

Responsibility in society

The environmental and social principles of KfW Bankengruppe

Preamble

As the promotional bank of the Federal Republic of Germany and the German federal states, we provide promotional and financial support in Germany, Europe and throughout the world in our fields of activity – investment financing, the promotion of developing countries, advisory and other services and international project and export financing. We conduct commercial project and export financing in the interest of the German and European economy through KfW IPEX-Bank. Our primary source of funding is the capital market.

We are committed to economic, ecological, social and cultural development and use the instruments at our disposal to support the goals of the Federal Republic of Germany, the European Union and the international community in that respect. As an employer, in our in-house environmental management and as a corporate citizen, too, we place considerable importance on those goals.

Our responsibility in society derives from our statutory promotional mission and the values underpinning our work – efficiency, market economy, sustainability, creativity, responsibility, humanity and tolerance (KfW compass). Fundamental to everything we do in the name of sustainable development is that we safeguard the essentials of life and the quality of life for present and future generations and establish self-supporting economic structures.

We are a member of international initiatives such as the UNEP Finance Initiative and Transparency International and gear our decisions to regulations in our partner countries as well as to benchmarks established by the EU, the OECD and the United Nations, including the standards of the World Bank Group and the core labour standards of the International Labour Organization (ILO).

These principles apply to all our fields of activity and all subsidiaries of KfW Bankengruppe, which concretise them in their own guidelines.

They govern the business activities of KfW (I), internal corporate measures (II) and implementation and communication (III).

I. Responsibility in business operations

(1) Environmental protection

We promote and finance projects and programmes concerned with environmental and climate protection and the sustainable use of resources in Germany and in our partner countries and focus on areas where financing and advice can reap particular benefit.

In all projects and programmes we assess the ecological opportunities and risks before taking a financing decision and carry out checks particularly where weaknesses in the environmental protection system are apparent.

We help our partners to resolve environmental issues. We withhold financial support from projects that will foreseeably result in unacceptable environmental damage.

(2) Social development

As part of our project and programme financing, we actively promote social development in Germany and our partner countries.

This includes life-enhancement measures such as investing in education, housing, infrastructure and poverty reduction in the developing countries.

We use the instruments available in our fields of activity to encourage respect for and the maintenance of social standards and take the social impact of our business activities into account. We withhold financial support from projects that will foreseeably have unacceptable social disadvantages.

II. Internal organisation

(3) Environmental management system

Our environmental management system applies to all relevant areas of the Bank and falls within the remit of its Management Director for the Environment. We regularly update the environmental management system and check its effectiveness in project decisions and with regard to in-house environmental protection.

As necessary, we call on external support to supplement our in-house expertise in environmental issues and we give our staff appropriate training.

(4) In-house environmental protection

Our premises set high environmental standards and implement ambitious solutions that make use of innovative building technologies.

In our own technical operations we ensure that all statutory requirements are reliably observed. Furthermore, we seek to undercut existing emission limits and to exceed current standards.

We restrict the consumption of energy, water and materials and the output of waste as far as this is compatible with our tasks and procedures. Our staff members are fully involved in implementing our reduction objectives.

Our aim is to offset emissions with an adverse climatic impact that are unavoidably generated by our business operations and by running our premises.

(5) Human resources policy

Mindful of our responsibility as an employer, we take care to respect the statutory requirements in the field of human resources at every workstation and location. These legal requirements are supplemented by in-house social services and facilities.

Our human resources policy provides support for those seeking to combine work and a family. Our management style and staff interaction take account of and respect the individuality of our staff members regardless of age, gender, origin, religion or disability.

We offer our employees – men and women – the opportunity to build on their skills in accordance with their interests and potential.

(6) Social commitment

Our sponsoring and donating activities reaffirm our commitment to society, the economy and the environment.

Our key sponsorship initiatives are closely bound up with our promotional tasks and concentrate on the areas of housing construction, environmental protection, innovation, education and science, culture and social facilities. We are actively involved at every level from the regional to the international.

Our donations primarily support social and charitable concerns and are also related to the personal social commitment of our staff members. As an enterprise established under public law, KfW does not make donations to political parties.

(7) Corporate governance and compliance

The bases of corporate governance at KfW – in particular, the tasks, duties and powers of its decision-making bodies, their appointment and interaction – are established in the KfW Law and By-Laws.

In carrying out our tasks, we comply with the provisions of the KfW Law and By-Laws and current legislation. To the extent that it is feasible and appropriate for KfW, we also enforce standards that go beyond those provisions.

As part of the organisation and regulations applying to compliance, there are, in particular, internal management systems to prevent money laundering, the financing of terrorism, corruption and fraud as well as violations of data protection laws, insider trading regulations and embargo provisions. We regularly develop those systems further in accordance with the legal framework and market requirements.

III. Implementation and communication

(8) Implementing the principles

The set of promotional and financing instruments at KfW Bankengruppe is checked regularly and further refined to keep it in line with the economic, social and ecological development in Germany and abroad.

Our environmental management system and other in-house instruments and procedures ensure that our environmental and social principles are put into practice both at KfW as an enterprise and in our promotional and business activities.

In keeping with the specific characteristics and the regulatory setting of the fields of activity and subsidiaries, our environmental and social principles are set forth in binding internal guidelines, which include rules governing content and procedures. They are checked regularly for the need to be updated.

(9) Transparency and communication

We conduct an open dialogue on the environmental concerns and social aspects of our business and our organisation with our customers, other financing institutions and the general public as well as internally. In the case of financing with a considerable environmental and social impact, one of our requirements, as part of the environmental and social assessment, is that the local population affected be kept informed and participate.

Apart from working closely with German and European public sector institutions and communicating and working with enterprises and associations, we take part in expert discussions and provide regular reports on the results of our work. We naturally observe the confidentiality that is usual in banking practice.

We report regularly to KfW's Board of Supervisory Directors and provide information for the general public in our Environmental and Social Report.