

Sustainability Policy

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1. Significance of sustainability for KfW Capital

1.1 General concept

Transitioning to a sustainable society is the key challenge of our time. Over the coming years and decades, this transition will require extensive investment and innovation. Venture capital (VC) funds have a crucial role to play in facilitating this transition in view of the significant impact they deliver for companies during the start-up and growth phases. We want our VC funds to help drive positive change and enable their portfolio companies to be part of the solution.

Entrepreneurship and social responsibility need to go hand in hand to support this transformation – and that also applies for the global financial system. As a responsible venture capital fund investor (VC fund investor) and part of the KfW Group, KfW Capital is committed to this global task and supports the sustainability goals of the German federal government and the KfW Group, as well as the United Nations' "Agenda 2030" with its Sustainable Development Goals (Sustainable Development Goals - SDGs).

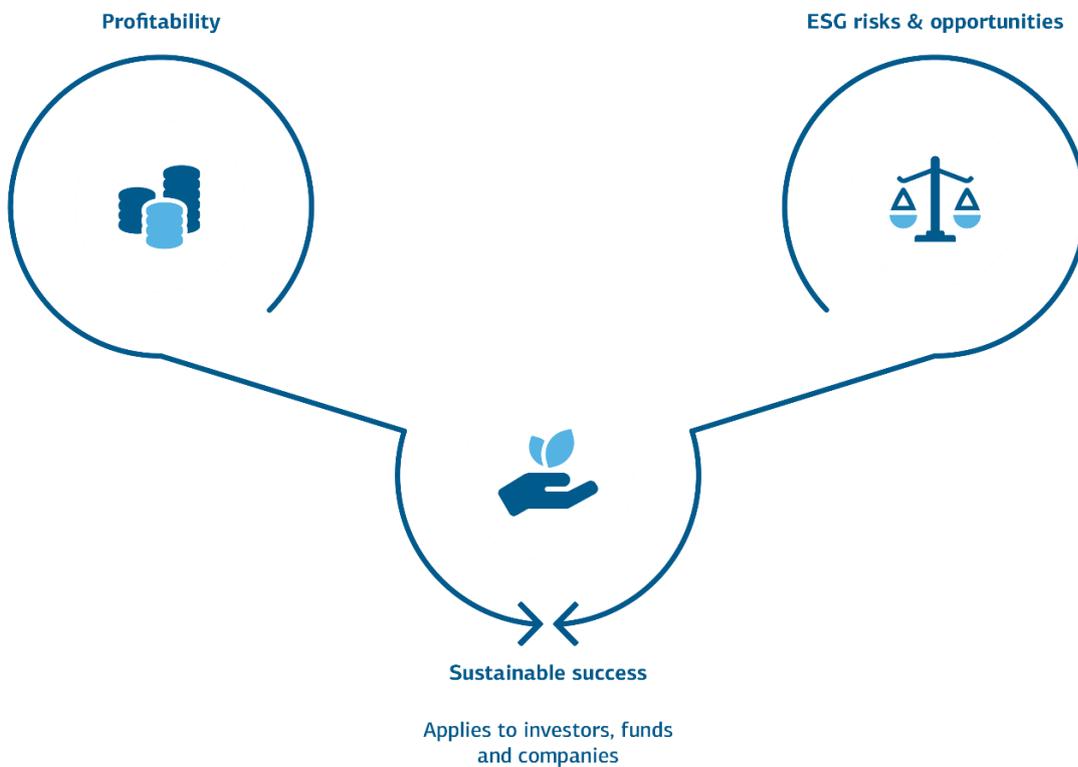
Concept of sustainability – *Brundtland Commission (1987):*

“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

Sustainability is often described using the Triple Bottom Line framework, where the conventional economic bottom line is supplemented by social and environmental dimensions (see Elkington, 1997).

KfW Capital applies the definition of sustainability used in the UN Global Compact: “*Corporate sustainability is a company’s delivery of long-term value in financial, environmental, social and ethical terms.*” This means that social and environmental aspects play a key role alongside the financial dimension, helping to safeguard a company's long-term profitability and sustainable success.

The non-financial aspects of sustainability are usually assessed using three criteria: environmental (= E), social (= S) and governance (= G), or ESG for short.



While ESG aspects are usually considered from the risk perspective, they may also harbour opportunities for companies. For KfW Capital, incorporating ESG aspects into its investment strategy is of critical importance. We strongly believe that managing ESG risk factors is more than just a matter of regulatory compliance. Systematically leveraging the resulting opportunities paves the way for creating the sustainable value that is essential to achieving long-term profitability. This is distinct from the impact that a company's business activities have. Where an investment is aimed at generating a positive social or environmental impact besides a profit, this is referred to as impact investing.

As a wholly owned subsidiary of KfW, KfW Capital invests with support from the ERP Special Fund and the German federal government's Future Fund in German and European venture capital and venture debt funds. KfW Capital also acts as a co-investor alongside fund managers from the KfW Capital fund portfolio (Scale-up Direct). Its objective is to sustainably bolster the VC ecosystem in order to give innovative start-ups and young technology companies in Germany better access to growth capital. Within the scope of the investment spectrum of the Future Fund, KfW Capital can also make targeted investments in impact funds where a positive impact is an integral part of the investment strategy.

In addition, KfW Capital systematically tracks the impact of its investments in KfW's Group-wide impact management system.

1.2 Sustainability governance and responsibilities

Overall responsibility for the KfW Capital sustainability strategy lies with its Management Board. The Sustainability team is responsible for the execution and continuous refinement of this strategy. This includes incorporating ESG aspects into the investment process and implementing KfW Group-wide sustainability projects. The Sustainability Management team is also responsible for the content of internal and external communication, training and company-related sustainability measures. The main interfaces for the Sustainability Management team are with Investment and Risk Management, as well as Product Management, Private Capital Solutions, HR, Communication, Legal & Compliance and IT.

In addition, KfW Capital has a designated Sustainability Officer, in step with KfW's Group-wide sustainability governance guidelines. This person is also a member of the KfW Capital Investment Committee.

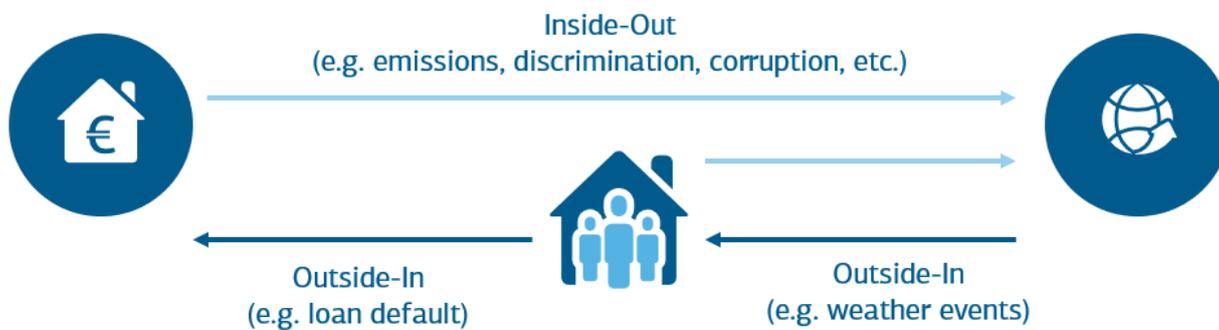
2. Sustainability as a fully embedded element in the investment process

2.1 Managing ESG risks and opportunities: 'Do no harm'

KfW Capital regards sustainability as the interplay of multiple factors that contribute to ensuring portfolio companies achieve sustainable, long-term success. This chapter focuses on the integration of ESG criteria.

KfW Capital invests exclusively in German and European VC funds – an aspect that is also reflected in the geographical focus of the portfolio companies. As such, the risks typically seen in emerging economies (e.g. relating to child labour or environmental destruction caused by the extraction of raw materials) feature less prominently among the ESG risks analysed. In addition, the vast majority of the portfolio companies are in the early stage of the business life cycle, which further reduces the level of risk exposure. Nevertheless, KfW Capital aspires to put the portfolio companies on a path towards sustainable development by setting criteria for the VC funds and offering them support.

The assessment of ESG aspects generally distinguishes between two perspectives. The first is the outside-in perspective, which looks at developments in ESG-related areas that could give rise to a significant actual or potential negative impact on a company's value if they were to materialise. The second is the inside-out perspective, which instead examines the possible (negative) impact a company could have in the aforementioned areas. This is not necessarily limited to financial value.

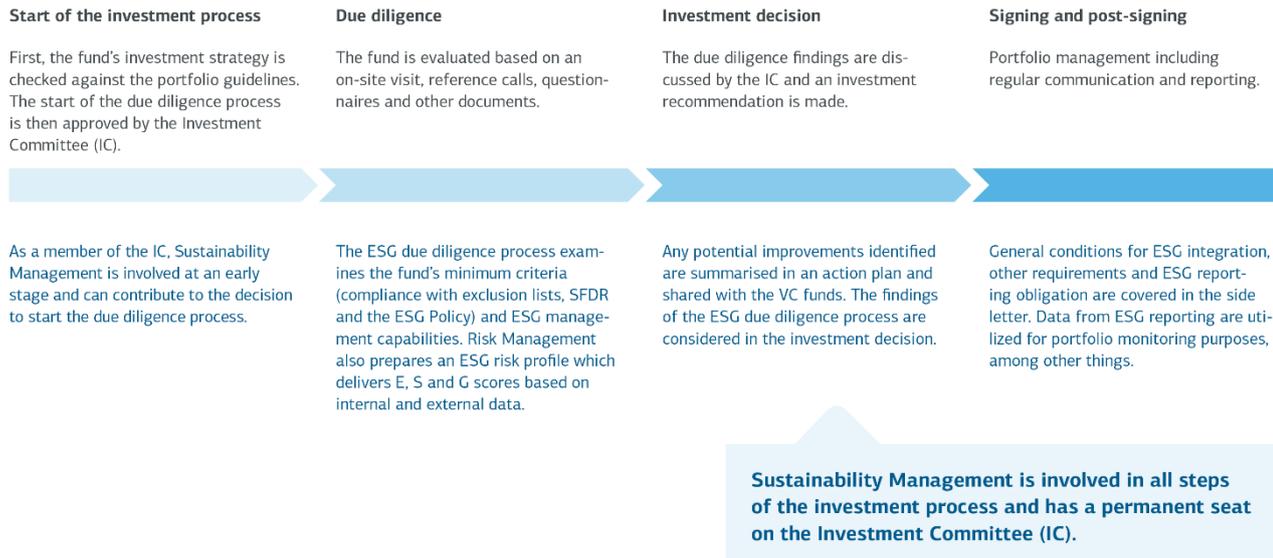


Inside-out effects may also impact a company's reputation and then become outside-in risks that reduce value. KfW Capital believes that addressing sustainability risks and impacts as well as ensuring sustainable corporate governance are key drivers of long-term success – both for the VC funds and the portfolio companies.

That is why KfW Capital examines ESG aspects when making an investment decision, and then continues to do so in its subsequent monitoring activities.

In addition, the Risk Management team prepares an ESG risk profile for each VC fund and each Co-Investment. It assigns an ESG score that can be broken down into the individual components (E, S and G) and offers an outside-in perspective on the ESG risk drivers. These ESG scores are based on the ESG risk profile and are assigned both in the new business process as well as in portfolio management further down the line, where they are awarded on an ad hoc and yearly basis. ESG risks are likewise integrated into risk controlling processes. On a broader level, addressing sustainability risks is also an ancillary condition within KfW Capital's risk capacity concept. ESG risks are included in the risk identification process via the risk inventory, and are subsequently addressed at different points of the risk strategy. Moreover, when introducing a stress test, KfW Capital examined ESG risks in the stress scenario narrative.

Operationalisation of the ESG strategy in the fund investment process



a) Start of the investment process

When KfW Capital considers investing in a VC fund, it checks that it is generally compatible with the portfolio guidelines and criteria for inclusion in the deal pipeline. The Investment Management team then prepares a fact sheet for the Investment Committee. This includes the VC fund's classification in accordance with the EU Sustainable Finance Disclosure Regulation (SFDR) and diversity aspects at team level. Once the Investment Committee has given green light to commence general due diligence, the aspects are closely examined as part of the sustainability due diligence process.

b) Due diligence

Minimum criteria

The first step involves ensuring that the VC fund's planned investment strategy does not conflict with any of the criteria on the KfW Capital exclusion list. This is based on the KfW Group's exclusion list, with the addition of VC-specific topics.

In addition, the fund's management must have formally implemented an adequate Sustainability/ ESG policy that is accessible to all employees. If, however, there is no such policy in place at the time of the due diligence review, or the policy does not meet our requirements, the Investment Committee will only issue a recommendation for investment on the condition that such a policy has been prepared or sufficiently revised by the time the agreement is signed.

ESG management capabilities

VC funds usually have a blind pool or, at best, a partial portfolio, at the time of commitment. A fund investor like KfW Capital must therefore analyse the capabilities and processes of the fund's management. It also needs to evaluate whether and how an ESG management strategy and associated processes have been implemented appropriately, taking into account the fund's size and investment strategy. As part of the due diligence process, KfW Capital therefore analyses the target funds using a standardised ESG questionnaire based on what is known as an 'ESG Capabilities House'. The questionnaire includes the questions for limited partners in the venture capital market recommended by the UNPRI, for example. Most of the questions have a choice of four possible answers that describe the current status of ESG management capabilities. The respondents select the description that most closely reflects their current status.

Additional requirements for impact VC funds

In addition to the extensive ESG questionnaire, there is also an extended set of questions for impact VC funds to answer. These questions concern the fund's impact strategy, the objectives pursued and the metrics applied, plus additional measures such as ecosystem engagement. A fund's impact capabilities are summarised in the form of a colour-coded 'Impact Sun' within the Capabilities House.



If the fund's management does not have an appropriate ESG strategy in place, an action plan is drawn up to communicate the corresponding requirements. These requirements must then be met either before the Side Letter is signed or within a specified time frame thereafter. They may include aspects such as improving the ESG policy and the fund's due diligence framework, participation in ESG-specific training or the development of a diversity, equity and inclusion strategy.

ESG heat map

A review is also conducted to examine whether the fund's management addresses all material ESG risks pertaining to the investment strategy as part of its own due diligence. For this purpose, KfW Capital has developed an ESG heat map with external support. It can be applied at both the fund and portfolio company levels. The ESG heat map is based on the materiality map developed by the Sustainability Accounting Standard Board (SASB) and identifies relevant ESG risks for specific industries. However, the ESG heat map also includes additional categories that are relevant to the VC market, such as a company's development stage and the type of product (hardware or software). The ESG heat map was revised and updated for the first time in 2023 to reflect new technologies such as fem tech, legal tech and AI.

c) Investment decision

Integration into the investment documents

Once the completed questionnaire and further information such as the disclosures required by the SFDR and the ESG policy have been submitted, KfW Capital's Sustainability Management team checks the information and documents for plausibility. An important element of this process is the personal dialogue with the fund managers, which involves clarifying unresolved issues and discussing the specific implementation of the investment processes and internal sustainability. The issue of diversity within the management company and the portfolio also plays a key role in this respect.

The Sustainability Management team then issues an extensive written assessment for both internal documentation and the investment memo. The assessment takes account of the size of the VC fund's management team and its investment strategy. In the case of a growth-focused VC fund created by an experienced fund management team, a more advanced level is expected than from a first-time team or from a fund focused on the pre-seed/seed phase. The next step is consultation with the Investment and Risk Management teams. Any requirements that have been set are also included in the assessment.

Sustainability management within the Investment Committee (IC)

The KfW Capital Investment Committee comprises the heads of the Investment and Risk Management teams as well as the Compliance and Sustainability Officer.

In addition to the approval of the due diligence by the IC, the IC meeting takes place after the due diligence process has begun in order to discuss the key points of the investment, initial findings and possible areas of focus for further examination. Sustainability management summarises the results of the sustainability assessment that has already been carried out and can point out potential problems or raise questions that also need to be addressed by the risk or investment management as part of the further due diligence. If, at this stage, there are aspects that argue against continuing the due diligence, the IC can vote against continuing the process or attach certain conditions to it.

Once the investment has been reviewed, the members of the IC will provide their recommendation. Each IC member has one vote on the investment decision. The final investment decision is made by the Management Board.

d) Signing and post-signing

Side letter and signing process

The KfW Capital side letter covers the exclusion list, the requirements for the fund manager's ESG framework and the regular reporting of ESG data. If any requirements have been stipulated that must be fulfilled prior to signing, the Sustainability Management team must provide confirmation that these conditions have been met before signing can take place. Requirements that need to be met within a certain period of time after signing are usually integrated into the side letter.

Reporting and monitoring

Alongside regular and ad hoc discussions, monitoring is conducted after signing in order to specifically track the agreed requirements and the implementation thereof.

The portfolio ESG data are reported once a year at the fund management, VC fund and portfolio company levels. The findings are used for internal monitoring purposes and for the annual update of the ESG risk profile. The data are also used for KfW Group-wide projects such as impact management, greenhouse gas accounting and the KfW Group's CSRD reporting activities.

In addition, KfW Capital endeavours to share the data it records and analyses with the VC market, thus further enhancing data availability and transparency in the VC ecosystem. In doing so, KfW Capital is not only providing benchmarking opportunities for the VC funds in our portfolio but are also fulfilling our role as a public investor by sharing these insights with the market in the form of an ESG Report. Such a report is published every two years.

Exit: Evaluating the sustainability performance of the investment

In the future, KfW Capital plans to evaluate the performance of the VC funds and portfolio companies in respect of ESG criteria at the end of the fund life cycle. To date, none of the VC funds in the KfW Capital portfolio have reached the end of the fund life cycle. Moreover, ESG data has only been collected since the 2022 financial year. For this reason, it is not possible to conduct such an evaluation until there is more comprehensive data available spanning longer periods of time.

Operationalisation of the ESG strategy with Scale-up Direct

Since the end of 2025, KfW Capital has been investing directly in innovative start-ups in the growth phase through the Scale-up Direct programme, acting as a co-investor alongside VC fund managers from the KfW Capital fund portfolio. The respective companies must comply with KfW Capital's exclusion list and meet other criteria set out in the portfolio guidelines. The investment process involves a plausibility check of the documents and due diligence results of the fund manager involved in potential co-investments. In this context, any available ESG due diligence results and reporting data are also reviewed and evaluated. If the fund manager is not already required to provide annual ESG reports, this obligation is included in the relevant contracts.

2.2 Beyond ESG – impact on the environment and society: ‘Do good’

Strengthening impact through targeted investments

Besides considering ESG aspects and recording the corresponding data, KfW Capital also aims to foster the positive impact of investments. To this end, a number of specific investment programmes have been developed:

- **Green Transition Facility** (2023 and 2024): Investment in climate tech funds
- As part of the **Future Fund** (from 2023 respectively 2025): Investments in VC funds with gender-diverse teams and in dedicated impact funds with impact objectives and metrics

As part of [KfW's Group-wide impact management process](#), KfW Capital examines the expected positive impacts expected by its investments at the portfolio company level. The objective here is to measure the impact on the environment, society and economy in order to lay the foundation for effective impact management.

As digital transformation and promotional bank, KfW is committed to systematically recording the economic, environmental and social impacts of its financing and investment activities. These impacts are presented transparently for the whole Group, and using them as a basis for improving steering processes in order to boost effectiveness. At the core of this impact management system are measurable and comparable impact indicators. The impact data collected for these indicators are used to deliver transparent information to the public and stakeholders and also provide the KfW Group with key insights to drive continuous improvements in its financing activities. The impact management system and the respective indicators cover all three sustainability dimensions (economic, environmental and social) and are aligned with the United Nations' Agenda 2030 and its 17 Sustainable Development Goals (SDGs).

Theory of change

KfW's understanding of impact with respect to sustainable development is derived from a theoretical impact model known as 'theory of change'. The fundamental idea of theory of change is to describe the process of an intervention from the means deployed up to the intended change, and from there to develop corresponding areas of impact and indicators. Accordingly, the theory of change established by KfW describes the correlations between the KfW funds deployed (input), the customer and partner activities co-financed with these funds (activity), their results (output) and the intended development effects (outcome) and, finally, the improvement to economic, environmental and social living conditions (impact). KfW Capital's theory of change is as follows:

Input from KfW Capital: At the heart of its activities is the provision of equity for VC funds, with KfW Capital acting as a reliable VC investor that provides capital irrespective of any market fluctuations. This capital currently consists of equity of around EUR 400 million per year as well as German government funds held on a trust basis for the Future Fund. Besides providing funding, KfW Capital also supports the development of the German and European VC ecosystem and best practices in the market (e.g. with respect to contractual conditions or the consideration of ESG criteria).

Activity of the VC funds: KfW Capital uses these input instruments to support VC and venture debt funds, which, through their investments, constitute the capital base for developing European start-ups and growth companies. The VC funds provide expertise and also help drive the establishment of more professional framework conditions and structures (e.g. by establishing formal governance mechanisms), which likewise supports the positive development of companies.

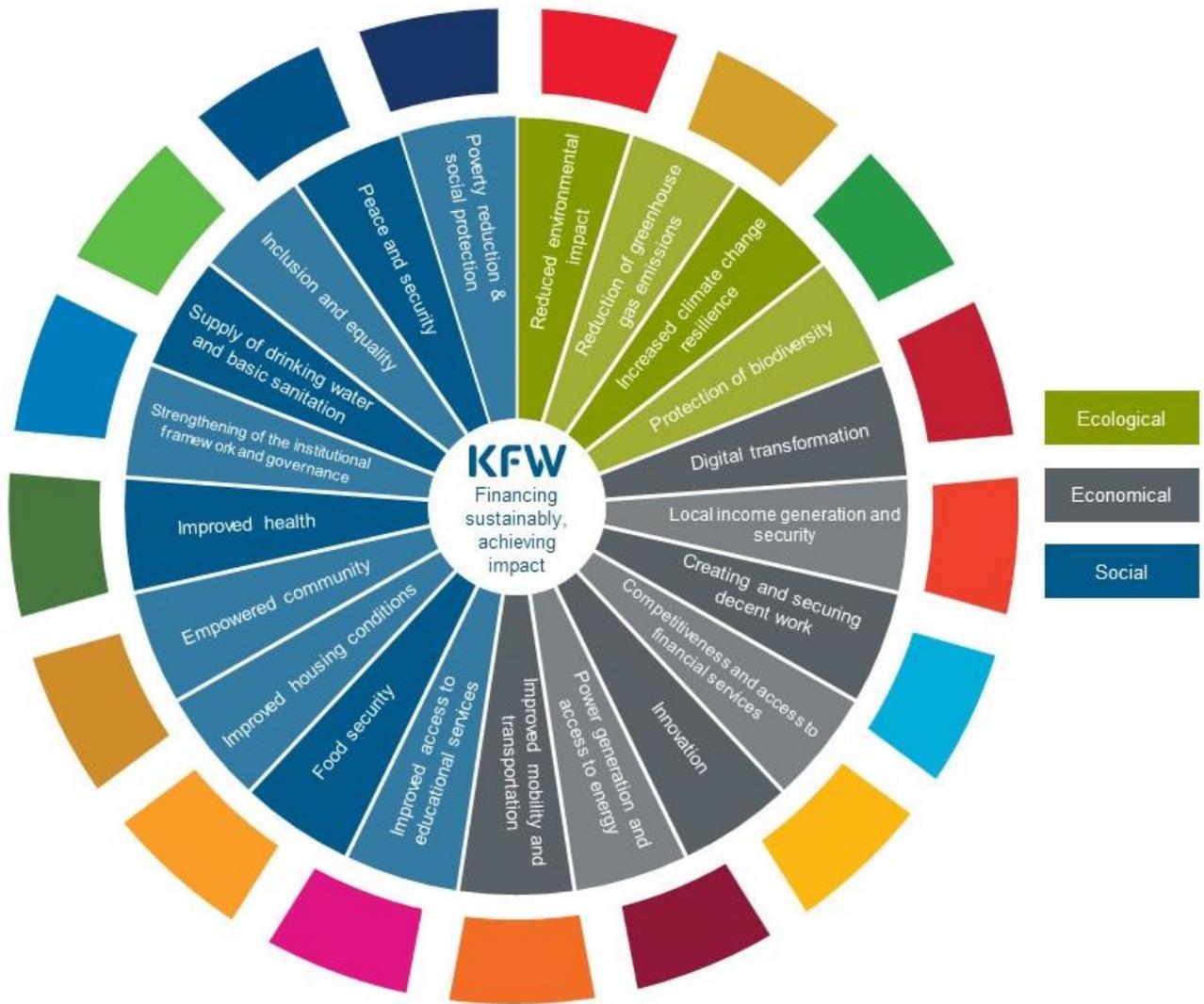
Output of the VC funds and portfolio companies: The capital provided enables the funded companies to continue growing, establish their own business models and scale up the solutions they develop. The aim is to close the financing gap for growth companies in Germany and Europe and, among other things, enable large financing rounds locally through targeted co-investments.

Outcome for society, the environment or the economy: The companies supported are drivers of innovation that create jobs through their growth. In addition, the business models and outputs of many of these companies address a range of social and environmental issues such as energy and CO₂ intensity or the circularity of processes and products. KfW Capital endeavours to actively promote such effects through suitable investment programmes (for example as part of the Future Fund).

Impact on improving living conditions: KfW Capital's impact ultimately encompasses structural changes for society in terms of sustainable development, i.e. improvements in economic, social and environmental living conditions in Germany, Europe and around the world that are brought about by the respective outcomes. By bolstering the European VC ecosystem, KfW Capital helps to ensure the competitiveness and future viability of the German and European

economies, create growth and funding opportunities for companies, safeguard income and prosperity, and promote the transition towards a more sustainable economy.

The KfW theory of change also encompasses key strategic impact categories to which the KfW Group contributes or seeks to contribute in order to improve living conditions around the world. The impact categories were defined in a way that structures the KfW Group’s wide-ranging investment activities in order to facilitate the systematic recording and efficient management of impact. In line with KfW’s image as a transformational development bank, the KfW impact categories cover all 17 United Nations Sustainable Development Goals.



KfW Capital's impact categories

KfW Capital was established with the mandate to invest in German and European VC and venture debt funds, thereby strengthening the supply of capital for innovative, technology-oriented start-ups and growth companies. The **key impact categories derived from its strategy** are as follows:

- **Competitiveness and access to financial services**
- **Innovation**
- **Digital transformation**
- **Creation and preservation of decent work**

These categories contribute to SDG 8 (Decent work and economic growth) and SDG 9 (Industry, innovation and infrastructure) in particular.

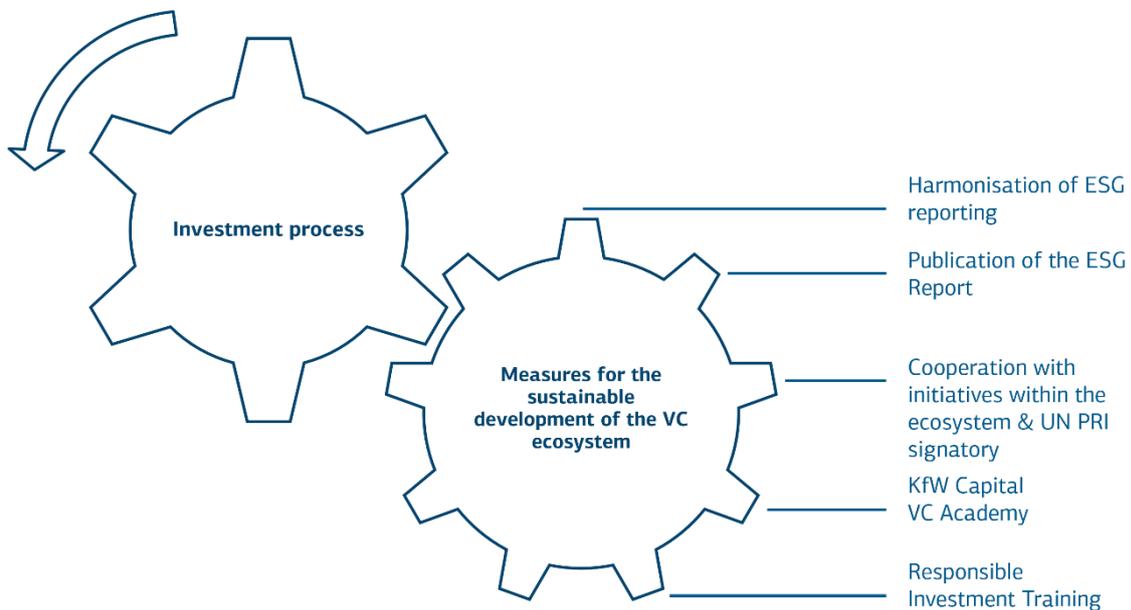
In addition, funding from KfW Capital also contributes to the following impact categories:

- Reduced environmental pollution
- Reduced greenhouse gas emissions
- Increased climate change resilience
- Improved health
- Food security (access to healthy food)

The expected impact of KfW Capital's investments is determined as part of the KfW Group's impact management. The aggregate impact of the KfW Group is presented in an annual report since the 2024 financial year.

2.3 Guidance and engagement

KfW Capital is a signatory of the UN Principles for Responsible Investing. Through its engagement, it endeavours to systematically raise the profile of sustainability for the target funds while also establishing market standards. The main way it delivers on this aspiration is by actively addressing the issue as part of its own investment process. Over the years, KfW Capital has also implemented additional measures.



In 2021, KfW Capital and Boston Consulting Group published a study that explores the extent to which VC funds and start-ups have already integrated sustainability into their strategies and operations. On this basis, KfW Capital has published its first ESG report for the 2023 reporting year and will publish further developments every two years.

In order to meet the demand from VC funds for tailored training and to further develop ESG expertise in the market in a targeted manner, KfW Capital, Reframe Venture (formerly VentureESG), and the BMW Foundation Herbert Quandt

designed the “Leading in ESG” training program in 2022. Since then, regular training sessions are conducted in Germany (with the support of KfW Capital) as well as in other European countries and elsewhere in the world.

In 2022, KfW Capital launched the ‘KfW Capital VC Academy’ series of events to further develop the German VC ecosystem in the non-financial sector. The events focus on knowledge exchange on important topics and the expansion of networks. In the past, the format has already addressed topics such as diversity in the VC market, impact investing and responsible investing in AI. In addition, the KfW Capital Best Investor Award has also been presented since 2022. With categories such as Best Female Investor and Best Impact Investor, the award aims to draw more attention to relevant topics in the VC ecosystem.

KfW Capital also engages in regular dialogue with Reframe Venture, Impact VC and other organisations on various research projects and regularly participates in external events, panels and university courses.

A further step towards greater standardisation and transparency in ESG reporting has been achieved through the collaboration with InvestEurope and other leading European VC fund investors. This cooperation is focused on developing a joint ESG reporting framework to reduce the effort required by all involved parties while simultaneously improving data quality and comparability.

The logo for Invest Europe, featuring the words "INVEST" and "EUROPE" stacked vertically in a bold, blue, sans-serif font.

Aligned with
**INVEST EUROPE
ESG REPORTING
GUIDELINES**

3. Sustainable company | How KfW Capital incorporates sustainability within its own organisation

3.1 Sustainable employer

For KfW Capital, diversity and equal opportunities for the professional development of all employees are a matter of course: employees must not be disadvantaged on the basis of gender, origin, ethnicity, religion, ideology, disability, age or sexual identity. The relevant principles are set out in the company's internal diversity policy. In addition, KfW Capital is a signatory to the Diversity Charter and works with external experts in this area to promote an inclusive and diverse working environment.

KfW Capital attaches great importance to treating its employees with respect. The success and future viability of the company are based on qualified and motivated employees. With various measures and offers (e.g. payment of the Deutschlandticket, staff restaurant, fresh fruit, flu vaccinations and subsidies for computer glasses), KfW Capital creates a healthy and attractive working environment and positions itself in the increasingly competitive market for skilled workers and young talent.

KfW Capital offers its employees a fair remuneration system, including a company pension scheme and accident insurance covering both private and work-related accidents. KfW Capital also supports its employees with a wide range of training and development opportunities for personal and professional advancement. KfW Capital is also committed to promoting a good work-life balance. This is achieved through flexible working hours, part-time models, mobile working, and the option to take flex days to reduce overtime. In addition, places in crèches and nurseries, as well as childcare and support services for different stages of life, have been established.

In order to further develop the corporate culture, employees are given the opportunity to provide feedback, criticism and suggestions through regular dialogue sessions with management. KfW Capital has a legally required AGG complaints office and has created a confidential contact point. Employees can contact this office at any time if they have concerns or problems, particularly with regard to ethical or legal issues, or if they are experiencing social conflicts.

Furthermore, events are held to promote cross-team cooperation and to get to know new colleagues (e.g. team offsites, get-togethers, summer parties, lunch dates).

3.2 Corporate governance and compliance

KfW Capital performs all its activities in accordance with its bylaws and procedural rules, applicable law and prudential regulations. This explicitly includes compliance with statutory regulations and provisions that apply to environmental, social and economic matters, as well as to the prevention of money laundering, the financing of terrorism, corruption, fraud and violations of data privacy laws, insider trading regulations and embargo provisions.

KfW's Group-wide Code of Conduct and the KfW Capital Compliance Policy form the basis for ethical conduct within the company. The Code of Conduct for the KfW Capital Management Board covers aspects such as the acceptance of gifts, honorary appointments and secondary employment. Furthermore, all employees participate in regular training on compliance-related topics.

KfW Capital complies with the Public Corporate Governance Code (PCGK) adopted by the German government on 16 September 2020. This code supplements the legal provisions on the management and supervision of companies in which the German federal government holds a stake through additional standards for good and responsible corporate governance. Each year, KfW Capital publishes its Corporate Governance Report for the preceding financial year. As a medium-sized investment institution, KfW Capital is also subject to Regulation (EU) 2019/2033 (Investment Firm Regulation – IFR) and, pursuant to Article 53, is required to disclose information on environmental, social and governance (ESG) risks. The first disclosures were made in the 2022 Disclosure Report.

Since 2024, the KfW Group prepares a Sustainability Report in accordance with the Corporate Sustainable Reporting Directive (CSRD). KfW Capital will be integrated into this report, providing both qualitative and quantitative input.

3.3 In-house environmental protection

KfW Capital's business operations have been largely climate-neutral since the 2020 financial year, with all emissions from energy consumption and business trips having been offset through KfW by corresponding quantities of emissions

certificates. Since 2024, KfW Capital conducts comprehensive calculations to determine its internal carbon footprint which is also part of the CSRD reporting.

KfW Capital's in-house environmental protection measures include improvements to energy efficiency (e.g. more efficient use of electricity, heating and air conditioning) and resource consumption (e.g. reducing paper consumption and avoiding plastic waste, for example by providing water dispensers). In addition, KfW Capital buys certified green electricity. KfW Capital also takes into account environmental and climate aspects when it comes to business travel. For example, business trips are avoided where possible through the use of video or telephone conferencing. If travel cannot be avoided, preference is given to greener forms of transport. Ecological aspects are integrated in the Travel Policy since 2024. To support greener daily commutes, KfW Capital provides employees with a 'Deutschland-Ticket' and the option to lease a bicycle.

KfW Capital exclusively uses recycled paper with the 'Blue Angel' ecolabel, and all external publications are printed using climate-neutral processes.

3.4 Procurement

As a public contracting authority, KfW Capital is obliged to put procurements out to tender across Europe above certain EU thresholds. The tenders incorporate principles of transparency, non-discrimination, equal treatment, proportionality and competition. KfW Capital includes social and environmental requirements in the terms and conditions of its Europe-wide tenders, depending on the service being tendered. In this way, KfW Capital ensures fair competition and market-driven, economical purchasing conditions.

As part of the KfW Group, KfW Capital also takes sustainability requirements into account for procurements below the EU thresholds. For KfW Capital, this includes compliance with human rights and labour and social legislation. The Supply Chain Due Diligence Act (LkSG), which came into force on 1 January 2023, also obliges KfW and its subsidiaries to observe human rights and environmental due diligence obligations in their supply chains in a relevant and appropriate manner. Through the application of the LkSG, the corresponding sustainability requirements along the supply chain apply to all contractual partners of the KfW Group who provide procurement-related services to KfW or one of its subsidiaries.

3.5 Remuneration Policy

The Investment Firm Remuneration Regulation (WpIVergV) came into force in January 2024. The regulation contains regulatory requirements for remuneration systems for medium-sized investment firms and must therefore be implemented by KfW Capital.

KfW Capital has a remuneration policy that applies to all employees of the company. The remuneration policy is linked to KfW Capital's business and risk strategy, pursues several objectives, sets out remuneration principles and, in particular, includes information on the structure and adjustment of remuneration and the composition of remuneration for different employee groups. It thus creates transparency regarding KfW Capital's remuneration structure for all employees and for employees whose professional activities have a significant impact on the risk profile of KfW Capital or the assets they manage (risk takers).

KfW Capital aims to strengthen its attractiveness as an employer by offering a market-oriented package of remuneration and fringe benefits. It also aligns its remuneration instruments with its business and risk strategy. Another goal is to support its attractiveness as an employer in order to attract new employees and retain existing ones. This is achieved through a market-oriented package of remuneration and fringe benefits. An appropriate remuneration structure prevents disproportionately high risks from being taken.

The remuneration structure also ensures gender neutrality. Finally, the policy establishes a uniform framework for performance management and remuneration design and ensures compliance with regulatory requirements. The remuneration of KfW Capital employees consists of a fixed and a variable component. While the fixed remuneration is based on the relevant professional experience, organisational responsibility and function of the employee, the variable remuneration rewards the sustainable success of KfW Capital. It is granted on a target-based basis and is oriented towards financial and non-financial targets. In some cases, individual remuneration-related targets are set for sustainability in order to strengthen the further development and integration of sustainability internally (especially for sustainability managers).



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