ESG & Impact Report

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Environmental

SDG 6 - Clean Water and Sanitation

N/A / 100

No summary available.

Key Takeaways

No key takeaways available.

Evidence

No evidence available.

SDG 7 - Affordable and Clean Energy

68.0 / 100

KfW Capital shows concrete clean-energy relevant investment activity through a dedicated climate-tech facility and portfolio-level encouragement of greener energy procurement, but the report does not quantify renewable energy generation, energy savings, or access outcomes.

> **AI Recommendation: Monitor and strengthen outcome reporting**
>
> There is credible investment-process evidence for SDG 7, but current disclosure is stronger on inputs and strategy than on measured clean-energy results.
>
> **Suggested Next Steps**
>
> - Report climate-tech portfolio exposure by energy sub-theme

- Disclose renewable energy, electrification, or efficiency KPIs from portfolio companies
- Track annual outcome metrics through the planned impact assessment

Key Takeaways

- **success**: KfW Capital launched a EUR 100 million Green Transition Facility for climate-tech funds.
- **info**: The report links some investments to ecological return, not only financial return.
- **warning**: No direct renewable energy or energy-efficiency outcome metrics are disclosed.

Evidence

> In July 2023, KfW Capital launched the Green Transition Facility, which specifically invests in VC funds with a focus on climate tech and related climate-relevant topic areas. This facility makes EUR 100 million available to these VC funds, EUR 44 million of which was already allocated in 2023.
> Page not available

> The corresponding target VC funds feature an ecological and social return as well as a financial return.
> Page not available

> Our maturity model brings very concrete results by guiding companies across various dimensions. For instance, if we consistently encourage every portfolio company to switch to green energy suppliers, and this approach is uniformly applied across each company, multiplied by all portfolios, and further extended across Sofinnova's entire platform of strategies, it generates a substantial multiplier effect.
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SDG 11 - Sustainable Cities and Communities

N/A / 100

No summary available.

Key Takeaways

No key takeaways available.

Evidence

No evidence available.

SDG 12 - Responsible Consumption and Production

70.0 / 100

KfW Capital provides concrete evidence of responsible-investment processes, portfolio ESG reporting requirements, and environmental policy uptake in portfolio companies, but little direct evidence on circular economy, waste, recycling, or resource-efficiency outcomes.

> **AI Recommendation: Proceed with caution**
>
> There is credible evidence of responsible-investment systems and some environmental-policy uptake, but limited direct evidence on SDG 12 environmental outcomes.
>
> **Suggested Next Steps**
>
> - Add portfolio KPIs on waste generation, recycling, materials use, and pollution prevention
> - Link ESG due diligence findings to measurable operational improvements
> - Disclose more company-level case studies with quantified resource-efficiency results

Key Takeaways

- **success**: KfW Capital embeds ESG requirements in due diligence, side letters, and portfolio monitoring.
- **success**: The Invest Europe ESG reporting framework is used to standardize data collection.
- **info**: 22.8% of portfolio companies at the recommended reporting level have an environmental policy.
- **warning**: The report provides little direct evidence on circular economy or waste outcomes.

Evidence

> The ESG due diligence process examines the fund's minimum criteria (compliance with exclusion lists, SFDR and the ESG Policy) and ESG management capabilities.
> Page not available

> General conditions for ESG integration, other requirements and ESG reporting obligation are covered in the side letter. Data from ESG reporting are utilized for portfolio monitoring purposes, among other things.
> Page not available

> KfW Capital uses the Invest Europe ESG reporting framework to improve standardisation and increase transparency.
> Page not available

> 22.8% of the portfolio companies (rec.) have an environmental policy.
> Page not available

> At Cusp Capital, good ESG reporting is the result of a systematic approach and application of the following best practices which are implemented individually with the portfolio companies (depending on which stage they are at):
> Page not available

SDG 13 - Climate Action

79.0 / 100

KfW Capital demonstrates substantial climate-action integration through a climate-tech investment facility, portfolio GHG footprint and Paris-compatibility focus, annual ESG data collection, CSRD-related carbon-footprint reporting, portfolio-level emission target data, and internal travel measures. The evidence is credible and company-specific, but measured emissions outcomes remain incomplete and mostly descriptive.

> **AI Recommendation: Monitor with positive bias**
>
> KfW Capital has credible climate integration and some quantitative portfolio indicators, but outcome evidence is constrained by incomplete and unverified emissions data.
>
> **Suggested Next Steps**
>
> - Disclose portfolio financed emissions methodology and coverage over time
> - Report absolute and intensity-based GHG trends with baselines

- Provide climate-tech outcome metrics and case studies with attributable results
- Seek limited external assurance over key climate metrics

Key Takeaways

- **success**: KfW Capital launched a EUR 100 million climate-tech facility and allocated EUR 44 million in 2023.
- **success**: Portfolio GHG footprint measurement and Paris compatibility are explicit priorities.
- **success**: One quarter of full-reporting portfolio companies have an emission reduction target, and 37.1% of those targets are Paris-aligned.
- **warning**: Fund manager emissions data are relatively incomplete and do not yet support meaningful conclusions.
- **warning**: The report is not externally assured and does not claim causal relationships.

Evidence

> In July 2023, KfW Capital launched the Green Transition Facility, which specifically invests in VC funds with a focus on climate tech and related climate-relevant topic areas. This facility makes EUR 100 million available to these VC funds, EUR 44 million of which was already allocated in 2023.
> Page not available

> For KfW Capital, managing our impact and measuring our portfolio's greenhouse gas footprint for ensuring Paris compatibility are both highly important factors.
> Page not available

> Since 2022, we have been collecting ESG data from the VC funds and their portfolio companies so that we can continue to support and monitor their compliance with ESG principles after the completion of due diligence and the investment decision.
> Page not available

> Alongside the implementation of requirements, the ESG progress of the VC funds and their portfolio companies is tracked by recording ESG data on an annual basis starting in 2022.
> Page not available

> In addition, KfW Capital uses the data for Group-wide impact management and to satisfy regulatory requirements in the context of KfW's CSRD reporting obligation (e.g. carbon footprint and EU Taxonomy quotas).

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SDG 14 - Life Below Water

N/A / 100

No summary available.

Key Takeaways

No key takeaways available.

Evidence

No evidence available.

SDG 15 - Life on Land

58.0 / 100

The report provides only limited evidence relevant to biodiversity and nature management, mainly through reference to a Group Biodiversity Roadmap and CSRD-related sustainability reporting processes.

> **AI Recommendation: Limited coverage**
>
> Nature-related disclosure is currently limited to roadmap and reporting references without concrete biodiversity outcomes.
>
> **Suggested Next Steps**
>
> - Disclose nature-related risk screening criteria for funds and portfolio companies
> - Report biodiversity-related exclusions, targets, or case studies
> - Align future disclosure with emerging TNFD-style nature-risk management where relevant

Key Takeaways

- **info**: The report references a KfW Group Biodiversity Roadmap.

- **warning**: No quantified biodiversity, land restoration, or habitat protection outcomes are disclosed.

Evidence

> Other topics covered by sustainability management at KfW Capital as part of the KfW Group include contributions to the upcoming sustainability reporting in compliance with the Corporate Sustainability Reporting Directive (CSRD) or the Biodiversity Roadmap.
> Page not available

> In addition, KfW Capital uses the data for Group-wide impact management and to satisfy regulatory requirements in the context of KfW's CSRD reporting obligation (e.g. carbon footprint and EU Taxonomy quotas).
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Social

SDG 1 - No Poverty

N/A / 100

No summary available.

Key Takeaways

No key takeaways available.

Evidence

No evidence available.

SDG 2 - Zero Hunger

N/A / 100

No summary available.

Key Takeaways

No key takeaways available.

Evidence

No evidence available.

SDG 3 - Good Health and Well-Being

69.0 / 100

The report provides quantitative evidence of health and safety policies in portfolio companies and describes employee well-being measures for KfW Capital staff.

> **AI Recommendation: Monitor**
>
> There is credible evidence of health and safety policy coverage and internal well-being actions, but the report does not yet demonstrate measurable health outcomes or verified impact.
>
> **Suggested Next Steps**
>
> - Track injury, incident, absenteeism, and employee well-being outcomes over time.
> - Expand portfolio reporting from policy presence to health-related results.
> - Seek stronger verification or assurance for social KPI data.

Key Takeaways

- **success**: 46.6% of portfolio companies report a health and safety policy.
- **success**: KfW Capital describes concrete employee well-being measures including nutrition and sporting activities.
- **warning**: The report does not provide quantified health outcomes such as reduced incidents or improved well-being scores.
- **warning**: The social-health analysis is explicitly descriptive and not independently verified.

Evidence

> The policies most frequently in place in the portfolio companies are health and safety policies (rec.) and anti-discrimination policies (full).
> Page not available

> | 46.6 % | Health and safety policy (rec.) | 53.4 % |
> Page not available

> A strong team culture that facilitates fruitful and trustful collaboration is built on the physical and mental well-being of each and every team member.
> Page not available

> KfW Capital helps its employees achieve a balanced diet by offering fresh seasonal meals in the canteen and by providing a well-filled fruit basket.
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> There is also ample opportunity for sporting activities: from participation in the JP Morgan Corporate Challenge and the KfW Soccer Cup to KfW Capital's own table football competition and a lunchtime jogging group.
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SDG 4 - Quality Education

80.0 / 100

The report presents multiple quantified education and skills initiatives spanning staff training, VC ecosystem capacity building, and scholarships for women in venture capital.

> **AI Recommendation: Proceed with monitoring**
>
> Education and capacity-building activity is strong and specific, with multiple named programs and quantified delivery, but stronger learner outcome tracking would improve impact credibility.
>
> **Suggested Next Steps**
>
> - Track participation, completion, and post-training behavior change metrics.
> - Report career progression or ecosystem effects for scholarship recipients.
> - Link training programs to portfolio ESG implementation outcomes over time.

Key Takeaways

- **success**: More than 1,200 hours were devoted to employee training and development in 2023.
- **success**: Two Women in VC partial scholarships of EUR 5,000 each were awarded in 2023.

- **success**: Leading in ESG training reached four VC funds in Berlin and five in Munich, with additional trainings in other regions.
- **warning**: The report does not provide verified learning outcome or employment impact data from these programs.

Evidence

> To this end, we have developed a variety of initiatives such as the 'Leading in ESG' training course and the KfW Capital VC Academy.
> Page not available

> In 2022, KfW Capital launched the KfW Capital VC Academy, a series of events aimed at developing the German VC ecosystem in the non-financial area as well.
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> KfW Capital awarded the KfW Capital Fellowship Women in VC for the first time in 2023. Under this programme, KfW Capital awarded two partial scholarships, each worth EUR 5,000, to support women in pursuing the venture capital track of the Certified Private Equity Analyst (CPEA) training programme run by the German Private Equity and Venture Capital Association (BVK) and the Technical University of Munich (TUM).
> Page not available

> In 2023, two training courses were held in Berlin und Munich for four and five VC funds, respectively. Further training were held in the UK, Scandinavia and the USA.
> Page not available

> More than 1,200 hours were devoted to training and development in 2023
> Page not available

SDG 5 - Gender Equality

84.0 / 100

The report provides broad gender-related evidence across products, ecosystem initiatives, fund manager diversity, portfolio company representation, and pay-gap disclosure.

> #### AI Recommendation: Proceed
>
> This is a well-covered area with strong quantitative disclosure and multiple gender-focused programs and facilities. Continued monitoring should focus on converting representation and training efforts into improved leadership parity and reduced pay gaps.

Suggested Next Steps

- Track year-on-year trends in female founders, C-suite, board, and partner representation.
- Report outcomes from the Emerging Manager Facility and Women in VC fellowship.
- Disclose actions linked to reducing the unadjusted gender pay gap.

Key Takeaways

- **success**: The Emerging Manager Facility allocates EUR 200 million to smaller VC funds managed by gender-diverse teams.
- **success**: 46.3% of fund managers have at least one female partner, and women account for 43.6% of fund manager employees.
- **success**: KfW Capital launched two EUR 5,000 Women in VC scholarships in 2023.
- **warning**: The average unadjusted gender pay gap among portfolio companies is 15.5%.
- **warning**: Women remain underrepresented among founders, C-suite roles, and board memberships in portfolio companies.

Evidence

> The Emerging Manager Facility was launched in October 2023 with a volume of EUR 200 million that is available until 2030. It addresses a new target group in the VC ecosystem: smaller VC funds (up to EUR 50 million) managed by gender diverse teams.
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> of the fund managers have at least one ## female partner 46 %
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> Around half of the fund managers (46,3%) have at least one female partner.
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> In terms of employees (25.8 on average)[1], the gender ratio per fund manager is much more balanced, with women accounting for 43.6%.
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> On average, 35% of the workforce of portfolio companies is female.
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SDG 8 - Decent Work and Economic Growth

76.0 / 100

The report provides clear evidence of financing activity intended to expand access to growth capital for startups and describes internal decent work practices for KfW Capital employees.

> **AI Recommendation: Proceed with caution**
>
> There is strong evidence of capital deployment and ecosystem support, but limited direct measurement of jobs, labor quality, or income effects. Monitoring should focus on translating financing inputs into socio-economic outcomes.
>
> **Suggested Next Steps**
>
> - Request portfolio-level job creation and workforce quality metrics.
> - Track startup survival, growth, and access-to-capital outcomes over time.
> - Differentiate financing outputs from attributable decent work and economic outcomes.

Key Takeaways

- **success**: KfW Capital has committed more than EUR 2.3 billion to 116 VC funds and indirectly co-financed more than 2,200 startups.
- **success**: The strategy explicitly links competitiveness, access to financial services, innovation, and digital transformation to SDG 8.
- **success**: KfW Capital reports flexible working, part-time leadership options, and work-life balance support for employees.
- **warning**: The report does not quantify job creation, wages, or labor conditions at portfolio companies.

Evidence

> As a 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 government's Future Fund. Its aim 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.
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> Since our establishment in 2018, we have committed more than EUR 2.3 billion in 116 VC funds (as of 30 June 2024)
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> We have already co-financed more than 2,200 start-ups indirectly via the VC funds.
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> KfW Capital was established with the mandate to invest in German and European venture capital and venture debt funds, thereby strengthening the capital base of innovative, technology-oriented start-ups and growth companies.
> Page not available

> Therefore, the key impact categories based on the strategy are: - Competitiveness and access to financial services - Innovation - Digital transformation These categories contribute above all to SDG 8 (Decent work and economic growth) and SDG 9 (Industry, innovation and infrastructure).
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SDG 9 - Industry, Innovation and Infrastructure

82.0 / 100

The report presents strong evidence of financing innovation, digital transformation, and venture infrastructure through multiple capital vehicles and indirect support for innovative firms.

> **AI Recommendation: Proceed**
>
> Innovation and venture-finance infrastructure are central to the strategy and supported by substantial quantified capital deployment. Further monitoring should focus on downstream innovation, connectivity, and market access outcomes.
>
> **Suggested Next Steps**
>
> - Track commercialization, scaling, and innovation outcomes at portfolio-company level.
> - Quantify downstream effects of direct co-investment and new impact programs.
> - Separate capital mobilization metrics from realized infrastructure or industrial outcomes.

Key Takeaways

- **success**: KfW Capital explicitly links its strategy to innovation and digital transformation under SDG 9.
- **success**: The Green Transition Facility made EUR 100 million available, with EUR 44 million allocated in 2023.
- **success**: Growth Fund Germany reached a target volume of EUR 1 billion and attracted new institutional private investors.
- **warning**: The report does not quantify downstream innovation or infrastructure outcomes beyond financing activity.

Evidence

> Its aim 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.
> Page not available

> KfW Capital was established with the mandate to invest in German and European venture capital and venture debt funds, thereby strengthening the capital base of innovative, technology-oriented start-ups and growth companies.
> Page not available

> Therefore, the key impact categories based on the strategy are: - Competitiveness and access to financial services - Innovation - Digital transformation These categories contribute above all to SDG 8 (Decent work and economic growth) and SDG 9 (Industry, innovation and infrastructure).
> Page not available

> In July 2023, KfW Capital launched the Green Transition Facility, which specifically invests in VC funds with a focus on climate tech and related climate-relevant topic areas. This facility makes EUR 100 million available to these VC funds, EUR 44 million of which was already allocated in 2023.
> Page not available

> The Growth Fund Germany is a VC fund of funds that invests in German and international VC funds. For the first time, it has attracted institutional private investors who had not previously invested in venture capital.
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SDG 10 - Reduced Inequalities

78.0 / 100

The report provides evidence of inclusion-focused ecosystem initiatives, support for underrepresented groups, and a targeted facility for gender-diverse fund managers.

AI Recommendation: Proceed with monitoring

The report contains specific and quantitative inclusion evidence, especially around women and underrepresented founders. Stronger evidence on broader inequality reduction and financing outcomes for underserved groups would improve the case.

Suggested Next Steps

- Track actual investment allocation to underrepresented founders and managers over time.
- Expand inclusion metrics beyond gender to other underserved groups where feasible.
- Assess whether targeted programs improve fundraising access and follow-on outcomes.

Key Takeaways

- **success**: The Emerging Manager Facility targets smaller VC funds managed by gender-diverse teams with EUR 200 million through 2030.
- **success**: 62.7% of fund managers work with initiatives committed to founders from under-represented groups.
- **success**: Fund managers working with such initiatives show higher deal flow to businesses with at least one third female founders, 21.7% versus 15.5%.
- **warning**: The report does not establish causal reduced-inequality outcomes from these inclusion efforts.

Evidence

> The Emerging Manager Facility was launched in October 2023 with a volume of EUR 200 million that is available until 2030. It addresses a new target group in the VC ecosystem: smaller VC funds (up to EUR 50 million) managed by gender diverse teams.
> Page not available

> More than half of the fund managers (62.7%) work with organisations or initiatives that are committed to founders from under-represented groups.
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> For the fund managers that do not work with such organisations or initiatives, this proportion falls to just 15.5%.

> Page not available

> Among the fund managers that work with these organisations or initiatives, the deal flow involving businesses with at least one third female founders amounts to 21.7% on average
> Page not available

> WVC:E brings together women in the VC market with the common objective of advancing inclusion, empowerment and integration in the venture capital arena.
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Governance

SDG 16 - Peace, Justice and Strong Institutions

74.0 / 100

The report shows structured governance in KfW Capital's investment process through IC approval, sustainability participation, ESG due diligence, risk profiling, post-investment action plans, side-letter obligations, and annual ESG monitoring. It also provides portfolio-level evidence on governance mechanisms including ESG policies, ESMS adoption, code of conduct, board structures, independent directors, and limited human rights due diligence.

> **AI Recommendation: Monitor**
>
> Governance evidence is substantive and process-based, with clear committee oversight, ESG due diligence, risk management, side-letter obligations, and portfolio governance metrics. Continued monitoring is warranted because the report explicitly states accuracy limits, no external assurance, and low human rights due diligence prevalence.
>
> **Suggested Next Steps**
>
> - Track whether externally assured governance and ESG data are introduced in future reporting.
> - Monitor growth in portfolio company code of conduct, board independence, and human rights due diligence coverage.
> - Review whether action plans identified in due diligence are implemented and reported with outcomes.

- Assess whether missing board disclosure rates decline in future reporting cycles.

Key Takeaways

- **success**: ESG governance is embedded in investment decisions through IC approval, Sustainability Management participation, and ESG risk profiling.
- **success**: KfW Capital requires ESG policies for investee funds and captures ESG obligations in side letters.
- **success**: The report includes quantified portfolio governance data on codes of conduct, boards, and independent directors.
- **warning**: Human rights due diligence remains limited, with only 11.4% of portfolio companies conducting separate reviews.
- **warning**: The report states that data is self-reported, accuracy is not guaranteed, and no independent external review was conducted.

Evidence

> The start of the due diligence process is then approved by the Investment Committee (IC).
> Page not available

> As a member of the IC, Sustainability Management is involved at an early stage and can contribute to the decision to start the due diligence process.
> Page not available

> The ESG due diligence process examines the fund's minimum criteria (compliance with exclusion lists, SFDR and the ESG Policy) and ESG management capabilities.
> Page not available

> Risk Management also prepares an ESG risk profi le which delivers E, S and G scores based on internal and external data.
> Page not available

> Any potential improvements identifi ed are summarised in an action plan and shared with the VC funds.
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SDG 17 - Partnerships for the Goals

80.0 / 100

The report contains strong evidence of partnerships and ecosystem-building through public-sector programmes, mobilization of institutional private investors, co-financing of start-ups, collaboration with VentureESG, the BMW Foundation Herbert Quandt, Invest Europe, and specialist providers, plus training, knowledge-sharing, and benchmarking initiatives across multiple countries.

AI Recommendation: Proceed with monitoring

The report demonstrates substantial partnership activity, including public-private finance, ecosystem development, training collaboration, and reporting harmonisation efforts. Monitoring should focus on whether these partnerships continue to generate measurable market-level outcomes and independently supported results.

Suggested Next Steps

- Track future evidence on private capital mobilization and follow-on catalytic effects of Growth Fund Germany and related facilities.
- Monitor training outcomes beyond participation, such as policy adoption, reporting quality, or investee practice changes.
- Review whether harmonisation efforts with Invest Europe and LP groups produce improved data comparability across reporting cycles.
- Assess whether emerging manager and women-in-VC initiatives translate into measurable portfolio or market diversity outcomes.

Key Takeaways

- **success**: KfW Capital combines public financing support with venture fund investment and has co-financed more than 2,200 start-ups indirectly.
- **success**: Growth Fund Germany reached a target volume of EUR 1 billion and attracted institutional private investors new to venture capital.
- **success**: Partnerships with VentureESG, the BMW Foundation Herbert Quandt, and Invest Europe support ESG training and reporting harmonisation.
- **success**: More than 50 funds across multiple countries were engaged through the Leading in ESG collaboration.
- **warning**: Partnership impact evidence is meaningful but partly descriptive and not independently externally reviewed.

Evidence

> Since our establishment in 2018, we have committed more than EUR 2.3 billion in 116 VC funds (as of 30 June 2024)
> Page not available

> We have already co-financed more than 2,200 start-ups indirectly via the VC funds.
> Page not available

> As a 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 government's Future Fund.
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> In November 2023, KfW Capital successfully implemented a further module of the German government's Future Fund with the final closing of the Growth Fund Germany at a target volume of EUR 1 billion.
> Page not available

> The Growth Fund Germany is a VC fund of funds that invests in German and international VC funds. For the first time, it has attracted institutional private investors who had not previously invested in venture capital.
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Development Impact

score

N/A / 100

No summary available.

Key Takeaways

No key takeaways available.

Evidence

No evidence available.

Poverty Reduction

N/A / 100

No summary available.

Key Takeaways

No key takeaways available.

Evidence

No evidence available.

Job Creation

N/A / 100

No summary available.

Key Takeaways

No key takeaways available.

Evidence

No evidence available.

Local Value Creation

N/A / 100

No summary available.

Key Takeaways

No key takeaways available.

Evidence

No evidence available.

Access to Infrastructure

N/A / 100

No summary available.

Key Takeaways

No key takeaways available.

Evidence

No evidence available.

Economic Resilience

60.0 / 100

The report links ESG integration and portfolio support to long-term business viability and resilience, but evidence is largely narrative and the report explicitly does not establish causality.

> **AI Recommendation: Monitor**
>
> There is some company-specific evidence connecting ESG processes to resilience, but outcomes are not quantified and attribution is explicitly limited.
>
> **Suggested Next Steps**
>
> - Track portfolio company survival, follow-on funding, revenue stability, and crisis performance over time.
> - Develop time-series resilience indicators rather than descriptive cross-sectional observations.
> - Clarify how KfW Capital financing contributes to resilience outcomes beyond ESG process adoption.

Key Takeaways

- **info**: The report links ESG integration with more resilient companies and long-term viability.
- **warning**: Resilience evidence is largely narrative rather than outcome-based.
- **warning**: The report explicitly states that it does not present causal relationships.

Evidence

> Considering ESG aspects not only fosters more resilient companies that are well-prepared to meet regulatory requirements but also unlocks new opportunities.
> Page not available

> Alongside ESG reporting, ensuring the development of suitable ESG processes by our portfolio companies is crucial for us as an investor because functioning ESG processes are indispensable to the long-term viability of any business.
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> We see this as an opportunity for more business and better valuations rather than a form of regulation.
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> We do not present any causal relationships in this report. The descriptive analyses refer exclusively to the data provided by the fund managers, VC funds and portfolio companies.
> Page not available

Institutional Capacity Building

79.0 / 100

KfW Capital provides structured ESG and ecosystem training through the Leading in ESG programme and VC Academy, with evidence of market reach and reported expertise gains across more than 50 funds.

> **AI Recommendation: Proceed with monitoring**
>
> Institutional capacity building is one of the strongest evidenced development dimensions in the report, supported by named programs, participation data, and explicit statements of improved expertise.
>
> **Suggested Next Steps**
>
> - Track pre/post training assessments to evidence measurable capability improvements.
> - Report repeat participation, policy adoption, and implementation outcomes at fund level.
> - Document longer-term institutional changes attributable to training and academy activities.

Key Takeaways

- **success**: KfW Capital runs dedicated ESG and ecosystem capacity-building programs.

- **success**: The Leading in ESG programme reached investors from more than 50 funds.
- **info**: The VC Academy focuses on knowledge sharing and network expansion.
- **warning**: Capacity gains are reported, but independent verification is not provided.

Evidence

> To this end, we have developed a variety of initiatives such as the 'Leading in ESG' training course and the KfW Capital VC Academy.
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> KfW Capital, VentureESG and the BMW Foundation Herbert Quandt designed the Leading in ESG programme two years ago in order to meet the demand from VC funds for training was that is tailored to their needs and to systematically develop ESG expertise in the market.
> Page not available

> In 2023, two training courses were held in Berlin und Munich for four and five VC funds, respectively. Further training were held in the UK, Scandinavia and the USA.
> Page not available

> Venture capital investors from more than 50 funds in Germany, Austria, Switzerland, the UK, Scandinavia and the USA, some of whom we have trained together, now have greater expertise and in many cases, have become ESG advocates.
> Page not available

> KfW Capital launched the KfW Capital VC Academy, a series of events aimed at developing the German VC ecosystem in the non-financial area as well. The events focus on sharing knowledge of important topics and on expanding networks.
> Page not available

Financial Inclusion

82.0 / 100

KfW Capital provides indirect access to growth capital for start-ups and young technology companies through VC and venture debt funds, with more than EUR 2.3 billion committed across 116 VC funds and more than 2,200 start-ups co-financed indirectly.

> **AI Recommendation: Proceed with caution**

The report shows strong scale in financing access, but impact on underserved groups, affordability, and borrower outcomes is not detailed, and attribution is limited.

Suggested Next Steps

- Disaggregate financed companies by underserved groups, geography, sector, and first-time access to institutional capital.
- Report follow-on funding, survival, and growth outcomes for financed companies.
- Clarify beneficiary definitions and KfW Capital's contribution relative to other investors.

Key Takeaways

- **success**: KfW Capital reports more than EUR 2.3 billion committed across 116 VC funds.
- **success**: The report states that more than 2,200 start-ups have been co-financed indirectly.
- **info**: The stated objective is to improve access to growth capital for innovative start-ups and young technology companies.
- **warning**: The report does not disaggregate beneficiaries by underserved segments or borrower outcomes.

Evidence

> Its aim 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.
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> Since our establishment in 2018, we have committed more than EUR 2.3 billion in 116 VC funds (as of 30 June 2024), contributing to a large number of VC funds that are active in the European ecosystem. We have already co-financed more than 2,200 start-ups indirectly via the VC funds.
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> The KfW Capital portfolio comprises 112 VC funds (31 December 2023). Via these VC funds, KfW Capital has already invested indirectly in more than 2,000 portfolio companies.
> Page not available

> As a 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 government's Future Fund.

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Climate Adaptation

N/A / 100

No summary available.

Key Takeaways

No key takeaways available.

Evidence

No evidence available.

Mobilization of Private Capital

72.0 / 100

The report provides evidence that Growth Fund Germany attracted institutional private investors new to venture capital, indicating catalytic mobilization, but it does not quantify private amounts or leverage ratios.

> **AI Recommendation: Monitor**
>
> Catalytic mobilization is plausibly evidenced by attracting first-time institutional private investors, but the scale and additionality of mobilization are not yet quantified.
>
> **Suggested Next Steps**
>
> - Disclose private investor commitments and public-to-private leverage ratios.
> - Explain the blended or catalytic structure that enabled mobilization.
> - Track whether new investors make follow-on VC commitments beyond this vehicle.

Key Takeaways

- **success**: Growth Fund Germany reportedly attracted institutional private investors new to venture capital.

- **info**: The vehicle reached a target volume of EUR 1 billion.
- **warning**: The report does not disclose private capital amounts or leverage ratios.

Evidence

> The Growth Fund Germany is a VC fund of funds that invests in German and international VC funds. For the first time, it has attracted institutional private investors who had not previously invested in venture capital.
> Page not available

> In November 2023, KfW Capital successfully implemented a further module of the German government's Future Fund with the final closing of the Growth Fund Germany at a target volume of EUR 1 billion.
> Page not available

Additionality of the Financing

74.0 / 100

The report provides evidence of market-building and target-group additionality through access to growth capital, support for smaller gender-diverse emerging managers, and attraction of first-time institutional private investors, but it does not provide explicit counterfactual proof that investments would not have happened otherwise.

> **AI Recommendation: Proceed with caution**
>
> Additionality is plausible and supported by targeted facilities and market development claims, but not demonstrated through explicit counterfactual or transaction-level evidence.
>
> **Suggested Next Steps**
>
> - Document why target funds or companies could not obtain comparable financing elsewhere.
> - Provide examples of improved terms, scale, ESG standards, or underserved reach attributable to KfW Capital.
> - Track follow-on outcomes for emerging managers and first-time mobilized investors.

Key Takeaways

- **success**: The Emerging Manager Facility targets smaller VC funds managed by gender diverse teams.
- **success**: Growth Fund Germany reportedly attracted first-time institutional private investors into venture capital.
- **warning**: The report does not provide explicit counterfactual evidence of financing additionality.
- **info**: KfW Capital states that its mandate is to improve access to growth capital for innovative young companies.

Evidence

> Its aim 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.
> Page not available

> The Emerging Manager Facility was launched in October 2023 with a volume of EUR 200 million that is available until 2030. It addresses a new target group in the VC ecosystem: smaller VC funds (up to EUR 50 million) managed by gender diverse teams.
> Page not available

> The Growth Fund Germany is a VC fund of funds that invests in German and international VC funds. For the first time, it has attracted institutional private investors who had not previously invested in venture capital.
> Page not available

> Since our establishment in 2018, we have committed more than EUR 2.3 billion in 116 VC funds (as of 30 June 2024), contributing to a large number of VC funds that are active in the European ecosystem. We have already co-financed more than 2,200 start-ups indirectly via the VC funds.
> Page not available

Report Quality

Score

N/A / 100

No summary available.

Key Takeaways

No key takeaways available.

Evidence

No evidence available.

Evidence Quality

55.0 / 100

Evidence quality is moderate. The report includes quantitative portfolio data and explicitly states data sources and limitations, but most evidence is self-reported by investees and fund managers, with no external assurance. This weakens credibility for investment decisions requiring verified outcomes.

> **AI Recommendation: Proceed with caution**
>
> Use the report as a directional portfolio ESG snapshot, not as verified impact evidence. Follow-on financing decisions should rely on additional verification for material ESG claims and risk exposures.
>
> **Suggested Next Steps**
>
> - Request assurance or agreed-upon procedures over key ESG datapoints.
> - Ask for raw response rates and indicator-level coverage tables.
> - Prioritize independent verification for emissions, incidents, and governance indicators used in investment decisions.

Key Takeaways

- **success**: The report provides first-time annual ESG data from portfolio VC funds and companies.
- **warning**: Most findings rely on data provided directly by report participants.
- **risk**: No independent, external review has been conducted.
- **warning**: KfW Capital states that no guarantee can be given as to the accuracy of the information.

Evidence

> In our ESG Report, we share the results of our annual data collection from our portfolio VC funds and their companies for the first time in order to further improve data availability and transparency in the VC ecosystem.
> Page not available

> We do not present any causal relationships in this report. The descriptive analyses refer exclusively to the data provided by the fund managers, VC funds and portfolio companies.
> Page not available

> Despite conducting data quality checks using statistical methods and providing corresponding instructions to the report participants, no guarantee can be given as to the accuracy of the information.
> Page not available

> The information was provided directly by the report participants and was not amended or added to by KfW Capital.
> Page not available

> The information in this ESG Report was provided by external parties, namely fund managers and their VC funds (in which KfW Capital holds an interest) as well as the funds' portfolio companies.
> Page not available

Kpi Measurability

60.0 / 100

KPI measurability is moderate. Many indicators are expressed with percentages and reporting-level definitions, and one key response rate is disclosed. However, indicator-level denominators, baselines, targets, and complete coverage data are often missing, limiting traceability and comparability across KPIs.

> **AI Recommendation: Review required**
>
> KPIs are partially measurable but not consistently decision-grade. Investment monitoring would benefit from indicator-level coverage, baselines, and target trajectories.
>
> **Suggested Next Steps**
>
> - Request KPI tables with numerator, denominator, unit, scope, and response count for every indicator.
> - Require baseline, target, and actual values for priority ESG metrics.

- Standardize reporting thresholds year over year to improve comparability.

Key Takeaways

- **success**: The report distinguishes KPIs by minimum, recommended, and full reporting levels.
- **success**: A response rate is disclosed for portfolio companies.
- **warning**: The number of companies responding differs from one indicator to the next.
- **warning**: Indicator-level denominators and targets are not consistently presented.

Evidence

> All statements in this report always relate to the fund managers, VC funds and portfolio companies that provided the respective data.
> Page not available

> Due to the different reporting levels[1] and the resulting significant variation in the scope of requested indicators, the number of portfolio companies that have responded to the questions differs from one indicator to the next.
> Page not available

> On the following pages, the reporting level (min./rec./full) is shown for each KPI in order to give a better idea of the size of the data basis.
> Page not available

> 1,263 (61.9%) of the just over 2,000 portfolio companies contributed to the reporting.
> Page not available

> Small companies with fewer than 15 employees (minimum reporting level) are asked to provide just basic information.
> Page not available

Impact Attribution

35.0 / 100

Impact attribution is weak. The report openly states that it does not establish causal relationships and mainly offers descriptive analysis. While it references a theory-of-change-based impact management approach, project-level attribution of outcomes to KfW Capital's financing is not demonstrated.

AI Recommendation: Proceed with caution

Do not treat reported ESG characteristics or portfolio patterns as attributable impact from KfW Capital financing without additional contribution analysis.

Suggested Next Steps

- Request explicit attribution logic distinguishing KfW Capital influence from market trends and manager-level actions.
- Develop fund-level contribution case studies with before/after evidence and action-plan follow-up.
- Introduce time series and causal analysis for priority outcomes where feasible.

Key Takeaways

- **risk**: The report explicitly states that it does not present any causal relationships.
- **warning**: Current analysis is descriptive rather than attributable impact evidence.
- **info**: A KfW-wide theory of change is referenced for impact management.
- **warning**: Impact determination relies partly on business-model mapping rather than measured causal outcomes.

Evidence

> We do not present any causal relationships in this report.
> Page not available

> Analysing causal relationships requires time series data and more complex econometric analysis. This is something we aim to achieve in the medium term.
> Page not available

> The descriptive analyses refer exclusively to the data provided by the fund managers, VC funds and portfolio companies.
> Page not available

> Impacts are primarily measured by analysing the business models of the portfolio companies to determine their contribution to indicators that have been defined for the individual impact categories.
> Page not available

> ESG reporting data serves as an additional source of information for determining the impacts achieved.
> Page not available

Consistency

62.0 / 100

Consistency is fair but not strong. Some figure differences appear to stem from different reporting dates and definitions, but the report does not always reconcile them clearly. The distinction between 'more than 2,200 start-ups' and 'more than 2,000 portfolio companies' may be explainable yet remains potentially confusing without explicit reconciliation.

> **AI Recommendation: Monitor**
>
> The report is mostly internally coherent, but key portfolio figures should be cross-referenced with dates and definitions to avoid ambiguity in credit and investment review.
>
> **Suggested Next Steps**
>
> - Add a reconciliation table for portfolio size, reporting scope, and dates used across the report.
> - Define differences between 'start-ups' and 'portfolio companies' explicitly.
> - Ensure all headline metrics cite the reference date and scope consistently.

Key Takeaways

- **success**: Several apparent figure changes are tied to different reference dates.
- **warning**: Portfolio counts are not always reconciled across sections.
- **warning**: The use of both 'more than 2,200 start-ups' and 'more than 2,000 portfolio companies' may confuse readers.
- **info**: The analysis separately notes that duplicate company investments are counted once.

Evidence

> Since our establishment in 2018, we have committed more than EUR 2.3 billion in 116 VC funds (as of 30 June 2024), contributing to a large number of VC funds that are active in the European ecosystem.
> Page not available

> The KfW Capital portfolio comprises 112 VC funds (31 December 2023).
> Page not available

> We have already co-financed more than 2,200 start-ups indirectly via the VC funds.
> Page not available

> Via these VC funds, KfW Capital has already invested indirectly in more than 2,000 portfolio companies.
> Page not available

> In some individual cases, KfW Capital has invested in the same portfolio companies via different VC funds. However, each company is considered only once in the analysis (a total of 1,263 different companies).
> Page not available

Transparency

72.0 / 100

Transparency is a relative strength. The report clearly acknowledges data limitations, lack of causality, incomplete emissions data, and absence of external assurance. However, it remains more focused on positive progress and ecosystem initiatives than on concrete missed targets, complaints, incidents, or failed interventions.

> **AI Recommendation: Monitor**
>
> Transparency on limitations is better than average, but due diligence should test whether adverse ESG events and missed expectations are being fully surfaced.
>
> **Suggested Next Steps**
>
> - Request disclosure of ESG incidents, controversies, complaints, and remediation actions at fund and portfolio level.
> - Ask for examples of missed targets or failed ESG action plans.
> - Include a balanced section on challenges, delays, and lessons learned in future reports.

Key Takeaways

- **success**: The report openly acknowledges limited ESG data availability.
- **success**: It clearly states that no causal relationships are presented.
- **success**: It discloses incomplete emissions data and lack of standardization.
- **warning**: There is limited discussion of complaints, failures, or missed targets.

Evidence

> To date, only limited ESG data is available for VC funds and their portfolio companies, which in many cases are very young.
> Page not available

> We do not present any causal relationships in this report.
> Page not available

> Despite conducting data quality checks using statistical methods and providing corresponding instructions to the report participants, no guarantee can be given as to the accuracy of the information.
> Page not available

> The data on greenhouse gas emissions provided by the fund managers has been relatively incomplete to date.
> Page not available

> Due to the small amount of data available and the lack of standardisation, it is not possible to draw meaningful conclusions.
> Page not available

Methodological Robustness

64.0 / 100

Methodological robustness is moderate. The report references recognized frameworks, internal scoring, a theory of change, and use of a specialist provider. But core calculation methods, assurance procedures, response-bias handling, and indicator definitions are not fully documented in the report itself, limiting reproducibility.

> **AI Recommendation: Review required**

Methodological foundations are promising but not yet fully transparent for investment-grade reliance.

Suggested Next Steps

- Provide an appendix with KPI definitions, formulas, scopes, and estimation rules.
- Disclose validation procedures, outlier treatment, and non-response handling.
- Obtain limited assurance over key methodology and selected indicators.

Key Takeaways

- **success**: The report aligns ESG reporting with the Invest Europe ESG reporting framework.
- **success**: It references a KfW-wide theory of change and methodology paper.
- **info**: A specialist service provider has supported ESG data collection since 2023.
- **warning**: Method details are referenced externally rather than fully documented in the report.
- **risk**: No independent, external review has been conducted.

Evidence

> Working with the Boston Consulting Group (BCG), we developed our own ESG framework that covers the specifics of investments in early-stage technologyoriented and innovative companies.
> Page not available

> Risk Management also prepares an ESG risk profi le which delivers E, S and G scores based on internal and external data.
> Page not available

> KfW Capital uses the Invest Europe ESG reporting framework to improve standardisation and increase transparency.
> Page not available

> In order to facilitate ESG data collection by the portfolio funds and their portfolio companies and enable benchmarking, KfW Capital has been working with a specialist service provider since 2023.
> Page not available

> A group-wide set of indicators was developed for all impact categories based on the KfW-wide 'Theory of Change'.
> Page not available

Longitudinal Progress

50.0 / 100

Longitudinal progress evidence is limited but emerging. The report includes a few year-on-year comparisons, mainly on commitments and reporting participation, yet most ESG indicators are presented as a first-year status quo without historical trends, baselines, or target trajectories.

> **AI Recommendation: Monitor**
>
> Future reports could become materially more useful if they add consistent multi-year KPI trends and target tracking.
>
> **Suggested Next Steps**
>
> - Publish three-year trend tables for core fund-manager and portfolio-company KPIs.
> - Set portfolio-level targets and report annual progress against them.
> - Maintain consistent definitions and thresholds to preserve comparability over time.

Key Takeaways

- **success**: ESG data collection has been in place since 2022.
- **success**: The report includes a year-on-year increase in portfolio company reporting participation.
- **warning**: Most ESG indicators are presented as one-time status-quo snapshots.
- **warning**: Time series data is not yet sufficient for causal or sustained-progress analysis.

Evidence

> Since 2022, we have been collecting ESG data from the VC funds and their portfolio companies

> Page not available

> In our ESG Report, we share the results of our annual data collection from our portfolio VC funds and their companies for the first time
> Page not available

> Compared with a year earlier, the proportion of reporting companies increased by more than 20 percentage points.
> Page not available

> Analysing causal relationships requires time series data and more complex econometric analysis. This is something we aim to achieve in the medium term.
> Page not available

> In 2023, a total of EUR 471 million was committed to 27 German and European VC funds via KfW Capital's own programmes (2022: EUR 432 million to 25 VC funds).
> Page not available

Materiality

63.0 / 100

Materiality coverage is mixed. The report addresses several sector-relevant topics for VC investing, including governance, diversity, climate, innovation, and responsible innovation. However, treatment of some material risk areas remains shallow, especially human rights due diligence, financed emissions quality, and deeper responsible AI or portfolio-level adverse impacts.

> **AI Recommendation: Proceed with caution**
>
> Material topics are identified, but follow-on financing should require more rigorous coverage of high-risk areas such as human rights, climate data quality, and responsible technology risks.
>
> **Suggested Next Steps**
>
> - Deepen disclosure on responsible AI, data privacy, cyber risk, and other frontier-tech externalities.
> - Strengthen financed emissions and portfolio climate methodology.
> - Report on human rights screening, salient risks, and remediation expectations across managers and portfolio companies.

Key Takeaways

- **success**: The report addresses climate, diversity, governance, innovation, and digital transformation.
- **success**: It acknowledges responsible innovation risks in artificial intelligence.
- **warning**: Emissions data quality remains too incomplete for meaningful conclusions.
- **warning**: Human rights due diligence appears limited across portfolio companies.

Evidence

> For KfW Capital, managing our impact and measuring our portfolio's greenhouse gas footprint for ensuring Paris compatibility are both highly important factors.
> Page not available

> The key impact categories based on the strategy are: - Competitiveness and access to financial services - Innovation - Digital transformation
> Page not available

> Moreover, thanks to dedicated investment programmes (e.g. the Green Transition Facility) and the strong life science focus of its portfolio, KfW Capital is increasingly contributing to environmental and social impact categories, as well.
> Page not available

> This presents a distinct challenge in the context of frontier technologies such as artificial intelligence, since the potential consequences and risks are often difficult to predict.
> Page not available

> The data on greenhouse gas emissions provided by the fund managers has been relatively incomplete to date.
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