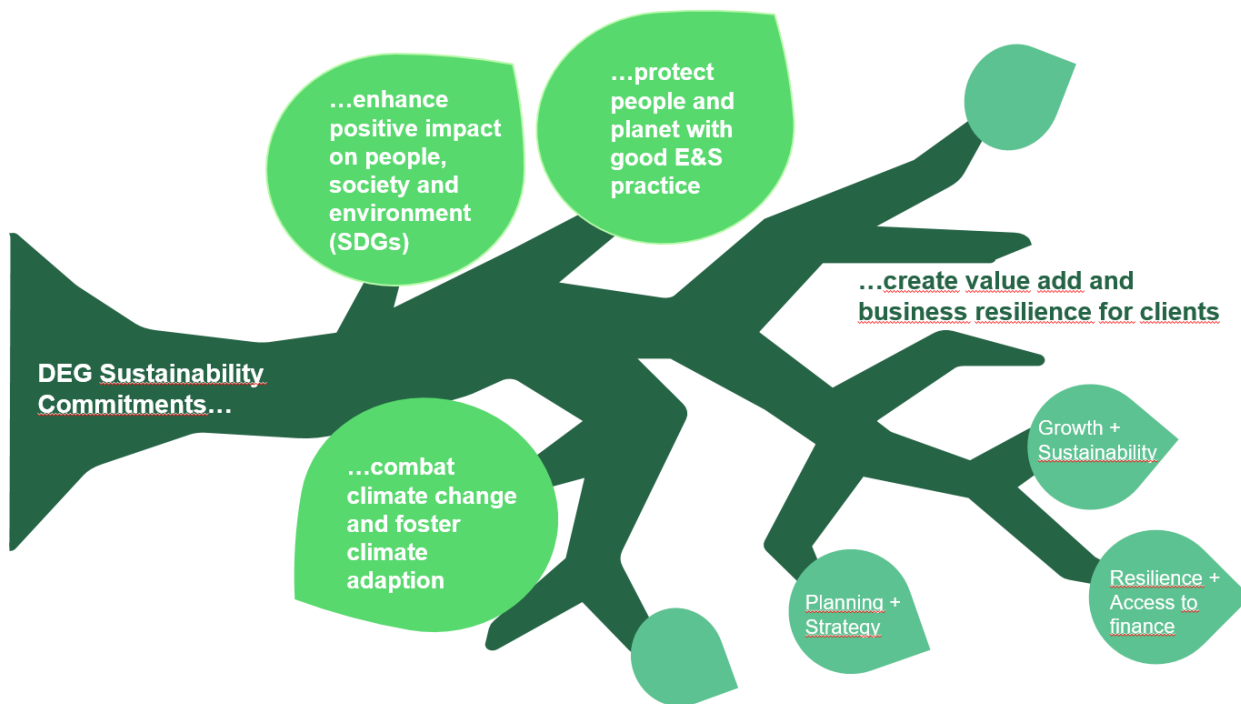


Sustainability Commitments (formerly Impact/Climate Commitments)

30. July 2026

Sustainability Commitments: Fostering Transformation



Impact/Climate Commitments: Achievements so far

Since launching its Impact/Climate Commitments in 2022, DEG has significantly progressed on its journey to foster impactful, climate-friendly, transformative private investments in Emerging Markets.

Impact

We updated our Development Effectiveness Rating (DERa), which now includes, among others, a net impact perspective and also measures our clients' transformation progress as well as DEG's transformation contribution. Because of this update, DEG received advanced scores for the first six Impact Principles in BlueMark's 2025 verification report. We developed an internal reporting that helps to steer our impact contributions. We provided an increasing number of related Business Support Solutions to clients to support their transformation towards more business resilience and enhanced impact.

Climate

In 2021, we started our science-based reduction pathway, reducing the GHG intensity of our attributed portfolio from 439 to 296 tCO₂e/mEUR at the end of 2024. We increased our annual climate finance volume to close to 30% of our annual new commitments in 2025. We started to develop climate initiatives with our clients.

Towards Sustainability Commitments for DEG

Now, in 2026, we have updated our commitments to scale impactful and climate-friendly investments. For the first time, we integrated our **new Environmental & Social Commitment**. E&S has always been at the core of DEG's work as an important precondition for sustainable business development.

By further strengthening the linkages between E&S, Impact and Climate we aim to foster sustainable, transformative and resilient private businesses thereby creating value for our clients and contributing to the SDGs.

DEG Sustainability Commitments

Promoting Private Sector Development in Emerging Markets

For People and Planet

For more than 60 years, we at DEG have been investing in sustainable development by providing financing and advice to private sector companies in developing and emerging markets. With our global reach and international network, we feel the pulse and urgency of the times. A rapidly warming climate, rising global inequality, biodiversity loss and a volatile geopolitical landscape present major challenges lying ahead of us. At DEG, we firmly believe that the private sector can deliver on addressing global challenges for a sustainable future.

To promote future-ready companies in developing and emerging markets, we scale our Impact.Climate>Returns. Strategy. We provide our clients in Infrastructure & Energy, Industries & Services, and Banking with finance, expertise and innovative impact and climate solutions.

As a leading European Development Finance Institution, we consider sustainable investment our responsibility. We therefore present **three commitments**:

1. Our commitment to **enhance positive impact** – increasing our clients' positive impact on people, society and the environment and thus strengthening our contribution to the Sustainable Development Goals (SDGs).
2. Our commitment to **protect people and planet through good E&S practice** – requiring and supporting our clients to protect people and the natural environment by adopting good E&S practice in line with international standards for resilient, sustainable business models.
3. Our commitment to **combat climate change and foster climate adaptation** – enabling our clients to achieve real-economy decarbonization, scaling resilient, low-carbon investment flows and supporting climate adaptation in countries that are heavily exposed, rich in opportunities and/or crucial for the global climate regime.

With these commitments, we seek to support our clients on their own transformative journeys towards positive impact and more climate resilience.

Our commitment to enhance positive impact

Goals

We commit to increasing our development impact contributions by scaling new business in line with our development mandate and by increasing our clients' contributions to economic, social, and environmental objectives in line with the Sustainable Development Goals (SDGs).

In addition to long-term finance, we offer our expertise and promotional programmes to support clients in realising their transformative potential to provide more and better jobs, strive for equal opportunities, increase local income and create benefits for local communities in developing and emerging economies while acting within planetary boundaries.

Measures

- We offer finance to clients with significant potential to realize positive impact contributions or who already generate strong, net-positive impacts aligned with the SDGs.
- We actively support our clients in their transformation with a focus on creating more and better jobs, increasing equality, increasing business resilience and positive impacts on nature and local communities.
- We manage our impact throughout the investment cycle through our impact measurement system, the internationally recognized [Development Effectiveness Rating](#) (DERa) which also forms the basis for our dialogue with clients. DERa follows a net-impact approach that takes negative effects into consideration.

Guiding Standards & Principles

- Operating Principles for Impact Management ([OPIM](#))
- KfW Group's impact management methodology ([KfW Impact Methodology](#))

Measuring progress

- At the client level, we establish a baseline and assess expected impact performance using DERA, which informs management decisions.
- Through annual monitoring, our DERA tracks each client's impact progress and DEG's contribution to their transformation. This incentivises efforts to advance impact performance through transformation. At portfolio level, we track impact performance using an average DERA score that takes the performance of all of our clients into account. This average score is compared to a predefined DERA scoring target, which constitutes a central part of DEG's target system.
- Our development impact measurement approach is regularly validated externally as well as benchmarked against the [Impact Principles](#).

We communicate our impact performance in our annual development report.

Our commitment to protect people and planet with good E&S practice

Goals

As DEG we stand for a sustainable, impactful and resilient private sector in emerging markets. We are committed to good Environmental and Social Practices: By implementing international environmental and social standards in our investments, we support our clients in avoiding and/or mitigating significant harm of their business activities and help them unlock their sustainable business potential, while at the same time increasing their resilience and future viability. This requires not only the consideration of internal but also external risks our customers face. We respect human rights and acknowledge the responsibility of our clients to respect human rights.

Measures

We apply our E&S Management System (ESMS) throughout the entire investment cycle from screening to due diligence, contracting and monitoring and finally to exit (details see ESMS summary). The ESMS application is tailored to the risk profiles of DEG's investments.

- We require and support our clients in setting up and implementing **good E&S management commensurate with the nature and magnitude of their E&S risks**. If required, we develop and agree upon concrete actions with the client to address the major current and future risks as well as adverse E&S impacts.
- We draw upon „DEG Impulse“, our subsidiary, to provide advisory services and assistance to enhance our customers' E&S practices, and **to make their business more sustainable, impactful and resilient for the future**.
- In cases where we are in the lead for other investors or the first DFI, we **lay the E&S foundation early in the acquisition process** to understand the business's sustainability ambitions and to familiarise our clients with good international E&S practice from the start.
- We maximize efficiency by **relying on other development financiers that apply an E&S approach and standards** which are in material aspects consistent with DEG's own E&S Commitments and Management System.
- **We provide project-affected people and communities access** to the joint DEG/FMO/Proparco [Independent Complaint Mechanism](#) (ICM): The ICM ensures the right to be heard for complainants who believe they have been, or may be, adversely impacted by our financed operations.
- We continuously develop our **ESG risk management from an outside-in perspective** based on current regulatory requirements in order to ensure a future-proof risk management approach.

Guiding Standards & Principles

- Applicable national laws, rules and regulations concerning environmental and social matters
- DEG/European Development Financial Institutions (EDFI) Exclusion List
- IFC Performance Standards on Environmental and Social Sustainability and Environmental, Health and Safety Guidelines
- International Labour Organisation Core Labour Standards and Basic Terms and Conditions of Employment
- Selected EU Regulation with international reach (as applicable in the respective investments, e.g. Animal Welfare, REACH, Pesticides, Emissions Waste to Energy, SEVESO III, Deforestation, Conflict Minerals)
- United Nations Guiding Principles on Business and Human Rights
- Minimum Requirements for Risk Management (MaRisk), in particular the 7th amendment from 2023 specifying ESG requirements for Financial Institutions (and any relevant subsequent amendments) and related regulatory requirements

Measuring progress

- We establish a baseline for each client detailing their current E&S practices, agree – if required – on necessary improvements and monitor E&S performance for the duration of the business relationship. This process of regular monitoring and reporting is institutionalized, guides learning across the organization and provides for continuous improvement of the respective practices.
- In our development report, we communicate relevant E&S information about DEG's client portfolio annually. The E&S performance of our clients is an integral part in the DERA assessment methodology.

Our commitment to combat climate change and to foster climate adaptation

Goals

We commit to a science-based pathway towards a net-zero portfolio, consistent with the 1.5° ambition of the Paris Agreement, reducing the carbon intensity of our attributed emissions by two-thirds by 2040 and investing in nature-based carbon sinks solutions.

Our long-term ambition is to build a portfolio with clients and projects that are either (a) on credible transition pathways; b) already aligned with science-based net-zero levels; or (c) deliver critical enabling solutions for climate mitigation, adaptation and resilience of anthropogenic and natural systems.

Measures

- We commit to assess the Paris alignment of relevant direct investments and systematically scale up (1) Mitigation & Transition finance (renewables, energy efficiency, decarbonisation technologies); (2) Finance for indirect climate solutions & enablers (circularity, low-carbon logistics and infrastructure digitalisation, etc.); (3) Adaptation & Resilience finance, including biodiversity conservation and restoration, particularly in climate-vulnerable regions and sectors; (4) investment in high-integrity carbon direct removal and biodiversity restoration solutions to complement clients' and DEG's net-zero pathways; (5) Business Support Services.
- We continue our innovative approach with financial intermediaries with our so-called "Climate marker", where we (1) scale green finance and (2) support the further development and maturation of clients' own net-zero strategies with our climate-related business support services advancing clients' climate strategies, governance, metrics & targets, and risks and opportunity assessments.
- We systematically broaden our engagement-, knowledge-sharing- and capacity building-initiatives with our clients.

Guiding Standards & Principles

- International reputable net-zero decarbonization trajectories, like International Energy Agency (IEA), Science based targets initiative (SBTi) and International Transition Plan Network (ITPN), to guide our net-zero transformation pathway
- Partnership for Carbon Accounting Financials (PCAF) for GHG accounting and reporting
- Verified Carbon Standard (VERRA) and the Climate, Community and Biodiversity Standards (CCB Standards) for carbon sink certifications
- KfW Paris-compatible sector guidelines and the KfW Exclusion List, as well as MDB Common Principles for Climate Mitigation / Adaption Finance Tracking as well as the Joint MDB Methodological Principles for Assessment of Paris Agreement Alignment.
- EDFI Statement on Climate and Energy and Fossil Fuel Exclusions

Measuring progress

- We will account for DEG's responsible financed emissions, consisting of our direct clients' Scope 1 and 2 and the Scope 3.15 emissions of our financial institutions and funds expressed in tCO2e/a aiming for a high PCAF data quality in our carbon accounting.
- We publicly disclose relevant climate data annually including a) DEG's portfolio carbon intensity in tCO2e per MEUR of DEG investment, b) the estimated emission reduction potential of our transition finance and c) our climate finance flows towards mitigation, adaptation & resilience and carbon sinks.

DEG's Sustainability Governance

In recent years, we (1) successfully established DEG Impulse, a subsidiary of DEG focused exclusively on advisory services and transformation support; (2) integrated impact and climate more systematically across the whole organization; (3) strengthened organizational structures, including through the creation of a Chief Sustainability Officer position, relevant decision-making processes at management board level and new dedicated staff resources in DEG's client clusters and in DEG Impulse; (4) continuously strengthened DEG's processes, capacities, and sustainability knowledge.

DEG actively advances its knowledge, processes, and tools, also by leveraging artificial intelligence, to enhance sustainability competencies, upskill teams, and embed sustainability considerations along the entire investment cycle. The Sustainability Commitments are reviewed regularly and progress is reported annually in DEG's Development Effectiveness Report.

DEG is part of KfW's Sustainability Governance and adheres to relevant KfW-wide policy guidelines. DEG actively engages with other European as well as other Development Finance Institutions to exchange on and contribute to sustainability initiatives.

With our Sustainability Commitments we create added value for our clients, strengthen business resilience and catalyze SDG contributions.

[ESMS summary](#)