

# 2005 Environmental Statement

BayernLB (Munich Head Office)

LBS Bayerische Landesbausparkasse

As of: July 2005

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# 1 Preface

Environmental protection as something we owe to ourselves and future generations: BayernLB committed itself to this principle in the early 1990s. Looking back on recent years, and considering the insights since gained in environmental management, it becomes clear that commitment to the environment and financial corporate management do not cancel each other out. In fact, handling natural resources in a responsible manner offers substantial potential for saving money.

It has become tradition at BayernLB to publish an annual review of its environmental performance in which all environmentally-relevant uses of material and energy are recorded, appraised and analysed with regard to their streamlining potential. Wide-ranging objectives for all BayernLB units have followed, along with the practical measures to go with them. The resulting programme serves as our basis for further environment-friendly measures. As a monitoring instrument, it ensures transparency in developments and improvements in environmental protection. Since 2001 BayernLB has been keeping a close watch on all its environmentally-relevant processes, and their compliance with legal stipulations, by conducting annual corporate-ecological audits.

All of our employees are part of the environmental management system and are therefore the foundation for the steps taken now and to be taken in the future. It is BayernLB's employees who, thanks to their commitment and an informal network, will exert a strong and positive influence on the further course of our environmental management. This network, which not only offers every employee the opportunity to contribute suggestions but also to apply his or her experience and ideas on improving BayernLB's environmental performance, has played a decisive role in the success of recent years. The Bank will place special emphasis on expanding the network in the years ahead.

BayernLB's participation in EMAS II and the revalidation of its environmental management system are testimony to its commitment to environmental protection. The Bank will be making further improvements over the next three years. During this time we will concentrate on curbing our indirect impact on the environment. For example, we will reduce the CO<sub>2</sub> emissions resulting from our business activities. Social aspects will be a main criterion in our procurement of resources. The introduction of the "Ethical Responsibility" factor in July 2004 as a formal criterion under the Group's credit risk strategy was BayernLB's first major step towards ensuring a socially-compatible product line. This will help us to take ecological and social risks into appropriate consideration in all our financing activities.

BayernLB is aware that, in an ever-shrinking world, environmental and climate protection must be promoted by all elements of society alike.

BayernLB is also active in environmental initiatives outside the Group. For example, we signed the United Nations Environment Program (UNEP) declaration for banks in 1995, are a participant in the Environmental Pact of Bavaria as well as in the Munich Financial Institutions and Local Agenda 21 task force (since 2001 and 1996 respectively), and joined the environmental committee of the Chamber of Industry

and Commerce for Munich and Upper Bavaria in 2001 and, in 1996, the Association for Environmental Management in Banks, Savings Banks, and Insurance Companies (VfU).

Think globally – act locally. In keeping with this motto, BayernLB will continue to keep its customers and the public at large informed in detail of its environmental activities and promote discussion of this issue of such profound social relevance.

Munich, May 2005

Dr Ralph Schmidt  
Senior Executive Vice President

## 2 BayernLB and LBS Profile

BayernLB was founded in 1972 with the merger of Landesbodenkreditanstalt and Bayerische Gemeindebank. It is one of Germany's largest banks and has the legal status of an institution established under public law. BayernLB is indirectly owned by the Free State of Bavaria and the Association of Bavarian Savings Banks, each with a 50% stake. In 2002, the two owners transferred their holdings in BayernLB to BayernLB Holding AG in exchange for 50% each of the shares. BayernLB Holding AG is entrusted with the sole dominion over BayernLB and is itself not a bank. BayernLB is subject to the legal authority of the Bavarian State Ministries of Finance and of the Interior as well as the banking supervision of the German Federal Financial Supervisory Authority (BaFin) and Deutsche Bundesbank.

BayernLB is the central bank to the Bavarian savings banks and a key member of Sparkassen-Finanzgruppe Bayern. It is a service provider to the partner institutions of Sparkassen-Finanzgruppe, acting as their network bank and enabling them, with its support and product policies, to tap into the potential of the Bavarian market together with the savings banks. In addition, BayernLB functions as a principal bank to the Free State of Bavaria and thereby serves state and local governments, financial institutions, medium and large companies and real estate customers. BayernLB is one of Germany's leading bond issuers. Bayerische Landesbodenkreditanstalt (BayernLabo) and Bayerische Landesbausparkasse (LBS), both legally-dependent institutions, are integral parts of the Bank. BayernLB is a financial service provider whose operations centre on its core market of Bavaria and the neighbouring regions. However, it is also active in selected financial centres around the globe.

One of the main strategies under BayernLB's business model is to enhance its role as central bank to the Bavarian savings banks by working even closer with them in further developing the Bavarian banking market. The agreements reached between the individual savings banks and BayernLB for this purpose serve to improve operating efficiency through measures jointly conceived while also strengthening Sparkassen-Finanzgruppe Bayern's market position.

### **LBS Bayern**

For more than 75 years, Bayerische Landesbausparkasse (LBS), headquartered in Munich at Arnulfstrasse 50, has been serving broad cross sections of the Bavarian population seeking to purchase and maintain residential property. As a legally-dependent subsidiary of BayernLB, its owners are the Association of Bavarian Savings Banks and the Free State of Bavaria, each of which having a 50% interest in the institution.

LBS is often referred to as "the home loan association of the savings banks". It is a member of the Bavarian savings bank organisation and, as such, is part of the

leading financial services association in Bavaria. The Bavarian savings banks broker more than 80% of LBS's new business and serve over 1.2 million LBS customers.

With the roughly 3,000 branch offices of the Bavarian savings banks and more than 100 service centres run by the LBS field sales force, LBS covers all the Bavarian administrative districts.

### **Social responsibility**

To mark its 75<sup>th</sup> anniversary, LBS Bayern launched a social initiative in February 2004. Under the motto "Ein Zuhause für Generationen" (*A home for generations*), the project is aimed at helping to prevent violence in primary schools and pre-schools as well as promoting the welfare of children from socially disadvantaged families early on in their lives. In 2004 and 2005 LBS assumed the sponsorship of 1,000 children at primary schools and pre-schools throughout Bavaria as part of the "Faustlos" (*Fistless*) project run by "Bündnis für Kinder – gegen Gewalt", an anti-violence alliance for children, at a cost of EUR 500,000. LBS also donated EUR 100,000 to an early childhood development programme entitled "Opstapje – Step by Step", run by the German Youth Institute (DJI).

### 3 A Brief History of Environmental Protection at BayernLB and LBS

Environmental protection and environmental management				
Year	Milestones	Measures	Bank	LBS
1993	Full-time position of environmental protection consultant	Organise all the Bank's environmental protection activities Corporate ecology schemes	✓	
1993 / 1994	Formal, publicised evaluation of the Bank's environmental performance at its Munich premises	Record and evaluate all environment-relevant data, such as energy, water consumption, paper, waste material, business trips, etc.	✓	✓
1995	Signatory of the UNEP declaration on environmental protection and banks	Voluntary self-commitment to integrating environmental protection in the Bank's operations and workflows	✓	✓
1996	Environmental protection in training programme	Incorporate environmental issues into the Bank's internal training programme	✓	
1996	Preparation and publication of the 2 <sup>nd</sup> environmental performance report (in line with the EMAS regulation)	Over 90% of the 50 measures in the 1 <sup>st</sup> environmental performance evaluation were implemented. Among the achievements: 10% less paper consumption, use of recycled paper increased to 54%, 17% less water consumption	✓	✓
Since 1997	Membership and active involvement in the Association for Environmental Management in Banks, Savings Banks, and Insurance Companies ("VfU")	Drive the environmental management process in the financial services sector	✓	
Since 1997	Participation in the Agenda 21 task-force of Munich banks	Concepts for reducing environmental damage across a broad spectrum	✓	✓

<b>Environmental protection and environmental management</b>				
<b>Year</b>	<b>Milestones</b>	<b>Measures</b>	<b>Bank</b>	<b>LBS</b>
1998	Environmental management system	Establish an environmental policy based on the environmental guidelines of 1994 (1 <sup>st</sup> environmental performance evaluation)	✓	✓
Since 1998	Use of renewable energy and rainwater / grey water	65-kW photovoltaic system generating approx. 45,000 kWh per year; savings of approx. 2 million litres of potable water per year	✓	
1999	Validation of the environmental management system in accordance with EEC Directive 1836/93	Publish 1 <sup>st</sup> Environmental Statement	✓	✓
2000	Participation in the 2 <sup>nd</sup> Environmental Pact of Bavaria	Revalidate the environmental management system	✓	✓
Since 2001	Member of the environmental committee of the Chamber of Industry and Commerce for Munich and Upper Bavaria		✓	✓
2002	Agenda 21 “energy day“	Information day for employees at all participating institutions	✓	✓
2002	“Fireside chat” on the BayernLB premises with the environmental academy	New concept for emissions allowances trading for environmental protection	✓	✓
2003	Revalidation of the environmental management system	Publish 2 <sup>nd</sup> Environmental Statement	✓	✓
2003	Climate protection project completed	Project run with our subsidiary Energy & Commodity Services GmbH	✓	✓
2003	Rating issued by Sustainable Asset Management (SAM)	Positive result; inclusion of BayernLB bonds in the investment universe	✓	
2003	Corporate responsibility	Positive result; inclusion in the	✓	

<b>Environmental protection and environmental management</b>				
<b>Year</b>	<b>Milestones</b>	<b>Measures</b>	<b>Bank</b>	<b>LBS</b>
	rating issued by oekom research AG	investment universe		
2004	Corporate Social Responsibility Rating (SCORIS) for European bond issuers	Second place in Europe	✓	
2004	VfU annual meeting at the BayernLB premises	Topic: Financial Services Providers on Sustainability	✓	
2004	Munich Financial Institutions and Local Agenda 21 task force	Achievement of the objectives set out under the policy of 1998	✓	✓

## 4 Environmental Policy and its Implementation

In 1998 BayernLB established and published its environmental policy. The ten principles it comprises cover all the major ways in which a bank can help protect the environment. The environmental policy was issued as a formal resolution by the BayernLB Board of Management and communicated to all of the Bank's employees. It is binding for all the employees. The managers at the Bank, furthermore, bear additional responsibility in this regard: Putting the environmental policy into practice is specifically stated as one of the tasks under their official set of tasks, competencies and responsibilities. The environmental policy applies to all members of the BayernLB Group.

Below is the BayernLB and LBS environmental policy with examples of how it has been put into practice:

Measures taken	
1. We are aware of our role in protecting the environment. We therefore seek to do everything within our power as a bank to help achieve this end – both in house and as part of a concerted effort undertaken with all other influential participants of society.	<ul style="list-style-type: none"> <li>• Sign the UNEP declaration (1995)</li> <li>• Membership, since 1997, and active involvement in the VfU (Association for Environmental Management in Banks, Savings Banks, and Insurance Companies)</li> <li>• Membership in the Agenda 21 task force of Munich banks (since 1997)</li> <li>• Participate in the Environmental Pact of Bavaria (2001)</li> <li>• Commission oekom AG to rate BayernLB's corporate responsibility</li> <li>• Hold the 2004 VfU annual meeting at the BayernLB premises</li> <li>• Join the office building energy efficiency task force run by the Chamber of Industry and Commerce</li> <li>• Stakeholder discussions with non-government organisations</li> </ul>
2. We see environmental protection as a duty of management. Therefore, all of our managers share in shouldering the responsibility for achieving our environmental protection objectives.	<ul style="list-style-type: none"> <li>• Environmental policy is specifically stated in the Tasks, Competencies and Responsibilities (TCRs) profile for managers</li> </ul>
3. We promote environmental awareness among our employees and involve them in all of our Bank's environmental measures.	<ul style="list-style-type: none"> <li>• Create environmental and climate protection pages for our Intranet</li> <li>• Post the Environment Manual in the Intranet</li> <li>• Host workshops on the topic of environmental</li> </ul>

	<p>protection</p> <ul style="list-style-type: none"> <li>• Organise informational events on a regular basis for new employees and trainees</li> <li>• Post tips on the Intranet on conserving energy and resources</li> </ul>
4.	<p>We keep our employees informed of all environment-related company issues and encourage them to take part in further improving our environmental management system.</p> <ul style="list-style-type: none"> <li>• Publish environment-related news in the Bank magazine and on the BayernLB Intranet</li> <li>• Use office communication as an information channel</li> </ul>
5.	<p>We shall establish an effective and permanent means of auditing our environmental performance so as to gauge the success of the other measures.</p> <ul style="list-style-type: none"> <li>• Convert to a permanent and progressive form of accounting for material and energy flows</li> <li>• “Environmental” checklists</li> <li>• BayernLB-internal environmental audits</li> <li>• New cost-controlling system</li> </ul>
6.	<p>Our environmental management accounting is systematic and conducted at regular intervals.</p> <ul style="list-style-type: none"> <li>• Update the environmental performance evaluation</li> <li>• Verify achievement of objectives through internal audits</li> </ul>
7.	<p>We endeavour to use all resources as efficiently as possible, that is, to reduce to a minimum our consumption of energy, water and all other resources business operations require.</p> <ul style="list-style-type: none"> <li>• Use grey water in sanitary facilities</li> <li>• Use energy-saving devices (lamps, copiers, computer equipment)</li> <li>• Re-use reverse osmosis water for the fountain and sanitary facilities</li> <li>• “No-touch” armatures in sanitary facilities</li> </ul>
8.	<p>We shall consider environmentally-friendly technologies wherever they are an option and give preference to them as appropriate.</p> <ul style="list-style-type: none"> <li>• Install photovoltaic equipment</li> <li>• Install cooling ceilings</li> <li>• Use two newly-constructed co-generation units, each with two modules</li> <li>• Use “free cooling” for the air-conditioning of individual buildings</li> </ul>
9.	<p>We endeavour to keep reducing our refuse and, wherever possible, to dispose of it in an environmentally-compatible manner.</p> <ul style="list-style-type: none"> <li>• Carefully sort waste material, monitored by means of a “refuse account”</li> <li>• Intranet publication of a waste disposal guide for employees</li> </ul>
10.	<p>We understand that environmental protection can harbour both risks and opportunities for our customers. These risks and opportunities are taken into account in our business-related decisions.</p> <ul style="list-style-type: none"> <li>• Comply with all ecological aspects in our corporate customer and real estate activities</li> <li>• Broker ecological development loans</li> <li>• Use financing checklists that contain environmentally-relevant aspects</li> <li>• Include World Bank ecological and social standards in the BayernLB credit risk strategy</li> <li>• Inclusion of EU emissions allowances trading and “Kyoto services” into our range of consulting products</li> </ul>

## 5 Activities at the Headquarters and Their Impact on the Environment

BayernLB's head office is in Munich on Brienner Strasse 18. Roughly 75% of its workforce is based there. The 2005 Environmental Statement is an account of the environmental protection measures taken at the main office buildings, thereby providing a general picture of the environmental management activities at the Munich location. It does not document the measures pursued at BayernLB's foreign locations.

Virtually all Munich-based LBS Bayern employees work in the LBS building on Arnulfstr. 50. The LBS field sales force is distributed among roughly 80 service centres and offices at various locations in Bavaria. The institution's corporate environmental protection activities have been adopted chiefly for its head office in Munich. BayernLB's environmental performance reports also record LBS's consumption and emissions.

The main mission of LBS Bayern is residential housing financing. Residential property construction requires land, energy and water as well as raw materials. On its website, LBS provides information and tips on environmentally-friendly construction and renovation practices as a guide both for the general public and for contractors in terms of reducing the impact of their activities on the environment. Just how much the environment is actually affected by construction projects, however, is difficult to ascertain.

The Bank and LBS exert an impact on the environment through their daily operations. Both institutions consume energy and water and use materials which indirectly deplete natural resources. They also produce waste and pollute the air directly and indirectly when their employees travel on business.

At the BayernLB and LBS premises, equipment and materials are used which can have an impact on the environment. The following table shows the sizes of, and the technologies in use at, the building headquarters of the two institutions:

	<b>Bank</b>	<b>LBS</b>
<b>Building</b>	Main building on Briennerstr. 18, 10 adjacent buildings	Central office building Arnulfstr. 50
<b>Usable area</b>	113,092 m <sup>2</sup> (total, whereby Brienner Str. 18 accounts for 58,783 m <sup>2</sup> )	16,950 m <sup>2</sup>

<b>Floors</b>	Main building: 5 above ground, 5 underground (for technical equipment, parking spaces etc.)	9 above ground, 3 underground
<b>Employees on site</b>	Approx. 4,480	Approx. 682
<b>Technical facilities</b>		
<b>Electrical power supply</b>	10 kV infeed from the SWM utility Solar power generating system (65 kW <sub>p</sub> ) in one building	10 kV infeed from the SWM utility
<b>Air conditioning</b>	Air-conditioning system in the main building, cooling ceilings (partly with fresh air) in two buildings	Air-conditioning system, cooling ceilings
<b>Heating</b>	Remote heat supply	Remote heat supply
<b>Water supply</b>	Water from the municipal water supply Well water (for cooling) Grey water also used in the buildings	Water from the municipal water supply
<b>Water treatment</b>	Reverse osmosis; water softening	Reverse osmosis; water softening
<b>Emergency electrical power supply</b>	UPS system (battery reserve), 3 emergency power diesel generators	1 emergency power diesel generator UPS system
<b>Vehicle fleet</b>	78 automobiles	15 automobiles
<b>In-house printers</b>	Photocopying and offset printing	--
<b>Microfilms</b>	Payment receipts	--

The BayernLB and LBS buildings are located in a mixed zoning area. No legacy contamination is present on the Bank and LBS property lots. Neither are the immediate neighbours affected by emanating noise. However, certain project and company financing operations pose a potential, indirect hazard to the environment. The extent to which the Bank can prevent or curb such an impact can only be assessed on a case-by-case basis. The environmental friendliness of the companies receiving financing is analysed in the credit risk evaluation.

The major ways in which BayernLB affects the environment but over which it has a greater degree of control are as follows:

Cause	Impact on the environment	Examples	Volume <sup>1</sup> (2005)	
			Bank	LBS
<b>Energy consumption</b>	Indirect: resource consumption, emissions Direct: emissions	Electrical power Heating Fuel (for vehicles and auxiliary power units)	Approx. 21.8 million kWh/a Approx. 19.7 million kWh/a Approx. 300,000 litres/a	Approx. 2.2 million kWh/a Approx. 2.8 million kWh/a Approx. 50,000 litres/a
<b>Water consumption</b>	Drawing on resources Deterioration of quality Generation of waste water	Cooling, sanitation, kitchen	Approx. 71,807 m <sup>3</sup> /a	9,961 m <sup>3</sup> /a
<b>Paper consumption</b>	Indirect: resource consumption, energy and water consumption, emissions Direct: waste production	Copying paper, printing paper, envelopes	Approx. 340 tonnes/a	Approx. 34 tonnes/a
<b>IT</b>	Indirect: resource consumption, emissions Direct: waste production	Furnishing with PCs and other electronic equipment	Approx. 1.5 devices per employee	Approx. 1.3 devices per employee
<b>Waste material</b>	Use of waste disposal space and/or emissions, transportation volumes	Paper, residual waste, building site rubble, hazardous waste (neon light tubes, solvents/oil separators, photochemicals)	Approx. 954 tonnes of paper and residual waste/a Hazardous waste: approx. 1.5 tonnes/a	Approx. 178 tonnes of paper and residual waste/a Hazardous waste: <1 tonne/a
<b>Business travel</b>	Direct and indirect: emissions	Car and rail travel, air travel	Approx. 14 million km/a (14% car, 47% air, 39% rail)	Approx. 1.1 million km/a (79% car, 15% air, 6% rail)
<b>CO<sub>2</sub> emissions<sup>2</sup></b> (direct and indirect)	Exacerbation of the greenhouse effect, climate change	Energy consumption,  business travel	Approx. 15,900 tonnes/a  4,000 tonnes/a	Approx. 1,855 tonnes/a  254 tonnes/a

<sup>1</sup> Detailed figures are available from the Environmental Protection Officer at BayernLB.

<sup>2</sup> Conversion according to VfU standards.

## 6 Corporate Ecology

The term “corporate ecology” encompasses all the direct effects on the environment of BayernLB’s and LBS’s business operations. BayernLB’s environmental performance report is an annual, systematic record and assessment of these effects. It also reveals potential for improvement. The data collected thus far have been published in the environmental statements and in the environmental performance reports since 1993 and provide an overview of all of the environmentally-relevant activities and energy and material consumption volumes. In order to make the data meaningful and comparable in their timeframes, they have been expressed as figures that relate to either the employees or the usable building space. The following tables show the key figures for BayernLB and LBS and, for the purpose of enabling a comparison, data from the 2002 Environmental Statement.

		Year		Floor space in m <sup>2</sup>	Number of employees		
		2001	2004	113.092	4784		
		2001	2004	113.092	4484		
<b>Bayerische Landesbank Head Office Munich</b>							
		Absolute		Unit	Relative		Unit
		2001	2004		2001	2004	
<b>Energy</b>	Electrical power	23.357.383	21.844	kWh	4.882	4.872	kWh/empl.*a
	Heating	22.871.047	19.746.000	kWh	202	159	kWh/m <sup>2</sup> *a
<b>Water</b>	Water	74.650	71.807	m <sup>3</sup>	62	64	Litre/empl.*d
<b>IT</b>	PC	7.380	6.539	Item	1,54	1,48	Item/empl.
	Printer	3.252	3.123	Item	0,68	0,69	Item/empl.
	Monitors	7.573	7.417	Item	1,58	1,65	Item/empl.
<b>Office supplies</b>		1.641.023	1.511.540	Item	343	327	Item/empl.
<b>Paper</b>		400.157	340.245	kg	84	75	kg/empl.
<b>Waste</b>		1.146	953	Tonnen	240	212	kg/empl.
<b>Vehicle fleet</b>	Amount of driving	1.920.000	1.966.727	km	401	439	km/empl.*a
<b>Cafeteria</b>	Energy	1.808	3.385	MWh	2,2	4,6	kWh/meal
	Water	9.590	14.600	m <sup>3</sup>	11,7	20,0	kWh/meal

		Year		Floor space in m <sup>2</sup>	Number of employees		
		2001	2004	16.950	781		
		2001	2004	16.950	682		
<b>LBS Bayern Zentrale Head Office Munich</b>							
		Absolute		Unit	Relative		Unit
		2001	2004		2001	2004	
<b>Energy</b>	Electrical power	2.356.940	2.240.120	kWh	3.018	3.285	kWh/empl.*a
	Heating	2.564.555	2.887.892	kWh	151	170	kWh/m <sup>2</sup> *a
<b>Water</b>	Water	11.360	9.961	m <sup>3</sup>	58	58	Litre/empl.*d
<b>IT</b>	PC	1.296	1.165	Item	1,7	1,70	Item/empl.
	Printer	1.280	943	Item	1,6	1,40	Item/empl.
<b>Office supplies</b>		102.166	92.430	Item	131	136	Item/empl.
<b>Paper</b>		40.330	34.453	kg	52	51	kg/empl.
<b>Waste</b>		196	178	Tonnes	251	260	kg/empl.
<b>Fuhrpark</b>	Amount of driving	664.083	530.254	km	850	777	km/empl.*a
<b>Kasino</b>							

The data are included in the key figures of the Landesbank

CO<sub>2</sub> emissions analysis of BayernLB and LBS

BayernLB	CO <sub>2</sub> emissions in kg	CO <sub>2</sub> emissions in kg	LBS	CO <sub>2</sub> emissions in kg	CO <sub>2</sub> emissions in kg
	2001	2004		2001	2004
Electricity 493g/kWh	11,515,190	10,769,092		1,161,970	1,104,379
Remote heating 260g/kWh	5,946,460	5,133,960		666,780	750,852

	2004		2002	
BayernLB	Kilometres	Emissions	Kilometres	Emissions
Automobile	1.966.727	373.678	2.112.000	401.280
Air travel	6.511.450	3.112.473	9.321.098	4.455.485
Rail travel	5.344.010	539.745	1.684.396	170.124
<b>Total</b>	<b>13.822.187</b>	<b>4.025.896</b>	<b>13.117.494</b>	<b>5.026.889</b>
LBS	Kilometres	Emissions	Kilometres	Emissions
Automobile	887.428	168.611	873.832	166.028
Air travel	165.295	79.011	213.896	102.242
Rail travel	68.534	6.922	111.599	11.271
<b>Total</b>	<b>1.121.257</b>	<b>254.544</b>	<b>1.199.327</b>	<b>279.541</b>

## 7 Product Ecology

In addition to corporate ecology there are also opportunities to attain ecological goals in the BayernLB product range.

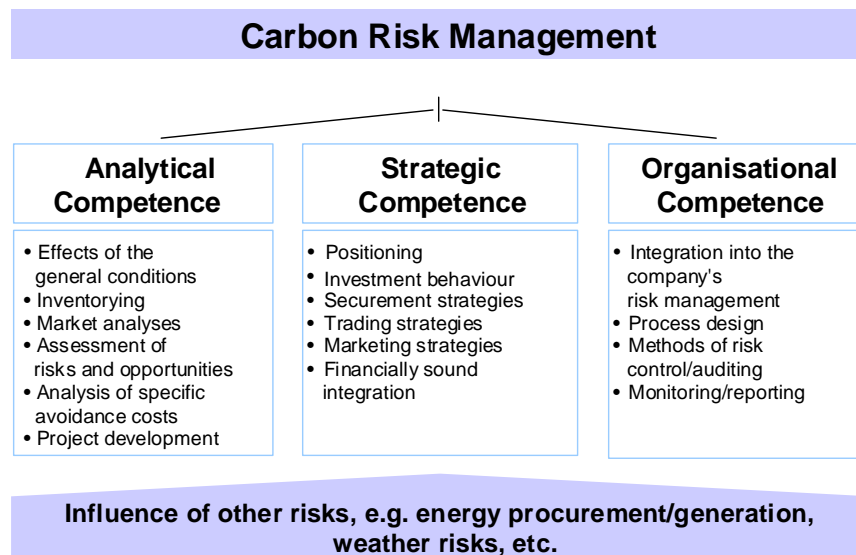
For bank loans, the Group-wide credit risk strategy specifies that BayernLB will comply with the ecological and social standards of the World Bank. This ensures that uniform criteria for evaluating environmental risks are applied when making lending decisions.

Internal credit ratings take into consideration both external (environmental risks) and internal factors (environmental management system) of the borrowing customer. This information is included as a qualitative factor in assigning a borrower's credit rating. The impact of environmental factors relative to the other rating factors is ensured by giving them a percentage weighting.

This ensures that identifying and quantifying environmental risks are integral components of the typical risk assessment and management process for transactions in both Germany and abroad.

Preparations have been underway since 2004 in the Financial Markets Business Area to launch the trading of EU emissions certificates. This process will be concluded at the beginning of the third quarter of 2005.

In addition, through its Energy & Commodity Services GmbH subsidiary, BayernLB has offered consulting in carbon risk management since 2003 as part of its offering on climate protection and emissions allowances trading. The consulting service covers the whole gamut of activities starting with conducting feasibility studies on climate protection projects, to fully executing and documenting them, and finally to having them certified by independent third-parties as specified in the Kyoto Protocol and the requirements of the climate secretariat of the United Nations.



Subsidies business for financial year 2004:

BayernLB's subsidised loan portfolio amounted to approximately EUR 6.2 billion by year's end.

The portfolio includes numerous environmental programmes of the KfW Bankengruppe, LfA-Förderbank Bayern and Landwirtschaftliche Rentenbank. These programmes put into practice the commitments made by the Federal Republic of Germany under the Kyoto Protocol.

New commitments in 2004 amount to more than EUR 1.1 billion and include the following:

- A loan of approximately EUR 185.0 million (= 17%) to upgrade the energy conservation standards of existing residential structures.
- A loan of approximately EUR 175.0 million (= 16 %) for commercial climate protection projects and investments in environmental projects such as renewable energy

Investment spending on environmental protection projects, especially for renewable energy, will again be one of the main growth areas in 2005.

#### **LBS:**

Ecological construction is not just an empty buzzword at LBS. Rather, it represents a recognition that construction methods in the future will no longer be able to use natural resources aggressively and wastefully but instead prudently and considerately.

Conserving fossil fuels and using alternative energy sources are the great environmental challenges of our times. LBS-Bayern's goal is to act in an environmentally compatible manner and in particular to support measures protecting the climate.

For this reason, LBS-Bayern initiated a nation-wide sales campaign at the end of 2004 advocating solar energy and modernisation of heating systems as areas where every homeowner could make an active contribution to climate protection.

#### Solar energy

Most residential buildings have roofs suitable for solar energy systems. Once such a system is installed a homeowner can produce electrical power with it. This electricity – when fed into the power grid – can earn the homeowner an attractive fee, as provided in the German Renewable Energy Law (EEG). For the customer this means an investment with a dependable yield. For the environment it means a real reduction in emissions stemming from conventional electrical power generation.

#### Boiler modernisation

As from 1 November 2004, heating systems are no longer allowed to exceed certain limits under the German Federal Emissions Protection Regulation (BImSCHV). Heating systems that do not adhere to these threshold limits must therefore be modernised. At the same time, the Energy Conservation Regulation (EnEV) states that boilers installed before October 1978 must be replaced by 31 December 2006. However, for many property owners modernising their heating systems makes sense even without the legal requirements. The substantially lower fuel consumption of new devices turns spending on them into an investment in the future that helps save money and conserve available resources as much as possible.

In the autumn of 2004, the Sparkassen-Finanzgruppe contacted its customers specifically regarding their needs for modern energy and household devices. In the process they were given general advice on the topic of modernisation. In this way, LBS-Bayern helps to actively achieve energy savings and reduce the burden on the environment.

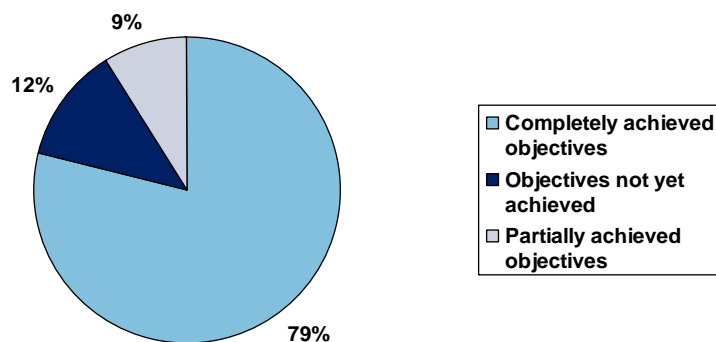
## 8 Environmental programme

Since 1995, BayernLB has produced a comprehensive environmental programme every three years. The environmental programme comprises objectives and measures for each of the business units and support operations. The measures specify the actions to be taken and, where appropriate, the deadline for achieving them. In addition the environmental programme serves as a check to ensure Business Areas and Support Operations meet their goals on time.

The environmental programme is a dynamic tool. The contents of the programme are set by each unit as part of the internal audit process and then continually adapted. The programme also acts as a guideline for each employee, since it affects not only the unit but nearly every individual as well (e.g. paper consumption, separation of waste material, usage of office supplies).

In the process of revalidating the environmental management system, the status of the goals was checked. The following graph shows the status of the goals.

**Achievement of objectives of BayernLB and LBS 2002**



79% of the goals were fulfilled completely and on time. Some objectives, however, have been only partially fulfilled or not at all so far. In some cases this was because the measures have required more time than planned to execute. In other cases, it has proven not possible to execute the measures because the conditions

or technical prerequisites have changed. The unfulfilled goals will be analysed in detail and, where feasible, replaced by new ones.

An overview of the status of all the goals for each Business Area or Support Operation is shown in the following table. The objectives apply to both companies unless otherwise stated.

Areas	Objectives	When realised	Achievement of objective ✓ Objective achieved • Still in progress ▼ Not achieved
<b>Land and buildings</b>	<ul style="list-style-type: none"> <li>• Employ long-lasting and recyclable building materials</li> <li>• Reduce waste material from construction projects</li> </ul>	⇒ Ongoing	✓  ✓
<b>Measures</b>	⇒ Reuse certain materials in construction projects ⇒ Improve monitoring and separation of construction waste material	⇒ Ongoing	✓  ✓
<b>Energy</b>	<ul style="list-style-type: none"> <li>• Stabilise electrical power consumption at 6000 kWh per employee each year (Bank)</li> <li>• Stabilise heating energy consumption at 160 kWh per m<sup>2</sup> each year (Bank)</li> </ul>	⇒ 2005 ⇒ 2005	✓ 4,872 kWh/employee  ✓ 159 kWh/m <sup>2</sup>
<b>Measures</b>	⇒ Modernise the lift central structure / conversion to gearless drives ⇒ Ongoing replacement of electrical systems and devices in line with ecological and economic aspects	⇒ 2003 ⇒ Ongoing	✓  ✓
<b>Water</b>	<ul style="list-style-type: none"> <li>• Stabilise water consumption at 22,000 litres / employee per year</li> <li>• Stabilise water consumption at 17,000 litres / employee per year (LBS)</li> </ul>	⇒ 2005 ⇒ 2005	✓ 16,000 l/employee  ✓ 14,500 l/employee
<b>Measures</b>	⇒ Install water-conserving toilet systems in new buildings and renovated buildings ⇒ Replace the neutralisation system by a reverse osmosis system (reduce hazardous materials)	⇒ Ongoing	✓  ✓
<b>Furnishings</b>	<ul style="list-style-type: none"> <li>• Environmentally compatible office furnishings</li> </ul>	⇒ Ongoing	✓
<b>Measures</b>	⇒ Assess materials based on environmental factors ⇒ Include environmental standards in contracts with suppliers.	⇒ Ongoing	✓  ✓

Areas	Objectives	When realised	Achievement of objective ✓ Objective achieved • Still in progress ▼ Not achieved
<b>IT devices</b>	<ul style="list-style-type: none"> <li>• Raise employee awareness regarding the usage of PCs</li> <li>• Include ecological factors when purchasing IT equipment</li> <li>• Reduce electronic waste</li> <li>• Encourage users to conserve energy and paper</li> </ul>	⇒ Ongoing	✓  ✓ ✓ ✓
<b>Measures</b>	⇒ Informing employees ⇒ Record paper consumption by printers (LBS) ⇒ Examine the potential to save energy saving potential of TFT/LCD monitors compared with CRT monitors ⇒ Replace devices that lack an energy-saving function	⇒ Ongoing ⇒ Ongoing ⇒ 2002 ⇒ Ongoing	✓ ✓ ✓ ✓
<b>Office supplies</b>	<ul style="list-style-type: none"> <li>• Give preference to recyclable products (change the orderers' behaviour)</li> <li>• Increase online ordering</li> <li>• Improve controlling</li> <li>• Convert ordering process to online ordering (LBS)</li> </ul>	⇒ Ongoing ⇒ Ongoing ⇒ Ongoing	✓ ✓ ✓ ✓
<b>Measures</b>	⇒ Reduce number of suppliers ⇒ Negotiate with suppliers regarding analysing orders from an ecological viewpoint ⇒ Negotiate with suppliers to change ordering processes	⇒ Ongoing	✓ ✓ ✓
<b>Paper</b>	<ul style="list-style-type: none"> <li>• Stabilise paper consumption at 8000 sheets / employee per year</li> <li>• Reduce paper consumption to the level of 2001 (LBS)</li> <li>• Convert the entire paper supply to recycled paper or environmentally compatible types of paper</li> </ul>	⇒ 2005 ⇒ 2005 ⇒ 2005	<ul style="list-style-type: none"> <li>• 9,000 sheets/employee</li> </ul> ▼ ✓
<b>Measures</b>	⇒ PC-supported processing ⇒ Raise employee awareness	⇒ Ongoing ⇒ Ongoing	✓ ✓
<b>Advertising material</b>	<ul style="list-style-type: none"> <li>• Further reduce the number of product items</li> <li>• Select advertising material from an ecological viewpoint</li> <li>• Increase the life cycle of the advertising material</li> </ul>	⇒ Ongoing ⇒ Ongoing ⇒ Ongoing	✓ ✓ • ✓

Areas	Objectives	When realised	Achievement of objective ✓ Objective achieved • Still in progress ▼ Not achieved
	<ul style="list-style-type: none"> <li>Reduce number of items given away</li> </ul>		
<b>Measures</b>	⇒ Alternatives to promotional gifts ("donating instead of giving gifts") ⇒ Reassess and examine items based on ecological criteria	⇒ Ongoing ⇒ By 2000	✓ ▼
<b>Waste materials</b>	<ul style="list-style-type: none"> <li>Stabilise the amount of waste material at the level of 2001 (critical mass reached)</li> <li>Stabilise the amount of waste material at the level of 1997 (LBS)</li> <li>Dispose of all types of waste in an environmentally compatible manner</li> </ul>	⇒ 2005 ⇒ 2005 ⇒ Ongoing	✓ ▼ ✓
<b>Measures</b>	⇒ Update the material waste guidelines ⇒ Instruct the building maintenance and cleaning personnel ⇒ Document the disposal steps for all types of waste	⇒ 2003 ⇒ 2003 ⇒ Ongoing	✓ ✓ ✓
<b>Vehicle fleet</b>	<ul style="list-style-type: none"> <li>Reduce average fuel consumption</li> </ul>	⇒ Ongoing	▼
<b>Measures</b>	⇒ Improve information when purchasing new vehicles (greater consideration of fuel conserving power systems) ⇒ Examine possibilities of utilising alternative power systems (natural gas/electric)	⇒ Ongoing ⇒ Ongoing	✓ ✓
<b>Cafeteria</b>	<ul style="list-style-type: none"> <li>Stabilise the amounts consumed (optimisation practically precluded)</li> <li>Reduce negative external ecological effects</li> <li>Consider ecological criteria when replacing or purchasing new equipment</li> </ul>	⇒ Ongoing ⇒ Ongoing ⇒ 2003	✓ ✓ ✓
<b>Measures</b>	⇒ Produce statistics on consumption (e.g. for cleaning agents) ⇒ Modernise dishwashers ⇒ Give preference to local suppliers ⇒ Actively participate in cafeteria-related task forces ⇒ Maximum consumption levels have been stipulated in agreements with dishwasher and detergent suppliers	⇒ Ongoing ⇒ 2003 ⇒ Since 1997 ⇒ Ongoing	✓ ✓ ✓ ✓
<b>Personnel development</b>	<ul style="list-style-type: none"> <li>Establish a system of key figures to measure the environmental awareness of employees</li> <li>Ingrain environmental protection in the</li> </ul>	⇒ 2005 ⇒ Ongoing	▼ ✓

Areas	Objectives	When realised	Achievement of objective ✓ Objective achieved • Still in progress ▼ Not achieved
	minds of employees		
<b>Measures</b>	⇒ Formulate key figures ⇒ Add a link on the Human Resources department frequently visited intranet page to the Environmental Management page ⇒ Integrate environmental aspects in the Bank's training programme	⇒ 2005 ⇒ 2002 ⇒ 2005	▼ ▼ ✓
<b>Environmental management system</b>	• Bolster the environmental awareness of employees • Establish a system of key figures to measure the environmental management system	⇒ Ongoing ⇒ 2005	✓ ▼
<b>Measures</b>	⇒ Include environmental protection as an inherent element of internal advanced training measures ⇒ Formulate key figures: e.g. courses conducted per employee, trainee, apprentice ⇒ Hold a special energy activity day under the auspices of the local Agenda 21 programme ⇒ Initiate climate protection activities in accordance with the Kyoto Protocol ⇒ Conduct baseline studies to calculate the potential for reducing CO <sub>2</sub> and feasibility studies for environmental protection projects	⇒ 2005 ⇒ 2003 ⇒ 2002 ⇒ Ongoing ⇒ Ongoing	✓ ✓ ✓ ✓ ✓
<b>Business trips</b>	• Reduce pollutant emissions during business trips		✓
<b>Measures</b>	⇒ Further support for using public transportation ⇒ Conduct detailed travel and emissions analysis	⇒ Ongoing ⇒ 2003	✓

The emphasis of BayernLB's 2005 Environmental Programme lies on dealing with the Bank's indirect environmental impact. The Bank will reduce CO<sub>2</sub> emissions associated with its business activities, resource consumption and business travel. Furthermore, it will pay increased attention to social aspects in the supply chain and include the necessary changes when requesting bids. These steps will allow

BayernLB to lay the cornerstone for developing environmental management into sustainability management.

By complying with the social and ecological standards of the World Bank for lending, continuing to make exposures in climate protection projects and increasing the amount of funds provided for environmentally related aid and development projects, BayernLB is raising its product ecology.

The following table presents a detailed listing of the objectives and measures of the BayernLB Environmental Programme for the years 2005-2008 . The objectives apply to both companies unless otherwise stated.

Areas	Objectives	When realised
<b>Land and buildings</b>	<ul style="list-style-type: none"> <li>• Employ long-lasting and recyclable building materials</li> <li>• Reduce waste material from construction measures</li> </ul>	⇒ Ongoing
<b>Measures</b>	<ul style="list-style-type: none"> <li>• Examine the reusability of certain materials in construction projects</li> <li>• Improve monitoring and separation of construction waste material</li> </ul>	⇒ Ongoing
<b>Energy media</b>	<ul style="list-style-type: none"> <li>• Reduce electrical power consumption by 2% (BayernLB) to the level of 2004</li> <li>• Stabilise electrical power consumption at 3300 kWh per employee each year (LBS)</li> <li>• Reduce heating energy consumption by 2%</li> <li>• Reduce water consumption to 14,500 litres per employee per year (LBS)</li> <li>• Reduce water consumption to 15,500 litres per employee per year (Bank)</li> <li>• Reduce consumption of water from the municipal water supply</li> </ul>	⇒ 2008 ⇒ 2008 ⇒ 2008 ⇒ 2008 ⇒ 2008 ⇒ 2008
<b>Measures</b>	<ul style="list-style-type: none"> <li>• Project to reduce peak loads</li> <li>• Install more temperature and humidity sensors for the air-conditioning system</li> <li>• Optimise “Intelligent night reduction of heating” at LBS</li> <li>• Utilise heating period optimisation</li> <li>• Convert the remote heat supply from steam to hot water</li> <li>• Install motion detectors in all copier rooms and tea kitchens at LBS</li> <li>• Install water-conserving flow limiters</li> <li>• Install presence detectors in areas not often frequented</li> <li>• Expand use of grey water</li> </ul>	⇒ 2007 ⇒ Ongoing ⇒ Ongoing ⇒ 2008 ⇒ 2007 ⇒ Ongoing ⇒ Ongoing ⇒ From 2005 ⇒ Ongoing
<b>Furnishings</b>	<ul style="list-style-type: none"> <li>• Use environmentally compatible office furnishings</li> </ul>	⇒ Ongoing

Areas	Objectives	When realised
Measures	<ul style="list-style-type: none"> <li>Assess materials based on environmental aspects</li> <li>Include environmental standards in contracts with suppliers</li> </ul>	⇒ Ongoing
IT equipment	<ul style="list-style-type: none"> <li>Convert to a paperless enterprise resource planning system</li> <li>Paperless invoice and payment system</li> <li>Raise employee awareness regarding the usage of PCs</li> <li>Include ecological factors when purchasing IT equipment</li> <li>Reduce electronic waste</li> <li>Encourage users to conserve energy and paper</li> </ul>	⇒ 2008 ⇒ 2008 ⇒ Ongoing ⇒ Ongoing ⇒ Ongoing ⇒ Ongoing
Measures	<ul style="list-style-type: none"> <li>Inform employees</li> <li>Record paper consumption by printers (LBS)</li> <li>Convert to centralised software provision</li> <li>Replace devices that lack an energy-saving function</li> <li>Reduce new purchases; use inventories</li> <li>Faster replacement of CRT monitors by TFT/LCD monitors</li> <li>Increase electronic archiving</li> <li>Purchase only TFT monitors</li> </ul>	⇒ Ongoing ⇒ Ongoing ⇒ From 2005 ⇒ Ongoing ⇒ Ongoing ⇒ Ongoing ⇒ Ongoing
Office supplies	<ul style="list-style-type: none"> <li>Give preference to recyclable products (change the orderers' behaviour)</li> </ul>	⇒ Ongoing
Measures	<ul style="list-style-type: none"> <li>Include ecological standards when requesting new bids</li> </ul>	⇒ Ongoing
Paper	<ul style="list-style-type: none"> <li>Reduce paper consumption to 8000 sheets / employee per year</li> <li>Increase the paper recycling quota to 65%</li> </ul>	⇒ 2008 ⇒ 2008
Measures	<ul style="list-style-type: none"> <li>PC-supported processing</li> <li>Raise employee awareness</li> </ul>	⇒ Ongoing ⇒ Ongoing
Advertising material	<ul style="list-style-type: none"> <li>Observe sustainability criteria when purchasing advertising material</li> <li>Reduce number of items given away</li> </ul>	⇒ 2008 ⇒ Ongoing
Measures	<ul style="list-style-type: none"> <li>Alternatives to promotional gifts ("donating instead of giving gifts")</li> <li>Gradually remove items from the product range that do not conform to sustainability standards (LBS pilot project)</li> </ul>	⇒ Ongoing ⇒ 2008
Waste materials	<ul style="list-style-type: none"> <li>Stabilise the amount of waste material on the level of 2004 (BayernLB)</li> <li>Stabilise the amount of waste material to 260 kg per</li> </ul>	⇒ 2008 ⇒ 2008

Areas	Objectives	When realised
	employee per year (LBS) <ul style="list-style-type: none"> <li>Dispose all types of waste in an environmentally compatible manner</li> <li>Obtain support from BayernFM in setting up waste material management system</li> </ul>	⇒ Ongoing ⇒ From 2005
<b>Measures</b>	<ul style="list-style-type: none"> <li>Update the material waste guidelines</li> <li>Instruct the building maintenance and cleaning personnel</li> <li>Document the disposal steps for all types of waste</li> <li>Employee information</li> </ul>	⇒ Ongoing ⇒ Ongoing ⇒ Ongoing ⇒ Ongoing
<b>Vehicle fleet</b>	<ul style="list-style-type: none"> <li>Reduce average fuel consumption by 5% compared to 2004 litres/100 km</li> </ul>	⇒ 2008
<b>Measures</b>	<ul style="list-style-type: none"> <li>Improve information when purchasing new vehicles (greater consideration of fuel conserving power systems)</li> <li>Examine possibilities of utilising alternative power systems (natural gas/electric)</li> <li>Participate in the city of Munich's "Company Mobility Management" project</li> <li>MVV (Munich area public transit authority) job ticket</li> </ul>	⇒ Ongoing ⇒ Ongoing ⇒ From 2005
<b>Cafeteria</b>	<ul style="list-style-type: none"> <li>Reduce general usage of cleaning agents</li> <li>Ensure newly added cafeterias comply with ecological standards</li> <li>Examine the feasibility of using slow cooking procedures at night as part of the peak load reduction project</li> </ul>	⇒ From 2005 ⇒ Ongoing ⇒ 2007
<b>Measures</b>	<ul style="list-style-type: none"> <li>Establish baseline figures for cleaning agent consumption with manufacturers and include in contracts</li> <li>Give preference to local suppliers</li> <li>Actively participate in cafeteria-related task forces</li> </ul>	⇒ From 2005 ⇒ Ongoing ⇒ Ongoing
<b>Personnel development</b>	<ul style="list-style-type: none"> <li>Basic training in sustainability for all employees</li> <li>"Company Mobility Management" project</li> <li>Ingrain environmental protection particularly in the minds of managers</li> <li>Special activity days highlighting the links between environmental, health and work safety protection</li> </ul>	⇒ From 2005 ⇒ From 2005 ⇒ Ongoing ⇒ From 2006
<b>Measures</b>	<ul style="list-style-type: none"> <li>Conduct a series of presentations on sustainability by internal and external speakers</li> <li>Integrate environmental aspects into the Bank's</li> </ul>	⇒ From 2005

Areas	Objectives	When realised
	training programme	⇒ From 2005
<b>Environmental management system</b>	<ul style="list-style-type: none"> <li>• Switch from environmental management to sustainability management</li> <li>• Publish a sustainability report</li> </ul>	⇒ 2008 ⇒ 2006
<b>Measures</b>	<ul style="list-style-type: none"> <li>• Expand the corporate ecology to include social components (selection of suppliers, product selection)</li> <li>• Obtain a BoM resolution to establish sustainability management</li> <li>• Develop a series of sustainability training courses</li> </ul>	⇒ Ongoing ⇒ By 2006
<b>Business trips</b>	<ul style="list-style-type: none"> <li>• Reduce polluting emissions during business trips by 5%</li> </ul>	
<b>Measures</b>	<ul style="list-style-type: none"> <li>• Further support for using public transportation</li> <li>• Conduct detailed travel and emissions analysis</li> <li>• Company mobility management</li> </ul>	⇒ Ongoing ⇒ 2006 ⇒ 2005

## 9 Environmental Management System

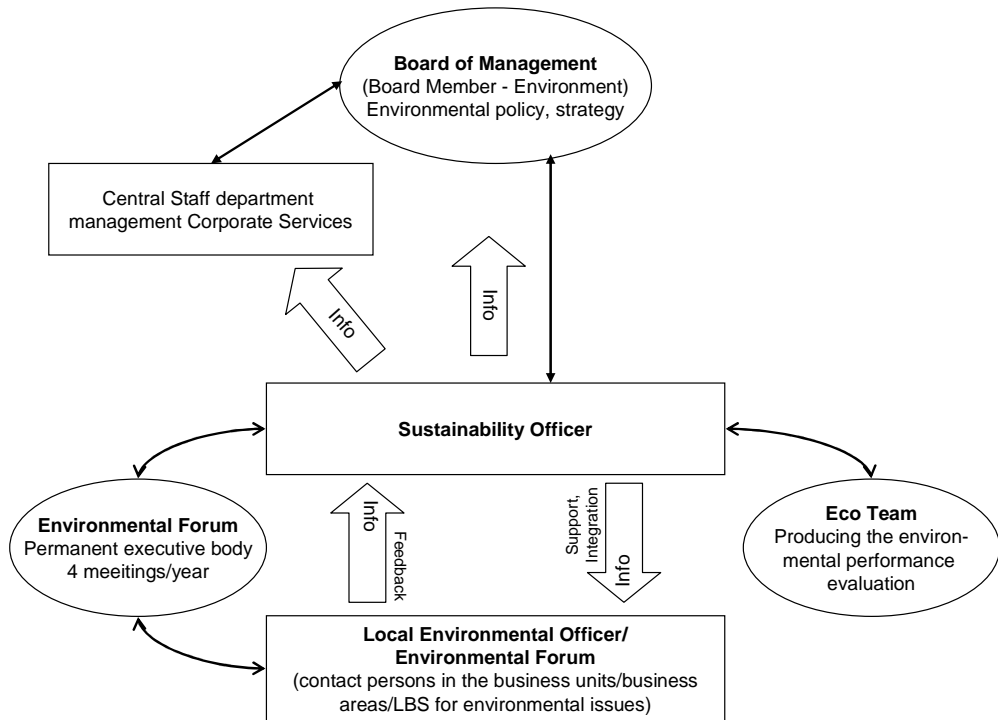
In order to achieve its environmental goals, an organisational structure is also necessary. For this reason BayernLB and LBS set up a joint environmental management system in 1998. BayernLB's goal is to get all employees involved in environmental activities. Although organisational structures play a role in this, it is even more important to motivate employees to be enthusiastic about environmental issues rather than just issue regulations and set up organisations. BayernLB wants to permanently win over its employees for the Bank's environmental protection efforts. To do so, information is made available explaining the benefits of environmentally correct behaviour by each employee. In a company with 5,000 employees, more than one section must perform environmental responsibilities. Only this way can a rapid flow of information be ensured, without which no company environmental protection programme would be possible.

The Environmental Management System has been continually extended and expanded within the Bank. With its structure now firmly established, it touches upon virtually all units and hierarchical levels thus ensuring that

- Employees are continually informed about environmental protection efforts in the company
- Employees are able to actively participate in the company's environmental protection efforts
- Measures can be rapidly implemented throughout the entire company

- Corrective action to environmental measures can be promptly taken

The BayernLB Environmental Management System comprises the following elements:



**Eco Team:** This consists of employees from all divisions necessary to produce the environmental performance report (particularly technical departments). Duties include in particular collecting and interpreting data, establishing the environmental programme and performing the environmental controlling.

**Environmental forum:** Includes employees from the Organisation, Controlling, Human Resources, Staff Council, Central Services and LBS divisions. Duties include in particular selecting the focus for medium-term environmental activities, implementing the environmental programme, conducting detailed analyses of individual units, and the disseminating information as required.

**Local environmental officers:** Employees from every Support Operation and Business Area. Duties include ensuring a two-way flow of information between the central environmental office and employees, assisting in the implementation of environmental measures and, if necessary, developing and carrying out divisional environmental measures, assisting managers in implementing environmental policy.

**Environmental Protection Officer:** Performs the duties of an environmental management officer and acts as the central environmental position in the Bank and LBS. Duties include coordinating all environmental activities, producing environmental performance evaluations and environmental reports, external

environmental protection representation, and internal environmental communication. He or she advises the sales units on environmental and climate protection issues.

**Managers:** The heads of the Business Areas and Support Operations, division managers, and team leaders In the TCRs (description of tasks, competences and responsibilities), managers are specifically tasked with implementing the environmental policy.

**Internal audits:** Each year, internal audits of the environmental management organisation are carried out to ensure its efficiency. The audits focus on:

- Compliance with and implementation of the environmental policy
- Controlling the structural and workflow organisation
- Ensuring legal certainty
- Further development of the product ecology

## 10 Internal Environmental Communication

### BayernLB

Providing employees with a steady stream of information is an essential element of our environmental management system. Protecting the environment throughout the Bank must be done on a cross-divisional basis. Accordingly, all employees must have information on the Bank's environmental goals and measures. Many measures can only be implemented if employees are actively involved – and only those who are well-informed will also take part.

A variety of tools are used for internal communication in BayernLB:

- **Electronic communications system**

Electronic communications systems such as e-mail enable information to be rapidly disseminated to all employees who are connected to the system. For example, all employees of the Bank were informed of the environmental policy by means of the electronic communications system.

- **Intranet**

All employees have access to the Bank's internal information network (the intranet). The intranet contains the Bank's own "environmental pages". These include all elements of the Bank's environmental management system, the environmental management handbook, extensive information on climate protection, and detailed explanations of these. By means of links in the pages, employees can get in touch with the environmental contact person directly.

- **Employee magazine**

The employee magazine, which is issued every two months, regularly contains information on environmental activities and environmental issues.

- **Local environmental officers**

One of the main tasks of the local environmental officers, who are located in each of the Business Areas and Support Operations, is to ensure the flow of information between the central environmental office (the Environmental Protection Officer) and employees. They also act as direct contact persons for the employees in their division, thus shortening the path to important environmental information.

- **Activities**

The Bank holds special activities on particular environmental topics at irregular intervals. These have included special environmental activity days on the topics of energy, paper, waste material and travel. These activities serve to increase the visibility of environmental protection issues, make them more tangible, and to heighten employees' awareness of environmental protection.

- **Employee events**

All newly hired BayernLB employees are informed about the Bank's commitment to environmental protection at a "Start Event". Apprentices attend a one-day information event as a part of their induction week. Since 2003, trainees have been given a two hour course on the subject each year.

## **LBS**

In LBS, information about the company's environmental activities is provided by the company magazine "LBS Magazine", by electronic communications and personally by the environmental protection officer.

- LBS Magazine is published quarterly and almost always includes an article with pictures on the subject of environmental protection within and without the company.
- In addition to the LBS Magazine, the "Outlook" system provides all employees an electronic means of communication. This communications medium allows quick access to all employees. This also has the desirable side-effect that paper does not have to be used for communication.
- The environmental protection officers located in each central unit and sales unit represents another means of communication. They provide managers and employees in their individual divisions with corporate ecology related information and also collect ideas and questions.

- Since 1999, the intranet has also provided a means of communication for conveying important corporate ecology topics to LBS employees.
- Since 2003, this has been supplemented by the information portal “Black Board”.

## 11 External Environmental Communication

This Environmental Statement serves as a means to provide the public with comprehensive information about BayernLB's environmental activities. It has been validated by an independent expert and thus complies with the requirements of EC Directive 761/2001 of the European Parliament and Council of 19 March 2001.

In addition, BayernLB also used the following means to inform the public:

- **Internet**

The Bank's internet homepage, which includes links to a page on its environmental activities can be found at <http://www.bayernlb.de>. The 2005 Environmental Statement is exclusively available by this means.

- **Public relations activities**

We regularly publicise information on our environmental protection activities by means of presentations, at symposia and workshops, at trade fairs and conventions as well as by publishing professional articles in periodicals and books.

- **The Group's annual report**

Our commitment to environmental protection is published each year in the annual report.

## LBS

The dissemination of LBS's corporate ecological data and information to target groups outside of the Group is handled by BayernLB.

- **Internet**

LBS provides tips on energy conservation and an energy check to all interested customers through the Internet site at "[www.lbs-bayern.de](http://www.lbs-bayern.de)".

There is also a "modernisation compass", which acts as a guide to customers as to when modernisation makes sense.

- **Public relations activities**

Additionally, to celebrate its 75<sup>th</sup> anniversary in February 2004, LBS began a social action program. Under the motto "A home for generations", the program is dedicated to preventing violence in primary schools and pre-schools as well as the early development of children from socially disadvantaged families.

## 12 Outlook

The Environmental Management System at BayernLB and LBS is constantly being improved. The insights and successes motivate us to pursue our activities even more in the coming years, particularly with regard to external and internal environmental communication. To the greatest extent possible we will also consider environmental aspects in our business activities and include our customers in the environmental strategy.

By 2008 BayernLB will have increased the integration of social aspects into its environmental management. This will lay the foundation for establishing sustainability management.

In the future we will continue working with regional, national and international bodies and task forces and also actively take part in the development of environmental management, environmental protection and climate protection in the services industry.

## 13 Next Environmental Statement

The next consolidated Environmental Statement will be presented for validation no later than February 2008.

In the interim years an annual update of the Environmental Statement will be prepared for validation by an expert.

Environmental expert / environmental expert advisory organisation

The environmental expert / environmental expert advisory organisation is:

Dr Reiner Beer (licence no. D-V-0007)  
 INTECHNICA GmbH (licence no. D-V-0248)  
 Ostendstrasse 181  
 90482 Nuremberg, Germany

### Validation

After having examined the environmental policy, the environmental management system, the methods and results of the environmental test / company test, the environmental objectives and the environmental program as well as the Environmental Statement, I hereby declare the latter, BayernLB, Brienner Strasse 18 and Bayerischen Landesbausparkasse LBS, Arnulfstr. 50 in Munich, to be in compliance with EG Directive 761/2001.

\_\_\_\_\_

Date

\_\_\_\_\_

Dr R. Beer, Environmental Expert

BayernLB Revalidation Team:

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