KFW CAPITAL

ESG Policy

Version 02/2025

Contents

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, innovation and continuous development. 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.

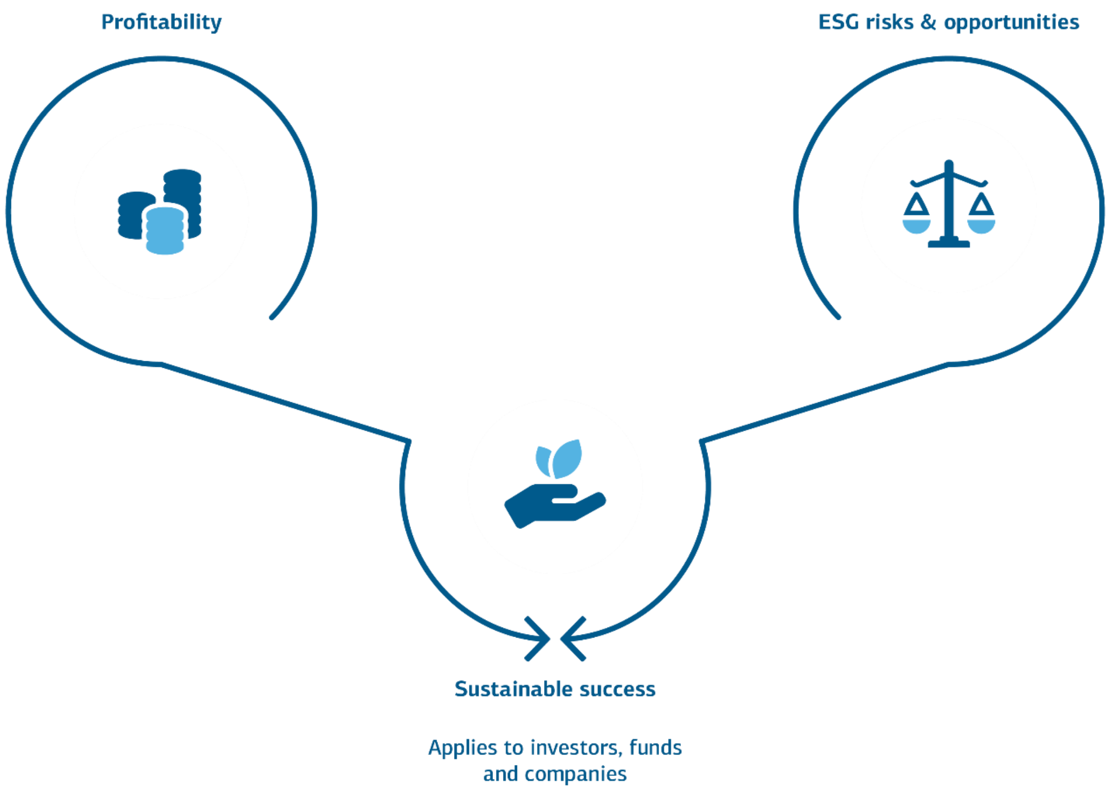
Entrepreneurship and social responsibility need to go hand in hand to support this transformation – and that also applies for the global financial system. As a responsible VC fund investor and part of the KfW Group, KfW Capital is committed to this global task and supports the sustainability objectives of the KfW Group and the German federal government as well as the United Nations' Agenda 2030 and the 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 in German and European venture capital and venture debt funds with support from the ERP Special Fund and the German federal government's Future Fund. 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. Future Fund modules such as the Impact Facility were launched alongside existing investment programmes for all sectors and phases, providing additional opportunities to generate positive impact through investment in a targeted way.

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, implementing KfW Group-wide sustainability projects and performing coordination tasks for the associated internal documentation, events and 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, 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 Investment Committee.

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

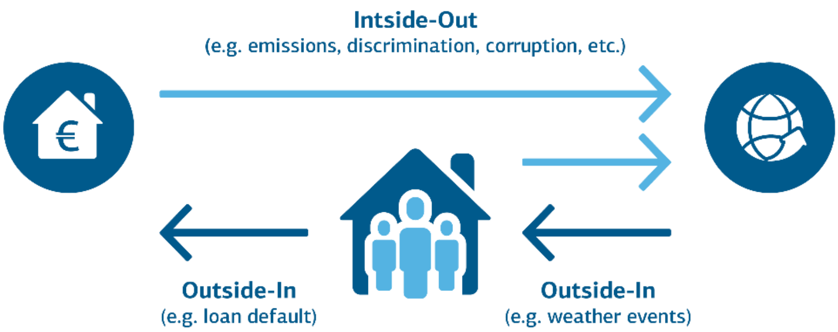
2.1 Managing ESG risks and opportunities: ‘Do no harm’

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 is committed to complying with the UN Principles for Responsible Investment (UNPRI):
- Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.
- Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.
- Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.
- Principle 5: We will work together to enhance our effectiveness in implementing the Principles.
- Principle 6: We will each report on our activities and progress towards implementing the Principles.

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.

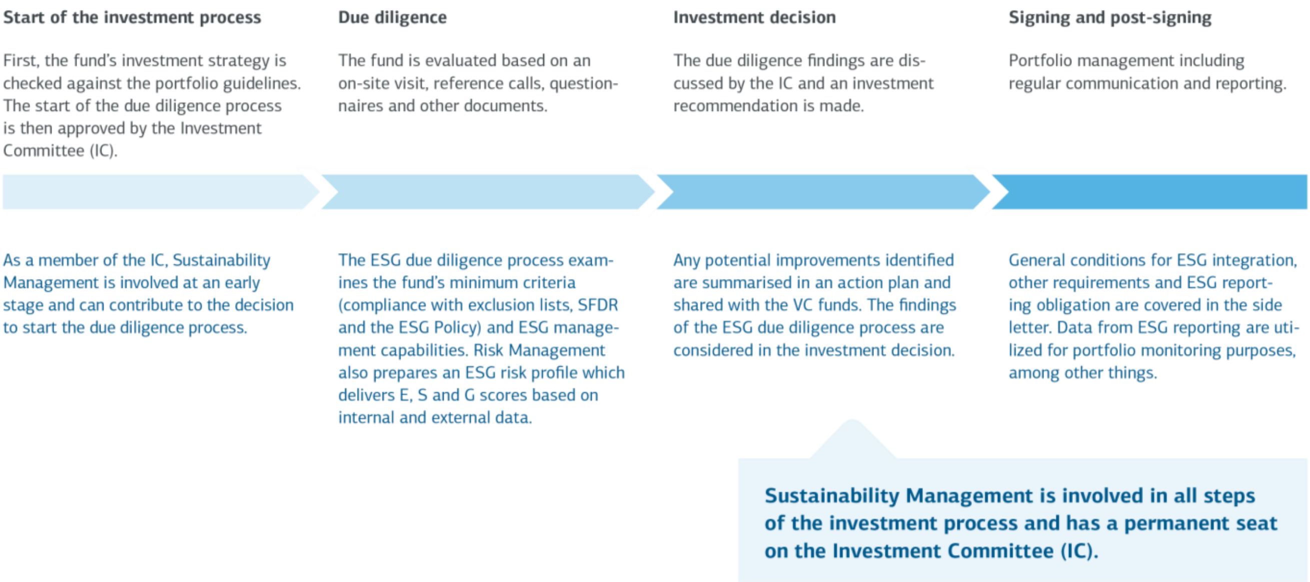
The assessment of ESG aspects generally distinguishes between two perspectives. The first is the outside-in perspective, which looks at developments in ESG-related areas that could give rise to a significant actual or potential negative impact on a company's value if they were to materialise. The second 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.



In addition, 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 it indirectly funds. That is why KfW Capital examines ESG aspects when making a decision to invest in a VC fund, 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. 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 basis. Regular scoring and rating updates are also conducted. ESG risks are likewise integrated into risk controlling processes. On a broader level, addressing sustainability risks is also an ancillary condition within the KfW Capital 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 investment process



a) Start of the investment process

When KfW Capital considers investing in a VC fund, the Investment Management team prepares a fact sheet for the Investment Committee, while also checking general compatibility with the portfolio guidelines and criteria for inclusion in the deal pipeline. 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 the green light to commence general due diligence, these aspects are closely examined as part of the sustainability due diligence process.

b) Due diligence

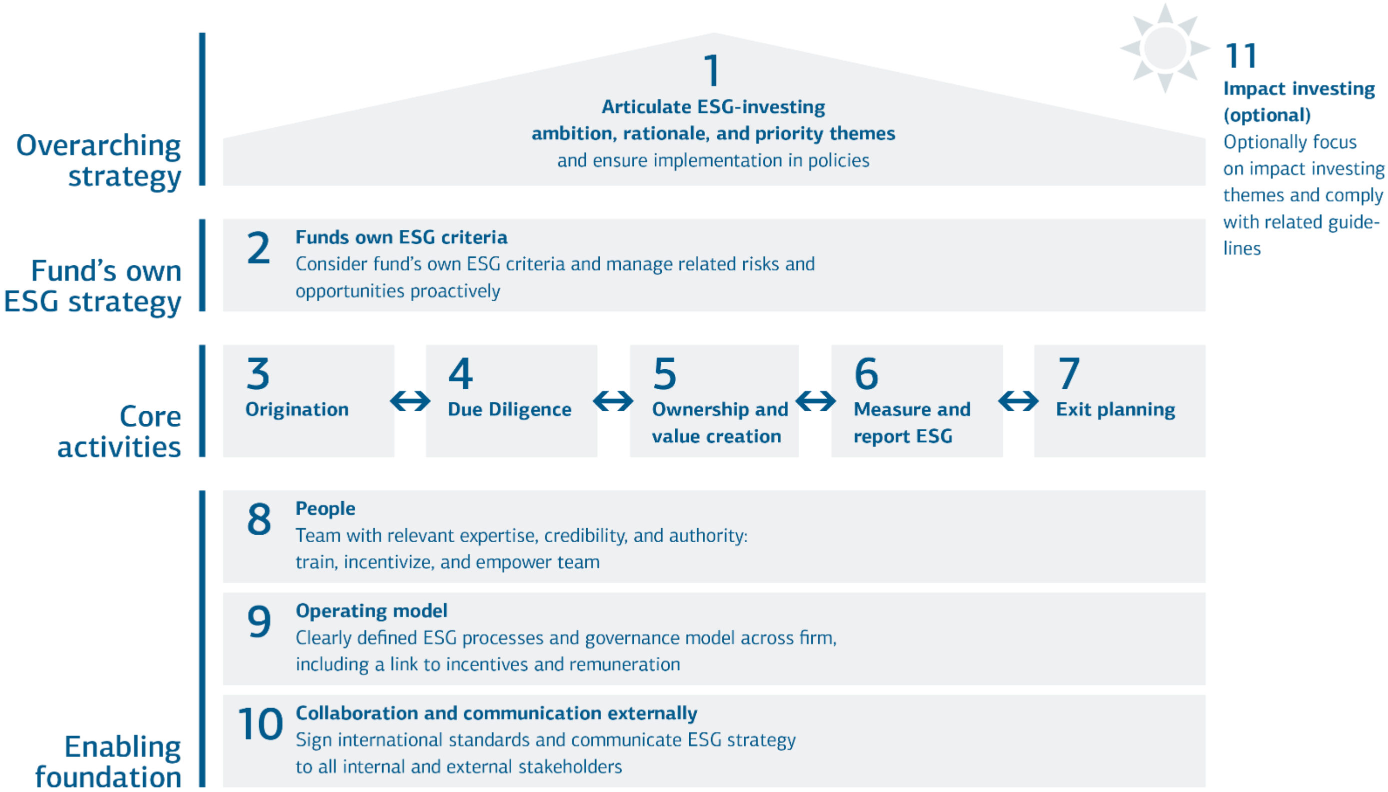
Minimum criteria
The first step involves ensuring that the VC fund's planned investment strategy does not conflict with any of the criteria on the KfW Capital exclusion list. This is based on the KfW Group's exclusion list, with the addition of VC-specific topics.

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 requirements, the Investment Committee will only issue a recommendation for investment on the condition that such a policy has been prepared or 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 agreement 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 that 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.

A short version of the Sustainability Management team's assessment and the ESG risk profile compiled by the Risk Management team are integrated into the decision-making documents for the Investment Committee. The full version is included in the detailed due diligence report.

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 Officers.

When a potential investment represents new business or involves special circumstances (e.g. first investment as part of a new programme), a pre-IC meeting is held shortly after the start of the due diligence process in order to discuss the key aspects of the investment and possible focal areas for further review. During this early phase, Sustainability Management can flag potential problems or raise questions to be addressed by the Risk Management or Investment Management teams at a later stage of the due diligence process. If issues have already arisen that speak against continuing due diligence, the IC can vote to halt the process.

The investment itself plus any requirements set by the Sustainability Management team are discussed at the regular IC meeting. Each IC member has one vote on recommending the investment. The final investment decision is taken 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 VC fund'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 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 Taxonomy reporting within the context of 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, we are not only providing benchmarking opportunities for the VC funds in our portfolio but are also fulfilling our role as a public investor by sharing our insights with the market.

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.

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

Strengthening impact through targeted investment programmes

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:

- **Emerging Manager Facility** (since 2023): Investment in small young VC funds with gender-diverse teams
- **Green Transition Facility** (2023 and 2024): Investment in climate tech funds
- **Impact Facility** (from 2025): Investment in dedicated impact funds with impact objectives and metrics

As part of KfW’s Group-wide impact management process, KfW Capital examines the positive impacts achieved by its investments at the portfolio company level. The objective here is to measure the impact on the environment, society and the business community in order to lay the foundation for effective impact management.

As *the* digital transformation and development bank, KfW is committed to systematically recording the economic, environmental and social impacts of its financing and investment activities, presenting them 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 fund 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).

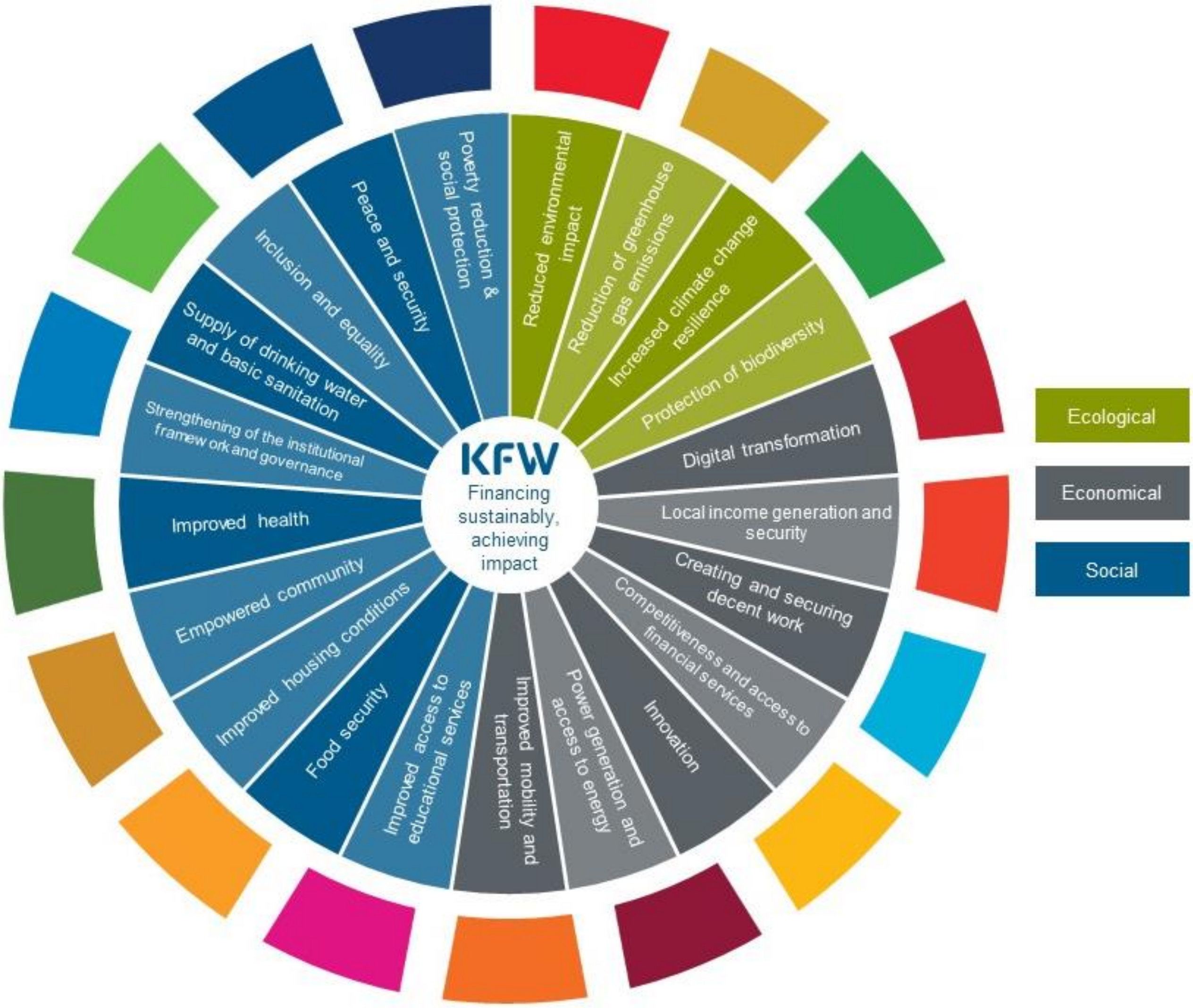
Activity of the VC funds: KfW Capital uses these input instruments to support VC and venture debt funds, which, through their investments, constitute the capital base for developing European start-ups and growth companies. The VC funds provide expertise and also help drive the establishment of more professional 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.

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 CO_2 intensity or the circularity of processes and products. KfW Capital endeavours to actively promote such effects through suitable investment programmes such as the Green Transition Facility and the Impact Facility.

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.

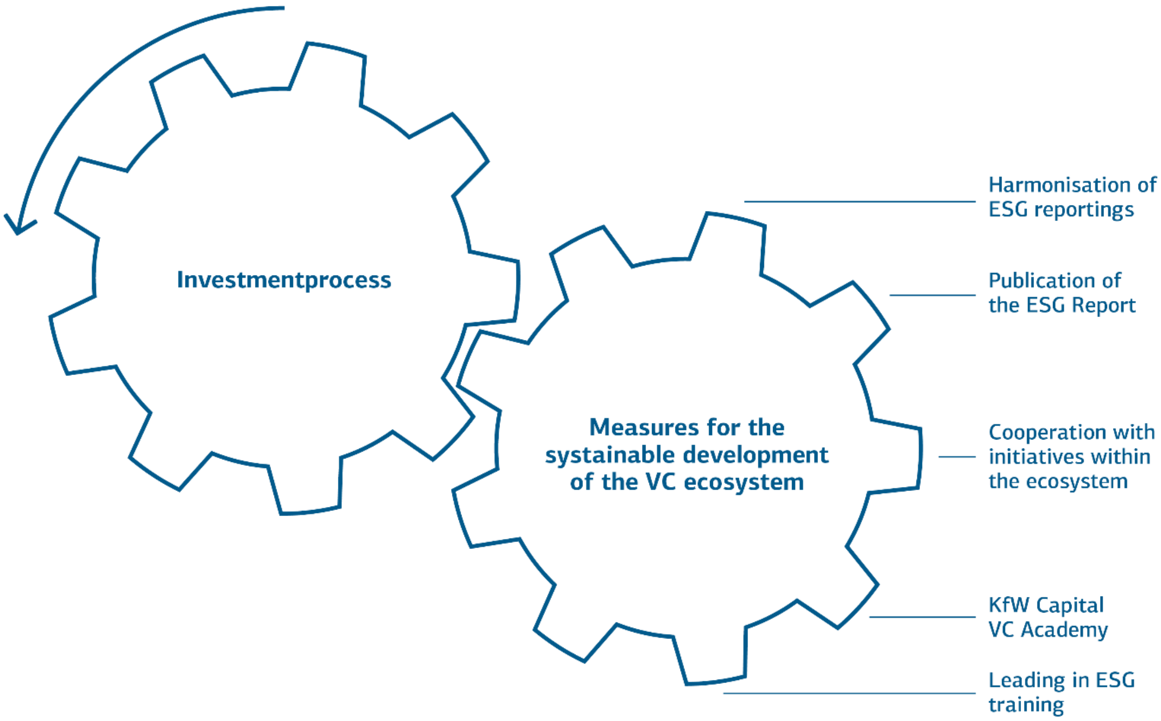
In addition, funding from KfW Capital also makes a contribution to further impact categories, which we will be able to quantify in the future using collected data. These additional categories are as follows:

- Reduced environmental pollution
- Reduced greenhouse gas emissions
- Increased climate change resilience
- Improved health
- Food security (access to healthy food)
- Improved mobility and transport
- Inclusion and equal rights
- Access to education

Some of the data for KfW's Group-wide impact management is captured by KfW Capital itself, while other data is acquired from the ESG reporting of the portfolio funds. In the future, the aggregate impact of the KfW Group will be documented in an annual impact assessment. From that time onwards, KfW Capital's ESG Report will also cover the impacts achieved.

2.3 Guidance and engagement

KfW Capital is committed to and acts in accordance with 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, for instance, KfW Capital published a joint study with Boston Consulting Group that explores the extent to which VC funds and start-ups have already integrated sustainability into their strategies and operations. In the future, KfW Capital's ESG Report will include the same information.

In 2022, KfW Capital, VentureESG and the BMW Foundation Herbert Quandt teamed up to create the Leading in ESG programme, which is aimed at meeting the needs of VC funds for customised training and further developing the market's ESG expertise. Since then, regular training sessions have been conducted in Germany (with the support of KfW Capital) as well as in other European countries and elsewhere in the world.

KfW Capital also launched the KfW Capital VC Academy in 2022. Aimed at developing the German VC ecosystem in areas outside of finance, too, this series of events is focused on sharing knowledge of key issues and on networking. At least one of the VC Academy events each year is dedicated to a sustainability-related topic. Also initiated in 2022, the KfW Capital Award is presented in the "Best Female Investor" and "Best Impact Investor" categories. KfW Capital considers both female investing and impact investing to be particularly important areas for sustainably bolstering Germany's VC ecosystem. In 2024, the special prize for "Best Emerging Manager" was added to enhance the visibility of younger teams and new market entrants.

KfW Capital also engages in regular dialogue with VentureESG and other organisations on a range of research projects (e.g. on human rights and the responsibility of limited partners in the venture capital market) and routinely 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.

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

3.1 Sustainable employer

Diversity and equal career development opportunities for all employees are a matter of course for KfW Capital. Employees may not be discriminated against on grounds of gender, origin, ethnicity, religious beliefs, world view, disability, age or sexuality. Relevant principles are defined in the company’s Diversity Policy. KfW Capital is also a signatory to the German Diversity Charter and works with external experts to promote an inclusive and diverse working environment.

The respectful treatment of employees is a top priority for KfW Capital. The company's success and future viability are dependent on qualified and motivated employees. KfW Capital has taken various steps to create a healthy and attractive working environment and position itself in the growing competition for qualified specialists and young talents. This includes covering the costs of the 'Deutschland-Ticket' (providing free local and regional transport in Germany), an employee cafeteria, fresh fruit, flu vaccinations and subsidising the cost of glasses for screen-based work.

KfW Capital offers its employees an attractive and healthy working environment and a fair remuneration system with a company pension plan and private and occupational accident insurance. It also supports its employees by offering a wide range of personal and professional development opportunities. In addition, KfW Capital is committed to ensuring employees can balance work and family life with, for example, flexible working hours, part-time and remote working arrangements, and flex days that enable staff to take entire days off in lieu of overtime worked. Moreover, KfW Capital intends to introduce additional measures to improve employees’ work-life balance, such as the provision of childcare places.

Supporting efforts to further develop KfW Capital’s corporate culture, employees are given the opportunity to share feedback, criticism and ideas in regular dialogue formats with the Management Board. KfW Capital has also established a complaints procedure as required by Germany’s equal treatment legislation (AGG).

In addition, events such as team off-sites, get-togethers and a summer party are held to foster cross-team collaboration and help staff get to know new colleagues.

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.

From 2024, the KfW Group will also prepare 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. Starting in 2024, KfW Capital will conduct more comprehensive calculations to determine its internal carbon footprint and will also include this information in its 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. The Travel Policy was revised in this respect in 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-sector contracting body, KfW Capital is required to implement Europe-wide tenders for procurement contracts that exceed certain thresholds. These tenders incorporate principles of transparency, non-discrimination and competition. Where permissible under public procurement law, KfW Capital includes social and environmental requirements in its contract conditions for Europe-wide tenders. In doing so, KfW Capital ensures fair competition and cost-effective procurement conditions that are in line with market rates.

As part of the KfW Group, KfW Capital also endeavours to incorporate sustainability aspects into all its procurement activities. For KfW Capital, these aspects include respect for human rights, compliance with labour and social law, topics relating to environmental protection and climate action, and the sustainable management of natural resources. Pursuant to the German Supply Chain Due Diligence Act (LkSG), which entered into force on 1 January 2023, KfW and its subsidiaries are required to appropriately exercise their duties in performing human rights and environmental due diligence in their supply chains. The sustainability requirements apply to all contractual partners of the KfW Group that provide procurement-related services to KfW or any of its affiliated companies.

3.5 Remuneration Policy

Germany's Investment Firm Remuneration Regulation (WpIVergV) came into force in January 2024. It sets out regulatory requirements for the remuneration systems of medium-sized investment firms and must therefore be implemented by KfW Capital.

KfW Capital has a Remuneration Policy in place that applies to all its employees and is designed to pursue a number of objectives. It provides transparency around KfW Capital's remuneration structure for all employees and risk carriers and aligns remuneration instruments with the business and risk strategies. A further goal is to increase employer attractiveness in order to boost recruitment and retention, which is achieved by offering a market-oriented package of remuneration and benefits. In addition, the company ensures the appropriateness of the remuneration structure to avoid any disproportionate risks. It also ensures the gender neutrality of the remuneration structure. Lastly, the Policy defines a uniform framework for performance management and the remuneration system and ensures compliance with regulatory requirements. The remuneration of KfW Capital employees consists of fixed and variable (short- and long-term) components. An employee's fixed remuneration is based on their professional experience, organisational responsibility and function, whereas the variable remuneration component rewards them for KfW Capital's long-term success, based on the attainment of financial and non-financial targets. In certain cases, individual remuneration-relevant sustainability targets are set in order to strengthen the development and integration of sustainability within the company – especially for sustainability managers and the Management Board.

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