the mere existence of policies within an organisation serves only as a proxy for sustainability-related measures that are actually implemented in practice – and thus for a company's associated ESG maturity – there is a **positive and statistically significant correlation between the number of ESG policies implemented and the number of funding rounds completed.** This only, however, becomes apparent once a company reaches a certain size (see figure on the right)[1]. For companies with more than 100 FTEs, the implementation of an additional policy is associated with a 16% higher number of funding rounds compared with the average for all companies.

The analyses also suggest that, in the case of larger companies, there is a negative correlation between the number of ESG policies implemented and the likelihood of being valued below the original acquisition cost[2]. However, given the relatively short holding period to date for the majority of our portfolio, we are not yet in a position to analyse correlations with other value indicators as variables (e.g. performance or exit success) in sufficient detail. We may do so for future analyses.

The relationship between ESG policies and the number of funding rounds secured depends on the size of the company

Average marginal effects of policies with 95% confidence intervals



[1] Results of a linear regression model in which the number of rounds completed is explained by the number of ESG policies implemented (an indicator ranging from 0 to 13 policies), company size (in FTEs), the year of investment, the sector, and the country in which the company is headquartered. The following model is estimated: *Number of rounds* $= \alpha + \beta \times$ *policies* $+ \gamma \times \ln(FTE) + \delta \times$ (*policies* $\times \ln(FTE)) + \theta$ *year of investment* $+ \vartheta$ *sector* $+ \mu$ *country* $+ \varepsilon$. estimate based on 1,445 companies.

[2] Further information on the analyses relating to funding rounds and negative valuation effects is provided in the appendix: methodology and benchmark

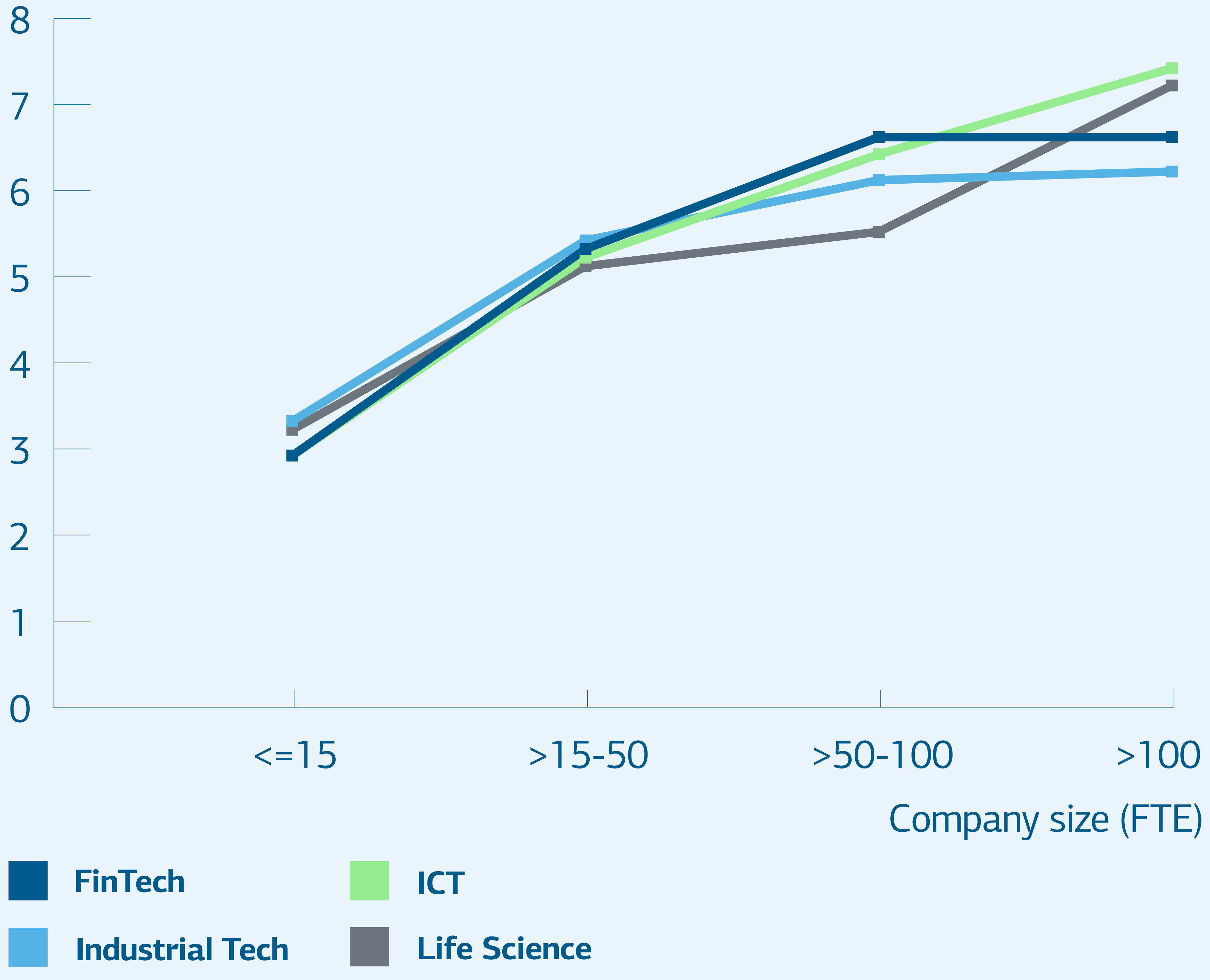
The research shows that a maximum level of ESG activity is not always appropriate at every stage of a start-up or scale-up. Rather, the aim is to gradually prioritise relevant areas and develop expertise, policies and processes in those areas. It is essential to prioritise these matters accordingly. A look at developments within the four sectors we have examined shows that the companies follow a materiality-based and value-added approach when prioritising these issues: whilst conduct-related (particularly Code of Conduct) and DEI-related topics apply to companies across all sectors, there are, in some cases, significant differences specific to individual business models in other areas.

Materiality assessment

What applies to large companies – and is reflected in the CSRD approach to (double) materiality in reporting – is even more crucial for young, fast-growing companies: the identification of material ESG aspects using a materiality assessment in order to identify business-related risks and opportunities.

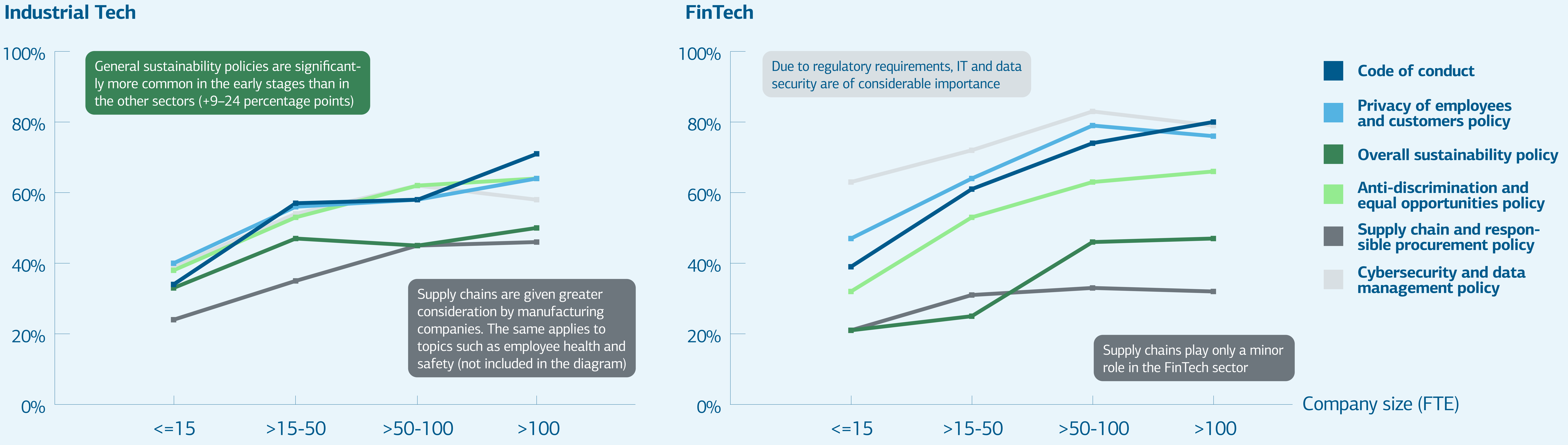
KfW Capital also uses the materiality approach. Back in 2021, we laid the groundwork for identifying relevant issues as part of our due diligence process based on the ESG Heatmap derived from the SASB Materiality Map, which takes into account company size, sector and business model. Further useful resources for VC funds and their portfolio companies can be found, amongst other places, on the websites of Reframe Ventures and ESG_VC.

Average number of policies per sector



The increase in policy coverage as companies grow, which was analysed at the start of this chapter, is also evident when individual sectors are examined – albeit with significant differences. The higher average figures for larger companies in the ICT sector are attributable to both the high and broad coverage of the various policies. In the life science sector, however, they result from a significantly above-average implementation rate (>80%) for key policies, such as (Occupational) Health & Safety, Code of Conduct, Cybersecurity & Data Management.

Interesting patterns are also emerging in the industrial tech sector. In this sector, companies in the early stages have, on average, more policies in place (including a high coverage rate for general ESG policies), but expand their coverage only very selectively at later stages. Whereas IT and data-related policies are implemented to a limited extent, there is a particular focus on policies relating to supply chains and employee safety. The latter highlights the importance of these issues in the manufacturing sector. FinTechs, by contrast, are characterised by the high relevance of digital and data-driven issues – sometimes driven by regulatory requirements, leading to the early adoption of corresponding policies. A full breakdown of individual policies across phases[1] sectors can be found in the appendix.



[1] Company size (in FTEs) is used here as a proxy for a company's development stage. Companies are compared with one another within their respective size categories. This means that sector-specific differences relating to the ratio of FTE to phase are not taken into account.

Inside sustainability management

Three questions for Theresa Bardubitzki

In your first ESG report, you set out your due diligence process in greater detail. Has this changed over the past few years, or has your framework remained the same?

»The framework we developed in 2020 and 2021 continues to form the basis for our assessment, but is also revised at regular intervals to reflect developments in the market. In addition, at the beginning of 2025, we further refined our due diligence process for impact funds. Today, for example, we analyse the aspects of intentionality in the funds' investment activities, as well as the measurement of impact KPIs for portfolio companies, in much greater depth. Furthermore, emerging technologies are also playing an increasingly important role in the VC market. Accordingly, we are in close dialogue with fund managers who, for example, focus on DefenceTech, regarding how responsible investment can be successfully achieved in these areas.«

Since 2022, KfW Capital has been collecting ESG data every year across its entire portfolio. What happens to this data once it has been collected?

»Collecting the data is just the beginning; the real value lies in how it is used. We provide fund managers with benchmarked results on their performance: how does their portfolio compare to the benchmark in terms of governance structures, diversity or staff turnover? We are also increasingly hearing from fund managers that the insights gained from the data are used to inform their own decisions. For example, a fund manager can see whether the majority of companies have not yet given sufficient consideration to the important issue of cyber security. Accordingly, they can take action and call on external expertise where necessary. Internally, too, the results serve as a basis for discussion – both in ongoing monitoring and when assessing new funds.«

Start-ups grow quickly – sustainability has to compete with everything else for scarce resources. How can the right balance be struck?

»It is indeed competing – with cost pressure, speed and limited capacity. This is why at start-ups, ESG does not work as a programme run alongside the business. Viable measures are those that bolster competitiveness and resilience or create value for customers. Sustainability cannot win people over as a mere declaration of intent or a strategy born of regulatory necessity, but has to represent a sound business decision that delivers added value. At the same time, some measures take longer for their benefits to become apparent. This can, however, sometimes lead to conflicting priorities in a rapidly growing company. Nevertheless, our AENU portfolio fund demonstrates, taking the example of its portfolio company Entrix, how a well-structured ESG data framework can offer tangible added value.«

»Sustainability cannot win people over as a mere declaration of intent or a strategy born of regulatory necessity, but has to represent a sound business decision that delivers added value.«

Theresa Bardubitzki
Senior Sustainability Manager, KfW Capital

CASE STUDY

Flexibility as the backbone for a renewable electricity supply

AENU

The expansion of renewable energy is making rapid progress. At times, solar and wind power is generating more electricity than the grids and the electricity market can absorb. If there is no flexibility to reschedule it, cheaper solar and wind power is curtailed and goes to waste. It is **precisely this potential that battery storage systems tap into:** they store surplus green energy and make it available again at times of high demand, rather than relying on fossil fuel-based reserve capacity.

Entrix, Europe's market leader in the commercialisation of flexible energy systems, uses AI to optimise when batteries charge and discharge, making energy storage more cost-effective. As commercially operated storage facilities are being built more quickly, entrepreneurial success and climate impact go hand in hand at Entrix.

Information about Entrix

- **over 3 GW/8.5 GWh** under contract
- **Over 70** battery storage projects
- **Active in 5** European markets

*»**We only invest where sustainability is an integral part of the business model as opposed to an afterthought.** This is the case with Entrix: every battery that can be operated profitably replaces fossil fuel reserves – revenue and emissions avoided are driven by the same factor. The ESG standards that we establish in collaboration with KfW Capital at fund level are applied to the portfolio at an early stage. This means that this advantage remains robust even in the event of rapid growth – specifically where it is put to the test: with investors, industrial clients and in recruitment.«*

Elena Stark
VP Platform & Impact, AENU

CASE STUDY

Value beyond capital

AENU is a Berlin-based VC fund specialising in early-stage start-ups in the fields of energy transition and industrial decarbonisation, which supports its portfolio companies far beyond the aspect of financing alone. Right from the start of its Series A funding round, AENU introduces an impact and ESG maturity framework: a structured maturity approach that builds ESG management and governance in step with commercial growth.

For Entrix, this meant comprehensive ESG management on a scale appropriate to the size of the organisation. All policies and governance processes relevant to a company at this stage were in place at an early stage and could be substantiated – embedded within the strategy and day-to-day operations, rather than being a mere formality. An institutional level of governance was also added. With an impact investor such as AENU on the Board and impact KPIs as a fixed item on the Board's agenda, sustainability was demonstrably managed and monitored at senior management level – a governance standard that institutional investors would otherwise first have to establish.

When the Series B investors assessed the company's ESG readiness using a standardised due diligence questionnaire focusing on ESG operations, policies and governance, this groundwork paid off immediately. As ESG management had grown alongside the company over the years, there was no need to make any retroactive adjustments when faced with the time pressure associated with the funding round, and Entrix was able to answer all questions directly and with supporting evidence based on its existing framework. For the investors, but above all for Entrix, this meant an ESG review that resulted in no additional requirements or delays to the closing process.

Size-appropriate ESG management & policies established early on

>

Standardised Series B due diligence questionnaire

>

Passed without any additional requirements; no delay in the closing process

In March 2026, Entrix completed a EUR 43 million Series B funding round with a consortium of institutional investors.

»As we had established the appropriate ESG policies and governance structures at an early stage with AENU, we were well prepared for the ESG due diligence carried out by our Series B investors. We were able to meet the requirements without any extra workload.«

Steffen Schülzchen
Founder & CEO, Entrix

Taking responsibility.

03

As an institutional investor, we take responsibility beyond our own portfolio.
We provide impetus, set standards and bring key players together. At KfW Capital, we help to develop the ecosystem.

The team takes responsibility

At the end of 2025, KfW Capital had just under 130 staff and students across 11 different teams – and many of them are involved in every investment decision. From investment management through to risk management, legal & compliance and the sustainability team, right through to investment services and portfolio management: it is only through the interplay of all these areas that sound, responsible investment decisions are made possible.

For KfW Capital, however, responsibility does not end with the investment. Many employees actively contribute to our role as market developers: for example, through the “Responsible Investing Training” initiative (by Reframe Venture) that we helped to shape, or the VC-specific training programme launched as part of the WIN initiative in collaboration with the Frankfurt School of Finance and Management. We use these formats, as well as participation in various events and panel discussions, as part of our quest to share knowledge, develop the market, build networks and foster collaboration within the VC ecosystem.

In everything we do, working and having an impact as a team is our key to success.

We want ***to join forces to take responsibility:*** *for KfW and KfW Capital, the VC ecosystem, and Germany as a hub for innovation and business.*

One of the issues that remains highly relevant, and which we encounter in various forms, is the ongoing low level of diversity in the VC market. There are still too few women – both in start-ups and amongst investors. Since 2023, with its **“KfW Capital Fellowship Women in VC”**, KfW Capital has been offering two partial scholarships, each worth EUR 5,000, for the venture capital track of the **“Certified Private Equity Analyst” (CPEA) programme** run by the Technical University of Munich and the German Private Equity and Venture Capital Association (BVK). This fellowship aims to equip more women in the VC ecosystem to take on leadership roles and to promote diversity in a market that has traditionally been male-dominated.

“Certified Private Equity Analyst” (CPEA) programme

BVK and the Technical University of Munich have been offering the **“Certified Private Equity Analyst” (CPEA) programme** as a part of a joint collaboration since 2013. The certified continuing professional development programme, with its **venture capital and private equity tracks,** is aimed at investment managers from all types of investment firms, as well as investment professionals from family offices or institutional investors, and offers comprehensive training for successful activity in the venture capital and private equity markets.

> Find out more about the programme here

Sabrina Senzel, an investment manager at KfW Capital, explains what it means to take responsibility beyond these and similar initiatives.

Inside investment management

Three questions for Sabrina Senzel

What does 'taking responsibility' mean to you?

»As an investment manager at KfW Capital, I see the immense potential that the market offers day in, day out. At the same time, we can see that women and emerging managers often still face structural barriers to advancement. For us, taking responsibility means not merely asking about diversity, but also actively addressing it as part of our due diligence process, listening and working together to break down barriers.«

How can change be achieved in this area?

»As an institutional investor, we can set key standards and provide impetus. We are well aware that we cannot change the market on our own, and that we do not have the perfect answer to every question. Real change can only be achieved through collaboration with our funds, other investors and the ecosystem as a whole.«

Could you give us an example?

»We believe it is important to foster dialogue on an equal footing. That is why, for example, we regularly attend relevant events with our colleagues, share knowledge and make targeted use of formats such as "Office Hours" sessions – for instance at the unlock VC Summit, a conference specifically for women in the VC sector. We are using these approaches to help explicitly reduce barriers to entry for female fund managers.«

*»For us, taking responsibility means not merely asking about **diversity**, but also actively addressing it as part of our due diligence process, listening and working together **to break down barriers**.«*

Sabrina Senzel
Investment Manager, KfW Capital

The unlock VC team

»We don't see inclusion as charity, but an opportunity for serious alpha.«

Sophie Winwood
Co-Founder and CEO of unlock VC

unlock VC

Sophie Winwood, co-founder and CEO of unlock VC, talks about the important work unlock VC has carried out in recent years, alongside organising its annual summit:

Women still experience real barriers in venture capital and closing that gap is exactly why we started unlock VC. We kept seeing how hard it is for women to reach the top of the industry, but we were very aware of how much the whole ecosystem could gain if that changed.

So we built the infrastructure – a community of 1,200+ women in venture capital, working to make senior decision-making positions more achievable: peer support, role models, board training, and collective intelligence sharing. And while we've seen women progress within established funds, increasingly our members aren't waiting for an unequal partner path – they're founding the next generation of funds, diverse from the start.

One of the ways we support this movement is running GP/LP Office Hours and curated sessions at summit, that put female fund managers directly in front of leading LPs like KfW Capital. In these sessions we prioritise a structured, human-first format. VC fundraising is a long game, but several of those introductions have already turned into ongoing relationships, and we expect more to follow.

The bigger shifts are systemic. The European Investment Fund now requests maternity policy disclosure in its due diligence, influenced by our Maternity in VC Report. The British Business Bank increased its commitment to diverse and female fund managers, partly on evidence we gave to a UK select committee.

We don't see inclusion as charity, but an opportunity for serious alpha. And nothing moves that faster than capital flowing into diverse hands. This is why we are so excited to see more organisations like KfW Capital pushing this change forward.

KfW Capital Award

As well as financial resources, networks and discussions on an equal footing, there is one other thing that is important when it comes to empowering more women on their journey through the VC ecosystem: role models. But role models don't emerge overnight. They are people who visibly take responsibility in their work and, in doing so, demonstrate what is possible. It is precisely this visibility that is crucial. It encourages those who have so far been under-represented in the market to forge their own paths. Awards are one of several ways of achieving this visibility.

Since 2022, KfW Capital has been honouring outstanding figures in the VC ecosystem with the KfW Capital Award.

The categories are constantly evolving: the two original categories – Best Female Investor and Best Impact Investor – were followed in 2024 and 2025 by the special awards for Best Emerging Manager and VC Game Changer.

In 2025, the three prizes, each worth EUR 5,000, were awarded to Dr Carolin Gabor (Best Female Investor, Managing Partner at caesar), Miki Yokoyama (Best Impact Investor, Founding Partner at Aurum Impact) and Professor Helmut Schönenberger (Special Prize: VC Game Changer, CEO of UnternehmerTUM).

The 2025 winners

Dr Carolin Gabor
Managing Partner, caesar

Miki Yokoyama
Managing Director & Partner, Aurum Impact

Prof. Dr Helmut Schönenberger
CEO of UnternehmerTUM

Dr Jörg Goschin, Dr Carolin Gabor, Theresa Bardubitzki

Private capital meets impact investing

Interview with Miki Yokoyama and Professor Dr Yvonne Brückner

Last year, we recognised Miki Yokoyama as Best Impact Investor – an investor who effectively combines two key areas: impact investing and the provision of private capital.

Professor Yvonne Brückner from the Frankfurt-based research institute ResFutura is also currently working in a similar field. The institute investigates future strategies for high-net-worth individuals and entrepreneurial families and, on behalf of a number of members of the network, explored how family offices can make targeted, transformation-oriented investments. This conversation with the two reveals what it takes to channel more capital into the ecological and social transformation of our economy:

Professor Dr Yvonne Brückner
Managing Director, ResFutura

What were the driving factors behind the research project, and what questions are you hoping to answer as part of it?

Professor Dr Yvonne Brückner:
»It started out with a series of discussions with family offices that wanted to align their private equity investments more closely with transformation objectives. It soon became clear that, when it comes to VC and PE investments, there has so far been a lack of reliable information on how consistently transformation is actually integrated into investment processes. We aim to create this transparency with our research project, Transforming Performance. We are investigating which factors promote the integration of climate and nature transformation, what financial effects emerge, and how asset owners can better identify transformation-oriented investment companies in the future.«

In an interview with VC magazine last year, you mentioned that you are receiving an increasing number of enquiries from other family offices that are looking to follow a similar path to Aurum Impact. Do you feel that this topic has become more relevant, despite the shifting market sentiment regarding sustainable investments?

Miki Yokoyama:
»Even though the public debate surrounding sustainable investment has changed, we are seeing continued interest amongst family offices in impact-oriented investment strategies. Today, many investors take a more nuanced view of the concept of impact and are

Miki Yokoyama
Managing Director & Partner,
Aurum Impact

Private capital meets impact investing

Interview with Miki Yokoyama and Professor Dr Yvonne Brückner

increasingly questioning their role and their responsibilities – for the long-term viability of the economy, for the resilience of Germany as a business hub and also for our democracy. These are all areas where many solutions fall within the scope of impact investing, such as the expansion of renewable energy, the circular economy, or an efficient and effective healthcare system. And that is precisely what confirms our approach of pursuing impact investing over the long term and with a clear entrepreneurial focus.«

How would you like to support your network in making transformation-oriented investments in the future, and what obstacles do you think still stand in the way?

Professor Dr Yvonne Brückner:

»More and more investors are looking to systematically factor in transformation without losing sight of their return targets. At the same time, there has so far been a lack of reliable information on which approaches are actually effective while also delivering a return commensurate with the risk involved. As a result, we aim to base investment decisions more on evidence than on assumptions. With a scientifically sound pool of data, practical decision-making tools and support for due diligence processes on request, we aim to help distinguish between the capacity for transformation and mere rhetoric regarding transformation.«

What advice would you give to other family offices, and what lessons have you learnt from your first few years?

Miki Yokoyama:

»My most important piece of advice is to think carefully about what you would like to achieve with your assets. Which issues are currently highly relevant, urgent and essential to the long-term viability of the place we live, and which issues do I personally consider interesting and important? This intersection should be taken as the starting point. I strongly advise against blindly following trends, as they tend to pass quickly. It is also crucial to take impact just as seriously as financial performance right from the start, and to allow sufficient time for learning and networking (learning from others), as well as leaving room for mistakes. One of our most important lessons learnt is that impact investing is a long-term endeavour that requires patience and conviction. At the same time, we have found that engaging with other investors is incredibly valuable for sharing experiences, making fewer mistakes and working together to drive the market forward.«

Venture education – knowledge as a lever

Knowledge creates value – as the interview with Miki Yokoyama and Professor Brückner clearly shows: whether private capital finds its way into the venture capital asset class is also a question of understanding. This is why venture education is a stand-alone tool for KfW Capital to ensure that responsibility has an impact within the ecosystem.

Knowledge opens up access to capital: for many private investors, venture capital still remains somewhat elusive. Fund structures, risk profiles and time horizons differ significantly from those of other asset classes. Anyone who understands how this asset class works can make more informed decisions and is more likely to invest. This means that knowledge transfer contributes directly to the mobilisation of private capital.

Knowledge makes companies more valuable: expertise in responsible investment is not simply a compliance issue. Those who identify and address value drivers and risks at an early stage build more resilient businesses, creating long-term value for both investors and the economy as a whole.

Knowledge connects the market: where expertise is shared, networks, common standards and new forms of collaboration emerge. This means that educational programmes also serve as platforms for building the ecosystem – right through to the universities, where the skilled professionals and entrepreneurs of tomorrow first encounter venture capital.

Venture education
Knowledge as a lever

Access to capital
understanding of the asset class lowers the barriers to entry for private investors
in the short term

Corporate value
expertise in responsible investment creates more resilient companies
in the medium term

Market networking
Shared knowledge fosters networks, standards and the next generation
in the long term

Long-term, sustainable value creation
within the VC ecosystem and in Germany as a business location

Formats

VC ACADEMY | RESPONSIBLE INVESTMENT TRAINING | TRAINING PROGRAMMES IN PARTNERSHIP WITH BUSINESS | FELLOWSHIP FOR WOMEN IN VC | UNIVERSITY LECTURES | PANELS AND EVENTS

Venture education – hands-on formats

01

The KfW Capital VC Academy makes the asset class accessible

Since 2022, KfW Capital has been hosting regular events at the KfW Berlin branch. The events are free of charge and open to all stakeholders in the VC market. Throughout the year, the series covers topical issues, ranging from life science to impact investing, and from exit strategies to artificial intelligence; the get-together that follows the event brings the market together. With an ever-growing number of participants, the VC Academy has become an integral part of the ecosystem.

02

Responsible Investing Training has a profound impact

In 2022, KfW Capital designed the training programme in collaboration with Reframe Venture (formerly VentureESG) and the BMW Foundation Herbert Quandt. Today, it has grown into an international initiative, supported jointly by LPs such as the British Business Bank, Invest-NL and StepStone. Since 2022, around 150 fund managers and LPs from around the world have taken part in the training sessions. The topics covered range from due diligence and fund management to portfolio support. The range of courses now also includes training programmes on responsible investment in AI and defence.

However, knowledge is being built up not only in the venture capital market, but also within the KfW Group. For example, the establishment and expansion of a system for measuring the organisation's internal greenhouse gas footprint has enabled many staff members to learn new things together.

Review

KfW Capital VC Academy in July 2025

Achieve greater impact: a boost for VC impact investing

In July 2025, experts exchanged views on the topic of "Impact investing in the VC ecosystem". The agenda included a review of the development of the German impact VC market over the last 20 years, insights into the specific regulatory requirements for impact funds, and the opportunities and challenges facing the battery recycling start-up Cylib.

Making transformation visible: Steps towards 1.5 °C compatibility

Germany is to become climate-neutral by 2045. This objective is enshrined in the country's constitution, the Basic Law, and is consistent with Germany's obligations under the Paris Agreement. This will require far-reaching changes across all sectors of the economy. As the Federal Republic of Germany's public development bank, the KfW Group shoulders a special responsibility in this regard: the projects it finances have an impact on the economy, the environment and society, and can drive forward the transition to climate neutrality. As part of the KfW Group, KfW Capital supports the Group's sustainability objectives.

The KfW Group aims
to reduce greenhouse gas emissions from the Group's financing portfolio to net zero by 2050 at the latest.

The KfW Group aligns its new financing in greenhouse gas-intensive economic sectors – which are governed by sector-specific guidelines – with the objectives set out in the Paris Agreement. The sector guidelines of the KfW Group are aligned with the 1.5 °C target and are based on modelled scientific climate scenarios incorporating assumptions regarding global decarbonisation. Consequently, they are used to actively manage new business in emission-intensive sectors. The guidelines are based on a group-wide GHG accounting system for financed GHG emissions, as well as annual monitoring of emissions trends. More than 99% of the Group's greenhouse gas emissions do not arise from its own operations – such as office buildings or business travel – but from the activities it finances, for example loans, equity investments and project finance. Investment and financing activities therefore offer the greatest potential for climate impact. KfW has already made significant progress in establishing a robust GHG accounting system.

At the same time, challenges remain, as Tobias Baumann, who is responsible for GHG accounting at KfW, explains:

»The KfW Group has now carried out a group-wide assessment of its financed GHG emissions for the second time now. All divisions and KfW subsidiaries contributed to this project. One particular challenge in this context is the diversity of KfW's activities, which is also reflected in its financial portfolio: the KfW Group finances a broad spectrum of projects, ranging from single-family houses and infrastructure projects to loans for small and medium-sized enterprises and venture capital funds. At the same time, each division and subsidiary has a different status quo, its own processes and different data sets. The fact that this diversity could be brought together to form a consistent overall picture was achieved, in particular, through collaboration between the various divisions and KfW subsidiaries in the spirit of "One Bank" – supported by the application of methodological industry standards such as the PCAF standard (Partnership for Carbon Accounting Financials).

The Partnership for Carbon Accounting Financials (PCAF) is a global initiative led by financial institutions. Its "Global Accounting and Reporting Standard" allows financed emissions to be measured and compared consistently: using a methodology for each asset class and a data quality score ranging from 1 (reported, externally audited data) to 5 (modelled average data).

> **carbonaccountingfinancials.com**

Making trans-formation visible: Steps towards 1.5 °C compatibility

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Putting this achievement aside, further challenges remain for KfW's GHG accounting: first, there is the issue of data availability and quality. Around 80% of the Group's total assets are already included in GHG accounting. However, the PCAF data quality score – a scale ranging from 1 (highest data quality, with reported and externally verified emissions data) to 5 (modelled GHG emissions data based on average figures) – currently stands at 4.47. To put the PCAF data quality score into context: around 75% of the financed emissions are still calculated on the basis of estimates, as specific emissions data at company level is not available.

Another challenge is to generate real added value from a growing wealth of data. In line with KfW's vision, emissions data is used not only to fulfil statutory obligations relating to sustainability reporting, but also to monitor KfW's progress towards the 1.5 °C compatibility of its financing.

Furthermore, emissions data offer potential as a strategic tool: based on a robust data foundation, GHG emissions data can be used in risk management as well as in product development and consultancy, whilst unlocking business potential. To do this, the data needs to be processed accordingly and made available. This is why GHG accounting is firmly established at KfW as an ongoing task, with clearly defined roles and responsibilities across the divisions and subsidiaries. In the long term, the mere measurement of emissions could also provide feedback relevant to the management of KfW's sector guidelines, on the basis of which the KfW Group – and, with it, KfW Capital – aligns its financing with the objectives of the 1.5 °C pathway and greenhouse gas neutrality.«

Tobias Baumann
Responsible for GHG Accounting at KfW

For KfW, transparency regarding GHG emissions is a key factor in enabling it to fulfil its transformation mandate effectively. The economic impact of climate change – ranging from physical damage caused by extreme weather events or resulting supply chain disruptions to heat-related production losses and rising costs – makes it clear that climate action is, not least, an economic necessity. GHG accounting provides the basis for identifying environmental and economic risks at an early stage and for supporting the transition to a sustainable economy.

> *You can find more information on GHG accounting on the KfW Group Sustainability Portal.*

Our perspective for the future

Eight years of KfW Capital, five years of ESG integration, two ESG reports: what began in 2021 with our own framework and the report “Growing the Seeds of ESG” is now an integral part of how we work. Since 2022, we have been systematically collecting data from our portfolio funds and their portfolio companies. For us, the integration of ESG criteria is not merely a regulatory requirement, but also the foundation for sustainable and resilient business models.

The ESG Report for the 2023 financial year was our first comprehensive assessment of the status quo. The key finding was that the issue has gained traction in the venture capital market and has been incorporated into policies, exclusion criteria and due diligence processes. The extent to which it actually influences decisions, however, varies greatly. The real work lies somewhere between formal establishment and practical implementation. At the same time, it became clear that our own role goes beyond simply providing capital. **We help shape the market, share knowledge and strengthen networks. We have devoted a specific section of this year’s report to this dual role.** KfW Research provided us with support for the analyses in this second report. Together, we analysed the data set and were able to gain deeper insights compared with the first report; this is an example of how the “One-Bank” approach works in practice within the KfW Group. Above all, however, it has become clear just how much potential lies within the data – potential that we intend to unlock step by step over the coming years.

In addition to the more in-depth analysis of the ESG data collected, which we intend to continue pursuing in the future, we would like to focus more closely on two areas, in particular, in the years that lie ahead:

01 Responsible investment

is a topic that we want to drive forward in the areas where the challenges are the greatest, namely in frontier technologies. Together with other investors and the wider ecosystem, we would like, for example, to develop frameworks on topics such as “Responsible Investment in Defence” that are effective in practice. This is because the financing of these technologies is becoming increasingly relevant within the ecosystem, but it also requires all investors to adopt new approaches in order to ensure a responsible framework.

02 Integrating venture-capital-backed companies more closely with small and medium-sized enterprises

Other countries have more mature VC ecosystems, but none of them has a SME sector like Germany’s. This link is crucial to the sustainability transition. Many of the technologies that small and medium-sized enterprises need for decarbonisation, efficiency and resilient supply chains are emerging in today’s start-ups. However, they only really come into their own when used on an industrial scale. Bringing together the innovative strength of start-ups with industrial expertise holds considerable potential for Germany as a business location and is, for us, one of the key tasks on our agenda for the next few years. Responsibility makes a difference: in the investment process, in the ecosystem and within our own organisation. We can only shape this development by working closely with fund managers, founders, investors, policymakers, associations, the academic community and KfW.

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The ESG Report contains some forward-looking statements, which include assumptions and expectations. These statements are based on the planning, assessments and forecasts made by KfW Capital management at the time the ESG Report was prepared. Forward-looking statements are therefore only valid on the day they were made. By their very nature, these statements are subject to risks and uncertainties that may lead to material differences between actual results, valuations or developments and those expressed or implied in these statements. KfW assumes no obligation to update such statements in light of new information or future developments.

Published on 15 September 2026

Appendix: further metrics and trends

Figures and data show how responsibility is put into practice.
The appendix provides a clear overview of the areas in which ESG measures have already been implemented, where progress is measurable, and where further action is required.

Making progress measurable

ESG data enables companies to assess their current position and set priorities that will support them as they move towards sustainable growth. By providing the VC market with anonymised and aggregated ESG information, we aim to improve access to reliable data across the board – offering both investors and companies a basis for tracking and implementing measurable progress.

Ever since we began collecting ESG data, we have strived to improve it continuously. In particular, we are actively involved in harmonising ESG reporting in collaboration with our ecosystem partners as part of the Invest Europe Reporting Framework. As part of this partnership, we are working to overcome the limitations associated with individual data collection (such as limited comparability in terms of geographical coverage, market segments or time series) while reducing the reporting burden on fund managers and portfolio companies alike.

The current Invest Europe reporting template covers key KPIs at three levels: fund managers, funds and portfolio companies. Data is collected at all levels on a best-effort basis. Mirroring the growth of our portfolio, our ESG database now covers an increasingly large sample of market participants. For the current reporting year, 2025, the data covers **84 reporting fund managers, 131 funds and around 1,950 portfolio companies.**

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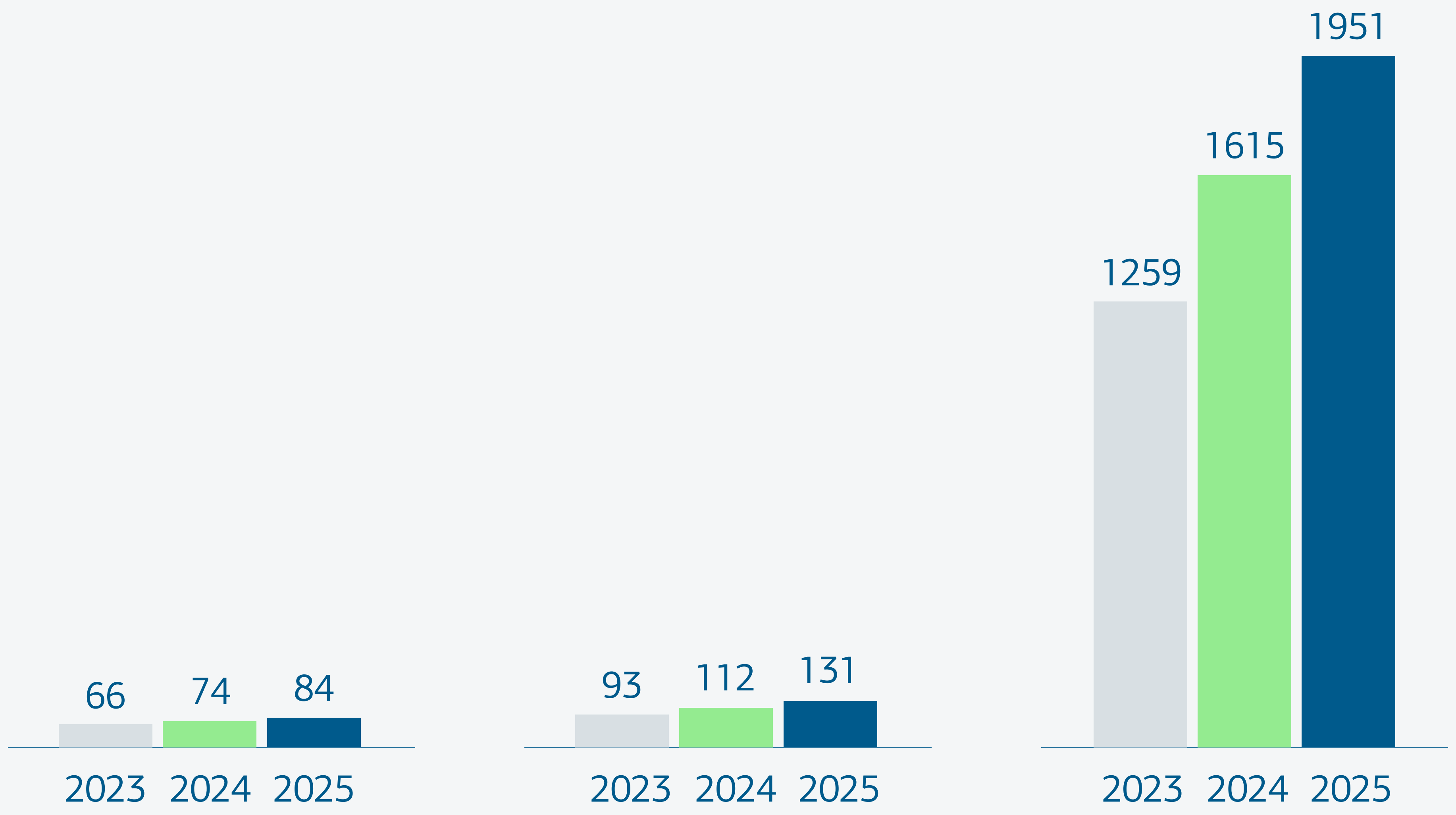
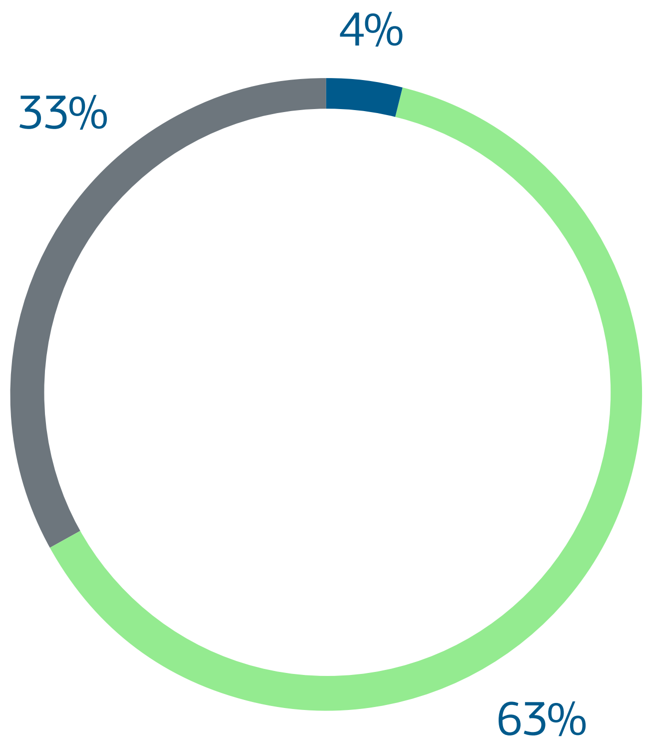
Number of reporting entities



As data coverage increases, so too do the opportunities to arrive at data-driven insights. Building on our first ESG report for 2023, this report examines how ESG practices have evolved over time, outlines current trends and highlights which ESG-related activities have become established market practice. The report also aims to provide initial insights into key links between ESG activities. **As with any empirical study, the analyses carried out in this report are, of course, subject to certain limitations, which have to be clearly stated:**

Although we carry out data quality checks and work with our stakeholders to continuously improve data quality as a joint effort, we cannot guarantee the accuracy of the individual data points provided to us.

Furthermore, not all ESG issues are of central importance to all portfolio companies, and, as outlined in the report, materiality can vary significantly depending on the sector, business model and stage of growth. At company level, the reporting template therefore sets out different reporting requirements for small companies (< 15 full-time equivalents, FTEs), for which only a minimum set of KPIs is required, as well as for medium-sized (15 to 250 full-time equivalents, FTEs) and larger enterprises (>250 full-time equivalents, FTEs). The full scope of the KPIs collected for each reporting requirement is set out in the Invest Europe ESG Reporting Template.



Proportion of portfolio companies by reporting level in 2025, as a percentage

Full (>250 FTE)
Intermediate (15–250 FTE)
Minimum (<15 FTE)

Given the considerable importance of materiality in ESG-related activities, certain aspects can only be meaningfully analysed for a subset of the data. When it comes to specific analytical questions, this quickly results in very small sample sizes, even with our current data. This meant that, to some extent, companies had to be grouped into broader size clusters. On the other hand, however, it also highlights that the scope for deriving data-driven insights will increase significantly as the portfolio covered by the report continues to grow over time.

We are also currently subject to certain restrictions when it comes to analyses over time. The individual KPIs in the Invest Europe ESG Reporting Template have been revised and optimised over recent years on the basis of user feedback. Consequently, for many indicators, consistent measurement data can only be provided for the past two years (2024 and 2025). This already provides an initial data set for identifying short-term trends; however, the scope is still too limited to allow for an in-depth analysis of long-term developments or cause-and-effect relationships. Finally, another key issue concerns the interpretation of the analyses. These demonstrate statistical correlations between ESG activities and other measurable fund and company characteristics. These findings do not, however, allow for any direct conclusions to be drawn regarding a causal relationship. For example, we can see that funds with a DEI policy are more likely to invest in companies led by women. This does not, however, necessarily mean that the DEI policy itself is the reason for building a more diverse portfolio. Other factors – such as industry sector or diversity within certain market segments – can also influence both variables at the same time.

In order to take factors like these into account as far as possible, we use multivariate regression models at key stages of the analysis. This allows us to isolate the relevant correlation from other influencing factors (such as vintage, sector and investment strategy at fund level). Nevertheless, other unobserved factors that distort the result are impossible to rule out entirely.

Despite the limitations mentioned above, we consider ESG data to be an asset that will become increasingly valuable over time. The regression analyses and examination of trends over time are already yielding statistically more robust results this year. For example, we were able to demonstrate statistical significance this year for the correlation observed in 2023 between the use of diversity clauses and diversity amongst a fund's partners (see p. 18). As our portfolio grows and the companies included in it become more mature, the opportunities for analysing the data and, as a result, generating actionable insights are set to expand, for example through the analysis of ESG activities within companies over time as part of event studies.

A selection of detailed data tables which form the basis for the analyses presented in the report is set out below. These include overviews of relevant regulatory frameworks, guidelines, diversity and environmental considerations at the level of fund managers and portfolio companies. At fund level, we examine the contractual requirements and the funds' ESG-related commitments. Where possible, we also always show how this data compares over time.

Fund managers

Offsetting GHG emissions

In terms of the total number of fund managers who reported offsetting >0; missing values are counted as 'not offset'

Standards and frameworks

> Proportion saying 'yes' (in %)

	2024	2025
Fund managers who use sustainability-related reporting standards or frameworks	49%	57%
Of these, the most common standards and frameworks are: *In terms of the number of fund managers who use the reporting standards or frameworks*		
TCFD (Task Force on Climate-related Financial Disclosures)	11%	19%
GRI (Global Reporting Initiative)	17%	16%
SASB Standards	28%	29%

Other (frequently) mentioned initiatives:

- GHG Protocol
- B Corp certification
- Project Frame

Note: The percentages are expressed in terms of the number of fund managers who responded (between 41 and 83)

Memberships of sustainability initiatives

> Proportion saying 'yes' (in %)

	2024	2025
Fund managers who are members of, or participants in, sustainability-related initiatives	70%	73%
of which the most common initiatives are: *In terms of the number of fund managers who are members of, or participate in, initiatives*		
PRI (Principles for Responsible Investment)	55%	63%
iCI (initiative Climat International)	8%	10%

Other (frequently) mentioned initiatives:

- Leaders for Climate Action
- Reframe Venture
- ImpactVC

Note: The percentages are expressed in terms of the number of fund managers who responded (between 48 and 83)

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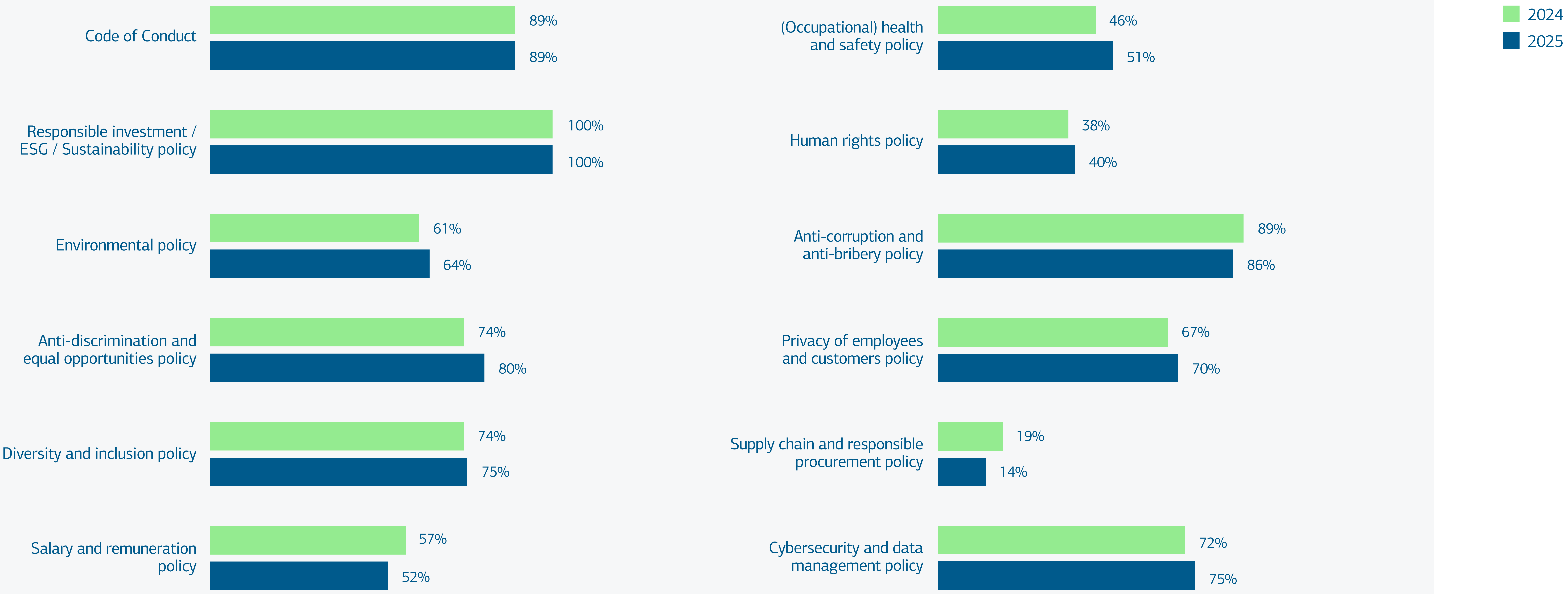
Fund managers

Sustainability-related policies > Proportion saying 'yes' (in %)



Note: The percentages are expressed in terms of the number of fund managers who responded (between 72 and 83)

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Fund managers

Environment > Proportion saying 'yes' (in %)

	2024	2025
Calculation of GHG emissions	85%	85%
Offsetting GHG emissions *In terms of the total number of fund managers who reported offsetting >0; missing values are counted as 'not offset'*	43%	46%
GHG emission reduction target *In terms of the number of fund managers who calculate GHG emissions*	–	18%
Implementation of an Environmental Management System (EMS)	24%	22%

Note: The percentages are expressed in terms of the number of fund managers who responded (between 59 and 84)

Diversity > Proportion of women saying 'yes' (in %)

	2024	2025
Staff (FTEs)	40%	42%
Partners *In line with Invest Europe, we only count partners who hold a stake in the management company and/or who are classified as key personnel of the fund in question*	16%	17%

Note: The percentages are expressed in terms of the number of fund managers who responded (between 71 and 82)

	2024	2025
Proportion of funds with at least one woman at partner level	53%	55%

Note: Applies to all funds

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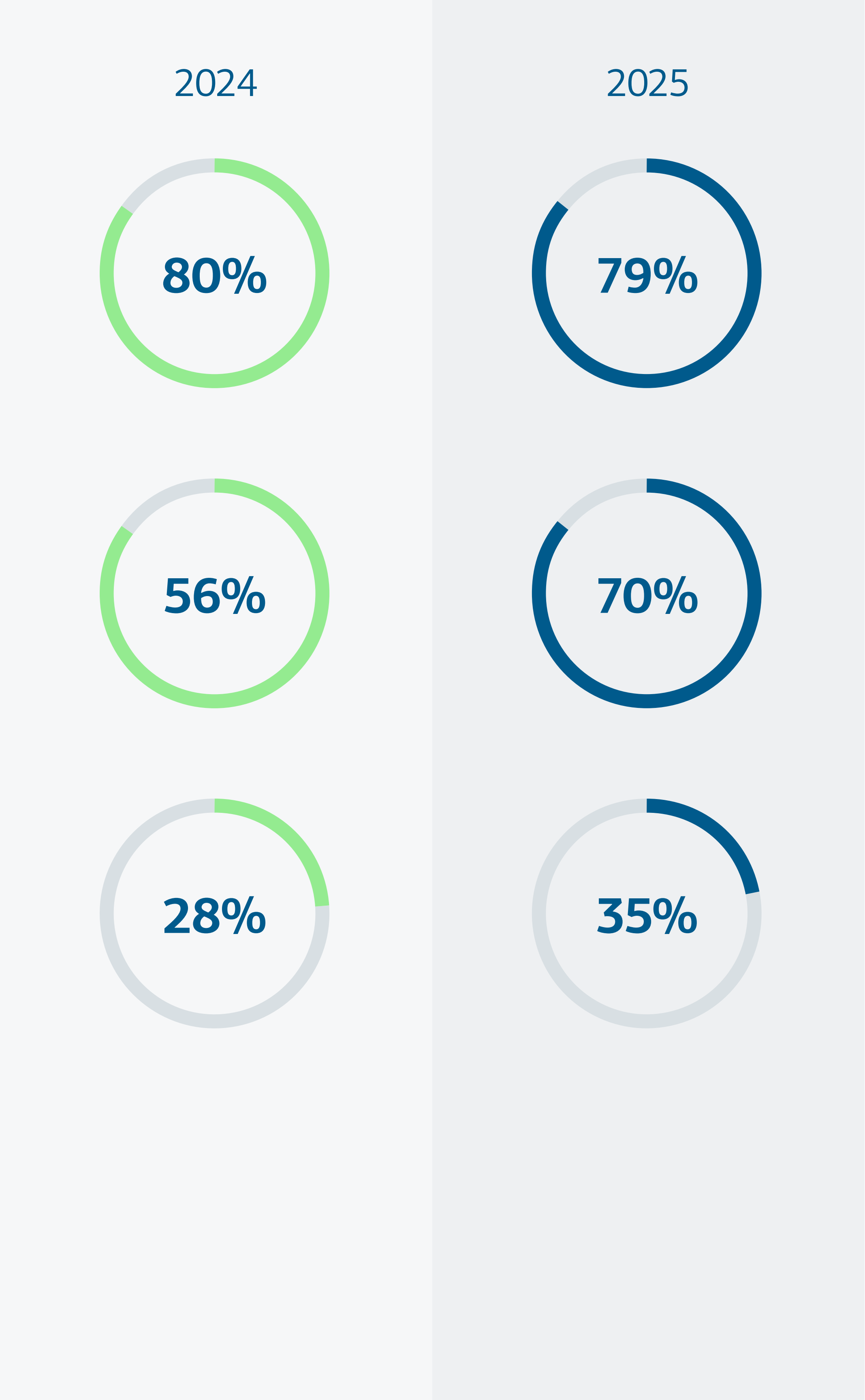
Fund level

Contractual requirements and guidelines
> Proportion saying ‘yes’ (in %)

Funds with contractual provisions requiring portfolio companies to adhere to ESG commitments

Funds with a policy on managing climate risks throughout the investment cycle

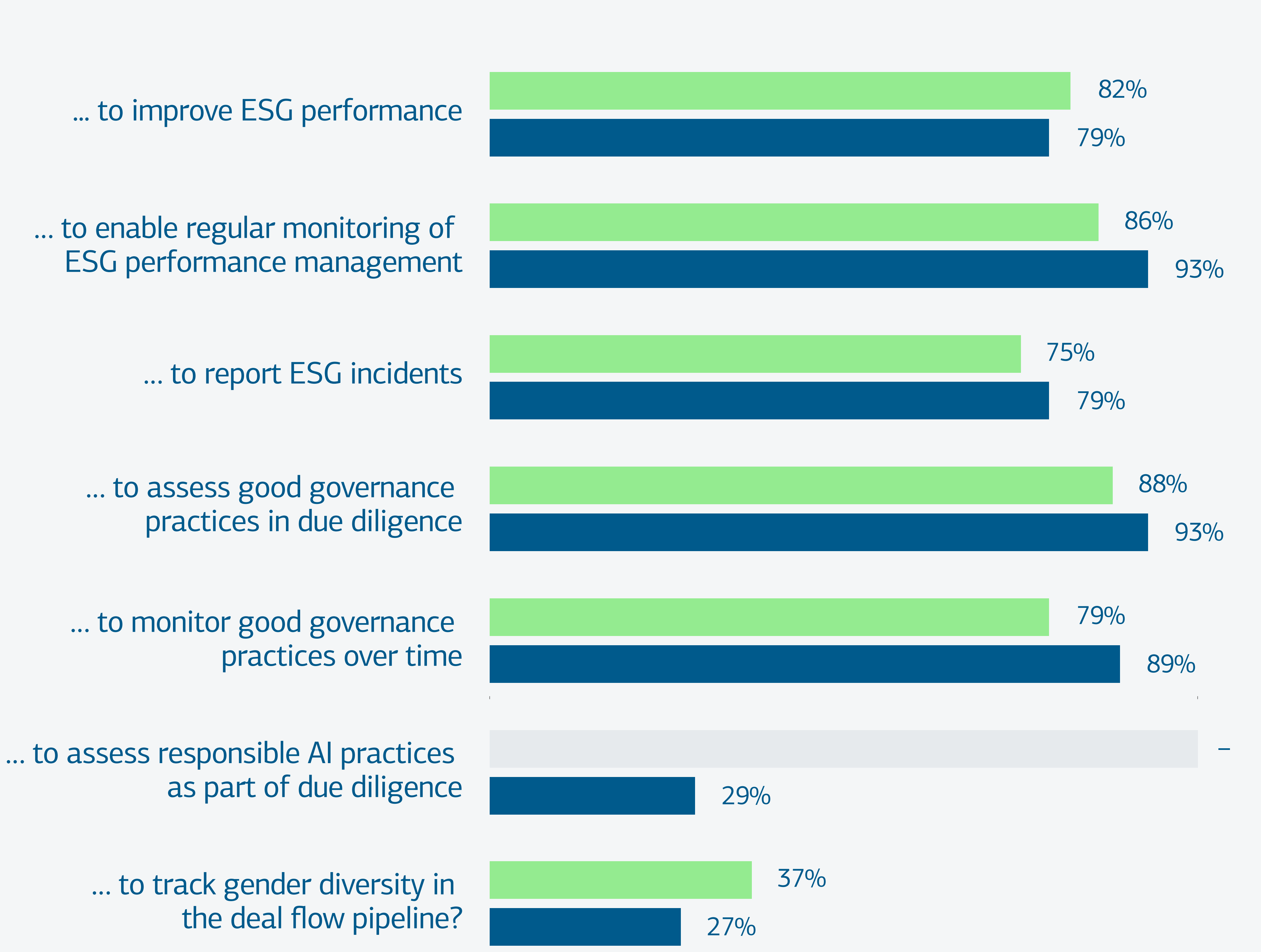
Funds that make use of diversity clauses in term sheets or shareholder agreements



Note: The percentages are based on the number of funds that responded (between 100 and 129)

ESG-related measures > Proportion saying ‘yes’ (in %)

Funds with portfolio-related actions/processes...

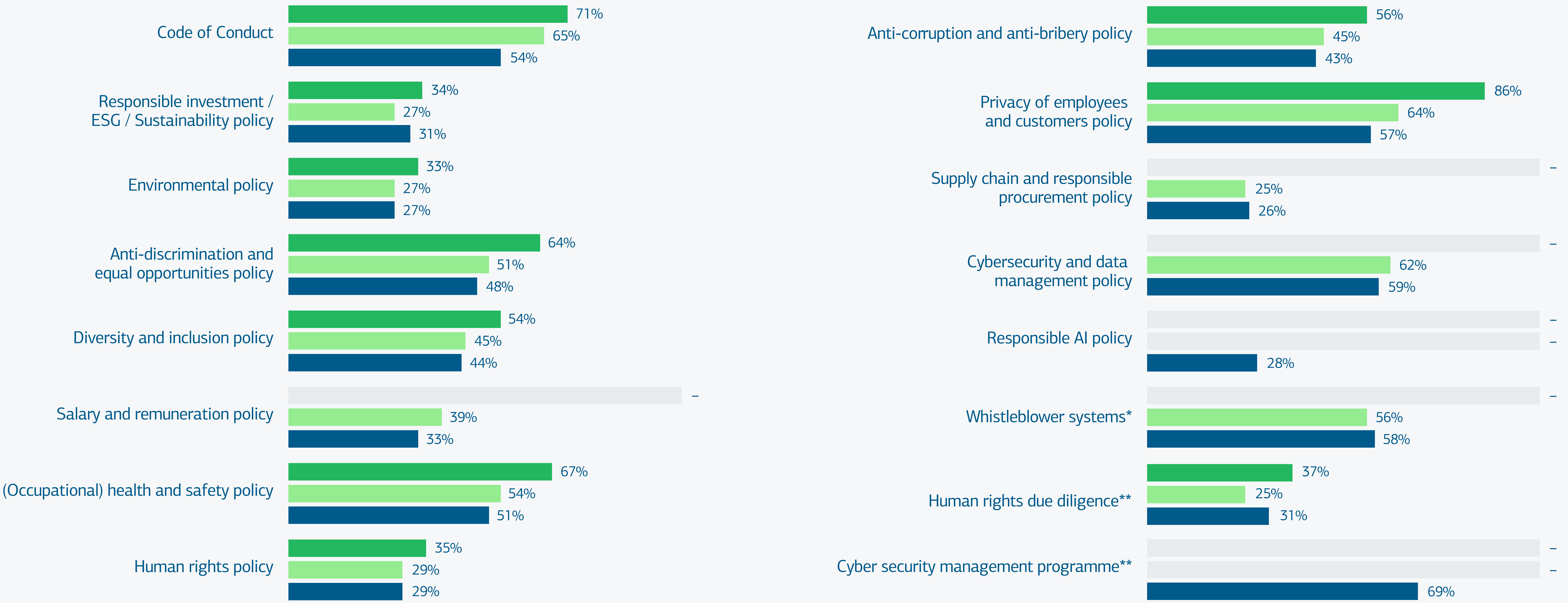


Tracking gender diversity in the deal flow pipeline:
This refers to the systematic collection and analysis of diversity indicators (primarily gender) at every stage in the deal flow – from incoming pitches through initial due diligence to investment decisions. The aim is to provide transparency regarding potential biases – for example, whether certain groups are filtered out at an early stage in the process – and, building on this, to identify measures to make the deal flow more inclusive. We have noted that some funds have revised their data compared with the previous year. However, the decline in the tracking of gender diversity may also be attributable to a higher reporting coverage rate as well as to general fluctuations.

Note: The percentages are based on the number of funds that responded (between 110 and 129)

Portfolio companies

Sustainability-related policies > Proportion saying ‘yes’ (in %)



2023*** 2024 2025

* from intermediate level upwards (N = 800–1042)
** full level only (N = 30–75)
*** In 2023, policies were only queried from the ‘intermediate’ level upwards

Note: The percentages refer to the number of companies that responded (between 504 and 1,627)

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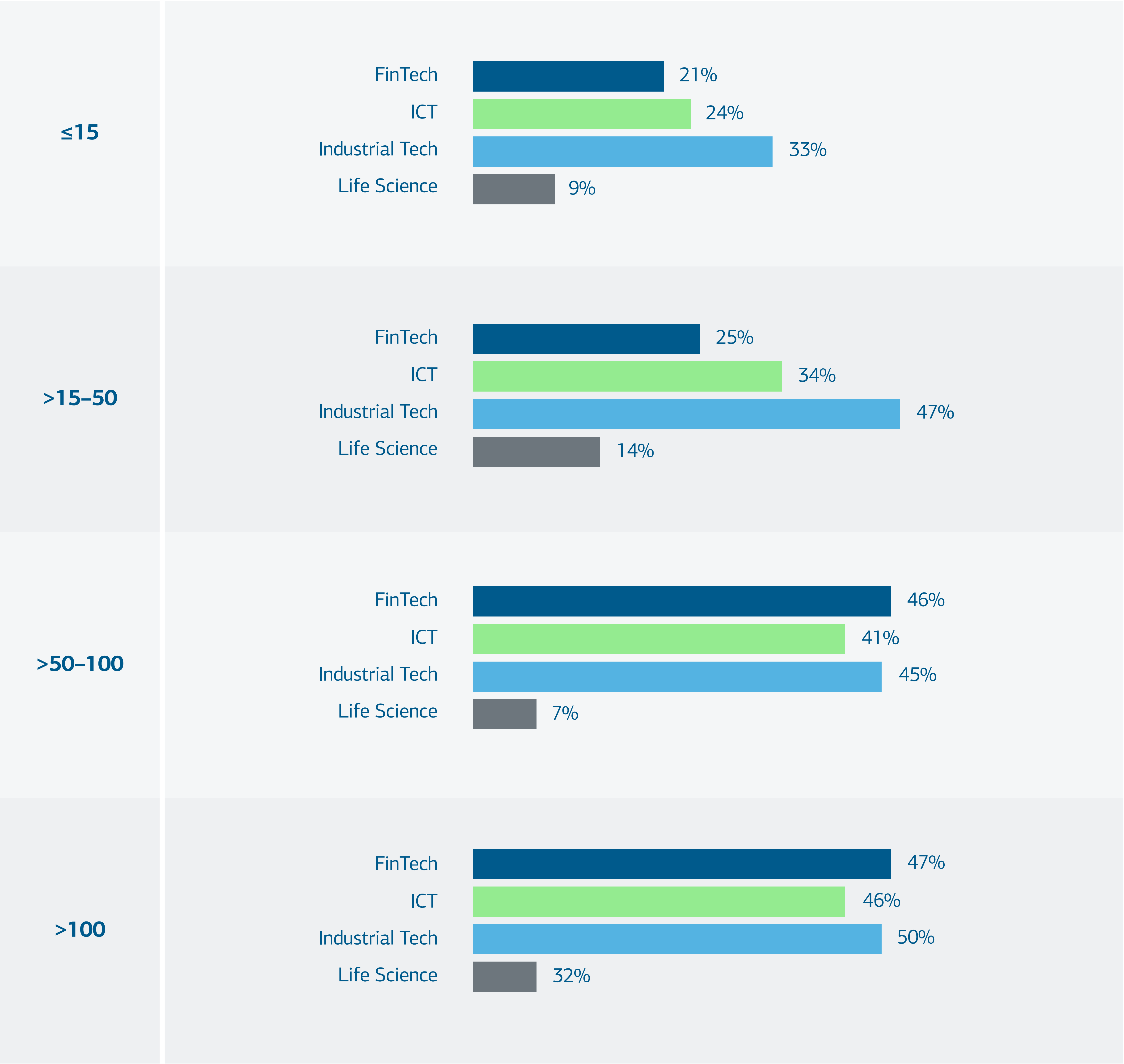
Portfolio companies

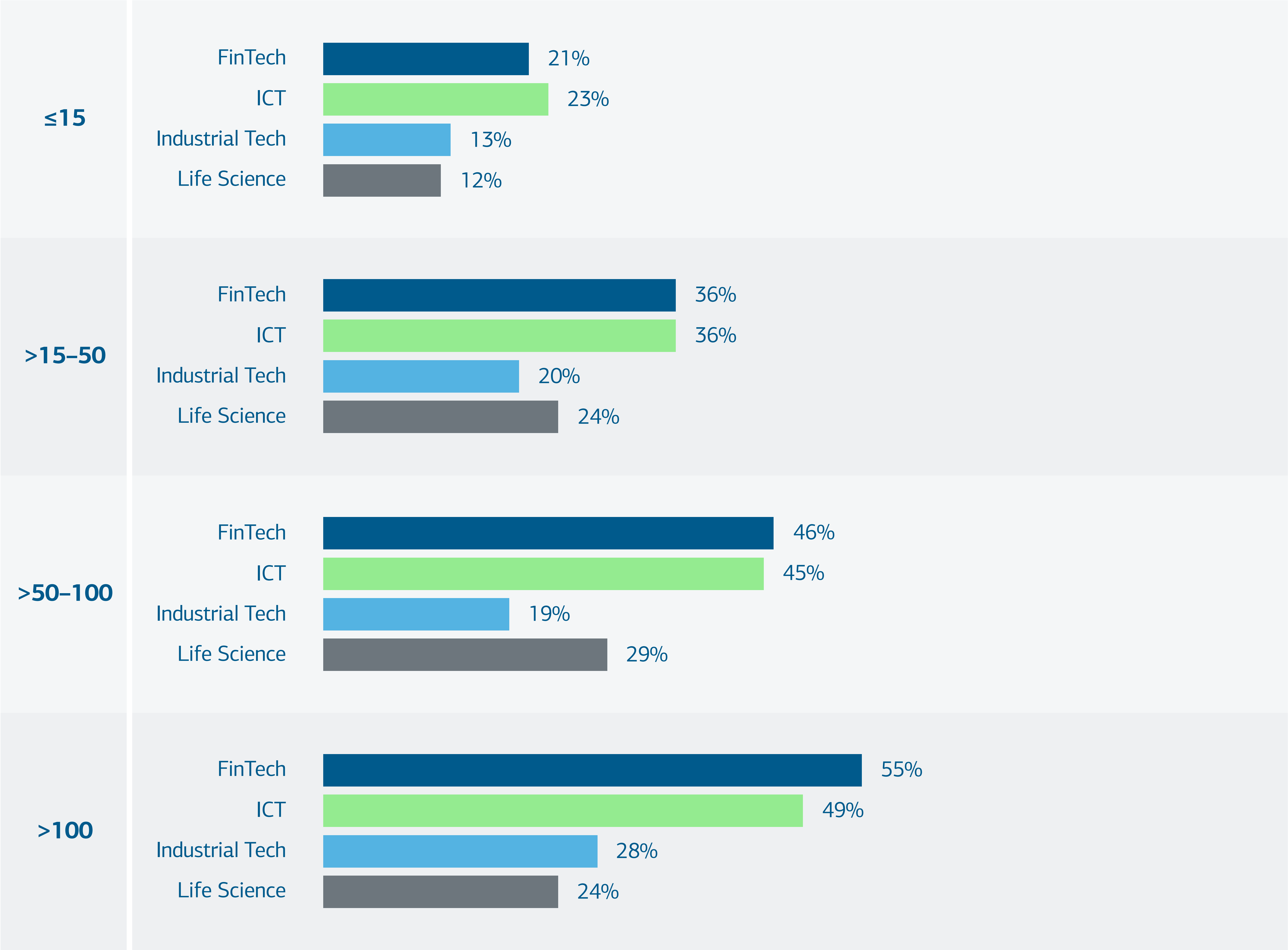
Overall sustainability policy

> Share with the relevant policy by company size (FTE) and sector

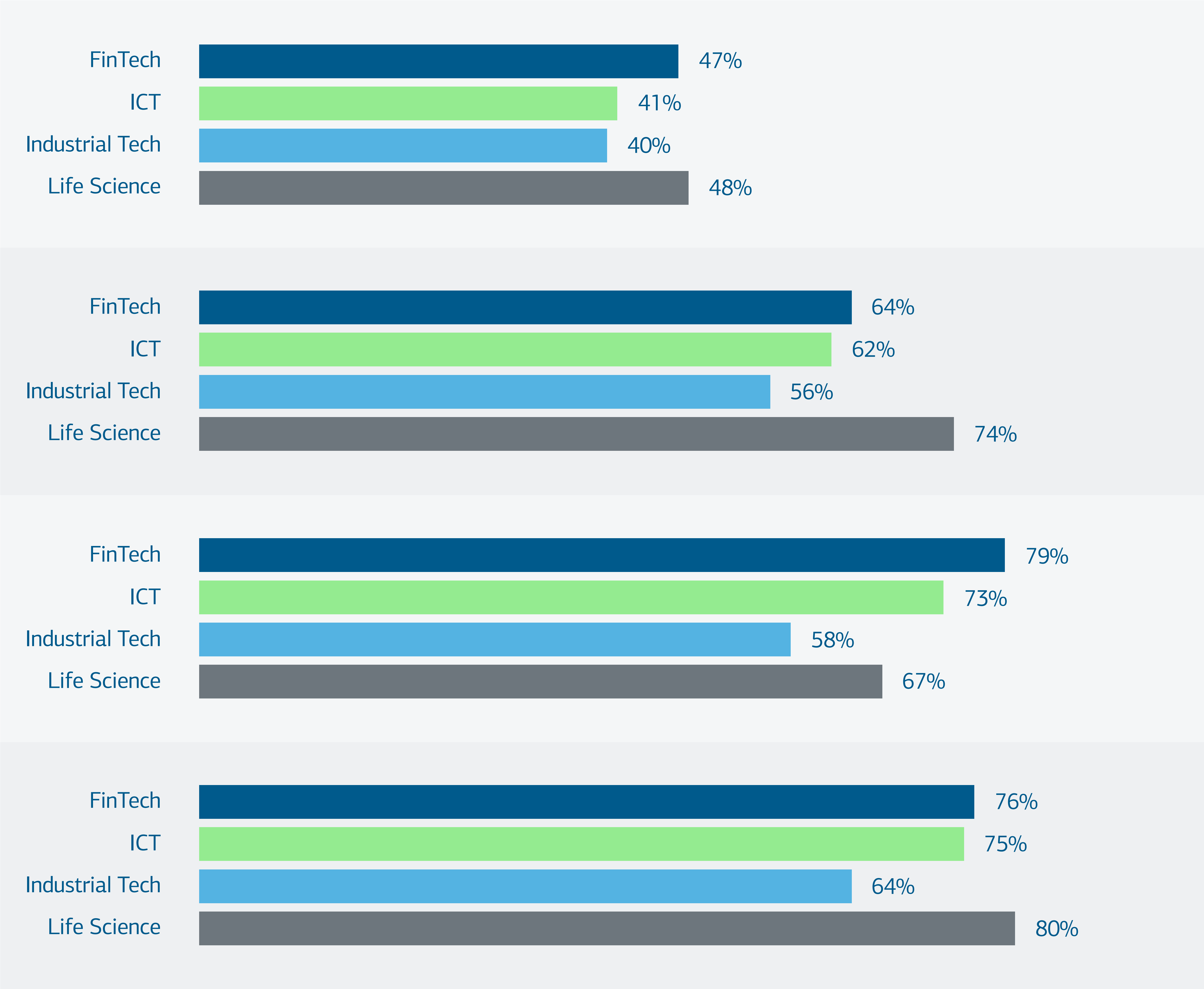


Portfolio companies

Responsible AI policy
> Share with the relevant policy by company size (FTE) and sector



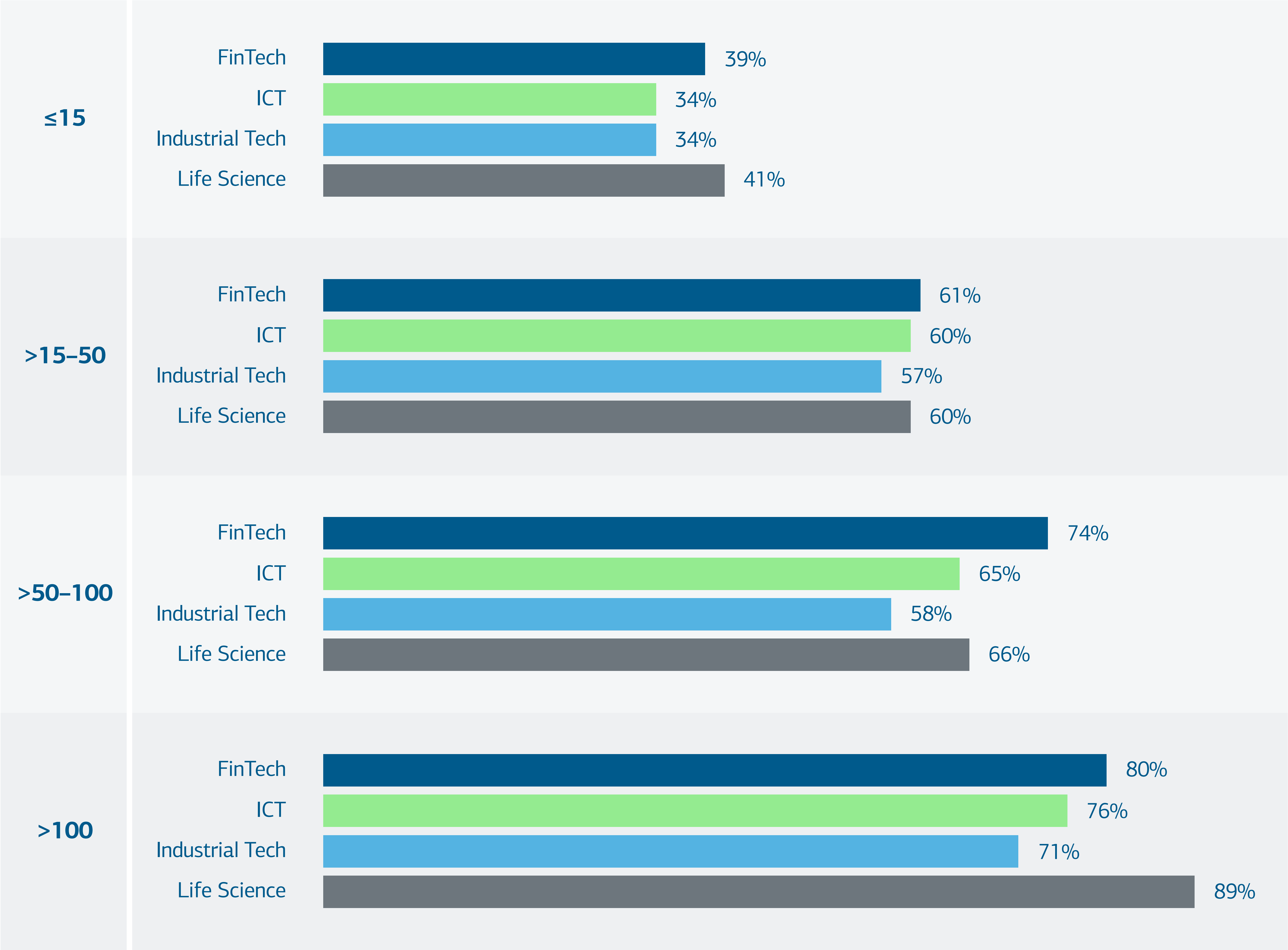
Privacy of employees and customers policy
> Share with the relevant policy by company size (FTE) and sector



Portfolio companies

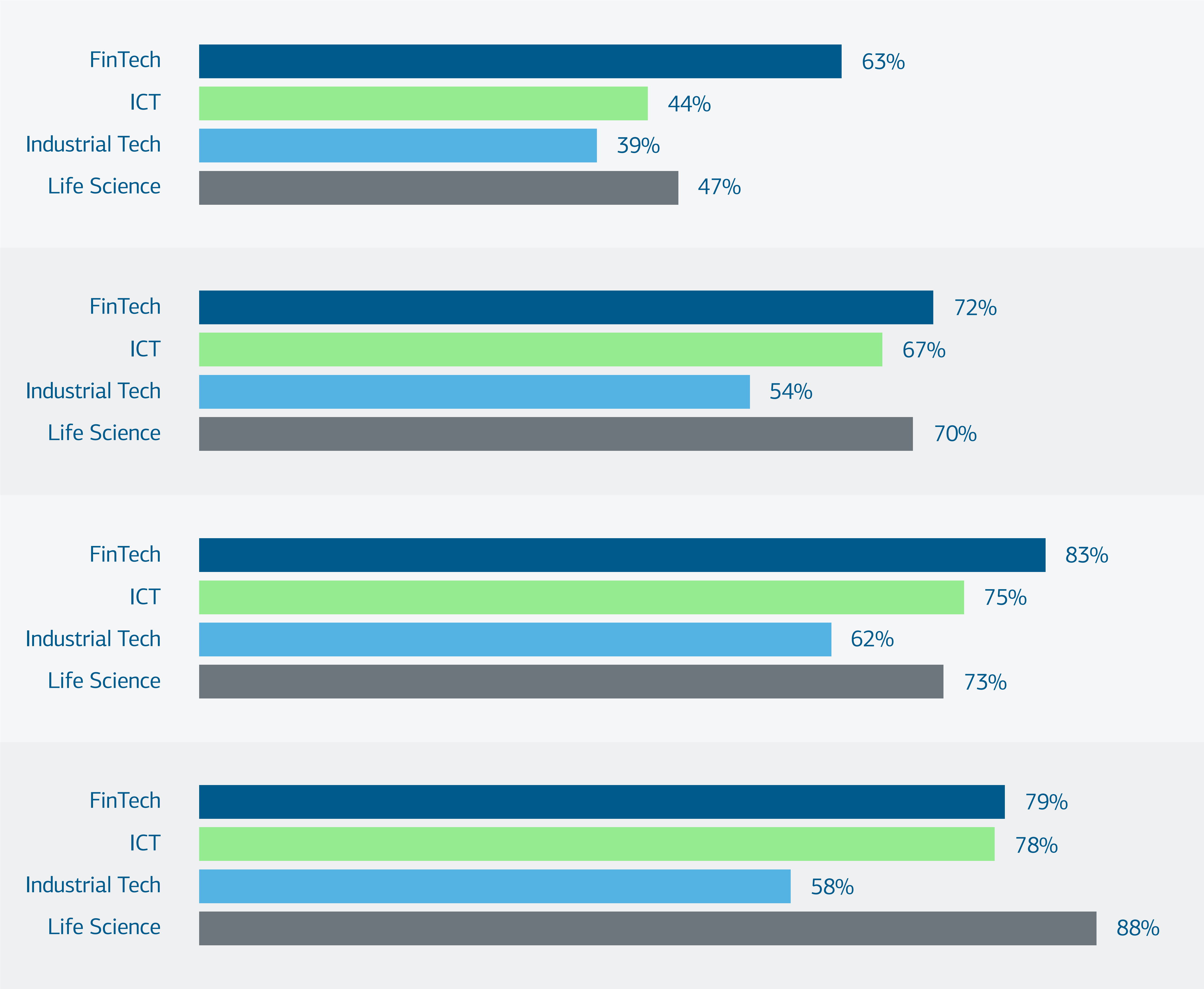
Code of Conduct

> Share with the relevant policy by company size (FTE) and sector



Cybersecurity and data management policy

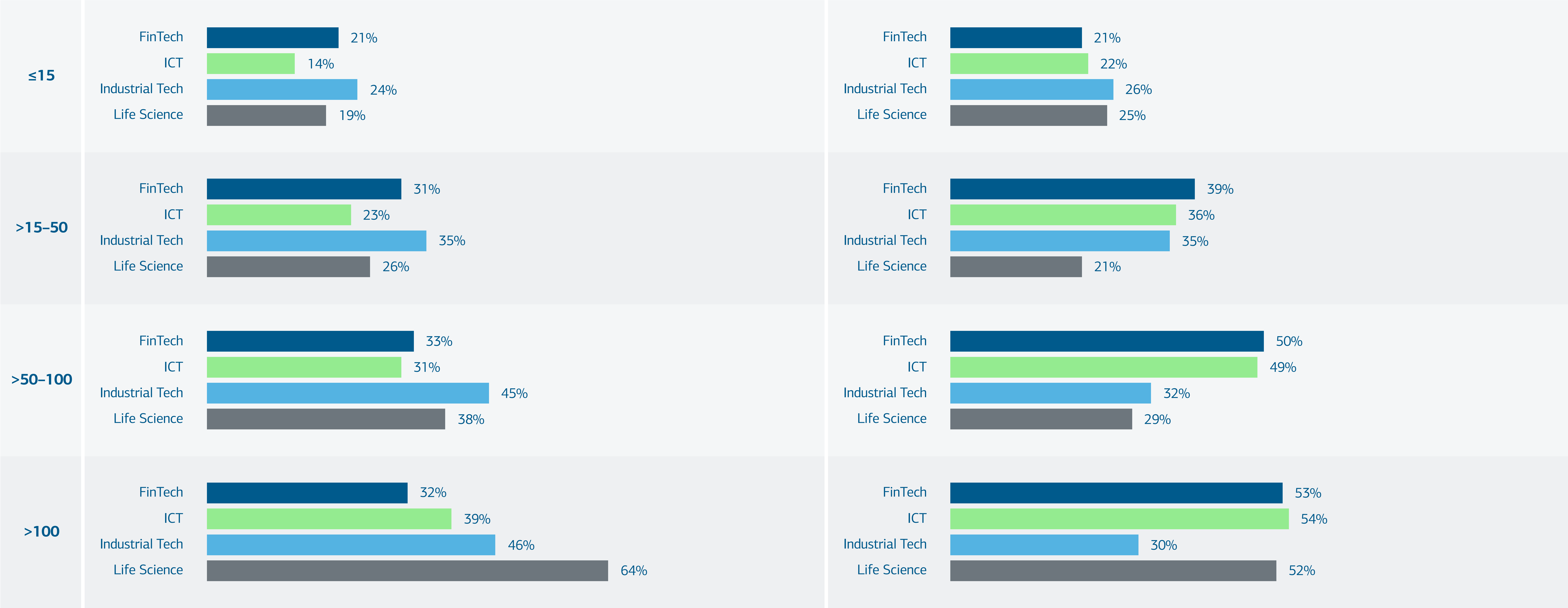
> Share with the relevant policy by company size (FTE) and sector



Portfolio companies

Supply chain and responsible procurement policy
> Share with the relevant policy by company size (FTE) and sector

Salary and remuneration policy
> Share with the relevant policy by company size (FTE) and sector



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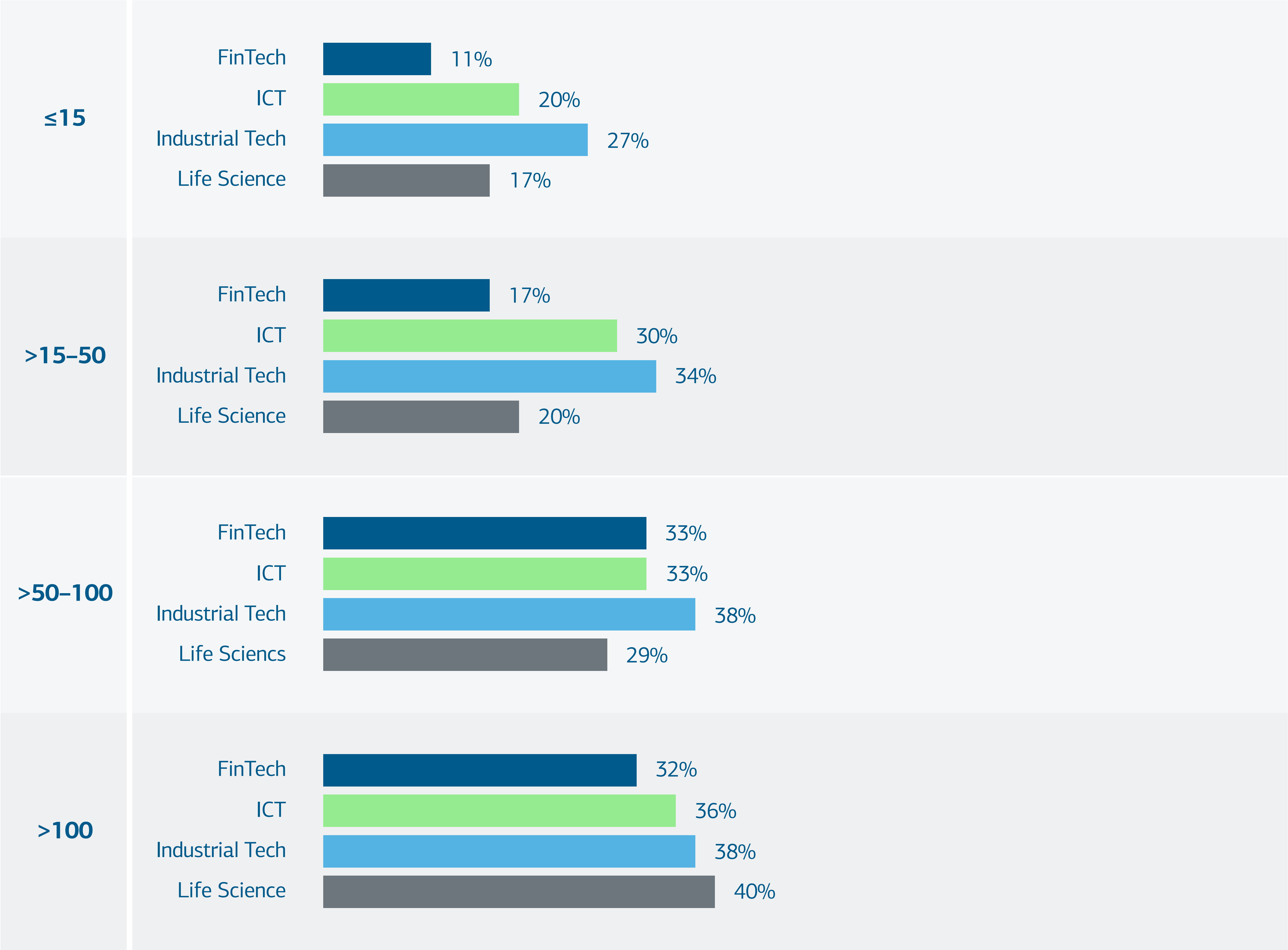
Portfolio companies

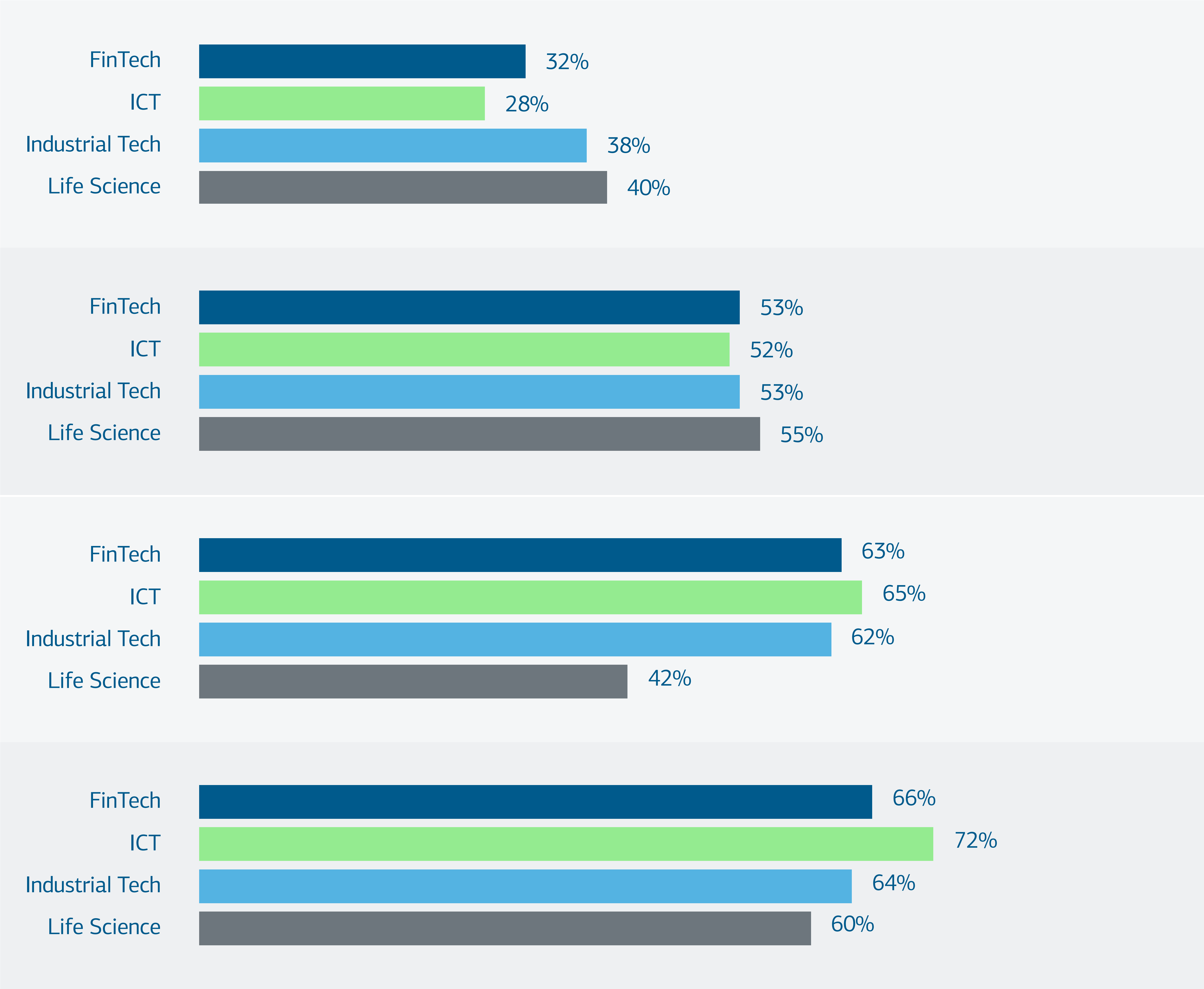
Environmental policy

> Share with the relevant policy by company size (FTE) and sector



Anti-discrimination and equal opportunities policy

> Share with the relevant policy by company size (FTE) and sector



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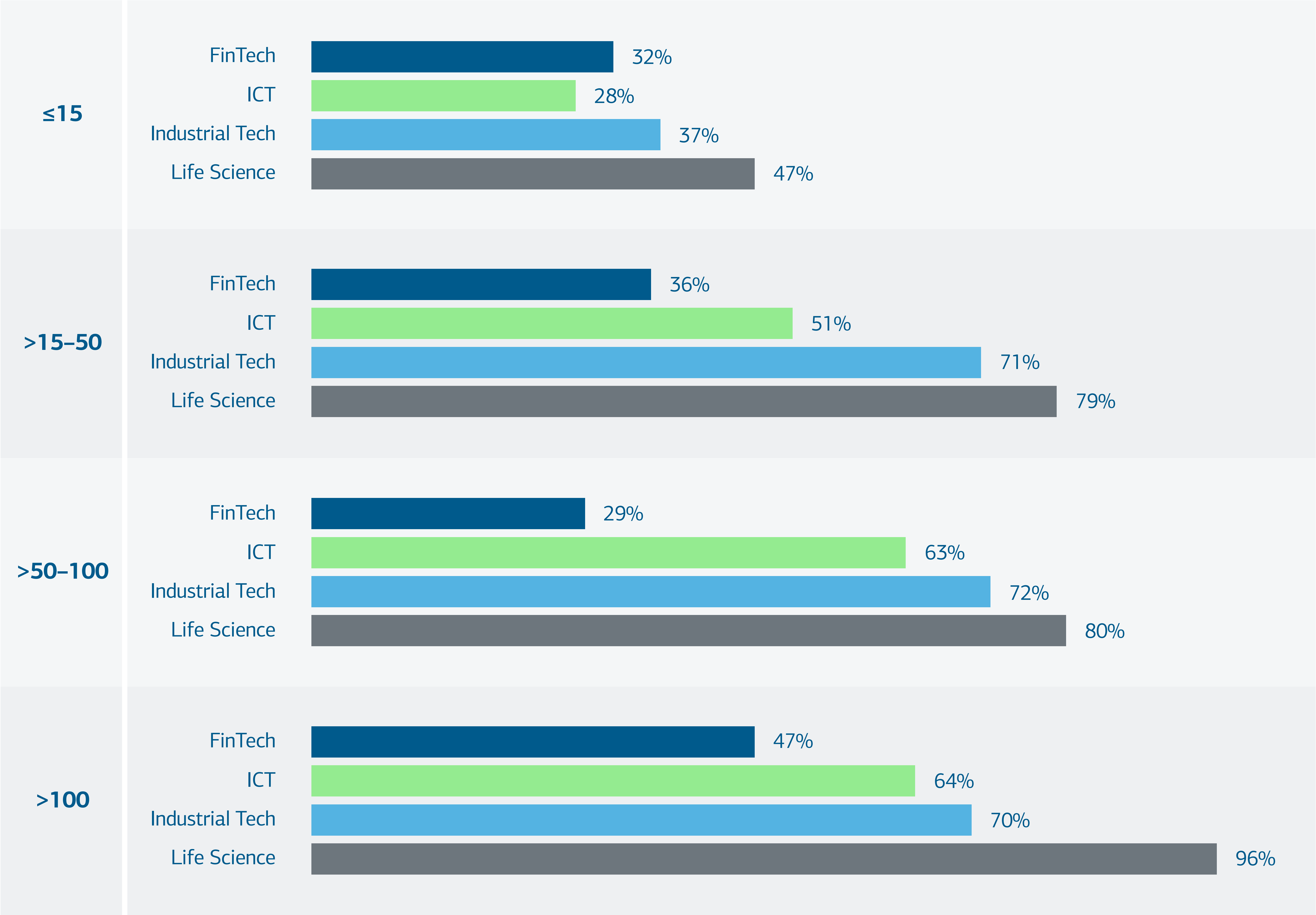
Portfolio companies

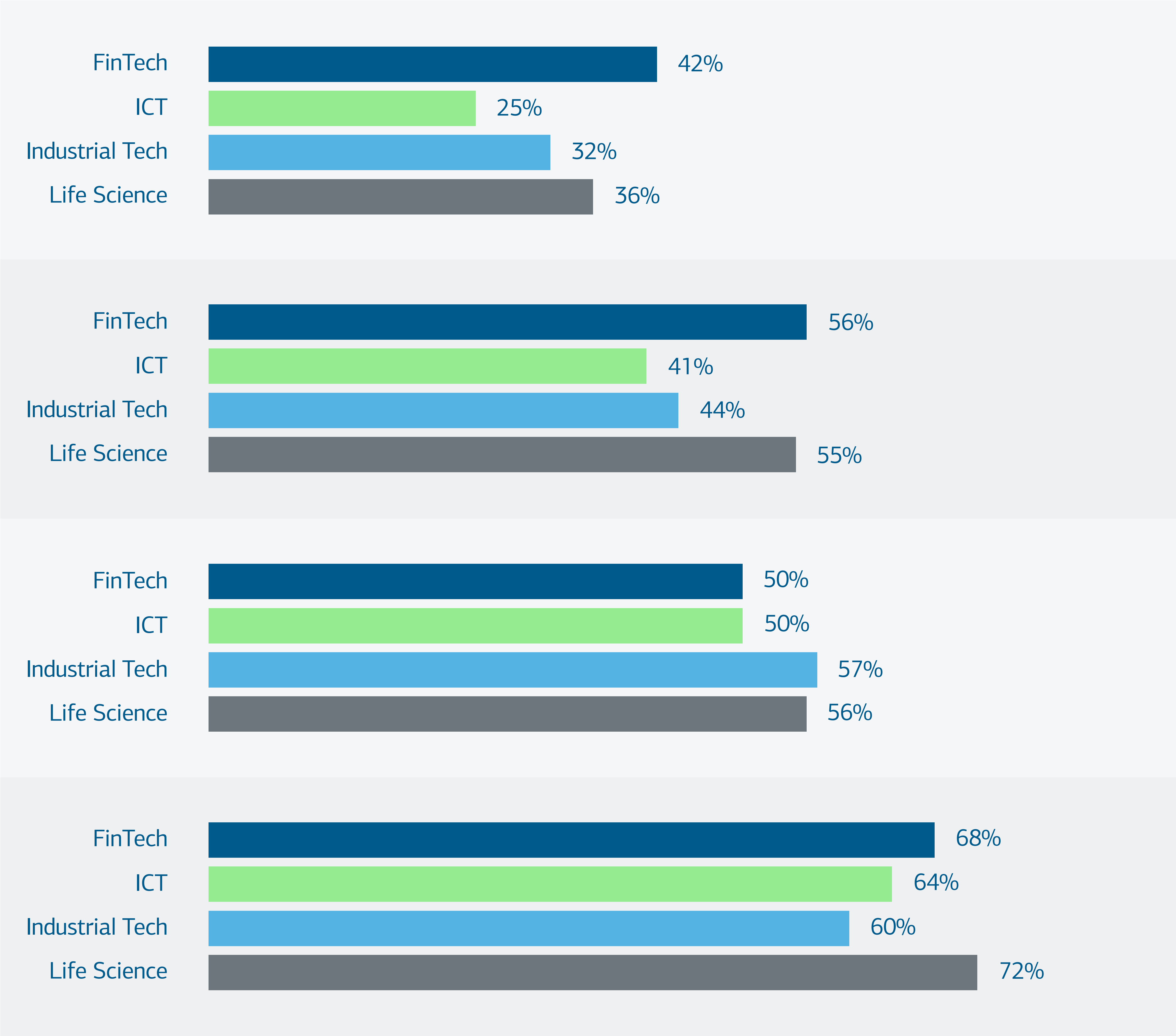
(Occupational) health and safety policy

> Share with the relevant policy by company size (FTE) and sector



Anti-corruption and anti-bribery policy

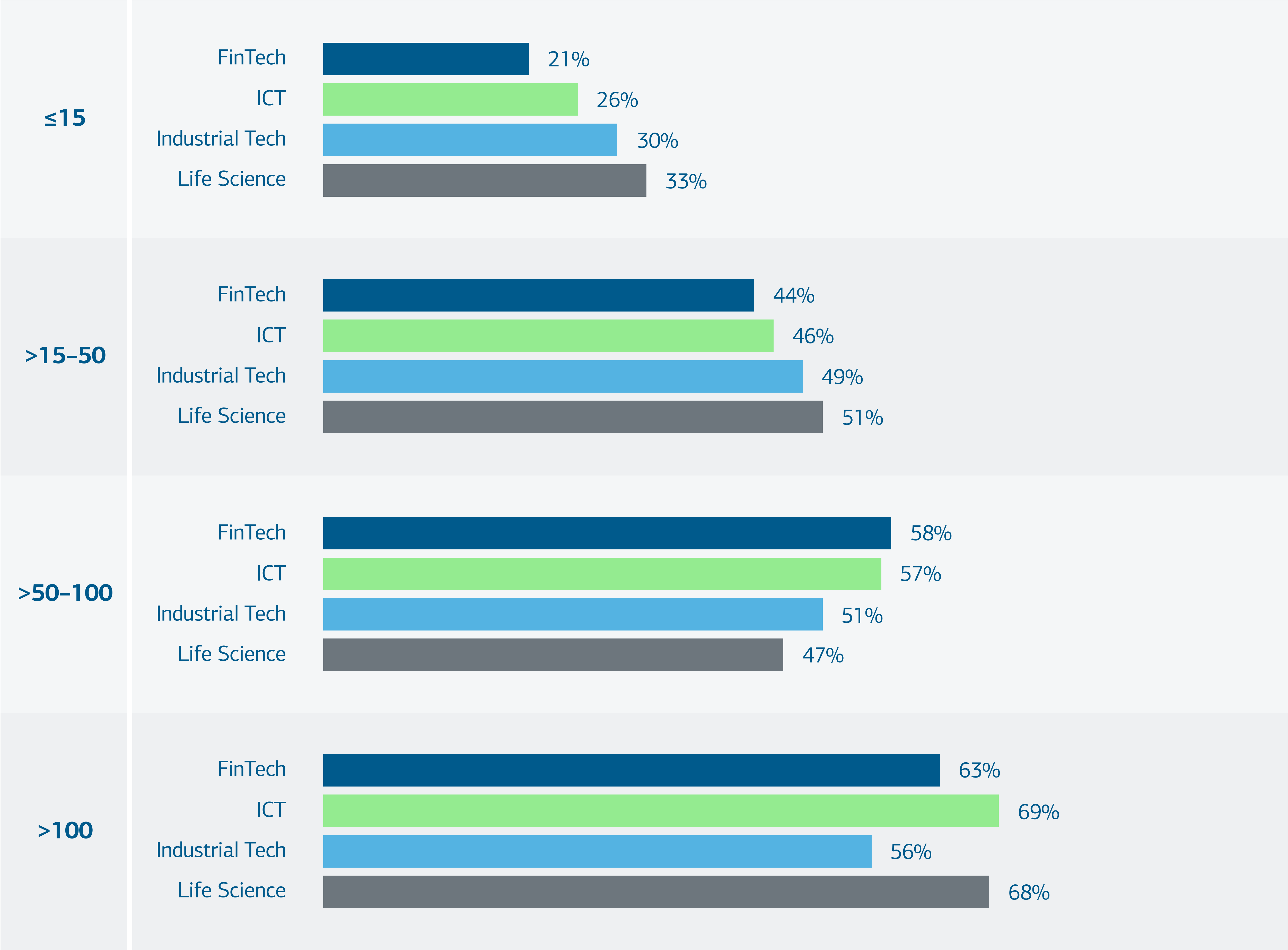
> Share with the relevant policy by company size (FTE) and sector



Portfolio companies

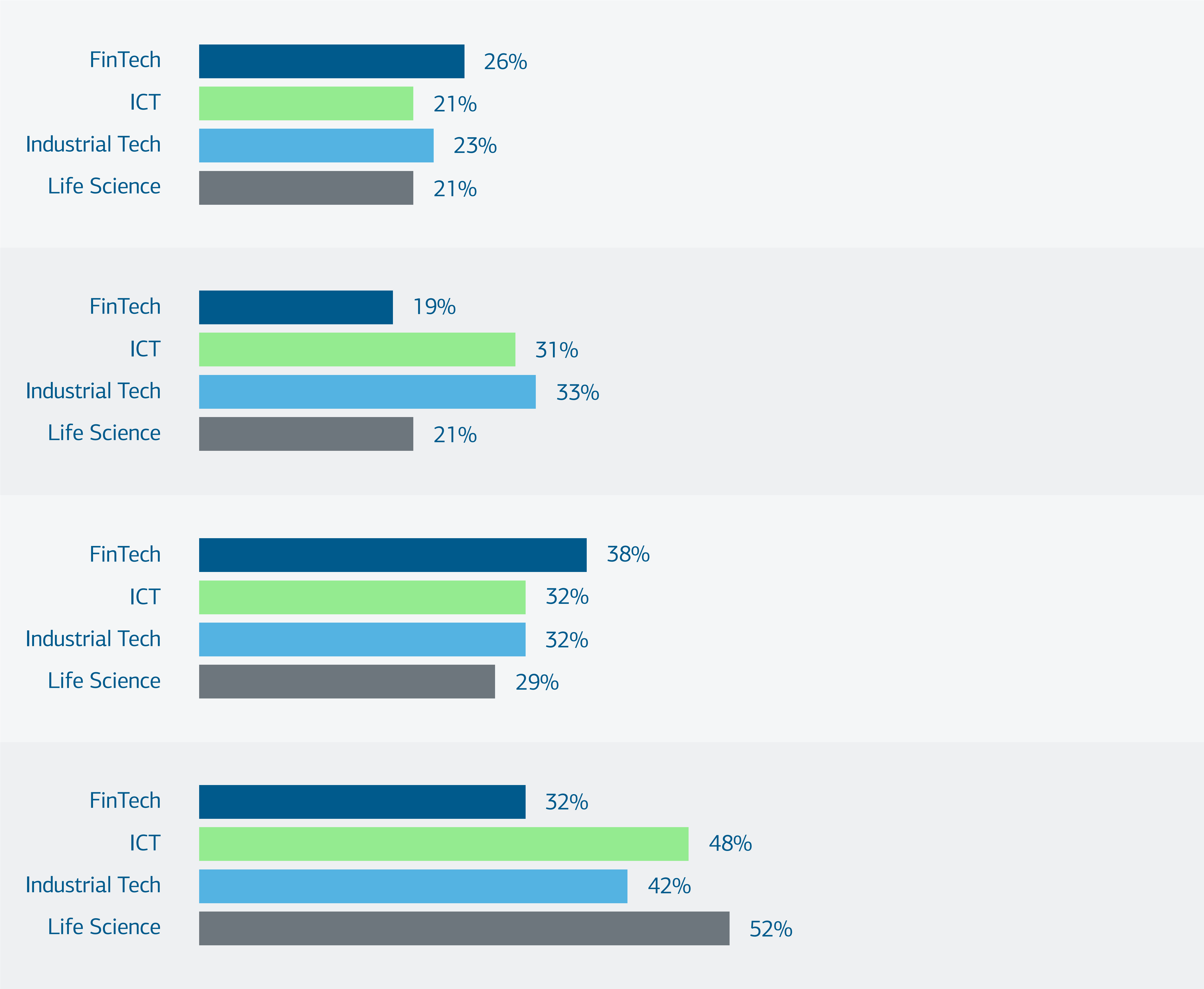
Diversity and inclusion policy

> Share with the relevant policy by company size (FTE) and sector



Human rights policy

> Share with the relevant policy by company size (FTE) and sector

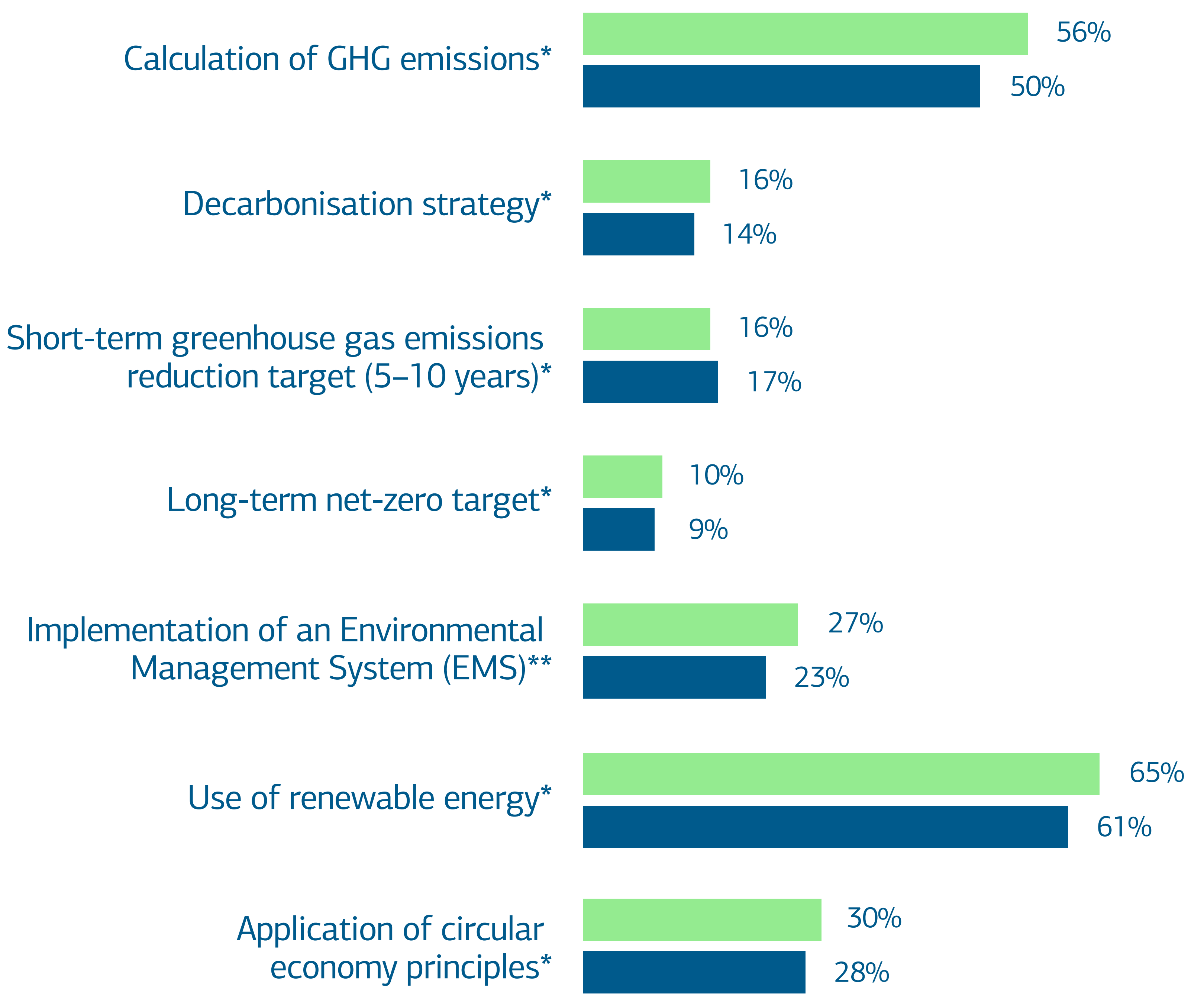


KFW CAPITAL

Portfolio companies

2024
2025

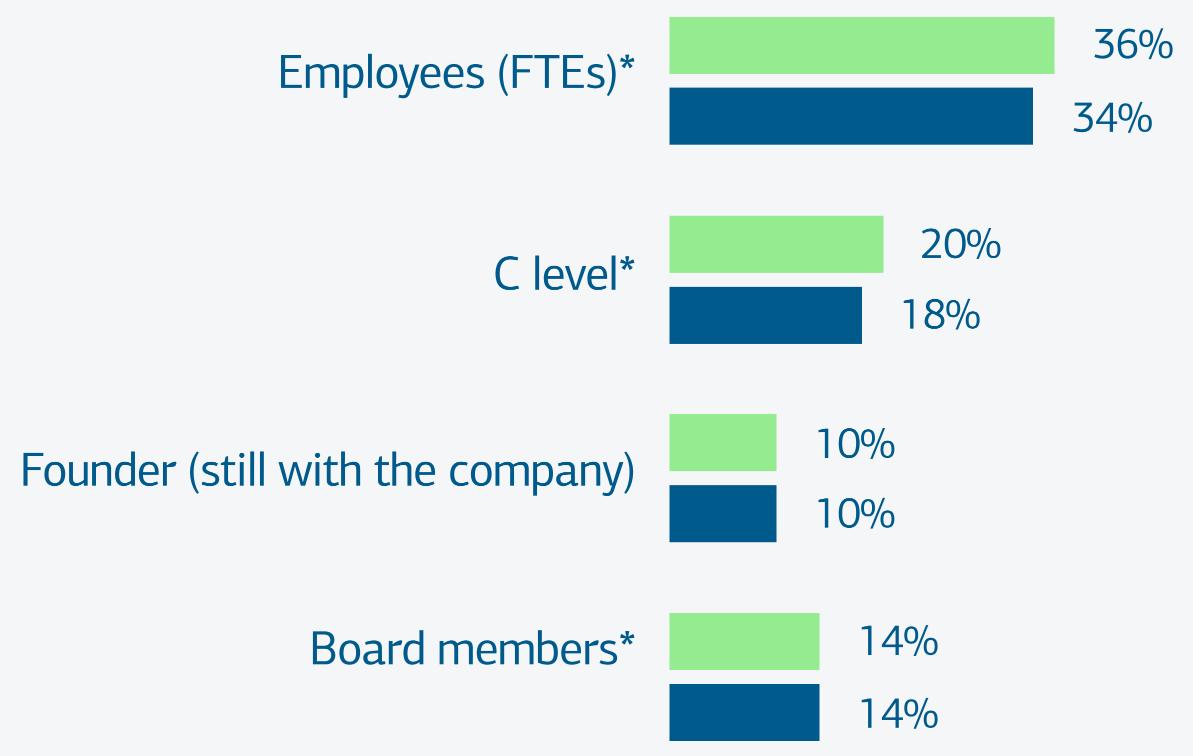
Environment > Proportion saying 'yes' (in %)



Note: The percentages refer to the number of companies that responded (between 53 and 66 at the full level and between 635 and 1,023 at the intermediate level)

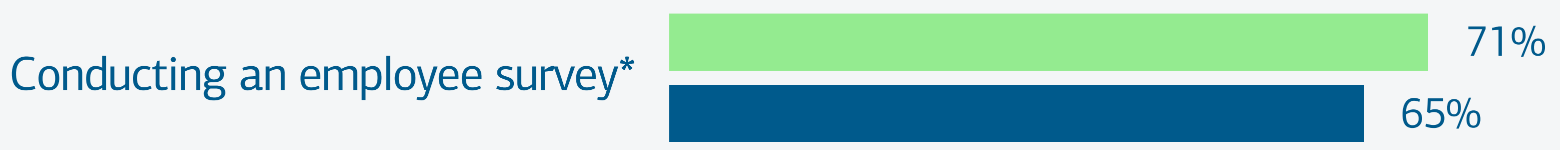
* *from intermediate level upwards*
** *full level only*

Diversity > Proportion of women saying 'yes' (in %)



Average gender pay gap (unadjusted)

Conducting an employee survey > Proportion saying 'yes' (in %)



Note: The percentages refer to the number of companies that responded (N=52 at the full level and between 770 and 1,413 at the intermediate level)

* *from intermediate level upwards*
** *full level only*

Portfolio companies

Sector-specific trends can be observed with regard to the distribution of diversity within the portfolio. While at the level of the founding team, Life Science and Industrial Tech are significantly ahead of FinTech and ICT, there is no significant difference between FinTech, ICT and Industrial Tech at team level. Only the life science sector has a noticeably higher proportion of women.

Proportion of female founders (still with the company) by sector

> Headcount by sector

Note: The percentages are expressed in terms of the number of companies that responded (between 105 and 766)

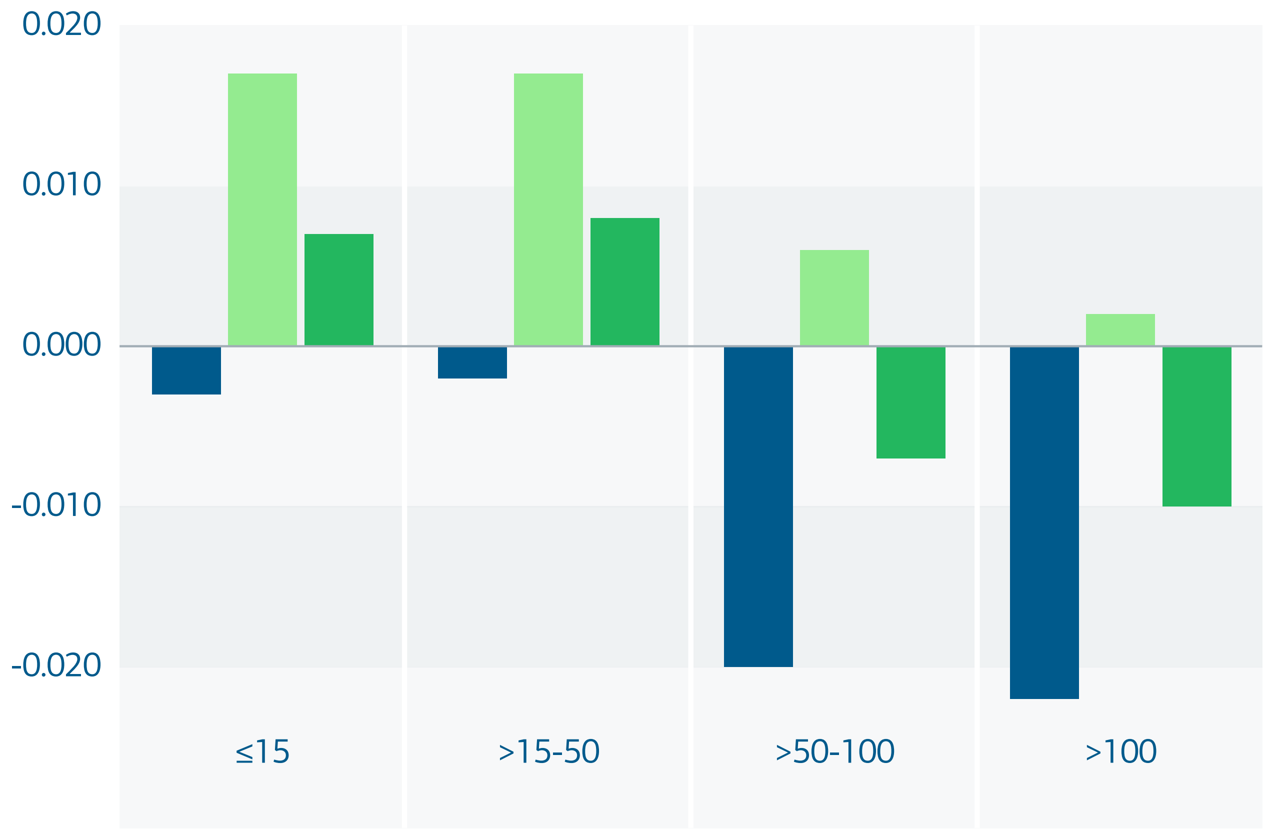
Proportion of female employees by sector

> FTEs by

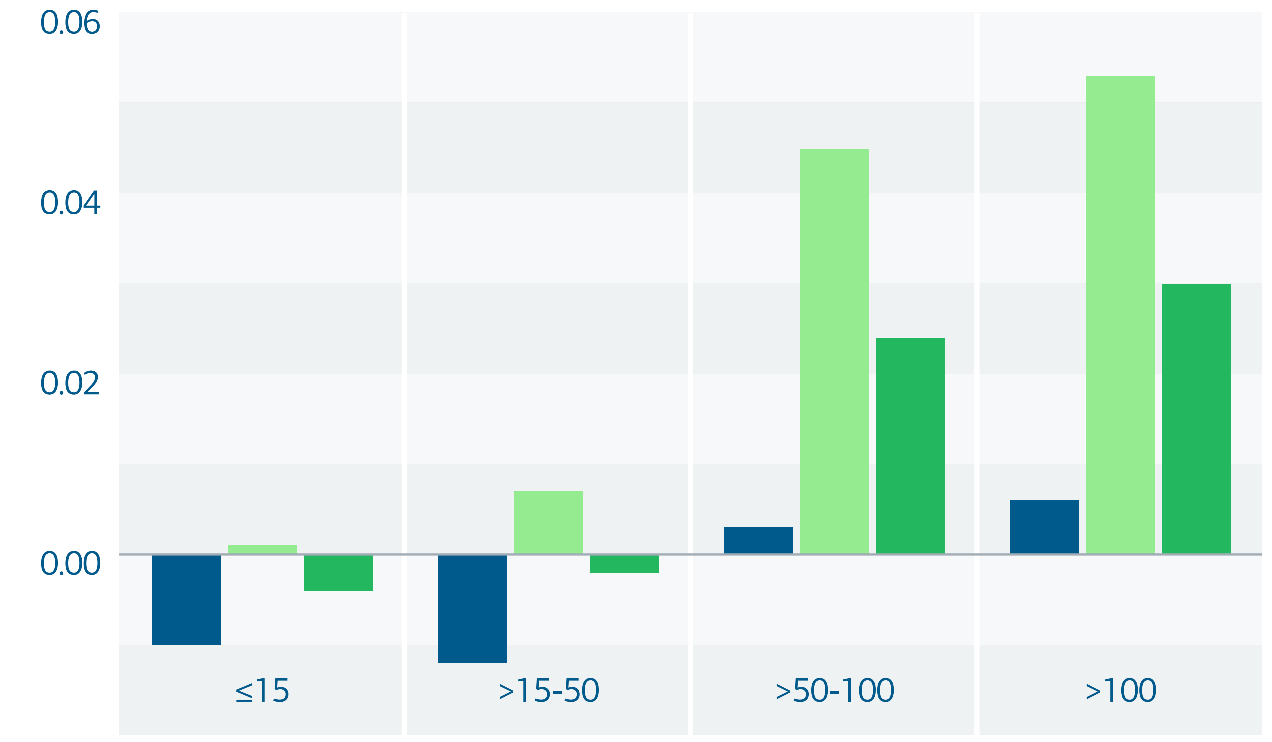
Note: The percentages are expressed in terms of the number of companies that responded (between 99 and 531)

Value creation

Average marginal effect of policies on valuation below cost
› FTEs by size category



Average marginal effect of policies on the frequency of completed rounds › FTEs by size category



Upper limit of the 95% confidence interval
Marginal effect
Lower limit of the 95% confidence interval

The data available to us allows for an initial analysis of the relationship between ESG activities and corporate performance. We consider the number of existing ESG policies to be a simple measure of the ESG measures and processes implemented within a company and the associated 'ESG maturity'. As the Invest Europe template asks about a total of 13 different policies, this scale ranges from 0 to 13. On average, the companies in the sample have implemented 4.8 policies. Firstly, we look at the number of funding rounds successfully completed from the date of the investment up to the reference date of 31 December 2025. If companies with good ESG governance find it easier to raise funding, we should observe a positive correlation between our measure of ESG activities and the frequency of successful funding rounds. Next, we consider the probability that an investment will be valued below its cost at the reference date (i.e. where the MOIC is less than 1). If, on average across the companies in our sample, good ESG governance minimises ESG-related risks and consequently helps to preserve value, we should observe a negative correlation with the probability of a loss in value.

One challenge in analysing the correlations described above is that there are other factors which influence both a company's ESG activities and its corporate performance. It may well be that companies in a particular country are simultaneously placing a strong emphasis on ESG (e.g. due to regional regulatory requirements) and are generally valued more highly there – owing to regional differences in valuation. In order to distinguish the link between ESG activities and corporate performance from other possible causes, we use linear regression models in which we control for the most significant influencing factors. We take into account not only the year of investment in the company, but also the sector and the country in which it is headquartered. Furthermore, our regression models take into account the fact that the relationship between ESG activities and corporate performance varies across companies of different sizes. The following model is estimated: *number of rounds or valuation below cost* $= \alpha + \beta \times$ *policies* $+ \gamma \times$ *size category (FTE)* $+ \delta \times$ *(policies* $\times$ *size category (FTE))* $+ \theta$ *year of investment* $+ \vartheta$ *sector* $+ \mu$ *country* $+ \varepsilon$. The models are estimated using 1,446 observations (for the number of financing rounds) and 1,608 observations (valuation below cost) respectively.

When considering the number of successful funding rounds, the model estimates do indeed reveal a positive and statistically significant correlation for companies with 50 or more employees. Regardless of the year of investment, sector or country, we observe that companies with more ESG policies also have a higher number of successfully completed funding rounds. For companies with fewer than 50 employees, the correlations we measure are close to zero, meaning that they are not statistically significant (see chart). In a similar vein, in qualitative terms, we observe that in companies with 50 or more employees, the number of ESG policies is negatively correlated with the probability of being valued below cost as at the reference date. However, the correlations in this estimate are not statistically significantly different from 0 at conventional significance levels (see chart on the left). It is only in the > 100 employees group that the partial correlation between ESG policies and the probability of valuation below cost is statistically significant at the 10% level.

It is important to note that, whilst the results of this regression analysis support the hypothesis that ESG activities facilitate access to capital for larger companies, other unobserved factors may distort the correlation measured here. Furthermore, the estimation method used here does not address the problem of reverse causality (successful companies have greater capacity to pursue ESG activities). As data coverage increases, it will be possible to analyse the initial findings obtained here in even greater depth in future.