

With 2011 Consolidated Environmental Statement.



Compact fluorescent lightbulb  
with integrated ballast  
Inventor: Osram GmbH  
Germany, 1985

# Fitness for the Future. Made in Germany. Sustainability Report 2011.

Landesbank Baden-Württemberg

**LB**  **BW**

# Growing responsibly.

We have come through difficult times – but are well on our way to becoming a solid, highly effective customer-driven bank. In the future, we aim to again do business profitably and grow sustainably. We will be led along this path by our sustainability goals – and measured by how consistently we achieve them.

# 2011

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## Sustainability Report with 2011 Consolidated Environmental Statement

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**ES** The sections and sub-sections designated "ES" in this Report  
are part of LBBW's 2011 Consolidated Environmental Statement.

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## About this Report

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### **Reporting Period**

The LBBW Sustainability Report 2011 describes the period from September 1, 2010 to August 31, 2011. The time series for environmental data generally cover the years from 2006 to 2010. LBBW's previous Sustainability Report was published on December 1, 2010. LBBW plans to continue publishing the Sustainability Report annually.

### **Report Content**

The topics covered by this Report are in line with the G3 guidelines, including the Sector Supplements of the Global Reporting Initiative (GRI). In GRI-based reports, the report authors must self-declare the level at which they have applied the GRI reporting framework. "C" is the lowest level, and "A" is the highest level. Our Sustainability Report complies with GRI Application Level B+.

### **Editorial Notes**

All of the information in this Report was compiled with the utmost care. To the best of our knowledge, this information and data are correct. Nonetheless, no liability can be assumed for the correctness or completeness of the information provided. We would like to thank the numerous colleagues who participated in preparation of this Report for their support.

# Consistent Management.

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We aim to continue to develop LBBW sustainably. This is why we put our energy toward comprehensive analysis and management of all factors, both positive and negative, that could influence LBBW's development. The basic principles behind this philosophy are laid down in our Sustainability Policy and Guidelines for Sustainability. We guarantee their implementation with a defined set of responsibilities, projects, and goals. In our Sustainability Program, which is updated annually, we record our progress on projects currently underway, and then account for this progress in our annual Sustainability Report.

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We clearly benefit from our  
commitment to sustainability –  
one we will continue to pursue.

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HANS-JÖRG VETTER



Hans-Jörg Vetter, Chairman of the Board  
of Managing Directors of Landesbank  
Baden-Württemberg

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Dear Customers,  
Dear Business Partners of the LBBW Group,  
Dear Readers,

After three difficult years, the LBBW Group has again been on an unmistakably successful path toward becoming a flourishing retail bank since early 2011. This success is primarily the result of our numerous close customer relationships, some of which have lasted for decades now. However, it is also the result of the efforts of our employees. And, last but not least, our owners, who have long provided us with constructive assistance and supported us in tough times, have also contributed substantially to the success of LBBW.

You – our customers, employees, and owners – underscore this particular trust in LBBW by standing in unity with us. You rely, and rightly so, on our ability to manage the Bank's business effectively, and lead and develop our company according to sustainable principles. For us that means thinking in an entrepreneurial way and acting in harmony with the environment, people, and region in which we live and work.

The best prerequisite for this is sustained business success. To this end, we introduced a comprehensive restructuring program to deliver annual cost reductions of EUR 700 million and a forward-looking new strategy for our business, among other measures. At the end of the restructuring process, we will be a significantly leaner bank with a clear focus on our regionally driven business with corporate clients and retail customers, savings banks and institutional investors. This will provide us with a robust business model for the long term and a solid future.

In our daily business, community, environmental, and social awareness is not just an expression of our corporate responsibility, but also a key competitive factor. For example, we are continuing to see an upturn in sustainable investments. More and more investors today want to know precisely where their money is being invested and to what ends. We have been at home in this growth market for years now and can offer an attractive range of sustainable investments. Another example is the market for financing for wind power projects, a sector in which we have considerable expertise. And, ultimately, we are also rapidly bringing our internal processes into line with the principle of sustainability. This is evidenced by the positive assessments of LBBW by sustainability rating agencies, which make our Bank and our products increasingly attractive to investors interested in sustainability.

We clearly benefit from our commitment to sustainability – one we will continue to pursue. The subsequent pages contain facts about and examples of our sustainability strategy. Please send your questions, criticism, and suggestions to [nachhaltigkeit@lbbw.de](mailto:nachhaltigkeit@lbbw.de).

Sincerely,



**HANS-JÖRG VETTER**  
Chairman of the Board of Managing Directors  
of Landesbank Baden-Württemberg

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# The Company. **ES**

Landesbank Baden-Württemberg (LBBW) is a commercial bank and the central bank to the savings banks in Baden-Württemberg, Saxony, and Rhineland-Palatinate. With total assets of EUR 374 billion and approximately 13,000 employees (as of December 31, 2010), LBBW is one of the largest banks in Germany and by far the most important in its core market of Baden-Württemberg.

LBBW's core activities are the retail customer business and the business serving corporate customers, particularly Mittelstand, or small- and medium-sized, family-owned businesses, as well as the savings banks. Another focal area is real estate financing in selected markets and the customer-driven capital market business with banks, savings banks, and institutional investors. LBBW concentrates chiefly on its customer-oriented business model and, in the medium term, will cut back its total assets as well as its workforce in a controlled process.

Together with its regional retail banks Baden-Württembergische Bank (BW Bank), Rheinland-Pfalz Bank, and Sachsen Bank, LBBW serves more than a million retail and 27,000 corporate clients in its over 200 branches. LBBW has been the long-time principal bank for many of these clients.

For small- and medium-sized companies, our support in developing international markets plays an important role in addition to our expertise in innovative and complex financing packages. Subsidiaries specializing in businesses such as leasing, factoring, real estate, and asset management round out the LBBW Group's own range of services.

An extensive overview of the company is provided at [www.LBBW.de](http://www.LBBW.de) – About us. This site also contains information including our ownership structure and legal form as well as our activities, business areas and states in which we do business. Additional LBBW facts and figures are available at LBBW – Investor Relations – Financial Information and Reports.

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## Current Developments.

The realignment of LBBW begun in 2009 is proceeding according to plan. According to the concept approved by the European Commission, the Bank is currently being restructured as a customer-driven financial services provider focusing on business with corporate clients, retail customers, and savings banks and concentrating on high-performance capital market products and real estate financing in selected markets. This goes hand-in-hand with a systematic reduction of our total assets and risk assets. The withdrawal from our credit substitute business without a direct connection to customers contributes substantially to this effort. The unavoidable elimination of around 2,500 jobs by 2013 as part of our cost-cutting efforts is being conducted in the most socially responsible manner possible. At the end of the restructuring process, LBBW will be a much leaner bank with a clear concentration on the regionally focused banking business.

LBBW is making excellent progress in all of these areas. The amount by which we reduced our risk assets exceeded the planned amount considerably as of June 30, 2011, a step that further improved our capital ratios. Moreover, more than half of the

measures required to lower material costs have been implemented. Based on a collective bargaining agreement negotiated with the ver.di trade union, voluntary offers, such as severance, early retirement and pre-retirement part-time work contracts, and natural fluctuation resulted in an agreement on the elimination of the equivalent of approximately 1,400 full-time positions (as of June 30, 2011).

LBBW's restructuring concept does not push sustainability to the back burner. Instead, it is largely in line with the principles of sustainable business. For instance, despite the necessity of slashing costs, the Bank is holding firm on its sustainable human resources policy and is continuing to invest in education and training. Many measures designed to decrease material costs aim for more efficient use of resources and thus are environmentally friendly. Last, but not least, the new committee structure introduced in November 2010 improved LBBW's corporate governance in line with the guidelines for sustainable corporate management defined in the German Corporate Governance Code. Thanks to our restructuring, the Bank is continually developing, including in terms of sustainability principles.

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# Sustainability Strategy and Management.

Sustainability is an integral part of our business policies. Our aim is to set an example with our business not only in environmental terms, but also with regard to social and ethical issues, because we believe that successful business performance cannot be achieved in the long term without responsible environmental, ethical and social performance. We therefore anchored our commitment to sustainability firmly in our Group-wide Mission Statement as well as our business operations.

## LBBW Mission Statement.

In 2001, LBBW adopted a Bank-wide Mission Statement as a set of rules governing our collective work and actions. Along with other principles, our commitment to sustainability is documented in this Mission Statement: “We stand by our responsibility to society. We are environmentally aware in our actions and promote culture, science, sports and community.”

## Sustainability Policy. **ES**

The sustainability policy consolidates LBBW’s guiding principles on sustainable development in the areas of corporate governance, business operations, human resources, communication, and LBBW’s commitment to community.

It stipulates the framework for all sustainability activities at LBBW and is the foundation for integrating

economic, environmental, and social issues into our business activities as a whole.

The current version of the sustainability policy was approved by the Board of Managing Directors in February 2010 and replaces the first version written in 2006.

### Corporate Governance

- Landesbank Baden-Württemberg acts in the long-term best interests of the Bank, its customers and other stakeholders. Our activities aim to consistently contribute to sustainable and balanced economic, environmental, and social development.
  - The key conditions required for business activities geared to sustainability issues have been put into place thanks to the Guidelines for Sustainability. They provide our executive staff and employees with a concrete orientation framework for the operational implementation of LBBW’s sustainability goals, which are contained in the Guidelines.
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- We endeavor to use our sustainability management system to put into practice sustainable thought and action throughout the Bank, in all specialized divisions, subsidiaries and branches, and therefore to continually improve LBBW's sustainability balance sheet.
- We consider our commitment to sustainable development to be an integral part of our mission to serve the common good, which we believe strongly is our responsibility as a public-sector institution.
- It goes without saying that we will comply with all applicable legal regulations as well as uphold the human rights defined by the United Nations.

#### Business Operations

- In terms of our stewardship of resources, we consider ourselves responsible for future generations and therefore work hard to continuously minimize our use of non-renewable resources.
- We give preference to sustainable products and sustainability-focused suppliers and service providers in our purchasing and procurement processes wherever this is an economically viable option.

#### Core Business/Banking Products

- We are well aware of the importance of banks as financing partners for innovative, climate-friendly technologies and industries. LBBW is therefore in favor of actively orienting lending and investment activities toward sustainable projects, products, and customers.

#### Human Resources

- We sustainably promote and develop our staff resources so that we can be well prepared for future challenges with a team of motivated, qualified, and healthy employees.
- We include all LBBW employees in implementing sustainability concepts. Executives are ultimately responsible and act as role models in this process.

#### Communication

- LBBW reports regularly about progress made in fulfilling its sustainability commitment.
- We see ourselves as a partner to our customers. This vision includes our desire to increasingly share our knowledge of sustainable corporate governance. In this way, we support our customers in strengthening their commitment to sustainable development and reducing environmental pollution.

#### Social Commitment

- We take our responsibility to society seriously. LBBW operates three foundations that promote projects and initiatives in the fields of nature/ the environment, education, and art and culture. As a donor and sponsor, LBBW supports projects with substantial value-added for the public in many ways.

## Sustainability Goals and Operational Guidelines. **ES**

**In order to put the sustainability policy in concrete terms, LBBW has defined the following umbrella goals:**

1. We want to gradually implement sustainability as an integral component of our business policy. For this reason, we are expressly committed to also increasingly addressing ecological, social, and societal issues in investment decision-making processes.
2. We will offer sustainable investment products to all customer groups and in all asset classes to the greatest extent possible. We aim to increase the share of sustainable investments in all business areas – including in our own investment portfolio.
3. In credit advising and credit decision-making, we will take into account sustainability risks and earning potential for customers and the Bank.

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4. We strive for an active focus on projects, products, and customers with a positive impact on the sustainability balance sheet of the Bank. Thus, we promote environmentally friendly technologies and contribute to the reduction of CO<sub>2</sub> emissions.
  5. LBBW is a reliable partner to its employees. Our goal in the future is to be an even more attractive employer than today. To this end, we are continuously working toward improving our work organization and working conditions with a view to the health and work-life balance of our employees. We intend to maintain and further raise the high education and training level in our Bank.
  6. We will further optimize the use of resources within our organization. We will focus on exploiting any potential for reducing CO<sub>2</sub> emissions, especially in energy and paper usage and business travel.
  7. We apply uniform criteria in selecting products and services when procuring materials and awarding contracts which ensure that the relevant sustainability issues are included in the decision-making process.

The concrete orientation framework for the implementation of LBBW's sustainability goals is provided by the Guidelines for Sustainability. These mark out the corridor within which LBBW will pursue its sustainability goals in the investment and lending business, in human resources policy, and in dealing with resources, and therefore form the foundation for sustainable development.

The projects agreed for the purpose of achieving sustainability goals are listed in the Sustainability Program (see p. 22 ff.)

#### **Guidelines for Sustainable Investment**

In the future, LBBW will strive to more strongly emphasize environmental, social, and ethical issues in its investment business. The objective is to offer our customers sustainable investments in all asset classes, if possible.

We apply the United Nations' Principles for Responsible Investment ([www.unpri.org](http://www.unpri.org)) in making investment decisions.

#### **Text of LBBW's Guidelines for Sustainability "Investment Business"**

Going forward, we will take more and more ESG (environmental, social, and corporate governance) factors into account in our investment decisions. By doing so, we act in the best and long-term interest of our clients and stakeholders. When implementing our sustainability targets, the Principles for Responsible Investment (PRI) of the United Nations serve as a benchmark.

Therefore we commit ourselves to the following, as far as this is compatible with our responsibility vis-a-vis the customer:

- We will integrate ESG-related topics in the analytical and decision-making processes in investment banking and will actively promote sustainable investments. In our business with customers we will offer sustainable investment products for all customer groups and in all asset classes, provided that investment opportunities are available that correspond to the sustainability requirements prevailing for other offers submitted to our customers. We aim to increase the share of sustainable investments in all business areas – also with regard to our own investments.
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- We will accompany corporations and entities in which we invest as active shareholders. We will urge them to provide comprehensible information about all ESG factors. If we notice any violation of our basic moral concepts, we will seek an intensive dialog with the companies concerned.
- Whatever serves as a sustainability benchmark for our bank should serve as orientation for the whole sector as well. Therefore we will support greater acceptance and enhanced implementation of the PRI (Principles for Responsible Investment).

#### **Guidelines for Sustainable Financing**

In the future, we also intend to increasingly gear the lending business toward transactions, projects, products, and customer groups that improve our sustainability balance sheet. In addition to responsible asset allocation, these include identifying, avoiding, and managing risks that could arise from financing transactions. At the same time, we will make a concerted effort to finance projects that support sustainable development as well as hold business opportunities for LBBW. These can be systems, technologies, or companies in the renewable energy sector that are also expected to perform better than average in the future. Moreover, financing for investments in water treatment and supply and in energy infrastructure will become increasingly important.

#### **Text of LBBW's Guidelines for Sustainability "Financing"**

Sustainability is increasingly being taken into account as an important factor in financing decisions. Dubious environmental and societal

or social conditions are the source of considerable risks that could endanger our reputation and standing.

For the lending business this means:

- We will strengthen our advisory competence with the aim of identifying risks early on in conjunction with the customer in order to take countermeasures. This co-operation characterized by openness between the consultant and the customer will promote a sustainable development of the company, the business relationship and the systematic identification of earning potential for the Bank.
- We advocate an active orientation towards transactions, projects, products, and customer groups with a positive impact on the sustainability balance sheet of the Bank. Thus, we spur the development and the dissemination of environmentally friendly technologies. We help reduce carbon dioxide emissions. Concurrently, we expand future-oriented asset allocation by leveraging the strong market growth in these segments. All in all, these measures will strengthen our Bank's sustainability.
- We incorporate instruments for identifying, avoiding, and controlling sustainability risks in certain industrial sectors and countries into the analytical and decision-making process. This particularly applies to environmental protection, human rights, and working conditions.

The sustainability evaluation which forms an integral part of the analytical and decision-making process leads to a holistic risk approach.

### Guidelines for Sustainable Human Resources Policy

We intend to continue to adhere to the principles of sustainable human resources policy even during the current difficult restructuring phase and associated workforce reduction of 2,500. We consider it important to manage the necessary change processes respectfully and openly for all participants in an atmosphere of mutual understanding. Open positions are filled chiefly with employees affected by the layoffs. A works agreement to this end was signed by the Bank and the General Staff Council in October 2010. We keep our employees informed with news about the restructuring process in a dedicated portal on LBBW's Intranet.

Despite all of the austerity measures, we consider it important to promote talent and preserve the high level of our educational and training programs. Enabling our employees to have a healthy work-life balance is one of the declared goals of our Guidelines for Sustainability, which show us the direction to take, even during difficult times.

#### Text of LBBW's Guidelines for Sustainability "Human Resources Management"

The twelve "HPI value drivers" defined by the Federal Ministry of Labor and Social Affairs in the Human Potential Index ("HPI") determine the guidelines for sustainable human resources management within the LBBW Group. In the following, these HPI value drivers are listed according to the ranking of their effectiveness for corporate performance and formulated explicitly for the LBBW Group as prerequisites for a sustainable human resources management policy:

##### 1. Compensation & Benefits

We provide for an up-to-date remuneration package system in which salary components can be variabilized (performance-based).

Attractive social benefits demonstrate adequately our appreciation to the employees.

##### 2. Change Management

We strive to continuously improve the organization of work, workflows, and working conditions, thus enhancing our attractiveness as an employer. The operational co-determination of the employees is respected and supported.

##### 3. Work-Life Balance

Our offers in terms of employer's duty for social care towards the employees and the employer's self-obligation are geared to a sustained work-life-balance.

##### 4. Communication and Information

Our employees can only work successfully for the bank on the basis of good communication and a good exchange of information. This is a prerequisite to enable the Bank to operate profitably and responsibly in the long run.

##### 5. Leadership

The employees experience appreciation and respect for their work from their executives. They can be proud of their Bank, its products, its services, and its leadership culture.

##### 6. Personnel Development

We strive to maintain our training and advanced vocational training measures on a high level in terms of quality.

##### 7. Personnel Planning & Selection

Our personnel planning is aimed at retaining our employees over the long-term. Avoidance of dismissals for operational reasons is a primary objective.

##### 8. Employee Retention. Once the employee is on board, we stand by him/her.

##### 9. Demographic Development

Our labor organization is geared towards the age structure of our employees as well as to the demographic development.

### 10. Health Care Management

Thanks to a professional in-house health care management we keep our employees healthy, motivated, and efficient.

### 11. Human Resources Management

Confidentiality and data protection, also within the scope of performance review appraisals, are a matter of course for us.

### 12. Equal Opportunity and Diversity

We aim to increase the percentage of women in executive positions. We consider diversity as an opportunity. Therefore we have committed ourselves to promoting diversity by signing the German Corporate Diversity Charter.

LBBW does not shy away from subjecting itself also to an external review of its sustainable Human Resources Policy, aspiring to an improvement of its positioning (e.g., as to its Human Asset Rating with a good Human Potential Index (HPI) compared to other companies), and achieving continually improved results in terms of the twelve human resources-based value drivers of corporate performance.

### Guidelines for the Sustainable Use of Resources

We have laid down binding criteria for the procurement of products and services that expressly include environmental and social factors. These criteria are taken into consideration when contracts are awarded (target figure: at least 10%). Suppliers must also disclose product origin, the manufacturing process, and the materials contained in products. In addition, we reserve a right to extraordinary termination in case of non-compliance with our social sustainability standards.

The standards that we apply to LBBW's own use of resources are equally stringent. We plan to continually reduce carbon dioxide emissions, which can result from

business travel, facility management, IT, and the use of materials, in relation to our baseline year of 2006.

### Text of LBBW's Guidelines for Sustainability "Business Operations"

We aim to manage our consumption of resources to ensure that sufficient resources will be available to future generations. In our efforts we focus predominantly on reducing carbon dioxide emissions and on our procurement policy.

Reduction of our carbon dioxide emissions is the primary objective in our business operations. By purchasing green electricity, we were already able to reduce our absolute CO<sub>2</sub> emissions by 70% from 2006 to 2009. The next target is to further cut our absolute CO<sub>2</sub> emissions by 25% by 2020 based on 2009 figures and the current framework conditions.

- We aim to reduce our energy consumption by optimizing our facility management and our IT hardware in the data centers and the workplace. This requires the development of appropriate technical and organizational measures:
  1. Long-term investment approach (renting and construction), including energy consumption of buildings
  2. Electricity usage facility management in kWh/employee
  3. Heating energy usage in kWh/m<sup>2</sup>
  4. Electricity consumption of the data centers in terms of productivity of mainframes and server farms (IT PEW = IT productivity\* per embedded watt)
  5. Workstation IT related to one standard workstation (regular measuring in spatially confined areas) in kWh/workstation and year

\*The productivity parameter we use here is storage volume and number of CPUs (Central Processing Units)

- We strive for optimization of the choice of transportation in compliance with the guidelines contained in the travel policy.
- We want to maintain the high percentage of recycled paper.

With regard to the selection of products and services we have defined standardized criteria:

- When placing any order, we consider sustainability criteria (e.g., environment, regional economy/customer relationship), as laid down in our procurement standards.
- Environment, regional economy/customer relationship as well as fair remuneration are of material importance when reviewing services and products/materials. We strive to weight these sustainability aspects against other decision criteria (quality, price-performance ratio, reliability, services, acceptance, and framework agreements) with 10%.
- To ensure compliance with the sustainability criteria, we oblige our suppliers to answer questions with regard to product origin, manufacturing process, materials used, etc. In addition, we reserve a right to extraordinary termination in case of non-compliance with our social standards, which all suppliers have to accept.
- We cover our electricity demand under consideration of economic decision criteria by using electricity from renewable energies.

## Sustainable Corporate Governance.

Our sustainability management efforts include all divisions and are being implemented in a multi-stage process throughout the Bank. The Chairman of the Board of Managing Directors of LBBW, who is responsible for corporate sustainability, is tasked with implementation. Once a year, environmental management at LBBW is evaluated by top-level management (management review in accordance with ISO 14001). Leadership of our sustainability management efforts rests with the head of the Corporate Sustainability department.

### Committees and Departments

The **Sustainability Committee** is the communications bridge between the Board of Managing Directors and the specialized divisions. This body consolidates and drives the shaping of opinions within the Bank concerning strategic sustainability issues and prepares information to enable the Board of Managing Directors to make decisions. The head of the Sustainability Committee is the Chairman of the Board of Managing Directors.

The **Sustainability Working Group** is made up of the representatives of all of the relevant specialized divisions. They work at the operations level and coordinate all sustainability activities in the divisions. Furthermore, they supervise the implementation of agreed projects.

The **Sustainability Section** within the Corporate Sustainability department coordinates and manages all sustainability activities at LBBW, collects the relevant data, prepares statements for rating inquiries, prepares sustainability reporting, and initiates the further development of LBBW's sustainability policy and management.

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## Sustainability Activities. **ES**

The potential effects of our business activities on our sustainability balance sheet are classified as “minimal,” “average,” or “significant.” We exchange information with the relevant departments for this purpose. In addition, we include all issues classified as “significant” as priorities in our Sustainability Program. The matrix is updated regularly.

## Analysis of Sustainability Issues – LBBW Group.

	Sustainability issues	Laws	Local	Global	Cost efficiency
Banking Products and Services	Asset management	Minimal	Average	Average	Significant (due to additional sales opportunities and enormous market potential)
	Lending	Average (Basel II)	Average (due to large group of local small- and medium-sized clients)	Average (activities abroad)	Significant (due to reputation risks [including with regard to working capital financing] and market opportunities)
	Project financing	Significant (pan-European emissions trading since January 2005)	Significant (financing of regional projects)	Significant (financing of international projects)	Significant (because of lending risks and opportunities associated with sustainable development)
	Real estate	Significant (liability due to existing contamination)	Average (business with real estate developers, project development)	Minimal	Average
	Retail banking	Significant (see Customers)	Significant (because retail customer business is locally based)	Minimal	Significant (also due to conventional financial ratings)
	Microfinancing	Minimal	Average (because also possible for new business start-ups)	Significant	Average (additional sales opportunities; sector growing by 40% per year)
Environment	Society	Average (e.g., disclosure obligations, compliance requirements)	Significant (job creation, value creation, corporate citizenship, public-private partnerships)	Average (microlending, indirect effects of export and project financing)	Average (image vis-à-vis customers, corporate citizenship, public-private partnerships)

Trend (future importance of the issue)	Issues	Macro issues	GRI/VfU indicators	GRI/VfU
<b>Increasingly important</b> (trend, legislative initiatives, e.g., pension funds in the UK, France)	Sustainable investments, SRI, PRI		% share of total	FS1-FS2, FS4-FS8, FS10-FS12, EC2
<b>Increasingly important</b>	Taking sustainability criteria into account in credit review processes	Sustainable supply chains		FS1-FS8, EC2, HR1, HR5-HR7
<b>Increasingly important</b> (because opportunities, as well as risks, are coming to the fore)	Financing for renewable energy projects, minimization of risks	Sustainable supply chains	Volume of financing for sustainable projects (e.g., renewable energies), % share of projects verified with regard to social and environmental risks	HR1, HR3, HR5-HR9, EC2, FS1-FS8
<b>Increasingly important</b> (current political developments and legislative initiatives)		Green buildings, climate change		
<b>Increasingly important</b>	Access to financial services, sustainable products	Social inclusion		FS1, FS4-FS5, FS7-FS8, FS11, FS13-FS14, FS16, EC2, PR3-PR8
<b>Increasingly important</b>	Access to financial services	Poverty, global population growth, social inclusion	Total invested in microfinance funds	FS7, FS11
<b>Increasingly important</b>	Corporate citizenship, public-private partnerships, value creation, responsibility as a regional employer	Social commitment	Contributions (qualitative and quantitative), value-added calculation	EC1, EC8, SO1, FS13, FS14

Sustainability issues	Laws	Local	Global	Cost efficiency
<b>Energy</b>	<b>Average</b> (due to Energieeinsparverordnung (German Energy Conservation Regulation))	<b>Minimal</b>	<b>Significant</b> (due to the use of non-renewable resources and problems caused by CO <sub>2</sub> )	<b>Significant</b> (due to prices rising as supply shrinks; relatively significant figure at LBBW)
<b>Paper</b>	<b>Minimal</b>	<b>Minimal</b>	<b>Significant</b> (due to deforestation of tropical forests, water usage, etc.)	<b>Significant</b> (because recycled paper is less expensive than virgin fiber paper)
<b>Waste</b>	<b>Average</b> (the Gewerbeabfallverordnung (Commercial Waste Regulation) stipulates source separation of garbage, among other things)	<b>Average</b> (because waste disposal sites are limited)	<b>Minimal</b>	<b>Significant</b> (due to high waste disposal costs)
<b>Transportation</b>	<b>Minimal</b>	<b>Average</b> (because trips taken with passenger vehicles are increasing)	<b>Average</b> (problems caused by CO <sub>2</sub> , kilometers traveled by air increasing)	<b>Average</b>
<b>Water</b>	<b>Minimal</b>	<b>Minimal</b>	<b>Minimal</b>	<b>Average</b>
<b>Hazardous materials</b>	<b>Average</b> (because new regulations must be implemented)	<b>Average</b> (because accidents are possible)	<b>Minimal</b>	<b>Minimal</b>
<b>Biodiversity</b>	<b>Average</b>	<b>Average</b>	<b>Average</b> (worldwide loss of biodiversity)	<b>Minimal</b>
<b>Suppliers</b>	<b>Minimal</b>	<b>Average</b> (depending on the production site)	<b>Average</b> (depending on the production site)	<b>Average</b> (depending on the amount of consumables)
<b>Employees</b>	<b>Significant</b> (e.g., Allgemeines Gleichbehandlungsgesetz (General Anti-Discrimination Act), Betriebsverfassungsgesetz (Labor-Management Relations Act), and occupational health and safety laws)	<b>Significant</b> (because the majority of LBBW's workforce is regional)	<b>Average</b> (only 5% of workforce employed abroad, but relevant nonetheless for sustainability ratings)	<b>Significant</b> (because motivation and training of employees is a deciding factor for business success in the financial services sector)
<b>Customers</b>	<b>Significant</b> (e.g., advertising, banking secrecy, data protection, money laundering, various laws pertaining to business)	<b>Significant</b> (because LBBW has a regional focus)	<b>Average</b> (assisting customers with business abroad)	<b>Significant</b>

Sustainable Banking Operations

Trend (future importance of the issue)	Issues	Macro issues	GRI/VfU indicators	GRI/VfU
<b>Increasingly important</b>	Energy efficiency, renewable energies	Climate change	Consumption figures, share of green electricity	VfU
<b>Increasingly important</b>	Efficiency, recycled paper	Deforestation, scarcity of fresh water	Consumption figures, share of recycled paper	VfU
<b>Same</b>	Efficiency, recycling		Consumption figures, types of waste	VfU
<b>Increasingly important</b> (current political developments, Feinstaubverordnung (German Particulate Matter Regulation))	Minimizing CO <sub>2</sub> emissions, raising awareness	Climate change	Breakdown of types of transportation	VfU
<b>Same</b>	Efficiency of use	Scarcity of fresh water	Consumption figures	VfU
<b>Same</b>	Conformity with laws			
<b>Increasingly important</b>	Green façades and roofs, nesting aids, etc.	Loss of biodiversity		EN11-EN15
<b>Increasingly important</b> (ISO 14001, consumer awareness)	Procurement standards, responsibility as a client to companies in the region	Sustainable supply chains	Supplier satisfaction, supplier standards	EC6 HR2
<b>Increasingly important</b>	Ability to combine career and family, diversity, compensation, equal opportunity, talent management, lifelong learning, occupational health and safety, job security, additional social benefits	Demographic change, social responsibility as an employer, sustainable human resources policies	Employee satisfaction, part-time employee ratio, workforce profile, compensation structure, turnover (possibly further breakdown by number of years of service), accident/illness rate	LA1-LA14, HR3-HR5, EC3, EC5, EC7, SO3, FS4
<b>Same</b>	Product responsibility, sales markets	Sustainable supply chains	Customer satisfaction, customer turnover	PR1-PR9, FS16

## Sustainability Program 2010. **ES**

The Board of Managing Directors is informed about the Sustainability Program once a year.

In 2010, the Program comprised a total of 36 projects. Of these, 25 were completed, four were partially completed, and seven were not completed.

The following tables provide an overview of these projects organized by the categories listed in the previous section (“Analysis of Sustainability Issues – LBBW Group” matrix).

### Banking Products and Services

Measure	Responsible	Status	Implementation
Initial signing of the European SRI Transparency Code for the “LBBW Nachhaltigkeit Renten” sustainable bond fund.	LBBW Asset Management Investmentgesellschaft mbH	✓	In May 2010, the “LBBW Nachhaltigkeit Renten” sustainable bond fund by LBBW Asset Management received the European transparency logo for sustainable retail investment funds.
Re-signing of the European SRI Transparency Code for the “LBBW NachhaltigkeitsStrategie BWI” sustainable bond fund.	LBBW Asset Management Investmentgesellschaft mbH	✓	In May 2010, “LBBW NachhaltigkeitsStrategie BWI” (“LBBW Nachhaltigkeit Aktien” since July 1, 2010) by LBBW Asset Management again received the European Transparency Logo for sustainable retail investment funds.
Organization of an investor conference on the topic of sustainability.	LBBW Asset Management Investmentgesellschaft mbH	✓	The first LBBW Asset Management sustainability conference was held on April 29, 2010. The target group for the event was principally institutional investors (churches, foundations, pension funds, insurance companies) and savings banks.
Participation in third-party sustainable investment events	LBBW Asset Management Investmentgesellschaft mbH	✓	In 2010, LBBW Asset Management participated as an exhibitor in the “Grünes Geld” (“Green Money”) trade shows on June 12, 2010 in Munich and October 23, 2010 in Freiburg. In addition, LBBW Asset Management also participated in the “Doppelte Dividende – Trends im nachhaltigen Investment” (“Double Dividend – Trends in Sustainable Investment”) event by oekom research on October 21, 2010.
Creation of a class of shares of the “LBBW Nachhaltigkeit Renten” fund for retail customers.	LBBW Asset Management Investmentgesellschaft mbH	✓	The class of shares of the “LBBW Nachhaltigkeit Renten” fund for retail customers was launched on March 1, 2010.
Conducting a sales initiative focused on sustainable investments with a corresponding product range for retail customers.	Retail Customers/ Private Banking Stuttgart Region	✓	In March and April 2010, a sales initiative focused on sustainable investments was conducted. “Returns with a clear conscience” was the slogan BW Bank used to launch a broad-based information campaign to educate its clients about the opportunities offered by sustainable investments.

Measure	Responsible	Status	Implementation
Inclusion of the "LBBW Nachhaltigkeit Renten" sustainable bond fund in the products sold by BW Bank.	Retail Customers/ Private Banking Stuttgart Region	✓	After launch of the class of shares for retail customers, "LBBW Nachhaltigkeit Renten" was included in BW Bank's sales selection as part of the sales initiative focused on sustainable investments.
Development and sale of a sustainable savings bond.	Retail Customers/ Private Banking Stuttgart Region	✓	A sustainable savings bond was offered during the sales initiative focused on sustainable investments in March and April 2010. The "BW EcoSparbrief" allowed customers to support renewable energy financing projects.
Placement of a capital-protected bond on the EURO STOXX Sustainability Index.	Equity	✓	A capital-protected bond was placed on the EURO STOXX Sustainability Index as part of the BW Bank sales initiative focused on sustainable investments ("LBBW Sustainability Safe-Anleihe mit Cap").
Inclusion of at least two events per year with a clear relationship to sustainability in the "Rund ums Geld" (All About Money) event series.	Retail Customers/ Private Banking Stuttgart Region	✓	Events entitled "Sustainable Investments: Returns with a Clean Conscience" and "Renewable Energies" were offered in the "Rund ums Geld" (All About Money) event series.
Performance of a study to develop a strategic selection process for sustainable investments for the wealth management business area.	Wealth Management	✓	The study to develop a strategic selection process for sustainable investments for the wealth management business area was conducted as part of a bachelor's degree thesis.
Review of suitable microfinance investment opportunities for institutional investors.	Capital Markets, Trading and Sales	✓	The review process resulted in the selection and inclusion of the "Dual Return Fund - Vision Microfinance" in range of products for sale to institutional clients.
Further expansion of the financing portfolio for renewable energy projects after the integration of Rheinland-Pfalz Bank und Sachsen Bank.	Large Corporates LBBW	✗	Because the financial crisis resulted in a change in general business conditions for the renewable energy sector, the portfolio was further expanded, but the internally set quantitative targets for the expansion of the portfolio were not achieved.
Establishment of a cross-divisional working group on climate protection to determine relevant areas requiring action.	Human Resources (Corporate Sustainability)	✓	Several meetings of the Climate Change working group were held with various affected divisions participating along with the subsidiaries LBBW Immobilien GmbH and LBBW Asset Management Investmentgesellschaft mbH. Initial recommendations by the working group for a climate strategy and possible areas requiring action were presented to the Sustainability Committee.
Cooperation with DB-Carsharing (including Flinkster) and DB-Call-a-Bike via "extend" value-added account: BW Bank customers receive bonus of reduced usage fees with the "extend" account.	Retail Customers/ Private Banking Stuttgart Region	✓	The offer was presented in BW Bank's "extend" customer magazine in January 2010.



Completed



Partially completed



Not completed

## Sustainable Banking Operations

Measure	Responsible	Status	Implementation
Purchase of 100% green electricity for the LBBW, BW Bank, and Rheinland-Pfalz Bank buildings for 2010.	Group Purchasing	✓	Green electricity was purchased for the LBBW, BW Bank, and Rheinland-Pfalz Bank buildings again in 2010. The green electricity is generated in various Scandinavian hydro-electric plants. The electricity production is certified in accordance with the international RECS standard.
<b>Stage 1:</b> Realization of a new, innovative construction project in Karlsruhe featuring low energy consumption (completed as part of the 2007 Sustainability Program). <b>Stage 2:</b> Compliance with specified maximum primary energy requirement of 120 kWh/m <sup>2</sup> starting in 2009.	BW Immobilien GmbH	✓	The primary energy requirement of the building in Karlsruhe amounted to 52 kWh/m <sup>2</sup> in 2009. After adjustment for climate factors, this equals approximately 100 kWh/m <sup>2</sup> . The actual figures therefore fell well below the targets.
Introduction of an energy management system and regular monitoring and reporting of usage data.	BW Immobilien GmbH	~ <sup>2</sup>	The introduction of an energy management system is planned for 2011. The project has been extended.
Introduction of corrective measures if negative trends are observed in usage data.	BW Immobilien GmbH	~ <sup>1</sup>	An additional employee was assigned to monitor usage data in the headquarters buildings and to introduce corrective measures.
Drafting of a work instruction on sustainable construction and operation of LBBW buildings.	BW Immobilien GmbH	✗	BW Immobilien GmbH has decided not to draft a work instruction on sustainable construction and operation of buildings at this time.
Optimization of the energy efficiency of the headquarters building in Mainz: Analysis of the current situation and determination of a reduction target for relative electricity usage (in kWh/m <sup>2</sup> ). This should be aligned with comparable LBBW headquarters buildings.	BW Immobilien GmbH	✓	The data collected for the building in Mainz was not correct. However, the newly calculated usage figure of 187 kWh/m <sup>2</sup> of electricity is not an outlier compared with the other buildings. For this reason, a special reduction target does not have to be set.
Definition of sustainability standards for leasing of space in new construction.	BW Immobilien GmbH	✓	Sustainable construction/ecology standards have been integrated into the corporate design guidelines, e.g., for interior decorating, construction materials, and furniture and fittings. These standards apply to all headquarters buildings and branches, and therefore also to the leasing of space in new construction.
Preparation of product group strategies (e.g., for printers, servers) clearly based on sustainability issues.	Group Purchasing	✓	Sustainability issues were additionally addressed for the existing product groups, e.g., environmentally friendly waste disposal, ISO 14001 certification of manufacturers, and equitable working conditions in the country of manufacture.

<sup>1</sup> Ongoing project.  
<sup>2</sup> Extended.



Completed



Partially completed



Not completed

Measure	Responsible	Status	Implementation
<p>Optimization of allocation of electricity costs for centralized IT to ensure accurate allocation by consumption:</p> <p><b>Stage 1:</b> Performance of a test calculation to reveal consequences of change in allocation.  <b>Stage 2:</b> Agreement of future allocation of data center costs with Financial Controlling.  <b>Stage 3:</b> Implementation of the new allocation of electricity costs of centralized IT.</p>	IT/Organization	~	The electricity costs of centralized IT are no longer allocated in lump sums by area, but instead charged to IT and priced into the IT hourly rate. The idea of oncharging costs by allocation was not realized.
Development and application of a method for separating energy consumption figures for building systems and IT systems (data center + office equipment).	IT/ Organization and BW Immobilien GmbH	X <sup>2</sup>	No suitable method for separating energy consumption figures for building systems and IT systems has been found yet. The project has not yet been completed. The issue is being worked on further by the affected divisions with the assistance of the Sustainability department.
Sustainable optimization of LBBW's inventory of vehicles by way of development of a product-specific survey and an evaluation matrix for vehicles.	Group Purchasing	~	In the future, information will be obtained from vehicle manufacturers to address sustainability issues in vehicle fleet purchasing.
Organization of fuel-saving driver training available to employees through the training program and focused communication of this project.	Group Purchasing	✓	Two sessions with 10 participants each were held in 2010. Average fuel savings: 16%. This course will be offered again in 2011.
Identification of particularly sustainable items in the catalog for ordering supplies.	Group Purchasing	X	Due to austerity measures, the entire supply catalog was revised and reduced by around 20%. Against this backdrop, product redundancy has generally been eliminated, so it is no longer possible to identify particularly sustainable items.
Introduction of an electronic mailbox in BW Bank's online banking for reduction of paper usage.	Retail Customers/ Private Banking Stuttgart Region	✓	The electronic mailbox was launched in January 2010 and has been expanded gradually since then. Account statements for private accounts can be retrieved electronically, and customers can be sent documents to their electronic mailboxes. Approx. 65,000 customers use this service (as of August 2011).
New, binding Mission Statement with leadership principles and a process that managers and employees can use to implement the Mission Statement.	Human Resources	X	The development of a new Group Mission Statement has been postponed due to the EU restructuring project.

<sup>1</sup> Ongoing project.  
<sup>2</sup> Extended.



Completed



Partially completed



Not completed

Measure	Responsible	Status	Implementation
Performance of a "berufundfamilie" audit (Work and Family Audit) by the Hertie Foundation at LBBW with the aim of receiving "audit berufundfamilie" certification.	Human Resources	✓	On March 29, 2010 after the successful audit, the Hertie Foundation certified LBBW as a "family-oriented company."
Internal communication of the measures and results of the employee survey from the "Germany's Best Employer 2008" competition to all employees.	Human Resources	✗	In view of the financial crisis and the EU restructuring project, LBBW has decided to delay widespread communication of the results and possible measures resulting from the employee survey until further notice.
Events to promote the health of employees, e.g., organizing a health day with sessions by LBBW on handling stress, work-life balance, etc.	Human Resources	✓	A health day aimed at improving employee health in difficult times and under increasing economic pressure was held on February 10, 2010 and attended by over 1,000 people.
Inclusion of a health profile with metabolic panel and advising on a personalized health strategy in the range of services offered by the occupational health service.	Human Resources	✓	Information on the health profile offered by the occupational health service was made available on the Intranet.
Taking into consideration, if possible, sustainability-related events in the selection of events for the "Extras Erleben" program for employees.	Group Communications, Marketing, and Board of Managing Directors' Office	✓	A tour of the Calendula herb garden in Stuttgart-Mühlhausen entitled "Fragrant Sustainability" was held on September 21 and 22, 2010 with 30 participants in each visit.
Review of the Bank's business processes for weak points allowing for corruption, fraud, and embezzlement.	Fraud Prevention Board	✗ <sup>2</sup>	The project could not be completed fully in 2010 and was extended to December 31, 2011.

<sup>1</sup> Ongoing project.  
<sup>2</sup> Extended.



Completed



Partially completed



Not completed

## Sustainability Program 2011 and Onward. **ES**

LBBW's specialized divisions have planned the following specific projects for 2011 and in some cases 2012:

### Banking Products and Services

Measure	Sustainability goal*	By	Responsible
Development of measures to address lack of concrete operational measures in respect of the Guidelines for Sustainability in the lending business and the Group risk strategy on reputation risks.	Goal 3: Credit advising and decision-making	12/2011	Sustainability Committee
Organization of an event for the savings banks on the sustainable products offered by LBBW.	Goal 1 + 2: Cash and other investments	12/2011	Savings banks
Organization of an investor conference on the topic of sustainability.	Goal 1 + 2: Cash and other investments	12/2011	LBBW Asset Management Investmentgesellschaft mbH
Participation in third-party sustainable investment events.	Goal 1 + 2: Cash and other investments	12/2011	LBBW Asset Management Investmentgesellschaft mbH
Re-signing of the European SRI Transparency Code for the "LBBW Nachhaltigkeit Aktien" sustainable retail investment fund.	Goal 1 + 2: Cash and other investments	ongoing	LBBW Asset Management Investmentgesellschaft mbH
Re-signing of the European SRI Transparency Code for the "LBBW Nachhaltigkeit Renten" sustainable retail investment fund.	Goal 1 + 2: Cash and other investments	ongoing	LBBW Asset Management Investmentgesellschaft mbH
General exclusion of investments in companies producing cluster munitions for the investment funds of LBBW Asset Management Investmentgesellschaft mbH.	Goal 1 + 2: Cash and other investments	12/2011	LBBW Asset Management Investmentgesellschaft mbH
Sending of an investor letter to institutional clients to inform them about LBBW's sustainability commitment and sustainable investment products.	Goal 1 + 2: Cash and other investments	12/2011	Capital Markets, Trading and Sales
Inclusion of sustainability in the "Focus on Asset Classes."	Goal 1 + 2: Cash and other investments	12/2011	Wealth Management
Introduction of a sustainability filter for investment of unallocated capital.	Goal 1 + 2: Cash and other investments	12/2011	Treasury
Expansion of the pilot project offering thermal imaging of buildings to property owners conducted in winter 2009/2010 to the whole of Baden-Württemberg.	Goal 4: Promotion of environmentally friendly technologies	12/2012	Retail Customers/ Private Banking Stuttgart region
Support for the Wilhelma gorilla conservation project by way of a mobile phone collection project in all BW Bank branches to increase awareness of LBBW as a sustainability-oriented bank and to gain new customers, as well as communication of the project to the public.	Goal 4: Promotion of environmentally friendly technologies	12/2011	Retail Customers/ Private Banking Stuttgart region

\* The sustainability goals are described in detail on p. 11 ff.

## Measure Banking Operations

Measure	Sustainability goal	By	Responsible
Development and application of a method for separating energy consumption figures for building systems and IT systems (data center + office equipment).	Goal 6: Optimization of LBBW's consumption of resources	12/2011	BW Immobilien GmbH
Introduction of an energy management system and regular monitoring and reporting of usage data.	Goal 6: Optimization of LBBW's consumption of resources	12/2011	BW Immobilien GmbH
Introduction of corrective measures if negative trends are observed in usage data.	Goal 6: Optimization of LBBW's consumption of resources	ongoing	BW Immobilien GmbH
Development and implementation of concrete plans for recovering waste heat from the data center based on a third-party energy audit conducted in December 2010 on the conservation potential in the Am Hauptbahnhof 2 and Pariser Platz buildings in Stuttgart.	Goal 6: Optimization of LBBW's consumption of resources	12/2012	BW Immobilien GmbH
Analysis of the current relative electricity usage (in kWh/m <sup>2</sup> ) of the headquarters building in Leipzig and the Königsstrasse 3 and Bollwerk buildings in Stuttgart; research on the cause of the comparatively high usage figures and setting of a reduction target.	Goal 6: Optimization of LBBW's consumption of resources	12/2011	BW Immobilien GmbH
Reduction in energy consumption by the data centers (see also Environment, p. 90 ff.) Decrease energy costs of the retail server farm as well as energy consumption by approximately 50% overall.	Goal 6: Optimization of LBBW's consumption of resources	12/2011	IT/Organization
One-year Company Health Management (CHM) pilot projects in a central division and in sales.	Goal 5: Work organization and working conditions	12/2011	Human Resources
Reduction of the average CO <sub>2</sub> emissions of the LBBW vehicle fleet (fleet, departmental, company, service, and Board of Managing Directors vehicles) according to manufacturer specifications from a baseline of 177 g/km (as of Sept. 2009) to no more than 160 g/km (end of 2012).	Goal 6: Optimization of LBBW's consumption of resources	12/2012	Group Purchasing
Review of the Bank's risk-prone business processes for current weak points allowing for corruption, fraud, and embezzlement, and development of appropriate preventive measures.	Target 1 + 2: Cash and other investments	12/2011	Fraud Prevention Board

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**Environment**

Measure	Sustainability goal	By	Responsible
Promotion of Deutscher StiftungsTag (Foundation Day) 2011 as main sponsor.	Target 1 + 2: Cash and other investments	12/2011	Wealth Management

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# Stakeholder Communication. ES

The diversity of LBBW's various stakeholder groups is matched by the variability of their interests and demands on us. We endeavor to systematically record and evaluate the expectations of our customers, employees, owners, and community groups. We believe that they can give us valuable suggestions for improving our sustainability management, leveraging business opportunities, and avoiding risks.

## Sustainability Reporting.

We provide information about our sustainability activities within the Bank and to the public at large on our sustainability Web site (<http://nachhaltigkeit.lbbw.de>) and in our comprehensive, annually updated Sustainability Report. Originally a purely print publication, we have published the Report exclusively online since 2009 and supplement it with current news and trends on the LBBW sustainability site. The Sustainability Report is based on the established reporting standards of the Global Reporting Initiative (GRI).

## Internal Communication.

The Blue.net Intranet is the central internal communications tool at LBBW. With 47,000 pages and around 250,000 page views per day, Blue.net is a comprehensive and actively used information platform. Sustainability issues have also found a permanent home in the quarterly employee

publication "inside." We use both media to inform employees about our sustainability activities in order to boost acceptance of the issue and gain likeminded partners.

## Communication with Customers and Investors.

We regularly exchange information with our retail and corporate customers as well as our institutional investors at trade fairs and conferences and an entire series of events we organize.

- The up-and-coming issue of e-mobility was the focus of the "1st LBBW Forum: The Corporate Financing Outlook – Capital Market Impetus for Decision Makers." In November 2010, managing directors, management board members, and CFOs traveled to Böblingen to discuss the opportunities and risks of e-mobility with attendees including Professor Dr. Hans-Jörg Bullinger, President of Fraunhofer-Gesellschaft, Munich.

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- At the “7th LBBW Renewable Energies Conference,” which is held the first quarter of each year in Zurich, Switzerland, the main issue addressed was how quickly the shift to a more environmentally friendly energy supply can be accomplished and how the required investments can be financed. Ninety managers, investors, and experts from the business and political spheres discussed corporate development strategies and the importance of equity with LBBW analysts.
  - A focal point of the annual “Trends” investor conference by LBBW Asset Management held on February 22, 2011 was sustainability. Particular attention was paid to approaches to sustainable investments and the inflated use of the “sustainability” label. After all, not all products available on the market are subject to stringent and comprehensive sustainability criteria such as the ones LBBW Asset Management applies to its sustainable funds.
  - More than 200 capital market experts – independent asset managers, employees of foundations and family offices, and wealth management specialists – attended the “2nd LBBW Asset Management Forum” on March 31, 2011 in Stuttgart to receive information on subjects such as sustainable investments, the forest asset class, and developments on commodities markets. The Forum had twice as many participants as when it debuted last year.
  - The “Retail and Investment Customer Business Forum” was also well attended. The subject of the forum held on May 26, 2011 was sustainability and sustainable investments. This annual event serves as a platform for information exchange between the savings banks and LBBW.
  - In 2009, BW Bank organized dialogs for the first time in which retail customers were asked about their expectations of the Bank. In addition to a systematic customer satisfaction analysis, feedback and suggestions were also collected. The dialogs were held for the fourth time in fall 2011.
  - We were the main sponsor of Deutscher Stiftungstag (Foundation Day) 2011, which was held from May 11 to 13, 2011 in Stuttgart. Around 1,600 participants attended the conference organized by the Bundesverband Deutscher Stiftungen (Association of German Foundations). BW Bank provided high-caliber speakers for the conference program, and experts from LBBW Asset Management Investmentgesellschaft gave a talk entitled “Shaping the Future with Responsible Investing” (see also the Company section, p. 71).

## Communication with Non-Governmental Organizations.

We also regularly exchange information with non-governmental organizations (NGOs) in a series of events organized by Urgewald e. V. and Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e. V. (VfU – Association for Environmental Management and Sustainability in Financial Institutions). The topic of nuclear power was on the agenda in 2010. Eight non-governmental organizations and ten banks participated in this event.

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# Sustainability Ratings, Rankings, and Memberships. ES

Just as we evaluate the sustainability performance of suppliers, partners, and companies, our commitment to sustainability is reviewed by neutral rating agencies. Sustainability ratings, unlike ratings measuring financial strength, are generally not commissioned by the companies being rated, but instead by investors. They are an important basis for decision-making for the constantly growing number of sustainability-oriented investors, who have long included conventional institutional investors, not just charitable organizations.

## Sustainability Ratings.

Both the number of sustainability ratings and depth of their analyses have grown: Today, agencies evaluate up to 200 individual criteria.

The results achieved by LBBW in various ratings are described below. If we know our ranking, we have listed this with the relevant rating.

- In the **Sustainalytics** Sustainability Rating 2011, LBBW received 73 of 100 possible points (previous year: 70) and therefore holds 7th place out of 219 in the international banking industry category (previous year: 2nd place out of 76 in the non-exchange-listed banks category). Among German banks, LBBW took 2nd place after KfW Bankengruppe (as of June 2011). LBBW's commitment to environmental issues was weighted particularly positively.
  - Munich-based **oekom research AG** gave us an overall grade of C on a scale of A+ to D- in May 2010. This result puts us over the minimum threshold for sustainable investments in the financial services industry as specified by oekom research; we were rated "prime." For this reason, oekom research recommends LBBW market-traded securities as a good investment from an ecological and social standpoint. In the current industry analysis, a total of 37 savings, cooperative, state, and regional banks were reviewed with regard to their social and environmental activities. LBBW placed third overall and first among German savings banks and banks.
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- In **imug's** Sustainability Rating 2010, LBBW was evaluated positively as an issuer of public-sector and mortgage Pfandbriefe.
- The **vigeo group**, one of Europe's leading agencies for sustainability ratings (and a partner organization of Ethibel), assessed us in April 2010. LBBW's sustainability performance was rated above average for the industry.
- Since April 2007, LBBW has been included in two sustainable investment registers, **Ethibel PIONEER** and **Ethibel EXCELLENCE**. This status is regularly reviewed by Ethibel.
- In a 2010 industry rating of non-exchange-listed financial institutions by **Triodos Bank**, LBBW took 3rd place out of 13. However, LBBW was not included in Triodos Bank's sustainable investment universe.
- In 2008, LBBW's sustainability performance was assessed for the first time by **ZKB (Zürcher Kantonalbank)**. On a 9-point scale from AAA to C, LBBW received a sustainability rating of A

in integrating sustainability issues into their companies at all levels. In addition to its global activities, UNEP FI along with Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e. V. (VfU – Association for Environmental Management and Sustainability in Financial Institutions) initiated an annual round table. The objective behind this effort is “establishing an innovative forum for financial institutions in German-speaking countries for introducing and promoting the issue of sustainability in the finance sector.” In 2010, the topic covered by the Round Table was “Wertewandel und Wertepraxis im Finanzsektor” (“Value Change and Values in Practice in the Financial Sector”). The theme for the 2011 event will be “New Deal Sustainability – Finanzinstitute auf neuen Wegen” (“New Deal Sustainability – Financial Institutions Taking New Paths”).

The VfU, in which LBBW is also a member, also organizes numerous workshops in which we participate actively. In 2010, events such as those covering reputation risks, participation and proxy voting, and sustainability communication and new media were held.

## Rankings.

LBBW's Sustainability Report 2007/2008 placed first in the bank category in the most recent ranking by the independent Institute for Ecological Economy Research (IÖW) and Unternehmensinitiative future e. V. in 2009. In the overall evaluation of major German corporations, we placed 9th among more than 100 sustainability reports assessed.

LBBW Asset Management is also a member of the Forum Nachhaltige Geldanlagen (German Sustainable Investment Forum), an association bringing together over 120 companies and organizations promoting sustainable investments.

In 2011, LBBW again participated in the Carbon Disclosure Project (CDP). This makes us a co-signer to a project intended for decision-makers in the most important publicly listed companies. The aim is to obtain information from these companies on their handling of climate-damaging emissions and company-specific opportunities and risks associated with climate change, and to raise awareness in the business community about these issues.

## Memberships and Initiatives.

LBBW is an active member of the United Nations Environment Programme Finance Initiative (UNEP FI), a partnership between the UN's Environment Programme and over 200 companies worldwide. The goal of this partnership is to support financial institutions

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# Binding Standards.

As part of our sustainability management activities, we have specified binding standards for many of the Bank's units and activities.

These include:

- EMAS Certification
  - Supplier Management
  - Principles for Responsible Investment
  - Voluntary Commitments in Advertising
  - Equitable Working Conditions
- We comply with the eight core labor standards of the International Labour Organization (ILO) governing equitable working conditions for 100% of the LBBW Group's employees.

More information on the standards mentioned is provided on the pages that follow.

## Scope of Applicability and Certifications. **ES**

Our sustainability management system is applicable to the LBBW parent company (including BW Bank, Rheinland-Pfalz Bank, and Sachsen Bank) and the wholly owned subsidiaries GastroEvent GmbH, LBBW Immobilien GmbH (including BW Immobilien GmbH), and LBBW Asset Management Investmentgesellschaft mbH.

### Environmental Performance Statement

The Environmental Performance Statement and the environmental indicators and time series cover all of the buildings used by LBBW in Germany, including

leased buildings. If not indicated otherwise, information on LBBW includes the LBBW parent company and the subsidiaries GastroEvent GmbH and LBBW Asset Management Investmentgesellschaft mbH. LBBW Immobilien GmbH data is presented separately due to its size. Leased buildings and LBBW's offices abroad whose data is not collected are not included. As of December 31, 2010, a total of 892 individuals were employed by the LBBW Group abroad.

Whereas data on materials purchasing, business trips, and waste quantities is collected and managed centrally, we compile data on electricity, heating energy, and water usage for each site individually. The usage data for subsidiaries, such as GastroEvent GmbH, which operate in LBBW buildings, is therefore included in our Environmental Performance Statement. In certain cases, this also applies to tenants who use parts of our buildings (such as the Savings Bank Association of Baden-Württemberg) and whose usage data cannot be collected separately.

### EMAS Certification

We have committed to complying with the standards of the Eco-Management and Audit Scheme (EMAS) and ISO 14001, and have maintained a certified environmental management system since 1998. The implementation of the Scheme and ISO standard is verified once a year by means of a multi-day internal and external audit.

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The following are validated according to EMAS and certified according to ISO 14001:

- the Am Hauptbahnhof 2 building and three buildings located at Pariser Platz in Stuttgart with 3,863 full-time equivalents (FTE, i.e., the number of full-time employees and part-time employees expressed as full-time employees);
- the Fritz-Elsas-Strasse 31 building (known as the “Bollwerk” building) in Stuttgart with 374 FTEs;
- the Königstrasse 3 building in Stuttgart with 126 FTEs;
- the Kleiner Schlossplatz 11 building in Stuttgart with 167 FTEs;
- the Augustaanlage 33 building in Mannheim with 382 FTEs.

## Relationships with Suppliers. ES

As a major corporation, we maintain business relationships with more than 600 suppliers and service providers. The volume of externally sourced non-IT products alone (items such as office supplies, brochures, furnishings for the branches, cleaning products, promotional gifts, and services) totaled to the order of EUR 58 million in 2010 (not including marketing expenses). The value of IT products (hardware, software, third-party services) purchased amounted to roughly EUR 190 million. We apply our purchasing standards, which are applicable Bank-wide, and a systematic supplier selection and evaluation process to ensure that sustainability criteria are taken into consideration in purchasing. The newly introduced centralization in purchasing ensures full compliance with sustainability guidelines.

### Purchasing Standards

The criteria specified in the “Sustainable Procurement and Award of Contracts” Work Instruction has been applicable to all non-IT product purchases since 2007. For IT products, the procurement criteria are derived from the strategy papers for the individual product categories, called “product group strategies.”

These standards applicable throughout the Bank enable us to ensure that sustainability issues are factored into all investment decisions and, in cases where several comparable product alternatives are available, the best product in terms of sustainability is chosen. On the one hand, this enables us to ensure that the manufacture and use of products at LBBW meets the highest sustainability standards possible. On the other hand, this allows us to promote environmentally and socially aware policies and business practices by our business partners.

Every supplier is required to sign the Sustainability Agreement for LBBW Suppliers. This agreement compels our suppliers to comply with what we consider to be essential environmental and social criteria. Any supplier violating the social standards contained in the Sustainability Agreement (e.g., prohibition against human rights abuses, such as child labor) must accept this violation as grounds for termination of the Agreement without notice.

### Supplier Assessment

A supplier information questionnaire forms the foundation of our supplier evaluation and selection process. This survey, which also includes general questions on sustainability issues, is available on the LBBW procurement page [www.LBBW.de/Einkauf](http://www.LBBW.de/Einkauf) on the Internet. The sustainability questions relate to the environmentally friendliness of the company, its production processes, and its products, as well as how it deals with employees, and, if necessary, with suppliers abroad.

The supplier-provided information also includes questions relating to individual product categories. In purchasing IT hardware, for instance, we ask suppliers about the electricity usage of the equipment and give preference to products that use less electricity.

As a general rule, we do not purchase products made of tropical wood, produced using child labor, or manufactured under inhumane or inequitable working conditions. In addition to these basic exclusion criteria, there are also specific exclusion criteria that apply to individual product groups. For example, office furniture may not be purchased if the total emissions exceed 300 µg/m<sup>3</sup> total volatile organic compounds (TVOC).

Another key factor is the location in which a product is manufactured. In order to give our regional economy a boost and minimize the distance transported, we prefer to use suppliers from Baden-Württemberg and our other core business territories. Currently, more than 80 % of our non-IT purchasing budget comes from suppliers from these core business areas.

#### **Service Provider and Supplier Selection at LBBW Subsidiaries**

We have developed a special sustainability clause for our real estate management service contracts that requires, among other things, that service providers comply with all applicable environmentally relevant regulations and ensure that their employees receive sufficient training on sustainability issues. Cleaning companies are provided with a list of the environmentally friendly cleaning supplies permitted in our offices. Each contractor must submit an overview of the type and amounts of cleaning supplies they use each year.

In selecting suppliers, our subsidiary GastroEvent GmbH gives preferred status to smaller, regional suppliers. Our cafeterias strongly emphasize seasonality in their meal planning. In addition, our company cafeterias in the Pariser Platz and Am Hauptbahnhof buildings (each serving approximately 2,000 meals per day) are organically certified and regularly serve dishes prepared with organic ingredients. The coffee served is certified organic and fair trade.

#### **Sustainable Construction Materials**

Special contractual conditions also apply to construction projects undertaken on behalf of LBBW. For example, no CFCs or materials that are manufactured using CFCs are permitted to be used. Tropical wood is also prohibited. Some construction materials, certain wood preservatives and organic solvents may only be contained in construction products with express approval from LBBW. Tenders issued by BW Immobilien GmbH contain an additional extensive list of guidelines pertaining to construction materials.

### **Compliance.**

In order to stress the importance of this topic at LBBW even more strongly, the former Compliance department was upgraded to an independent division effective April 1, 2011.

#### **Financial Crime**

Financial fraud presents considerable risk potential that, in addition to material losses, also involves incalculable reputation risks for a company. For this reason, LBBW continues to attach particular importance to training its employees and informing its customers about the ways in which such crimes are committed and different categories of criminals. The LBBW Fraud Prevention Board's work involves preventing cross-divisional fraud issues, e.g., by developing a practical e-learning program for all Group employees. Furthermore, the annual risk analysis lays the foundation for identifying areas of risk and ordering specific preventive measures. In addition to implementing additional verification procedures in transfer transactions and for loan documents to prevent criminal offenses, the systematic prosecution of acts of fraud against the Bank's assets is a key component of the activities of the financial intelligence unit.

In 2010, no corruption proceedings were conducted against LBBW or the subsidiaries integrated into the sustainability management process. No fines were levied.

#### **Violations of Environmental Law**

In 2010, the Bank did not incur any fines or penalties resulting from non-compliance with statutory environmental regulations. During internal and external audits, no substantial violations of environmental law were uncovered.

#### **Money Laundering Prevention**

The Geldwäschegesetz (German Money Laundering Act) was overhauled in 2008, and we have fully implemented all of the statutory regulations. The responsibilities of LBBW's money laundering prevention team were restructured and processes and workflows in the Group adapted to this new structure. The detailed analysis of the risks that money laundering poses to the Bank is updated continually. The efforts made to combat these risks are tailored specifically to LBBW as an institution.

As part of the implementation of the UK Bribery Act, our branch in London issued anti-corruption guidelines as of July 1, 2011. Key content from the guidelines is currently being incorporated into Group guidelines. All employees who perform banking transactions and provide assistance in the broadest sense of the term are comprehensively trained and informed about methods of money laundering and terrorism financing as well as their obligations in this regard.

Germany's Federal Financial Supervisory Authority, BaFin, defines the category of employees who must receive this training broadly. For this reason, all of our employees who conduct transactions or whose jobs involve initiating and establishing business relationships (such as opening bank accounts and securities

accounts, assigning safety deposit boxes) are trained through an educational program at their workplace. In addition, compliance officers are assigned to the various divisions and sales departments to personally support our staff in their money laundering prevention activities directly on site.

#### **Data Protection**

Confidentiality in the handling of customer data is of the utmost importance. At LBBW, the data protection officer reports directly to the Chairman of the Board of Managing Directors. Each LBBW subsidiary has its own data protection officer.

In order to prevent breaches of banking secrecy and data protection rules, all employees are informed about and sensitized to this issue by way of corresponding training sessions and notices on the Intranet, among other means.

In 2010, the main focus was on implementing the guidelines stipulated by reforms I through III of the Bundesdatenschutzgesetz (German Federal Data Protection Act) in 2009. The implementation to date of measures, particularly with regard to the new reporting requirements for scoring procedures, such as ratings, and for advertising, are of practical relevance for the sales and marketing units. Initial new process steps were designed for the expansion of the auditing, control, and documentation requirements for awarding contracts to external service providers.

In 2010, the number of total customer complaints and requests for information related to data protection dropped to 61 (previous year: 75). All inquiries and complaints were analyzed thoroughly and addressed quickly.

In addition to consulting with the specialized divisions on data protection issues, a focus was on spot audits in specially selected business areas. Internal audits concentrated mainly on branch walk-throughs, access control measures, customer information request processes, and the process of approving the publication of data on the Internet

We also thoroughly analyzed third-party service providers, including those involved in the credit card business and the destruction of files and data storage media. No violations of data protection guidelines were identified.

#### **Capital Market Compliance**

At LBBW, an independent compliance function has implemented processes and procedures aimed at minimizing the risk of violations of the Wertpapierhandelsgesetz (German Securities Trading Act). This effort is embodied in the Compliance Guidelines and Conflict-of-Interest Management Guidelines in effect and tracked on an ongoing basis.

## **Corporate Governance.**

The German Corporate Governance Code comprises key statutory regulations on the management and supervision of German publicly traded companies and includes internationally and nationally accepted standards for good and responsible corporate governance.

By the end of 2013, LBBW's legal form will change from a public-law institution (Anstalt des öffentlichen Rechts) to a German stock corporation (Aktiengesellschaft) to underscore the fact that LBBW is managed as a private-sector company despite its public-sector ownership structure. This restructuring goes hand-in-hand with material changes to the existing corporate governance structure.

In the course of amending the law and ordinance of LBBW, the supervisory bodies were restructured and the functions of the new executive bodies according to the ordinance, such as the General Meeting and Supervisory Board, were defined accordingly in order to ensure clearer assignment of responsibilities and more transparency. In line with the decision by the European Commission, the authority of the General Meeting will be limited to the typical duties of an annual general meeting in accordance with the German Stock Corporation Act, in particular the right to information and resolutions on the allocation of profits. Going forward, supervision and monitoring of the Board of Managing Directors will be the sole responsibility of the Supervisory Board. The constituent meeting of the Supervisory Board was held on November 8, 2010.

The Board of Managing Directors is responsible for managing daily operations.

Additional changes to the law and ordinance are intended to ensure that the Bank is governed solely according to business criteria in the future. In accordance with the German Corporate Governance Code, seven of the 21 seats on the Supervisory Board will therefore be occupied by independent experts. During the restructuring phase ending in late 2013, the position of Supervisory Board chairman will be held by one of the independent members. The Supervisory Board has formed an executive committee, an audit committee, and a risk committee. In addition, LBBW voluntarily applies the material aspects of the German Corporate Governance Code.

Due to its emphasis on listed stock corporations, the German Corporate Governance Code is not mandatory for Landesbank Baden-Württemberg, which is currently a public-law institution. Landesbank Baden-Württemberg as a public-law institution, along with its other subordinate dependent public-law institutions, differs

materially from a German stock corporation. There are many provisions of the German Corporate Governance Code that can only be applied to Landesbank Baden-Württemberg in a very limited way, or not at all.

However, confidence in LBBW's business policies is strongly influenced by responsible, transparent corporate governance and supervision focused on sustainable growth of the company's value. Good corporate governance has always been and still is highly prioritized by Landesbank Baden-Württemberg. For this reason, there are special provisions in the LBBW Act, the ordinance, the ordinances of the dependent public-law institutions, and in the bylaws of the executive bodies and other committees concerning many of the recommendations of the German Corporate Governance Code. These rules and regulations also contain descriptions of the responsibilities, obligations, and authorizations of the executive bodies and committees, and the appointment of and cooperation among the members of the executive bodies and committees. Regular revisions of the ordinance and the bylaws of the executive bodies document our efforts to continually improve our corporate governance.

#### **Remuneration of the Board of Managing Directors**

The total remuneration of the members of LBBW's Board of Managing Directors comprises both non-performance-based and performance-based components. In fiscal 2010, this compensation totaled EUR 4.2 million (previous year: EUR 4.5 million). The total remuneration paid to former members of the Board of Managing Directors and their surviving dependents amounted to EUR 9.5 million (previous year: EUR 9 million) during the same period. This includes remuneration for the members of the Board of Managing Directors of the former BW Bank, Sachsen LB and LRP.

Additional information on LBBW's remuneration system is available in the Employees section on page 68.

## **Principles for Responsible Investment.**

LBBW was the first German Landesbank to sign the United Nations' Principles for Responsible Investment (PRI) in October 2009. In doing so, we have committed to addressing the issues of environmental protection, responsible corporate governance, and social issues more vigorously in our investment strategies in the future.

In addition to LBBW, around 920 PRI signatories from some 50 countries have voluntarily committed to these guidelines. Together they have assets under management currently totaling USD 30 trillion.

By signing the PRI, we aim to combine investor interests with societal goals: Addressing environmental, social, and corporate governance ("ESG") issues means increasingly including factors relating to the environment and social and corporate responsibility in investment-related analysis and decision-making processes.

We have been investing a part of our capital according to sustainable criteria since 2011. The first step was to define knock-out criteria for this portfolio. These include violations of labor laws, child labor, and human rights violations. The audit is conducted by oekom research, a sustainability rating agency.

Against the backdrop of the UN Convention on Cluster Munitions, which entered into force on October 1, 2010 and was ratified by the Federal Republic of Germany, LBBW Asset Management Investmentgesellschaft mbH excludes producers of cluster munitions from its investment funds. Diverging from this principle is only possible if the customer makes an express request to do so.

A list of manufacturers involved in this industry is being prepared with the help of oekom research. This list is updated regularly.  
» PRI Web site: [www.unpri.org](http://www.unpri.org)

#### **Voluntary Commitments in Advertising**

We take care to ensure that all marketing measures fall within the scope of generally accepted societal values and the prevailing opinions about decency and morals in society. Legal regulations pertaining to advertising, such as the prohibition against advertising containing dishonesty or misleading statements, are adhered to strictly. In this regard, we primarily follow the basic commercial communication guidelines of the Deutscher Werberat (German Advertising Council).

Consequently, we have not been issued sanctions, fines, or warnings due to non-compliance with advertising regulations during the period under review (September 1, 2010 to August 31, 2011).

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# Commitment to Sustainability.

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We define sustainability as treating people and the environment in a responsible and respectful way. As a corporation focused on the common good, we promote the sustainable development of the regions in which we operate as a bank. Before we can do this, however, we must further develop LBBW itself to be profitable and fit for the future – a goal toward which we are currently directing all of our energy.

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# Customers.

Green, responsible, adding value.  
We support our customers on  
the path to a sustainable future.

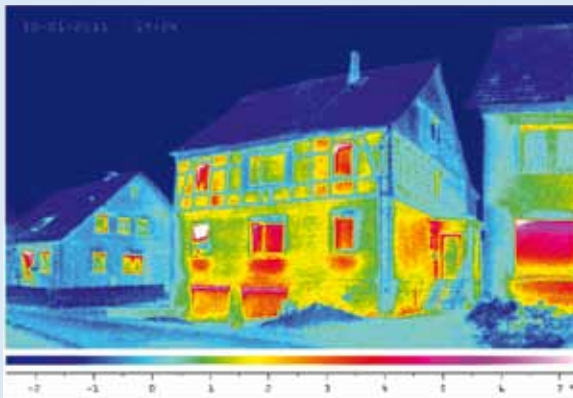
Small- and medium-sized companies on the way to the market of the future: For example, builders who want to “capture” the sun’s energy on the roof of their homes. Or foundations that want their capital invested in an ethical manner. Customers like these form the core of our business. It has always been that way, but the financial crisis has brought into sharp focus how critical a trusting relationship is between a bank and its clients.

We sense it in the insecurity that dominates so frequently on the customer side today. And we see it in the growing number of inquiries from customers who rely on LBBW, BW Bank, Rheinland-Pfalz Bank, and Sachsen Bank as reliable, fair partners – especially now.

That is why we further expanded our scope and range of advisory services and products and again had our advising processes extensively tested and certified by TÜV (Technical Monitoring Association) auditors during the reporting period.

We are convinced that this enormous effort will pay off. After all, by standing side-by-side with our customers, providing them with all the services they need and helping them avoid risks, we are ultimately taking responsibility for ourselves.

## Good Insulation, Big Savings.



Energy prices have risen continually in recent years. And even the most energy-efficient heating system is just a drop in the ocean if money is quite literally being blown out the window or roof. Thermal insulation is therefore the top priority in building rehab or modernization projects aimed at improving energy efficiency.

A thermogram, or thermal image, uses infrared images to make building temperatures visible and is the first step to quickly and easily identifying

potential areas of improvement in a house. What began with a regional pilot project in 2010, BW Bank has been offering throughout Baden-Württemberg since early 2011 in cooperation with EcoUnion AG, a company specializing in high-quality thermography: For a special price, retail customers can order thermography of their building. The resulting thermal image is handed over to the customer personally at the BW Bank branch and serves as the foundation for a subsequent discussion of building projects to improve energy efficiency and provision for pending modernization measures. In assessing the energy efficiency of buildings, BW Bank partners with Deutsches Energieberater-Netzwerk e. V. (DEN), which works with the customer to identify potential projects for cutting heating costs and optimizing energy efficiency when necessary. And the trained advisors at BW Bank in turn develop an optimal financing plan. In this way, we are offering our customers the highest possible degree of investment security. Once their houses are well insulated, they enjoy big savings in the long run – not to mention increased comfort and the good feeling of having done something positive for the environment.

## Sustainable Products – Sustainable Action. **ES**

Growing the renewable energy sector is now more urgent than ever, if nothing else since the disaster at Japan's Fukushima nuclear power plant. LBBW has been involved with renewable energies for a long time. For years, we have helped companies in the solar energy sector get on their feet. We have participated in nearly all of the initial public offerings of well-known solar and photovoltaic companies, lead managing many of them. In addition, we advise retail customers on financing their own photovoltaic systems and renovating their buildings to improve energy efficiency. Moreover, for years now we have financed wind power projects in Germany and abroad and count some of the leading project developers and manufacturers of wind turbines among our clients.

Today, we offer both retail and institutional clients (e.g., insurance companies, investment firms, foundations, and church organizations) an extensive portfolio of sustainable funds and certificates. We currently assist around 640 foundations with total assets of roughly EUR 3.2 billion. BW Bank is considered one of the leading credit institutions in Germany in the foundation segment.

In the investment and lending businesses, our activities are guided by the "Guidelines for Sustainability" (see p. 12f.), which assist us, for example, in avoiding sustainability-related risks in financing – and allow us to disproportionately benefit from the corresponding opportunities. Our goal is ultimately to support our customers to the greatest extent possible in investing their assets in a responsible, environmentally friendly, and ethical manner.

### Sustainable Investment Products

The interest in sustainable investment products is growing among both retail and institutional investors.

Never before has the selection of sustainable retail investment funds on the European market been as large as today; never before has the total amount invested been greater. According to a study by Eurosif, the European industry association for sustainable investment, EUR 5 trillion was invested in Europe according to environmental, social, and corporate governance (ESG) criteria as of the end of 2009. In 2008 and 2009 during the crisis, the volume increased by 87%. In Germany alone, a total of EUR 32.4 billion was invested in sustainable retail investment funds at the end of 2010, according to an ECOreporter study. One year earlier, this figure had amounted to just EUR 30.1 billion. Investors can choose from 304 sustainable, ethical and renewable energy funds admitted for distribution in Germany. At the end of 2009, there were 279 such funds.

Sustainable investments can definitely keep pace with the performance of conventional portfolios, even though this idea is often viewed with skepticism. Numerous studies and statistical analyses demonstrate that taking sustainable criteria into account does not result in lost returns. For example, in a 2010 study commissioned by the foundation Deutsche Bundesstiftung Umwelt, the Centre for European Economic Research (ZEW) came to the conclusion that market-diversified sustainable investments did not underperform conventional investments, even during the financial crisis from 2007 to 2009. In fact, the stricter the sustainability criteria applied in selecting the securities, the better the performance. A study conducted by consulting firm Mercer in November 2009 provides an overview of 16 international scientific investigations of the connection between sustainability and the performance of an investment and supports this finding. According to this information, ten studies concluded that taking into account sustainability criteria positively affected investment performance. There were no studies that indicated a purely negative correlation.

We promote the growing interest in sustainable investments by offering our customers a large number of investment products in this segment and bringing the idea of sustainable investing to the public at our own and external events.

#### Sustainable Retail Investment Funds/ Environmental Funds

LBBW Asset Management manages two sustainable retail investment funds (LBBW Nachhaltigkeit Aktien and LBBW Nachhaltigkeit Renten), one climate change fund (LBBW Global Warming), and several specialized sustainable investment funds for institutional clients. LBBW Asset Management was recognized for its many years of experience and expertise in the field of sustainable retail investment funds and was awarded the 2010 ESG Award as best sustainable asset manager in Germany.

The **LBBW Nachhaltigkeit Aktien** equity fund invests in companies worldwide that stand out due to their above-average involvement in sustainability issues. The fund returned a gratifying 16.3% in 2010, around 2 percentage points more than the Dow Jones Sustainability World benchmark index, and Euro Advisor Service named the fund Best Newcomer in October 2010.

**LBBW Nachhaltigkeit Renten** invests in government bonds, Pfandbriefe, and corporate and sovereign bonds that exhibit above-average performance in terms of sustainability.

The composition of the investment universe for both LBBW Nachhaltigkeit Aktien and LBBW Nachhaltigkeit Renten is based on sustainability ratings issued by Munich-based oekom research AG, one of the world's leading independent rating agencies in the sustainable investment segment. Both funds follow a very strict sustainability approach in which the best-in-class method is combined with extensive

exclusion criteria (negative screening). In this way, the funds fulfill not only the requirements of churches, pension funds, and other sustainability-oriented investors, but also offer good prospects for outperforming the market by avoiding ethical, political, and environmental risks.

Both funds carry the European transparency logo for sustainable retail investment funds. This seal identifies funds that disclose their investment criteria and research process as well as their investment policies. The LBBW Nachhaltigkeit Aktien fund was the first sustainable fund launched in Germany to carry this designation. The LBBW Nachhaltigkeit Renten fund received permission to use the logo on May 1, 2010.

The **LBBW Global Warming** climate change fund invests in the stocks of companies that offer products and services that work to counteract global warming or mitigate its ecological and economic effects. Thanks to its strong performance, the fund took second place in a three-year comparison in the "Goldene Bullen" Fund Award 2010 awarded by EuroFinanzen. The fund received an AA+ rating from rating agency Telos in 2010, five FWW Fund-Stars (on May 12, 2011), and a 1++ fund rating from ProContra (February/March 2011 issue).

Although the market for sustainable investments has grown sharply in recent years, the share of the total German market accounted for by sustainable investments is still only around 1%. The total assets managed or invested sustainably at LBBW is 2% (LBBW Asset Management) and 0.83% (Asset Management) of total invested capital, respectively.

#### Sustainable Certificates

**LBBW Safe-Anleihe mit Cap** (date of inception: March 1, 2010) combines the qualities of a sustainable investment with a high degree of

safety. The bond is based on the EURO STOXX Sustainability Index, a sustainability index which follows environmental and social, as well as financial, criteria in selecting companies.

By acquiring the **LBBW NachhaltigkeitsStrategie Zertifikat** certificate (date of inception: June 15, 2007), our customers are investing in companies that gain a competitive advantage by balancing economic, environmental, and social goals.

Our customers can profit from the stock price performance of selected companies in the solar industry thanks to the **LBBW Solar Certificate** (launched on October 8, 2007).

Investors can also take advantage of our expertise in this area in the form of promising underlying instruments from the solar industry. Our broad selection of discount certificates and equity-linked bonds allows customers to invest with an optimal opportunity-to-risk ratio.

#### Closed-end Funds with a Focus on Sustainability

BWEquity is LBBW's center of excellence for closed-end funds and selects investments independently of the provider according to a specified review plan while taking sustainability into account. After intensive review and placement approval, these closed-end funds are offered to BW Bank and the savings banks as an investment opportunity for retail customers.

Although the closed-end funds formerly offered were mostly investments in the renewable energy sector, the focus has expanded considerably in the meanwhile. For instance, sustainable construction methods and existing environmental certificates are firm review criteria for the real estate funds offered in 2010.

#### Asset Management According to Ethical, Social, and Environmental Criteria

In its asset management activities, BW Bank expressly applies sustainability-oriented criteria in structuring portfolios upon request. To this end, an updated investment universe is supplied quarterly by the rating agency oekom research AG, which BW Bank's asset managers use to select investments for individual portfolios. Currently, we manage assets of EUR 25 million based on sustainability criteria. Independent tests have repeatedly found our asset management activities to be exemplary.

As in past years, BW Bank's asset management team were again placed at the top of firstfive's ranking in all risk classes in 2010.

#### Microfinance

Microfinance is a system by which very small amounts of credit are provided to the poor, mainly in developing countries, who have no access to conventional bank loans. These microloans are extended by microfinance institutions.

Our institutional investors and high net-worth private clients can invest in this asset class by investing in the **Dual Return Fund -Vision Microfinance**.

## Sustainable and Environmental Investment Products at a Glance

EUR million	June 30, 2010	June 30, 2011
<b>LBBW Asset Management Investmentgesellschaft mbH</b>		
Funds		
■ LBBW Nachhaltigkeit Aktien	23.0	23.9
■ LBBW Nachhaltigkeit Renten	45.0	44.3
■ LBBW Global Warming	38.7	51.4
■ LBBW AM: Spezialfonds Nachhaltigkeit	148.3	298.0
The total equals a share of approximately 2% of the total AuM <sup>1</sup> of LBBW Asset Management Investmentgesellschaft mbH.	255.0	417.6
<b>LBBW Certificates</b>		
■ Equity-linked bond issues and discount certificates (solar power companies)	3.21	10.46
■ LBW 74P Sustainability Sector Certificate/Strategy Certificate	0.05	0.05
■ LBW 3AC Solar Energy Sector Certificate/Strategy Certificate	0.90	1.14
■ LB0AF5 Sustainability Sector Capital Protection Certificate	3.65	3.52
Total	7.81	15.17
<b>BWEquity GmbH</b>		
Closed-end renewable energy funds (including forest funds)		
■ Capital placed	84.0 <sup>2</sup>	Approx. 129.0 <sup>3</sup>
■ Borrowed capital (assumed leverage approx. 70%)	196.0 <sup>2</sup>	Approx. 300.0 <sup>3</sup>
■ Total investment	280.0 <sup>2</sup>	Approx. 429.0 <sup>3</sup>
<b>Asset management</b>		
■ Total assets managed under sustainability-oriented criteria according to oekom research AG	24.0 <sup>4</sup>	25.0 <sup>5</sup>
<b>Third-party funds</b>		
■ Vision Microfinance	0.5	Approx. 1.0

<sup>1</sup>Assets under management<sup>2</sup>Period from 2001 to June 30, 2010<sup>3</sup>Period from 2001 to June 30, 2011<sup>4</sup>Corresponds to 0.74% of the total AuM of Asset Management<sup>5</sup>Corresponds to 0.83% of the total AuM of Asset Management

### Capital Market Activities

The quality of LBBW's equity analysis expertise is acknowledged across Europe, and LBBW possesses a very good competitive position in the high-growth renewable energy segment. Our comprehensive sector report published annually is known as one of the most well-founded analyses in the industry.

In addition to directly financing projects, we also support renewable energy companies in obtaining capital from the stock market. LBBW has assisted two companies in the photovoltaic sector, SMA Solar Technology AG and 3S Industries AG, with stock market transactions in recent years. Moreover, we helped several key suppliers to the solar energy industry (Roth & Rau AG, Meyer Burger AG, Manz Automation AG, and centrotherm photovoltaics AG) go public and, in some cases, subsequently also assisted with capital increases. In 2010, LBBW completed a larger placement of shares of centrotherm photovoltaics AG.

### Foundation Management

When people use their capital for the good of society or the environment, they deserve the best possible support. From the initial idea of forming a foundation to managing their assets, we help donors effectively realize their commitment. To do so, we develop customized solutions that extend far beyond standard banking services. We currently advise around 640 foundations with total assets of EUR 3.2 billion. BW Bank, which is also responsible within the LBBW Group for foundation management for Rheinland-Pfalz Bank and Sachsen Bank customers, is among the top providers of these services. We have won recognition on several occasions for our expertise in this area.

BW Bank ranked first in the well-respected FUCHSBRIEF Test 2011 and was recognized for its specialized expertise, above-average performance, and very good

price-performance ratio. This annual market survey evaluates foundation asset management by banks and independent asset managers in the German-speaking countries. The issue of sustainable investments was a criterion in the assessment, and BW Bank also ranked highly in this regard.

In July 2009, the editorial staff of Handelsblatt, a German business and financial newspaper, and the industry publication Elite-Report honored our foundation managers for their particularly skilled advising on foundation concepts and management of foundation assets.

Our publication, which is called "Stiftungsmanagement – Impulse für Stiftungen" ("Foundation Management – Inspiration for Foundations"), is issued semi-annually and has a circulation of 5,000. The magazine provides new ideas and projects, as well as valuable foundation and tax law information. Our foundation portal ([www.bw-bank.de/stiftungen](http://www.bw-bank.de/stiftungen)) offers foundations a platform for publicizing their work. Around 150 foundations are currently taking advantage of this opportunity.

### Financing

One major component of our business field strategy is providing advisory services to small- to medium-sized corporate clients in the German states of Baden-Württemberg, Rhineland-Palatinate, Saxony, and neighboring economic areas. We provide services to key accounts in Germany, as well as Austria and Switzerland. Our financing business outside of Germany is limited mainly to the European Union and the United States, along with Germany's key export partners, where we support our customers by offering a broad range of financing structures.

Standards in lending were introduced with the approval of the Guidelines for Sustainability in 2009. Various measures have been implemented in operations since

that time, the most important of which is a new review process for industry-country risks that since October 2010 has been integrated into the rules of lending to corporate customers as a supplement to the existing rules concerning environmental risks. The goal is to identify critical industry-country combinations and, by doing so, bring to light and analyze sustainability risks. This review is conducted under certain conditions for the mining, bioenergy, oil/gas, and forest/paper industries.

Where environmental factors are involved in project financing deals, statutory standards for protecting the environment exist in our target countries, the implementation of which is generally the prerequisite for a project receiving approval. Only when a project has been approved and compliance with environmental protection standards is ensured do we disburse a loan. Moreover, we extend credit with environmental conditions attached, if necessary—for example, a contractual obligation to dismantle equipment or the obligation to obtain insurance against environmental risks.

#### **Promotion of Renewable Energies**

In 2010, we further expanded our project financing portfolio in the renewable energy sector. Today, this financing covers the entire process chain from small- and medium-sized component manufacturers to financing for solar parks and wind farms across Europe. The multitude of financing requests that we receive on a continual basis underscore our excellent reputation in the renewable energy sector. We are currently focusing on existing relationships with customers when providing financing for projects abroad.

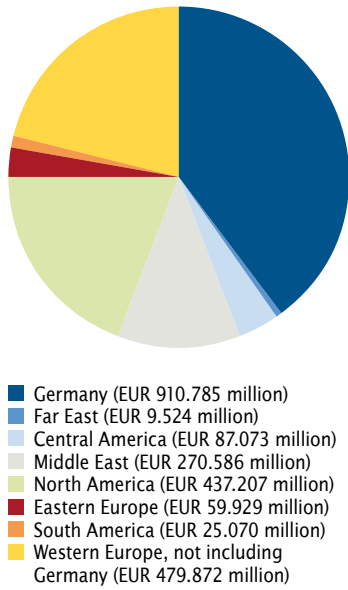
Despite the restrictions as a result of the financial crisis, new LBBW-structured financing declined only slightly from the prior-year figure to approximately EUR 746 million in 2010. The focus was less on large-scale projects than on projects requiring a modest amount of borrowed capital (EUR 20 to 100 million).

We support retail customers by providing financing for photovoltaic systems in particular. Not only do we offer financial help for building renovations to improve energy efficiency, but we also arrange energy consulting services in partnership with Deutsches Energieberater-Netzwerk e. V. (DEN).

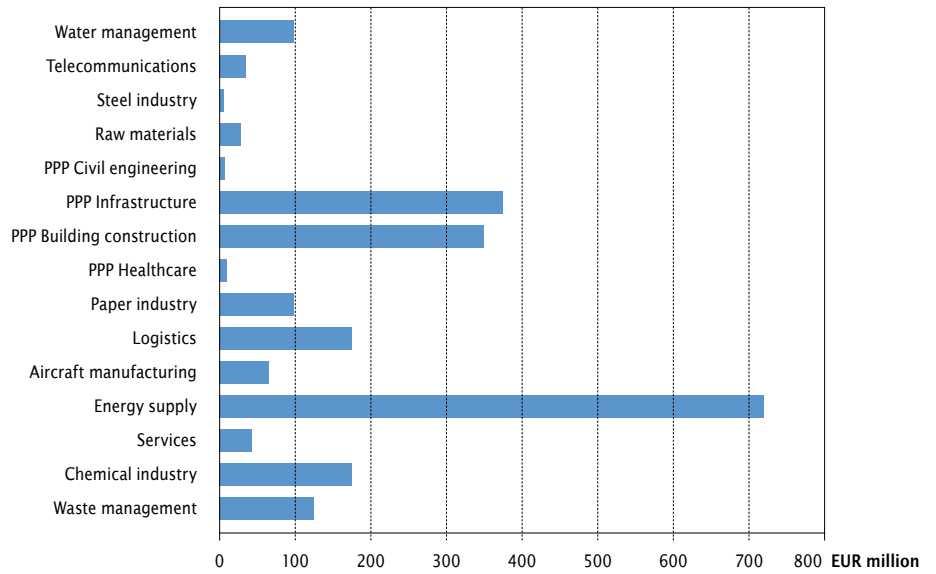
We also specifically point out the possibility of public-sector grants during consultations. One focus is on the grant programs offered by the Kreditanstalt für Wiederaufbau (German Bank for Reconstruction and Development), including the Energy Efficient Refurbishment, Housing Modernisation, Ecological Construction, and Solar Power Generation Programmes. When providing advisory services to any corporate customer, we review the use and availability of public-sector grant resources.

### Conventional Project Financing

Credit Facilities Drawn by Region  
 As of: Dec. 31, 2010  
 Total volume: EUR 2,280 million

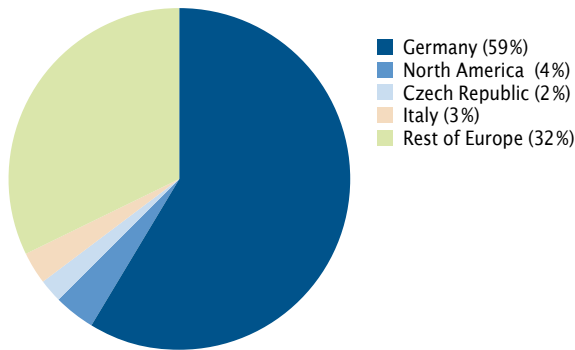


Credit Facilities Drawn by Key Industries  
 As of: Dec. 31, 2010  
 Total volume: EUR 2,280 million

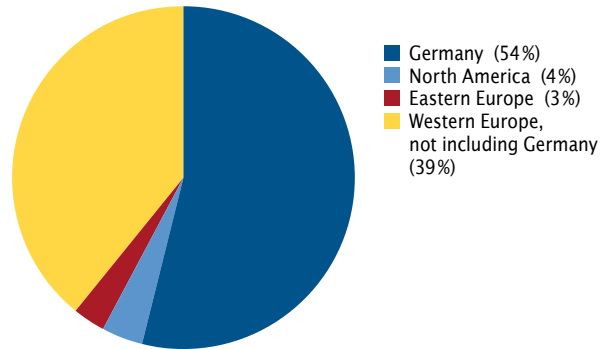


### Project Finance Renewables

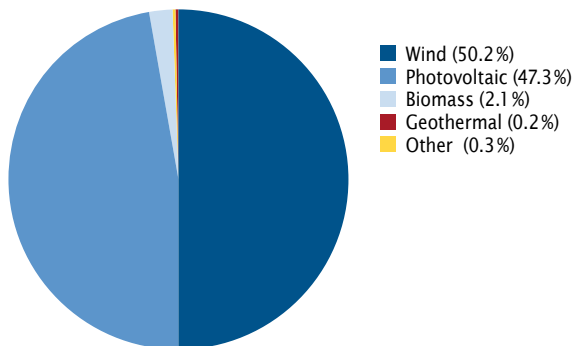
Credit Facilities Drawn by Region  
As of: Dec. 31, 2009  
Total volume: EUR 2,081 million



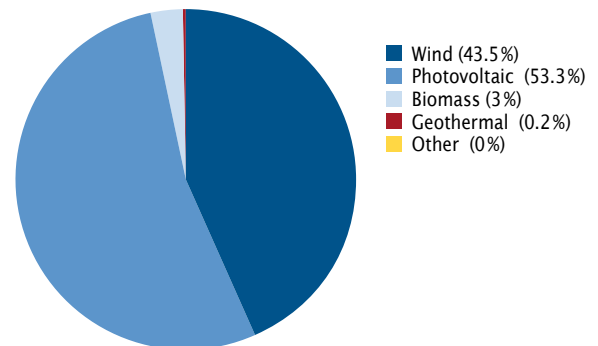
Credit Facilities Drawn by Region  
As of: Dec. 31, 2010  
Total volume: EUR 2,358 million



Credit Facilities Drawn by Type of Energy  
As of: Dec. 31, 2009  
Total volume: EUR 2,081 million



Credit Facilities Drawn by Type of Energy  
As of: Dec. 31, 2010  
Total volume: EUR 2,358 million



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## Quality Management.

Our quality management systems are an effective tool for systematically translating mistakes into opportunities and improvements. Our quality managers consistently analyze our performance from our customers' perspective. Key indicators for them are the customer complaints and claims we receive as well as customer feedback from opinion cards we provide at our branches.

This information is combined with the results of market research performed regularly, assessments of advising quality by test customers, and observation of major competitors.

We operate according to fixed, ambitious standards when managing losses or complaints resulting, for example, from incorrect documentation or settlement of customer orders. Complaints must be answered within two business days by phone or within four days in writing. In addition, particularly customer-relevant business processes, such as customer advising, the securities business, payments, ATM operation, or online banking, are regularly monitored.

Our expectation of high quality in our advising processes extends to our services as well. For many years, Sales Retail Customers/Private Banking has worked intensively to continually improve our service quality. Decentralized measures were defined and improvements initiated in the branches and private banking centers in a number of workshops. Quality Management additionally coordinates a series of supplementary activities, such as the integration of back-office units to boost service quality along the entire internal chain of processes involving customer advising and service. In 2010, the focus was on interaction with customers, self-presentation, writing style, and phone etiquette.

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## Customer Satisfaction.

More than one million retail customers and over 27,000 corporate clients trust us with their business. We aim to validate this trust by continually reviewing and improving ourselves and our services.

### Retail Customer Satisfaction

Our retail customers are surveyed yearly by an independent market research firm. The current results indicate that customer satisfaction rose sharply again in 2010 after a difficult year in 2009. In fact, the services offered by our branches were rated even more highly than in the years before the financial crisis. The annual repetition of the survey reveals not only long-term trends, but also makes the success of various measures and changes measurable. For example, we were able to prove that the consistent use of advising tools (financial check, concept, and strategy) lead demonstrably to greater satisfaction, more frequent referrals, and loss of fewer customers.

Particularly successful measures by individual front-office units were presented to the entire sales team as “best practice” examples and published in the LBBW Intranet.

### Corporate Customer Satisfaction

From September to November 2010, a broad-based customer satisfaction survey was conducted among our corporate clients. The objective of the survey was primarily to identify potential for improvement and verify the effects of measures introduced.

As in the previous survey in 2007, the results indicate that we scored very well in terms of customer satisfaction with personal financial advisors, a key factor in the quality of the customer-bank relationship. When asked about their advisor’s personal trustworthiness

and professional expertise, over 90% of corporate customers reported being “very satisfied” or “completely satisfied.”

### Continual Commitment to Quality

In addition to customer satisfaction surveys, BW Bank regularly conducts “mystery shopping” at its branches. This procedure is used primarily to test the quality of the advising and services provided. The results of test purchases are systematically analyzed and discussed in workshops, and implemented in initiatives aimed at improving LBBW’s services and advising.

In order to maintain the high quality of advising that we provide, we invest continually in the professional expertise of our employees. The seven-month “Financial Consultant” course at the Frankfurt School of Finance & Management is mandatory for the approximately 400 investment advisors at BW Bank. Many of our investment advisors even hold further qualifications as “Financial Planners” or “Certified Financial Planners.”

### Certification: TÜV SÜD Says, “Excellent”

We were the first bank in Germany to voluntarily arrange for TÜV SÜD (Technical Monitoring Association) to assess the quality of advising offered by our financial advisors and asset managers. For the third year in a row, the independent auditors of TÜV SÜD certificated the quality of our advisory services in July 2010.

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# Employees.

Diverse, innovative, socially conscious. We continue to develop our most important resource – even in difficult times

As part of the restructuring of LBBW, we are required to eliminate a total of 2,500 jobs by 2013. Since the start of the austerity measures, 1,400 employees have already voluntarily taken advantage of offers such as severance packages, early retirement options, or partial retirement contracts. The process of workforce reduction is stressful for everyone – for those affected as well as for their coworkers and managers. Our Social Services department in particular strives to provide psychological support to anyone affected who is seeking help.

In spite of the inevitable workforce reductions, we continue to deal with issues of employee development. To what extent is the design of our workplaces health-friendly? How much of a chance do good ideas have to take root in the company? Is it possible to balance work and family, private life and career? Are talents and skills developed systematically? In other words, How do we cultivate our employees' potential?

Additional information on this topic is also available in LBBW's 2010 Group Management Report in the "Employees" section on pp. 43 ([www.lbbw.de](http://www.lbbw.de) → Investor Relations → Financial Information and Reports → Annual Reports).

# Students Visit Möhringen Branch.



In spring 2011, six students from Schule für Körperbehinderte Stuttgart (Stuttgart School for the Physically Disabled) visited BW Bank's Möhringen branch to learn about what a bank does. On this day, the branch manager played the role of customer, while the students who were on the field trip to visit the branch were the bank staff. First contact was made through a customer dialogue. The branch team explained to the children, who listened curiously, how a bank branch operates and what duties the employees must fulfill. After that, the students could take their time and inspect the bank's premises. They looked into the office used by financial advisors, knocked on the bullet-proof glass of the banking hall, and checked out the service desk from the "other" side. It was an exciting experience for the students and, at the same time, an important step on their path to independence, including financial independence, from their parents.

## Personnel Figures.

The number of employees in the LBBW Group decreased to 13,061 as of December 31, 2010. At the end of 2010, another 149 employees left the Bank. As of January 1, 2011, the LBBW Group counted 12,912 employees and LBBW Bank 10,323 employees. The

workforce reduction was largely the result of layoffs due to EU restructuring measures.

The following tables contain annual comparisons of all personnel figures:

### Personnel Figures for the LBBW Group (as of Dec. 31, 2010)

	2007	2008	2009	2010
Employees, total according to IFRSs (International Financial Reporting Standards)	12,303	13,369	13,630	13,061
Women, total in absolute figures (in %)	6,280 (51%)	6,857 (51%)	6,952 (51%)	6,689 (51,2%)
Men, total in absolute figures (in %)	6,023 (49%)	6,512 (49%)	6,678 (49%)	6,372 (48,8%)
Avg. length of service (in years)*	14.2	13.8	14.1	15.5
Age breakdown (absolute figures)*				
> 60 years	373	134	148	126
51-60 years	1.777	2.273	2.482	2.350
41-50 years	3,916	4,278	4,480	4,045
31-40 years	3,544	4,144	4,069	3,323
25-30 years	2,028	1,738	1,720	1,352
< 25 years	665	802	731	576
Average age (in years)*	39.1	39.3	40.9	42.4
Full-time employees - in absolute figures (in %)	9,979 (81.1%)	10,869 (81.3%)	10,948 (80.3%)	10,352 (80.3%)
Part-time employees - in absolute figures (in %)	2,324 (18.9%)	2,506 (18.7%)	2,682 (19.7%)	2,709 (19.7%)
thereof: Female part-time employees in absolute figures (in %)	2,175 (93.6%)	2,327 (92.9%)	2,441 (91%)	2,437 (90%)
thereof: Male part-time employees in absolute figures (in %)	149 (6.3%)	179 (7.1%)	241 (9%)	272 (10%)
No. of apprentices (including Luxembourg from 2009 onward)	638	665	679	590
Training rate	5.2%	5%	5%	5%
No. of fixed-term employees (total for the year)*	47	52	55	49
No. of fixed-term employees (as of Dec. 31)*	53	56	41	50
No. of temporary employees (total for the year)* (including BW Immobilien GmbH as of Dec. 31, 2010)	no data available	53.5	33.9	42
No. of trainees	185	202	185	77
No. of employees with disabilities/ employees with equivalent status	314 (3%)	480 (3.6%)	476 (3.9%)	459 (3.9%)

\*LBBW not including the sub-group (=LBBW Group, not including LBBW Immobilien GmbH and MKB Mittelrheinische Bank GmbH) = 11,772 employees as of December 31, 2010.

**Personnel Figures for LBBW Bank, including the BW Bank, Rheinland-Pfalz Bank,  
and Sachsen Bank Brands (as of Dec. 31, 2010)**

	2007	2008	2009	2010
Total employees	9,322	10,934	10,947	10,472
Women, total in absolute figures (in %)	4,820 (52%)	5,583 (51%)	5,570 (51%)	5,340 (51%)
Men, total in absolute figures (in %)	4,502 (48%)	5,351 (49%)	5,377 (49%)	5,132 (49%)
Men on Board of Managing Directors, in absolute figures	7	7	7	7
Women on Board of Managing Directors, in absolute figures	0	0	0	0
Men at level 2, including brand board members, in absolute figures (in %)	36 (94.7%)	54 (96.4%)	49 (96.1%)	47 (95.9%)
Women at level 2, including brand board members, in absolute figures (in %)	2 (6.3%)	2 (3.6%)	2 (3.9%)	2 (4.1%)
Men at level 3, in absolute figures (in %)	184 (95.3%)	230 (95.7%)	217 (94.3%)	217 (93.9%)
Women at level 3, in absolute figures (in %)	9 (4.7%)	10 (4.3%)	13 (5.7%)	14 (6.1%)
Men at level 4, in absolute figures (in %)	646 (82.1%)	746 (81.3%)	746 (80.3%)	731 (80%)
Women at level 4, in absolute figures (in %)	141 (17.9%)	172 (18.7%)	183 (19.7%)	179 (20%)
Full-time employees - in absolute figures (in %)	7,441 (79.8%)	8,732 (79.9%)	8,560 (78.7%)	8,144 (77.8%)
Part-time employees - in absolute figures (in %)	1,881 (20.2%)	2,202 (20.1%)	2,336 (21.3%)	2,328 (22.2%)
thereof: Female part-time employees in absolute figures (in %)		2,051 (93.1%)	2,129 (91.1%)	2,121 (91.1%)
thereof: Male part-time employees in absolute figures (in %)	116 (6.2%)	151 (6.9%)	207 (8.9%)	207 (8.9%)
No. of part-time executive staff at levels 1 to 3	2	4	3	3
Men on parental leave/family year (total for the year)	30	84	148	234
thereof: Men working during parental leave (total for the year)	- *	9	22	23
Women on parental leave/family year (total for the year)	928	995	1,005	1,009
thereof: Women working during parental leave (total for the year)	- *	111	295	139
No. of apprentices	584	619	628	547
Training rate	6.3%	5.7%	5.7%	5.2%
No. of fixed-term employees (total for the year)	34	38	31	45
No. of temporary employees (total for the year)	- *	47.7	29	36
No. of trainees	156	191	157	74
Turnover rate, including early retirement and severance agreements	5.2%	5.3%	4.3%	6.5%
No. of women who have left the company	201	254	211	302
No. of men who have left the company	260	342	244	365
Avg. length of service (in years)	14.7	14.5	14.8	15.9
Rate of absence due to illness	2.8%	2.7%	3.0%	3.6%

\*No data available

	2007	2008	2009	2010
<b>Remuneration Structure</b>				
Remuneration, men AT or TVöD 14, 15	19.6%	22.1%	22%	23.7%
Remuneration, women AT or TVöD 14, 15	3.6%	4.7%	4.6%	5.4%
Remuneration, men TG 9 or TVöD 11, 12, 13	11.1%	9.7%	10.7%	9.9%
Remuneration, women TG 9 or TVÖD 11, 12, 13	5.9%	6.5%	7%	7.1%
Remuneration, men TG 7, 8 or TVöD 9, 10	10.1%	9.6%	9.5%	9%
Remuneration, women TG 7, 8 or TVÖD 9, 10	17.1%	16.1%	16.2%	16.1%
Remuneration, men TG 4-6 or TVöD 6-8	5.2%	5%	4.9%	4.6%
Remuneration, women TG 4-6 or TVöD 6-8	22.6%	21.5%	21.2%	20.8%
Remuneration, men TG 1-3 or TVöD 1-5	0.5%	0.5%	0.3%	0.3%
Remuneration, women TG 1-3 or TVöD 1-5	0.9%	0.7%	0.5%	0.5%
Remuneration, men - "Other (subject to collective bargaining agreements)" category	1.7%	2%	1.8%	1.4%
Remuneration, women - "Other (subject to collective bargaining agreements)" category	1.6%	1.6%	1.3%	1.2%
Personnel development measures, total	17,787	15,059	19,167	14,241
Personnel development measures, women (no.)	-*	-*	8,867	6,659
Personnel development measures, men (no.)	-*	-*	10,300	7,582
Seminar days per employee (not including apprentices)	4.4 days	3.9 days	3.8 days	3.4 days
Seminar hours per employee (not including apprentices) (7.8 hrs./day)	34.3 hrs.	30.4 hrs.	29.6 hrs.	26.8 hrs.
<b>No. of personnel development measures by topic:</b>				
Specialist banking seminars	9,819	9,914	13,347	9,062
Management seminars	469	884	388	652
Long-term seminars	580	624	699	642
Office skills training	137	135	173	154
Methodological expertise	801	957	1,412	1,402
Language seminars	1,086	1,287	1,794	1,454
IT seminars	791	684	759	375
PC user seminars	499	574	595	500
Retail and investment customer advising process	3,605	-	-	-
No. of employees with disabilities/ employees with equivalent status	-**	-**	410** (3.9%)	412** (3.9%)

\*No data available.

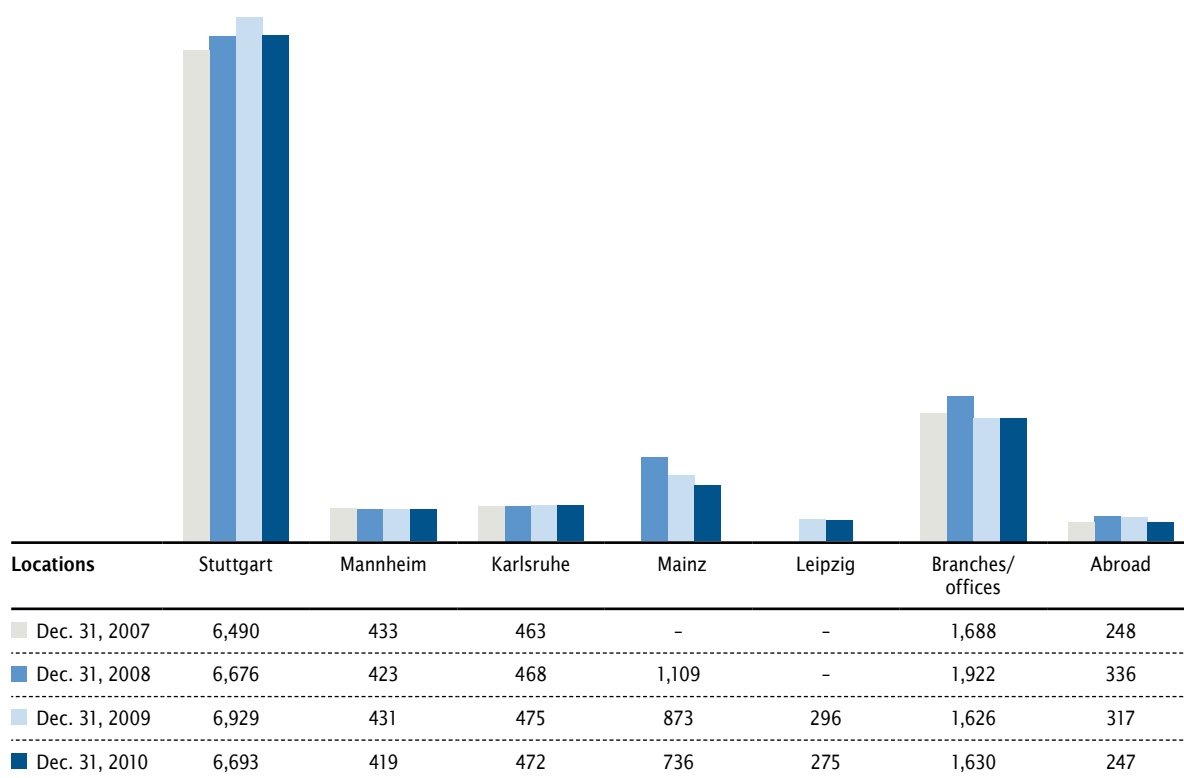
\*\*In the 2010 Sustainability Report, the Group figures were given in error. These figures have since been corrected

AT = Außer tariflich = Certain employees with special qualifications are not subject to collective bargaining agreements and are therefore compensated by way of a separate agreement that exceeds the highest wage group.

TVöD = Tarifvertrag für den öffentlichen Dienst = Collective Agreement for the Public Service Sector

TG = Tarifgruppe (Banktarif) = Bank-specific wage group

### Employees by Location LBBW (Bank)



## Health.

In difficult economic times which place great demands on employees and executives, investments in health and work performance are particularly important. We see our commitment in this area as a strategic investment in our most important resource: our employees. After all, it is their commitment to LBBW that is the foundation of our business success.

### Occupational Health Service

The Occupational Health Service provides information and support to our employees in all health-related matters. The issues range from help in emergencies and in treating acute conditions through preventive measures to reintegration into the workplace after long periods of illness. In addition, the Occupational Health Service also provides assistance in workplace design. The services of physicians at LBBW's locations in Stuttgart, Mainz, Mannheim, Karlsruhe, and Leipzig as well as of occupational nurses in Stuttgart are available to every employee. In 2010, as in the previous year, employees received advice and/or treatment approximately 10,000 times. Health-themed days were held at all LBBW main offices in 2010 - in Stuttgart, topics included work-life balance, exercise, and mental health. Like every fall, a free flu shot was offered to all employees again in 2010.

### Company Health Management (CHM)

At LBBW, a health manager is responsible for company health management. A Group-wide Health Round Table has additionally become established as a consultation and information forum. We also have a Health Management Steering Committee with decision makers as members. Moreover, we work with a large German health insurance provider as part of a collaborative project.

In 2010, we launched wide-ranging pilot projects to further optimize health management with a view to organizational development. In order to win over

executives as multipliers for CHM, measures such as the in-house seminar "Führung und Gesundheit - nachhaltiger Umgang mit eigenen und fremden Ressourcen" ("Leadership and Health - Sustainable Use of Own and Third-Party Resources") have become a fixture of our human resources development activities. In the future, we will also focus on integrating CHM into other management tools and day-to-day business at LBBW.

Our commitment to health has won awards. After a successful audit, Company Health Management was honored to receive the "Corporate Health Award 2010." This confirms that LBBW is exemplary in its commitment to employee health and work performance, even during the restructuring phase, and that Company Health Management meets high standards. The audit by EuPD Research, TÜV SÜD Life Service, and "Handelsblatt" (a German business and financial newspaper) evaluated Company Health Management's strategy, portfolio of projects, and existing structures as well as its management and monitoring activities.



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### **Social Services Department**

The Social Services Department advises employees and executives on mental health (topics such as burn-out, mental illness, stress), the workplace (conflicts, fear of losing one's job, feeling overwhelmed), addiction, and personal issues (such as family). The department is also available to employees during acute crises such as in the aftermath of bank robberies and other stressful events. In addition, training is offered on psychosocial issues, such as burnout prevention and dealing with addiction.

The Social Services Department is instrumental during the current phase of workforce reduction. The social services staff offers support to those affected as well as managers in numerous counseling sessions.

Employees with human resources responsibilities are trained to identify and react suitably to irregular behavior and stress situations affecting their employees. Supplementary seminars are held, such as "Leadership in Crisis Situations," in which the Social Services Department is also involved.

A total of 600 employees received counseling from the Social Services Department in 2010, about 100 more than in the prior year.

### **Catering**

The six company cafeterias operated by our subsidiary GastroEvent offer our employees varied and healthy nutritional choices. As it does every spring, the Stuttgart cafeterias offered a series of menus in March 2011 under the motto "Lean and fit for spring" that were low in fat and rich in vitamins, fiber, and minerals. The cafeterias at the Am Hauptbahnhof and Pariser Platz locations in Stuttgart hold organic certification and regularly offer meals that include certified organic ingredients.

## **Occupational Safety.**

Health and occupational safety at LBBW is governed by a number of statutory regulations. However, we do much more than the minimum required by law in order to offer our employees a safe, pleasant, and productive work environment.

For example, occupational safety experts are involved in the early stages in many workplace-related decisions, for example, the purchasing of furniture and IT equipment, new construction and renovations, and the development of building standards.

Workplace walk-throughs allow for in-person viewing of conditions on site and, if necessary, investigation of possible improvements. Numerous safety-related audits and individual consulting sessions on workplace ergonomics were carried out in 2010 when the need arose or as scheduled. Workplace accidents were investigated, and measures to prevent them suggested.

In its function as an advisory and coordination body, our occupational safety committee, which meets quarterly and represents LBBW's entire workforce, deals with all key occupational health and safety issues. This committee met in 2010 to discuss issues including dealing with psychological strain, safety-related consulting at LBBW by the team of occupational safety experts, health care issues in crisis situations and times of change, and the development of new standards for headquarters buildings (including floor plans and climate control plans).

In 2010, 13 workplace accidents (2009: seven) and 67 accidents during commutes (2009: 32) were registered, which corresponds to an accident rate of 0.76%.

No incidents of missed work due to work-related illness were reported to us in 2010. The ratio of employees absent due to illness with a doctor's certificate at LBBW Bank was 3.6% in 2010 (2009: 3%). No work-related deaths were registered in 2010.

## Personnel Development.

For LBBW, the term "personnel development" has not one, but two meanings. On the one hand, we help our employees to continue to develop themselves and their skills throughout their careers. On the other hand, we strive to get into contact with the most qualified future employees early on through focused apprentice marketing (e.g., by way of booths at trade fairs and job or career fairs, and through information events and student internships).

### Training

Even though we are no longer in a position to offer all of our apprentices permanent employment due to the workforce reduction and are eliminating office communication specialist and IT specialist training in 2011, we remain committed to our responsibility as a company that trains apprentices. At the end of 2010, 590 young people were being trained in the LBBW Group. The training rate was 5% (LBBW Bank: 5.2%). Each year, LBBW provides at least 200 training positions and 40 places for students in the bank management and business information systems programs at Baden-Wuerttemberg Cooperative State University (Duale Hochschule).

Sustainability issues are an integral part of any training at LBBW. As early as their orientation week, new apprentices are introduced to our Corporate Sustainability department. Future banking specialists, financial assistants, and Baden-Wuerttemberg Cooperative State University students are familiarized with products such as sustainable investment vehicles in professional seminars.

Since 2009, social and ecological criteria have also been taken into account when assessing investment strategies in the Savings Bank Association's "Stock Exchange Simulation Game," in which all LBBW Bank apprentices can take part in their second year of training. In 2010, an LBBW apprentice team won first place in Germany in the sustainability category. All told, 1,627 teams from across Germany took part in the contest for apprentices, which was recognized as a project in the UN Decade of Education for Sustainable Development in 2010.

In 2010, our Sachsen Bank apprentice team won a non-cash prize in the 12th statewide competition in Saxony with its contribution "Mit Fonds gegen den Klimawandel - der LBBW Global Warming Strategie BWI" ("Funds against Climate Change - LBBW Global Warming Strategie BWI").

In cooperation with "Mehrwert" (a social service agency), our apprentices can work in a social service facility for a week and thereby learn firsthand about the daily life of people who are elderly, disabled, or ill. Alternatively, in 2011 we began to offer them the option of working on an environmental project. Along with organized introductory and follow-up sessions, this time is a valuable, personally enriching experience for many of our trainees. In 2010, 44 apprentices made use of the opportunity to broaden their social horizons in this way.

### Skill and Executive Development

Our employees can choose from a broad range of seminars. In addition to bank-specific issues such as "retail and investment customers" and "finance, operations, and IT," we train our employees in methodological and social skills, banking topics for non-banking specialists, and expand their PC skills. To ensure the success of the change and restructuring processes at LBBW, workshops on change management processes were held for executives. Furthermore,

many executives took advantage of LBBW's management consulting staff's coaching offers with personal consultations and support in leadership and character issues.

The number of internal and external seminars attended in 2010 decreased by around 25% to 14,241 seminar sessions or human resources development events attended (2009: 19,167). On the one hand, this is due to the planned or implemented layoffs. On the other hand, increased sensitivity to costs among executives and employees also had a part in the decline.

The specific training requirements of our employees are identified in personal discussions. The objective for each manager is to have conducted at least one such discussion with each employee within three years in each case. An overview of current seminars offered that can be attended during working hours is available in the HR Portal on LBBW's Intranet.

The Intranet also provides information on opportunities for volunteering outside of working hours. We believe that volunteering contributes materially to the development of social competence and therefore inform our employees about the work of charitable organizations such as Caritas or Senior Expert Service.

## Equal Opportunity and Diversity.

Companies that want to benefit from the knowledge and skills of their employees must give them support and opportunities – regardless of gender, age, origin, level of employment, personal life situation, and other criteria.

As a result, in 2008 we were the first Landesbank to align itself with the “Diversity as Opportunity – German Corporate Diversity Charter” initiative ([www.charta-der-vielfalt.de](http://www.charta-der-vielfalt.de)). As a signatory, we commit to creating a workplace free of prejudice for all employees.

A diversity representative has dealt with the issues of diversity and equal opportunity since the beginning of 2009.

A corresponding “Works Agreement on Protection from Discrimination and a Cooperative Environment in the Workplace” had already been adopted by LBBW in late 2007. Simultaneously, an e-learning tool was introduced to implement the Allgemeines Gleichbehandlungsgesetz (AGG – General Anti-Discrimination Act) that is mandatory for all employees.

In 2010, the complaints board was convened once in accordance with the AGG. In the case in question, no discrimination was found as defined by AGG.

### Cultural Diversity

As a financial institution working across industries and cultures, LBBW benefits from the diverse interests, biographies, skills, and cultural orientation of its workforce. Currently, people from around 70 countries across the globe work in the LBBW Group. This diversity is extremely valuable for the company and helps us to establish and maintain contacts throughout the world.

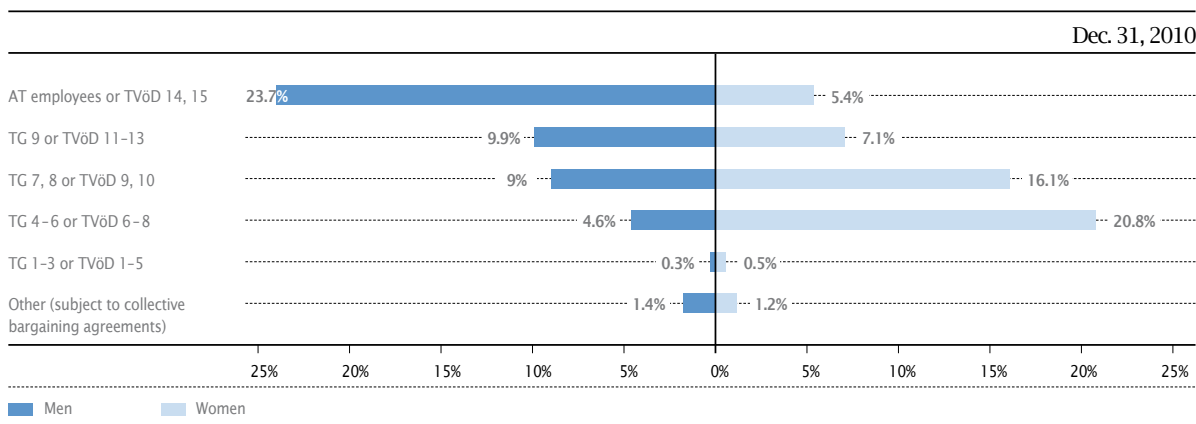
### Women and Men

At LBBW, all employees with equivalent qualifications have the same training and promotion opportunities and are granted the same company benefits – irrespective of gender, age, or level of employment. This approach also embodies our aim to continually improve career opportunities for women and increase their numbers in specialist and executive staff posi-

tions. At the end of 2010, 51.2% of the Group's employees were women. At LBBW Bank, this figure was 51%. Women accounted for 5.6% of the employees at the top three management levels at LBBW Bank (2009: 5.2%), a slight increase of around one percentage point from 2007 (4.6%).

LBBW Bank	No. of men As of Dec. 31, 2010	No. of women As of Dec. 31, 2010
Level 1: Members of the Board of Managing Directors	7 (100%)	0 (0%)
Level 2: Brand board members + heads of division	47 (96%)	2 (4%)
Level 3: Department heads	217 (94%)	14 (6%)
Level 4: Group leaders	731 (80%)	179 (20%)

### Remuneration Structure by Gender, LBBW Bank



AT = Außer tariflich = Certain employees with special qualifications are not subject to collective bargaining agreements and are therefore compensated by way of a separate agreement that exceeds the highest wage group.  
 TVöD = Tarifvertrag für den öffentlichen Dienst = Collective Agreement for the Public Service Sector  
 TG = Tarifgruppe (Banktarif) = Bank-specific wage group

Since the percentage of women in executive positions at LBBW Bank is so low, the Board of Managing Directors adopted a catalog of measures aimed at helping improve equal opportunity at LBBW in 2003. One of the measures was initiating a women's network, which was founded in 2007. Equal opportunities for both genders and an improved balance between family and career are the core objectives of this initiative. Around 120 female employees currently participate in the network. Those participating in the three working groups on assistance, careers, and part-time work are not just employees looking to advance their careers, but also women who are satisfied with their positions, but wish to pass their knowledge on to others or advocate for a fair and family friendly corporate culture. Since fall 2010, Hans-Jörg Vetter, Chairman of the Board of Managing Directors of LBBW, has been the honorary patron of the women's network.

At its annual event in November 2010, guest speaker and former Minister for Social Affairs of Baden-Württemberg Dr. Monika Stolz lauded LBBW's voluntary commitments for which LBBW received a certificate for being a "family-oriented company" in the "berufundfamilie" audit by the Hertie Foundation.

#### **People with Disabilities**

In 2010, LBBW Bank employed an average of 412 (2009: 410) persons who held severely disabled or equivalent status. This translates to a ratio of 3.9% (previous year: 3.9%). The current rate of employment of disabled staff therefore falls short of the statutory quota for disabled employees of 5% of the total workforce; consequently, we are required to pay the corresponding compensatory contribution of more than EUR 135,000.

LBBW employees who hold severely disabled status are advised and represented by the General Representative Body for the Severely Disabled (GSBV – Gesamtschwerbehindertenvertretung) and five regional representative bodies for the severely disabled.

## **Improvement Process. ES**

Good ideas fuel good companies. The LBBW Improvement Process allows employees to actively participate in shaping services, products, and workflows by contributing their ideas. In this way, they contribute to improving LBBW's profitability, competitiveness, and reputation. The process is actively encouraged by executives and promoted in various ways, such as idea competitions. The process is simple, transparent, and very well accepted. The number of ideas submitted by employees has risen continuously for years.

In 2010, 3,462 suggestions were submitted, which was around 4% more than in the previous year. 680 ideas were implemented. LBBW's benefit from this process comes to EUR 2.15 million. In addition, more efficient processes were put into place in many areas.

Every tenth idea, or 346 suggestions for improvement, clearly related to sustainability in 2010. The thematic focus was on suggestions for reducing paper usage. Social issues are also becoming increasingly important. Thirty percent of these suggestions were accepted, implemented, and awarded prizes.

## **Company Retirement Planning.**

What business could better support its employees in arranging financial planning for their golden years than a bank? We accomplish this goal through our "Kapitalkonten" pension plan model that LBBW employees can use to plan for retirement. This plan is composed of a base account (financed by us) to which each employee can add contributions independently and voluntarily. In 2010, LBBW's company retirement planning investments and expenses amounted to approximately EUR 137 million.

In addition, we have significantly expanded the meaning of “company retirement planning” to include the period before an employee’s actual retirement age. The idea here is that as career and life planning becomes more flexible, retirement planning must also become more flexible. The “LBBW FlexiWertkonto” offers our employees a model that they can use to bridge a possible period between their actual retirement from paid employment and the start of their statutory pension payments. Employees can also finance sabbaticals and leaves (e.g., to care for family members) with the LBBW FlexiWertkonto.

## Career and Personal Life.

Work takes up half of our lives, as they say, and our responsibility is to bring the one half into balance as much as possible with the other half. This starts with helping our employees choose their level of commitment as freely as possible depending on their life situation.

For example, numerous LBBW employees care for older and/or disabled members of their families. We support these employees by providing them leave to care for loved ones in accordance with the new Pflegezeitgesetz (German Nursing Care Leave Act) and by offering additional company leave options. As a result, such employees may apply for special leave of up to 10 days per year in order to care for a family member. During this period the Bank continues to pay their salaries on a voluntary basis. Moreover, our contractual partner pme Familienservice is a trusted advisor, providing answers to questions about home-based care and eldercare.

We encourage our employees to commit to being active to maintain physical fitness outside of work as well. LBBW’s sports and recreation club is currently used by more than 3,000 members, who enjoy numerous

indoor and outdoor sporting options. In addition, they can also exercise at reduced rates in certain fitness studios.

In 2010 after the “berufundfamilie” audit, the Hertie Foundation recognized LBBW for being a “family-oriented company.” In April 2011, the first report on the implementation of measures to maintain this certification was submitted.



The auditors confirm that LBBW has made further progress as a family-oriented company despite the crisis.

## Telecommuting

In March 2007, a works agreement on “Telecommuting” entered into force at LBBW. This agreement defines not only personal and material requirements that need to be fulfilled for establishing telecommuting workstations at home, but also data protection requirements and corresponding regulations governing the recording of working time.

### Childcare

In addition to the parental leave time guaranteed by law, young parents who were employed by LBBW for at least three years previously can take a leave of absence called a “family year.” In this situation, either the father or the mother can take unpaid leave not to exceed one year. In 2010, 78 parents took advantage of the option of taking an additional family year (previous year: 83).

During pregnancy and parental leave, we offer an extensive advising and support program provided by a third-party service provider. LBBW pays the cost of the consulting and placement services offered by pme Familienservice, while the actual childcare expenses are paid by the parents.

This service is supplemented by “Frechdax,” the LBBW daycare center in Stuttgart, which is co-financed by LBBW. The children of LBBW employees have been cared for by professionals from the Konzepte company since 2009 in the daycare facility, where they can eat, sleep, and wash, as well as use an art studio, laboratory, and exercise room. As of the end of 2010, Frechdax offered 45 childcare spots (previous year: 35). The center also offers five drop-in spots, which require advance reservation, as well as emergency care.

By opening the “Kleine Raupe” (Little Caterpillar) daycare in April 2009, LBBW has made it easier for our Mannheim employees, too, to combine career and family. The centrally-located daycare center cares for four children of LBBW’s employees together with children of parents working for other Mannheim firms; in addition, the center offers an emergency spot that parents can fall back on if their regular childcare provider is not available.

The parents’ initiative “Mainzelmäuse e. V.” (Little Mainz Mice) at LBBW’s Mainz offices is another service specializing in emergencies. Mainzelmäuse takes care

of children whose regular childcare provider is not available or whose parents cannot care for them for a short period due to unforeseeable work appointments.

### Co-determination.

Baden-Württemberg’s Landespersonalvertretungsgesetz (State Employee Representation Act) forms the foundation for employee co-determination at LBBW. In contrast, the subsidiaries are subject to the Betriebsverfassungsgesetz (Labor-Management Relations Act). Due to LBBW’s membership in various employer associations, the LBBW Group is bound by the relevant collective bargaining agreements based on the Tarifvertragsgesetz (Collective Bargaining Agreements Act).

Currently, 90% of the LBBW Group’s employees are represented by the General Staff Council and several local Staff Councils or Works Councils in various locations in Germany. Executive staff (3%) and LBBW Group employees working in the branches and offices abroad (6%) are exempted from this rule. Individual small-scale LBBW subsidiaries do not have an employee representation board of their own (1%). Staff meetings are held regularly at LBBW’s locations. Staff Councils and the ver.di labor union employee group use LBBW’s Intranet to disseminate current information and articles.

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## Remuneration System.

As a rule, when LBBW hires new employees, they are assigned to a wage group based on the collective bargaining agreements for the private-sector banking industry and public-sector banks (bank-specific collective bargaining agreement).

In December 2009, LBBW signed a voluntary commitment to comply with the “Principles for Sound Compensation Practices” issued by the FSB (Financial Stability Board). Included is the commitment to design compensation systems in such a way that sustainability-oriented corporate goals are supported even more strongly.

In compliance with the Instituts-Vergütungsverordnung (Regulation on Regulatory Requirements for Compensation in Financial Institutions), which entered into force on October 13, 2010, the 2010 Remuneration Report has been published at <http://www.lbbw.de/imperia/md/content/lbbwde/ueberuns/geschaeftsbericht/2010/en/LBBW-Remuneration-Report10.pdf>.

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# Society.

Local, regional, actively involved.  
As a member of society, we are  
fully committed to the public.

As a Landesbank, our calling is not just about business: we also have an important social mission. Part of this mission is to support our communities in their economic, regional-political, social, and cultural endeavors.

BW Bank functions as a savings bank for LBBW in the territory of the state capital of Stuttgart. Among other responsibilities, the savings banks are tasked with “strengthening competition in the territory in which they do business based on market and competitive requirements, and ensuring the suitable and sufficient provision of banking and lending services to all sections of the population, the business world (particularly small- and medium-sized companies) as well as the public sector” (source: § 6 of the Baden-Württemberg Savings Bank Act).

In addition, the savings banks are also a main driver of the business field strategy of Landesbank Baden-Württemberg. In the independent savings bank business area, LBBW acts as a central bank to the savings banks in Baden-Württemberg, Rhineland-Palatinate, and Saxony.

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### **Commitment to Society**

We take our commitment seriously and fulfill it in many different ways. As a bank serving small- and medium-sized companies in Baden-Württemberg, we have traditionally supplied the engine of our region's economy with the funds it needs; a responsibility that we have also fulfilled in Rhineland-Palatinate, central Germany, and adjacent economic regions since the integration of Landesbank Rheinland-Pfalz and Landesbank Sachsen into LBBW.

Through BW Bank, LBBW provides people in financial crisis access to banking services. An "account for everyone" on a prepaid basis can be opened with LBBW by anyone, regardless of income or negative entries on record with the Schutzgemeinschaft für allgemeine Kreditsicherung (Schufa—Protective Association for Sales Financing and Credit Security).

And our purchasing guidelines in turn promote companies with exemplary business practices: We prefer to do business with suppliers who share our high social and environmental standards. With our donations, sponsorships, and foundations, we support projects in the fields of art, culture, sports, ecology, and social service.

# Shaping the Future Together.



We were the main sponsor of Deutscher Stiftungstag (Foundation Day) 2011, which was held from May 11 to 13, 2011 in Stuttgart. Around 1,600 participants attended the conference organized by the Bundesverband Deutscher Stiftungen (Association of German Foundations). BW Bank provided high-caliber speakers for the conference program, and experts from LBBW Asset Management Investmentgesellschaft gave a talk entitled “Shaping the Future with Responsible Investing.”

Professionals were not the only audience for the conference, however. Encouraged by BW Bank Board of Managing Directors member Dr. Peter M. Haid, the Stiftungstag conference also offered numerous events for the general public with the aim of familiarizing a broader audience with the foundation concept and citizen involvement. With the help of Stuttgarter Stiftungsgemeinschaft, a multi-faceted program including singing, dance, theater, circus and cabaret performances was held in the center of Stuttgart. Various foundations provided information about their activities during the festivities. One of the highlights was the public breakfast at Kleiner Schlossplatz to benefit the “Stuttgarter Kindertaler” charity at the close of Stiftungstag on May 14, 2011. Around 800 residents enjoyed breakfast for a good cause. And more than 60 volunteers helped at the event, including BW Bank Board of Managing Directors member Dr. Peter M. Haid along with 40-plus BW Bank and LBBW representatives. The proceeds of approximately EUR 6,000 were donated in full to the Kindertaler initiative of Bürgerstiftung Stuttgart.

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## Donations.

As a donor, we primarily support social service projects and community facilities in our business territory. However, due to the conditions of our restructuring plan stipulated by the EU, which require us to reduce costs significantly in all areas, we have had to cut back substantially on our philanthropic activities.

However, the donation drives organized by our regional banks continue to be as varied as life itself. On January 19, 2011, BW Bank's am Kronprinzbau branch in Stuttgart made a contribution to Trottwär e.V., an organization that helps homeless people find a way back to living in their own homes, on the occasion of a private viewing of the photo exhibit "Wieder wohnen" at BW Bank's offices. BW Bank in Leutkirch decided not to hand out small Christmas presents to customers and instead donated EUR 3,000 to Lebenshilfe für Menschen mit geistiger Behinderung im württembergischen Allgäu e. V. (an organization helping the developmentally disabled in the Allgäu region).

**Sachsen Bank** gave nearly EUR 30,000 to non-profit projects and associations at the end of 2010. This money will support projects to benefit children organized by Straßenkinder e.V. in Leipzig, Stiftung Lebensweg in Plauen, which enables treatments for children with brain injury; Dresden's Verein Sonnenstrahl, which helps the families of children with cancer; and KAHAZU-Verein in Halle, which fights child poverty. In addition, contributions were made to the Erfurt-based aid association "Spielplatz der Generationen an der Thomaskirche" as well as Pfeiffersche Stiftungen in Magdeburg.

In 2010, **Rheinland-Pfalz Bank** gave over EUR 40,000 to a total of 30 non-profit institutions and projects. In addition to Johannes Gutenberg University in Mainz and Kunsthochschule Mainz, major donations were

also given to Freundeskreis der Benediktinerabtei Maria Laach (supporting a Benedictine abbey) and Dombauverein Mainz (supporting Mainz cathedral).

Other recipients of gifts were Armut und Gesundheit in Deutschland e. V., Stiftung Tumorforschung Kopf-Hals, and organizations involved in Fastnacht celebrations in Mainz and the Rhine region.

## Sponsoring.

In addition to our foundations and donations, we also sponsor outstanding projects and cultural institutions in Baden-Württemberg as well as the business territories of Rheinland-Pfalz Bank and Sachsen Bank.

Over the past ten years, we have again and again made possible internationally acclaimed special exhibitions at Staatsgalerie Stuttgart. An active art collection partnership and multi-year collaboration have linked us with the ZKM (Center for Art and Media)/MNK (Museum of Contemporary Art) in Karlsruhe. In addition to musical institutions, such as Stuttgart Opera House and Nationaltheater Mannheim, we also sponsor sporting events including the renowned STUTTGART GERMAN MASTERS equestrian competition. For several years now, we have also been a partner to our local Bundesliga soccer team, VfB Stuttgart.

Sachsen Bank's Art Prize has been awarded to young artists from central Germany every two years since 2002. The prizewinner receives an exhibition at the Museum of Fine Arts in Leipzig. The winner of the 2010 Art Prize is Leipzig art group Famed.

Some of our branches present art exhibitions on their premises. For example, BW Bank's Königsstrasse branch in Stuttgart exhibited the show "Ästhetik verbunden mit Ethik – das etwas andere Geschäftsmodell" ("Aesthetics and Ethics – A Somewhat Different

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Business Model”) in November 2010, where art dealers lavie&belle presented pieces by 12 artists from around the world. In accordance with lavie&belle’s corporate philosophy, one-third of the proceeds from the sale of the artwork was donated to fund social projects in developing countries.

## Foundations.

LBBW’s three foundations have provided grants totaling approximately EUR 22 million in support of around 8,200 projects since their establishment 27 years ago. LBBW’s foundation activities aim to have as broad an effect as possible, to promote young people, and to provide help to a continual stream of new initiatives.

In the past year, LBBW foundations supported 431 cultural, environmental, and social projects across Baden-Württemberg by contributing a total of EUR 714,000.

For instance, the Stiftung Kunst und Kultur (Art and Culture Foundation) supported live performances of the radio play “Heavy Metal Kids” organized by the Mannheim-based organization zeitraumexit. Another grant was given to Lebenshilfe Esslingen e. V., which received the funds to launch “Rhizom-Kiste,” an artistic and social project for people with and without disabilities.

Our Ausbildung, Fort- und Weiterbildung (Education, Training, and Continuing Education) foundation enabled project weeks on the topics of violence and addiction prevention in numerous schools in Baden-Württemberg. Also receiving support were EXPLORE, an experiment on refueling spacecraft in a weightless environment by aerospace students at University of Stuttgart, and Leonberg-based organization PRISMA e. V. for the purchase of workbenches for training young offenders and at-risk youth. As in previous years, we also provided grants for numerous excellent dissertations.

The projects supported by our Natur und Umwelt (Nature and Environment) foundation included an exhibition entitled “Gradwanderung – Klima im Wandel” (“Balancing Act – Our Changing Climate”) by Stuttgart State Museum of Natural History, which shed light on the global issue of climate change from a regional perspective.

Thanks to the publications in the “Naturschutz im Kleinen” and “Landschaft pur” series, the foundation is further raising public awareness of the issue of nature conservation.

Rheinland-Pfalz Bank Stiftung donated a total of EUR 90,000 to seven art and cultural projects in 2010.

## Art and Cultural Heritage Collection.

With more than 2,000 pieces, LBBW’s art collection is considered one of the great corporate collections of modern and contemporary art. The focus of the collection is on contemporary German art. In the context of our partnership with the ZKM (Center for Art and Media)/MNK (Museum of Contemporary Art) in Karlsruhe and Kunstmuseum Stuttgart (Stuttgart Art Museum), works from the collection are made available to the public in rotating exhibitions.

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# Environment. ES

Economical. Efficient.  
Environmentally aware.

We are working to reduce our ecological footprint. And our environmental performance statement proves our success.

Ecology and economy are two sides of the same coin. After all, business activities affect the environment. And the ecological consequences in turn generate costs. For this reason, environmental awareness is the first step toward meeting our obligations to our planet. This is why we raise consciousness among our employees for the ecological, as well as the economic, costs of resource consumption.

Part of this effort is quantifying our environmental performance with the goal of limiting the resources we use and reducing the resulting emissions as well as other effects on the environment. We have made considerable progress toward this goal in 2010. Energy efficiency was increased with the help of technical and organizational projects and energy consumption thus lowered by around one-tenth.

Some of the savings is also due to the restructuring of LBBW. Fewer employees and fewer offices occupied ultimately require fewer resources. The consumption per employee and per square meter are the relevant statistics to examine for a meaningful assessment of the actual results produced by the environmental protection measures introduced in past years. Even from this perspective, nearly all line items exhibit positive developments.

## For the Love of Gorillas.



The gorilla we sponsor, Mawenzi, is growing by leaps and bounds at the Wilhelma Zoological-Botanical Gardens in Stuttgart. However, the habitat occupied by Mawenzi's wild relatives is in danger. The Democratic Republic of Congo, where many of these apes live, possesses large reserves of coltan, a rare ore from which tantalum is produced. This rare metal is used in every mobile phone as well as in game consoles and computers. Worldwide demand is high. Increasingly, miners are illegally pushing into protected gorilla reserves to get to this valuable raw material. In doing so, they do not just destroy habitats: Some gorillas along with other endangered animals end up in the workers' cooking pots. In addition, bloody battles for control over the mining regions exact a toll from the local population.

In a joint initiative with Wilhelma Park, we have called for our customers to turn in their old cell phones at BW Bank branches so that these can be re-sold or their parts recycled. Visitors to Wilhelma Park can also donate old devices for recycling at the cashiers and in front of the gorilla habitat. The proceeds are donated to Berggorilla & Regenwald Direkthilfe e.V., which has worked to protect gorillas in Congo for the past 25 years. Along with our customers, this is a way we can contribute to preserving biodiversity. And, in some small way, maybe the initiative will also help slow demand for tantalum through the recycling program.

## Environmental Performance and Consumption of Resources.

The following table provides an overview of LBBW's environmental performance and the resources used in our business operations in recent years. The calculation and presentation of our key figures are based on the VfU Indicators, the standards promulgated by the Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e. V. (VfU – Association for Environmental Management and Sustainability in Financial Institutions). These were completely overhauled in 2010.

Because the conversion factors for calculating CO<sub>2</sub> emissions were updated, only limited comparisons to previous years are possible. In the long-term view, it should be noted that the Environmental Performance Statements since 2008 include the new offices in Mainz and Leipzig.

### Conversion factors according to VfU Indicators Updated in 2007

2007	Primary energy	CO <sub>2</sub>	
Electricity (mix in Germany)	3.17 kWh/kWh	0.5184 kg/kWh	
Electricity (hydroelectric)	1.306 kWh/kWh	0.0413 kg/kWh	GEMIS
District heating	1.066366697 kWh/kWh	0.136 kg/kWh	EnBW
Train travel	0.652 kWh/km	0.055 kg/km	
Road travel	0.996 kWh/km	0.199 kg/km	
Short-distance air travel	1.62 kWh/km	0.326 kg/km	
Long-distance air travel	0.49 kWh/km	0.1164 kg/km	
Virgin paper (chlorine-bleached)	6.394444 kWh/kg	1.594 kg/kg	
Virgin paper, elemental chlorine free (ECF) and totally chlorine free (TCF)	4.686111 kWh/kg	0.787 kg/kg	
Recycled paper (post-consumer)	4.861111 kWh/kg	0.394 kg/kg	
Potable water	0.002862 kWh/l	0.000375 kg/l	
Waste (incinerated)	0.097222 kWh/kg	0.557 kg/kg	
Waste (landfill)	0.0023 kWh/kg	0.1 kg/kg	
Waste (treated)	3.833 kWh/kg	1.824 kg/kg	

**Conversion factors according to VfU Indicators Updated in 2010**

2010	Primary energy	CO <sub>2</sub>	
Electricity (mix in Germany)	3.174 kWh/kWh	0.4036 kg/kWh	
Electricity (hydroelectric)	1.226 kWh/kWh	0.0141 kg/kWh	
District heating	0.455 kWh/kWh	0.137 kg/kWh	EnBW
Train travel	0.225 kWh/km	0.0478 kg/km	
Road travel	1.344 kWh/km	0.285 kg/km	
Short-distance air travel	0.911 kWh/km	0.1953 kg/km	
Long-distance air travel	0.454 kWh/km	0.1085 kg/km	
Virgin paper (chlorine-bleached)	16.991 kWh/kg	1.203 kg/kg	
Virgin paper, elemental chlorine free (ECF) and totally chlorine free (TCF)	16.308 kWh/kg	1.203 kg/kg	
Recycled paper (post-consumer)	6.206 kWh/kg	1.196 kg/kg	
Potable water	0.003006 kWh/l	0.000749 kg/l	
Waste (incinerated)	0.12 kWh/kg	0.505 kg/kg	
Waste (landfill)	0.111722 kWh/kg	0.56 kg/kg	
Waste (treated)	3.892 kWh/kg	1.877 kg/kg	

**Environmental Performance and Consumption of Resources**

 LBBW, including BW-Bank, Rheinland-Pfalz Bank, and Sachsen Bank as well as GastroEvent GmbH,  
 BW Immobilien GmbH, and LBBW Asset Management Investmentgesellschaft mbH

Performance data	2006	2007	2008 <sup>1</sup>	2009	2010
<b>Input</b>					
Energy (kWh)	136,700,878	131,222,732	152,580,607	155,753,196	138,837,983
thereof: Electricity	85,698,941	80,826,334	93,783,046	96,760,771	87,311,750
thereof: From renewable energy sources (%)	as part of energy mix		70	100	100
thereof: Electricity consumption - building operation	69,398,941	59,726,334	70,783,046	73,760,771	64,311,750
thereof: Electricity consumption - data centers <sup>2</sup> , including cooling	16,300,000	21,100,000	23,000,000	23,000,000	23,000,000
thereof: Heating energy (district heating)	51,001,937 <sup>3</sup>	50,396,398 <sup>3</sup>	58,797,561 <sup>3</sup>	58,992,425	51,526,233
Water (m <sup>3</sup> ) <sup>7</sup>	357,582	332,274 <sup>3</sup>	285,739 <sup>3</sup>	307,392 <sup>3</sup>	275,620
Office paper (sheets)	256,013,383	256,562,923	258,569,596	259,775,256	248,555,698
thereof: Copy paper (kg)	539,978	584,514	610,492	651,763	640,929
Printed advertising matter (kg)	473,796	571,185	545,455	557,445	502,157
Transportation (km)	28,369,917	30,730,242	41,077,029	38,864,059 <sup>4</sup>	35,431,915
thereof: By train	7,901,520	7,827,573	14,464,092	13,668,492	12,329,799
thereof: By car	13,706,582	15,183,584	13,827,789	14,172,113	12,828,719
thereof: By plane	6,761,815	7,719,085	12,785,148	11,023,454 <sup>4</sup>	10,273,397
thereof: Short distances			5,114,497	1,776,191	2,455,541
thereof: Long distances			7,670,651	9,247,263	7,817,856
<b>Output</b>					
Waste (kg)	2,577,547	2,326,822	2,375,467	2,749,117	2,279,649
thereof: Paper	1,126,003	1,408,435	1,428,064	1,716,125	1,385,248
thereof: Waste recycled	1,325,331	1,681,246	1,738,720	2,099,565	1,709,125
thereof: Hazardous waste	100,870	98,308	114,070	79,046	62,879
Emissions (kg)					
CO <sub>2</sub> equivalents <sup>5</sup>	58,492,416	56,919,921	37,089,900	18,347,711	15,733,312
SO <sub>2</sub> <sup>6</sup>				22,726	21,110
NO <sub>x</sub> <sup>6</sup>				59,420	54,068
PM <sup>6</sup>				3,362	3,037

Performance data	2006	2007	2008 <sup>1</sup>	2009	2010
<b>Bestand</b>					
Employees (FTEs)	8,540	8,501	10,182	10,207	9,788
Area (m <sup>2</sup> )	418,501	411,148	469,555	484,976	464,445
Area per employee (m <sup>2</sup> )	49	48	46	48	47

<sup>1</sup> Including the new offices in Mainz and Leipzig for the first time.

<sup>2</sup> Data centers in the Hauptbahnhof and Bollwerk buildings in Stuttgart; usage data estimated in part.

<sup>3</sup> Not including figures for the Tübinger Strasse building in Stuttgart.

<sup>4</sup> The absolute figure for kilometers traveled by plane was corrected. This is why the figure listed differs from that in our 2010 Sustainability Report.

<sup>5</sup> Because the conversion factors for calculating CO<sub>2</sub> emissions were updated, in some cases these figures are not comparable as such to figures from previous years.

<sup>6</sup> The figures for the air pollutants SO<sub>2</sub>, NO<sub>x</sub>, and PM were calculated for the first time for 2009 (based on GEMIS 2004) due to the new requirements stipulated by EMAS III.

<sup>7</sup> The quantities listed represent drinking water from the public supply.

**Please note:** As a rule, footnotes relating to the years 2006 to 2009 and published in the 2010 Sustainability Report are no longer included in the present Report for reasons of clarity.

#### Sealed Surfaces at the Validated Locations (in m<sup>2</sup>)

<b>Stuttgart</b>	
Am Hauptbahnhof	33,189
Pariser Platz	16,111
Königstrasse	4,761
Bollwerk	7,195
Kleiner Schlossplatz	3,000
<b>Mannheim</b>	<b>9,525</b>

## Key Figures

LBBW, including BW-Bank, Rheinland-Pfalz Bank, and Sachsen Bank as well as GastroEvent GmbH, BW Immobilien GmbH, and LBBW Asset Management Investmentgesellschaft mbH

	2006	2007	2008 <sup>1</sup>	2009	2010
<b>Energy efficiency</b>					
Electricity consumption (kWh/m <sup>2</sup> ) (including data centers)	205	197	200	200	188
Electricity consumption (kWh/m <sup>2</sup> ) (not including data centers)	166	143	151	152	138
Heating energy usage (kWh/m <sup>2</sup> ) <sup>2</sup>	129	130	131	127	111
Electricity consumption (kWh/employee)	10,035	9,508	9,211	9,480	8,920
Heating energy usage (kWh/employee)	6,085 <sup>2</sup>	6,002 <sup>2</sup>	5,816 <sup>2</sup>	5,794 <sup>2</sup>	5,264
Ratio of input (energy purchased)/output (self-produced energy)	0	0	0	0	0
<b>Water</b>					
Water usage (liters/employee/day)	167	157 <sup>2</sup>	113 <sup>2</sup>	120 <sup>2</sup>	113
Ratio of input (drinking water)/output (waste water)	1	1	1	1	1
<b>Materials efficiency</b>					
Paper usage (sheets/employee)	29,978	30,180	25,395	25,451	25,394
Copy paper (kg/employee)	63	69	60	64	65
Printed advertising matter (kg/employee)	55	67	54	55	51
Ratio of input (copy paper, printed advertising matter)/output (paper)	0.9	0.8	0.8	0.7	0.8
<b>Share recycled</b>					
Copy paper (%)	91	93	91	88	84
Printed advertising matter (%)	15	18	17	12	19
<b>Business travel</b>					
Business travel (km/employee)	3,322	3,615	4,034	3,808 <sup>4</sup>	3,620
<b>Waste</b>					
Waste volume (kg/employee)	302	274	233	269	233
<b>Emissions</b>					
CO <sub>2</sub> emissions from electricity, heating (kg/employee)	6,291	6,009	2,923	1,178	847
CO <sub>2</sub> emissions from travel (kg/employee)	495	549	600	512 <sup>4</sup>	569

<sup>1</sup> Including the new offices in Mainz and Leipzig for the first time.

<sup>2</sup> Figure not including employees/Tübinger Strasse area relates to 8,382 employees and 396,212 m<sup>2</sup> for 2006, 8,397 employees and 388,859 m<sup>2</sup> for 2007, and 10,109 employees and 423,592 m<sup>2</sup> for 2008, as well as 10,182 employees and 434,446 m<sup>2</sup> for 2009.

<sup>3</sup> The absolute figure for kilometers traveled by plane was corrected. This is why the figure listed differs from that in our 2010 Sustainability Report.

## Environmental Performance and Consumption of Resources of LBBW Immobilien GmbH

Performance data	2008	2009	2010	CO <sub>2</sub> equivalents in kg
<b>Input</b>				
Energy (kWh)	2,171,316	3,207,953	3,404,985	831,516
thereof: Electricity <sup>1</sup>	862,738	1,319,071	1,369,215	552,615
thereof: Heating energy	1,308,578	1,888,882	2,035,770	278,900
Water (m <sup>3</sup> )	4,039	5,455	5,918	4,433
Paper (sheets) <sup>2</sup>	8,769,815	9,975,003	9,582,000	62,118
Copy paper (kg)	40,912	46,680	43,443	52,262
Printed advertising matter (kg)	8,193	8,193	8,193	9,856
Transportation (km)	4,606,878	5,055,100	4,495,557	1,056,027
thereof: By train	686,502	633,616	541,243	25,871
thereof: By car	2,857,753	3,754,874	3,362,048	958,184
thereof: By plane	1,062,623	666,610	592,266	71,972
thereof: Short distances	53,131	93,325	88,840	17,350
thereof: Long distances	1,009,492	573,285	503,426	54,622
<b>Output</b>				
Waste (kg)	79,748	117,410	121,316	61,265
<b>General data</b>				
Employees (FTEs)	640	783	602	
Area (m <sup>2</sup> )	17,900	18,121	17,131	
Area per employee (m <sup>2</sup> )	28	23	28	
<b>Key Figures</b>				
Electricity consumption (kWh/m <sup>2</sup> )	48	73	80	
Heating energy usage (kWh/m <sup>2</sup> )	73	104	119	
Electricity consumption (kWh/employee)	1,348	1,685	2,274	
Heating energy usage (kWh/employee)	2,045	2,412	3,382	
Water usage (liters/employee/day)	26	28	39	
Paper usage (sheets <sup>2</sup> /employee)	13,703	12,739	15,917	
Copy paper (kg/employee)	64	60	72	

<sup>1</sup> No separate data center exists, i. e. electricity usage figure does not include data centers.

<sup>2</sup> Total office paper usage (letter paper, copy paper, envelopes, forms) in sheets. Parallel figure given in kg only for copy paper. Figure for printed advertising matter only given in kg.

Performance data	2008	2009	2010	CO <sub>2</sub> equivalents in kg
Printed advertising matter (kg/employee)	13	10	14	
Share recycled				
Copy paper (%)	0	0	0	
Printed advertising matter (%)	0	0	0	
FSC share				
Copy paper (%)	100	100	100	
Printed advertising matter (%)	0	0	0	
Business travel (kg/employee)	7,198	6,456	7,468	
Waste volume (kg/employee)	125	150	202	
CO <sub>2</sub> emissions from electricity, heating (kg/employee)	1,067	1,308	1,381	
CO <sub>2</sub> emissions from travel (kg/employee)	1,158	1,116	764	

<sup>1</sup> No separate data center exists, i.e. electricity usage figure does not include data centers.

<sup>2</sup> Total office paper usage (letter paper, copy paper, envelopes, forms) in sheets. Parallel figure given in kg only for copy paper. Figure for printed advertising matter only given in kg.

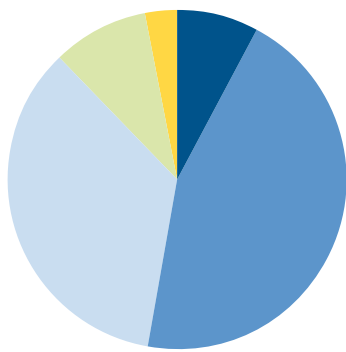
### CO<sub>2</sub> Equivalents in 2010\*

LBBW, including BW-Bank, Rheinland-Pfalz Bank,  
and Sachsen Bank as well as GastroEvent GmbH,  
BW Immobilien GmbH, and LBBW Asset Management  
Investmentgesellschaft mbH

	Absolute figures in kg	Relative figures in kg per employee
2006	58,492,416	6,870
2007	56,919,921	6,709
2008	37,089,900	3,648
2009	18,347,711	1,798
2010	15,733,312	1,607

\*Note: CO<sub>2</sub> is the only relevant greenhouse gas produced at LBBW.

**CO<sub>2</sub> Emissions in 2010 - Breakdown by Emissions Sources**



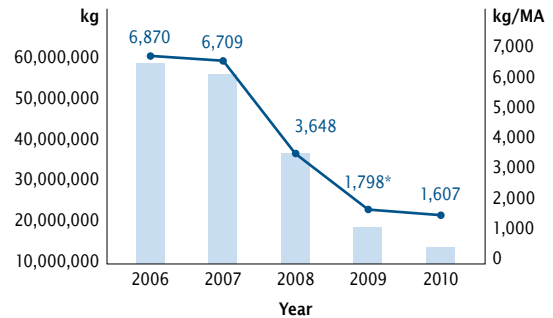
- Electricity (1,231,096 kg, 8%)
- Heating (7,059,094 kg, 45%)
- Travel (5,573,354 kg, 35%)
- Paper (1,370,696 kg, 9%)
- Water (206 kg, 0%)
- Waste (498,866 kg, 3%)

In the past five years, we have reduced our relative CO<sub>2</sub> emissions by 77%. This is explained by the fact that 2008 was the first year in which BW Bank's branches and the LBBW and BW Bank headquarters buildings (except the Am Hauptbahnhof 2 building) were supplied with certified green hydroelectric power. All of the LBBW, BW Bank, and Rheinland-Pfalz Bank office buildings have been supplied with green electricity since 2009.

In reducing our carbon footprint, i.e., our CO<sub>2</sub> emissions, the continual improvement of our energy efficiency by way of technical and organizational means is also evident (see page 85 and pages 90 ff.) Improving this figure continues to be our focus.

In addition, LBBW offset 6.7 tonnes of CO<sub>2</sub> in 2010 (previous year: 8.3 tonnes) by sending parcels and packages using Deutsche Post DHL's GoGreen service.

**CO<sub>2</sub> Emissions in Absolute and Relative (per Employee) Figures**



■ absolute figures in kg    ■ relative figures per employee

\*The absolute figure for kilometers traveled by plane was corrected. This is why the figure listed differs from that in our 2010 Sustainability Report.



### Air Pollutants in 2009

Performance data	Air pollutants in kg			
	km	SO <sub>2</sub>	NO <sub>x</sub>	Dust
Business travel by car (gasoline)	3,634,842	608	2,102	69
Business travel by car (diesel)	10,537,271	2,380	4,819	767
Business travel by train	13,668,492	1,599	1,825	140
Business travel by plane (short distances)	1,776,191*	1,819	2,769	36
Business travel by plane (long distances)	9,247,263*	6,304	8,104	123
	kWh	SO <sub>2</sub>	NO <sub>x</sub>	Dust
Electricity	96,760,771	1,342	8,094	1,519
Heating energy	58,992,425	9,048	32,267	715
<b>Total air pollutants (kg)</b>		<b>23,100</b>	<b>59,980</b>	<b>3,370</b>
Air pollutants (kg/employee)		2.23	5.82	0.33

\*The absolute figure for kilometers traveled by plane was corrected. This is why the figure listed differs from that in our 2010 Sustainability Report.

### Air Pollutants in 2010

Performance data	Air pollutants in kg			
	km	SO <sub>2</sub>	NO <sub>x</sub>	Dust
Business travel by car (gasoline)	3,207,180	536	1,854	61
Business travel by car (diesel)	9,621,539	2,173	4,400	700
Business travel by train	12,329,799	1,442	1,647	127
Business travel by plane (short distances)	2,455,541	2,515	3,829	50
Business travel by plane (long distances)	7,817,856	5,330	6,851	104
	kWh	SO <sub>2</sub>	NO <sub>x</sub>	Dust
Electricity	87,311,750	1,211	7,304	1,371
Heating energy	51,526,233	7,903	28,183	624
<b>Total air pollutants (kg)</b>		<b>21,110</b>	<b>54,068</b>	<b>3,037</b>
Air pollutants (kg/employee)		2.16	5.52	0.31

LBBW's cooling systems are checked regularly for leaks. In 2010, no refrigerant loss/leaks were discovered.

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## Energy Used in Facility Management.

LBBW's annual energy bill totals approximately EUR 13 million for electricity and EUR 4.4 million for heating. Cutting back on these expenses holds not only enormous environmental potential, but also financial potential.

Our headquarters buildings combined are responsible for roughly 75% of LBBW's total energy usage. In terms of identifying savings potential and introducing energy efficiency measures, we therefore concentrate on these buildings first. In recent years, third-party planning and consulting firms have been integrated into this process several times, and savings measures have been introduced in technical systems in LBBW's buildings, underground garages, heating and lighting systems, and air conditioning.

In 2010, we achieved a turnaround in the trend toward lower absolute and relative energy usage in facility management. Compared with 2009, absolute electricity and heating consumption dropped by around 12%.

In 2010, we also implemented numerous small-scale measures, such as optimizing workplace lighting and programming the row of lights near windows with sensors so as to automatically shut off the lights at a certain brightness. We completely eliminated decorative lighting.

In December 2010, we additionally commissioned a study on the conservation potential at the Am Hauptbahnhof 2 and Pariser Platz buildings in Stuttgart.

For example, this process involved detailing waste heat recovery in the data center and defining the corresponding measures. The goal is conserving around four million kWh of electricity used for cooling per year.

Our ability to generate savings is much greater in the case of new buildings. For instance, we defined a maximum primary energy usage figure in advance for the new office building we leased in Karlsruhe; this figure may not be exceeded. The new building was designed for energy efficiency accordingly. The result? In the first full year of operation, the usage figures for the Karlsruhe branch fell well below the maximum. In 2009, the primary energy usage figure was only 52 kWh/m<sup>2</sup>. In 2010, this consumption figure was 54 kWh/m<sup>2</sup>. The energy usage statistics for the building in Karlsruhe are therefore better than those of the rest of LBBW's buildings.

Electricity Usage in Absolute Figures (kWh per Building)	2006	2007	2008	2009	2010
Karlsruhe			1,133,530	1,107,149	1,128,668
Leipzig			5,225,267	4,935,487	1,839,600
Mainz			7,983,411	7,392,348	5,243,404
Mannheim	3,627,156	3,812,635	3,114,394	2,938,061	2,244,590
Stuttgart					
Am Hauptbahnhof	29,512,194	31,463,157	29,468,257	33,377,433	32,243,547
thereof: Building operations	18,512,194	16,663,157	13,468,257	16,005,373	14,520,333
thereof: Data center	11,000,000	14,800,000	16,000,000	17,372,060	17,723,214
Pariser Platz <sup>4</sup>	6,859,256	6,346,887	7,407,171	9,369,595	8,603,910
Königstrasse	5,972,503	4,578,938	4,544,096	4,613,821	4,528,513
Kronprinzstrasse 6			776,883 <sup>1</sup>	873,360	723,804
Kronprinzstrasse 8	786,656	859,361	1,091,151 <sup>1</sup>	1,091,374	1,123,989
Bollwerk <sup>4</sup>	10,358,681	10,650,229	11,872,341	12,662,137	11,566,948
thereof: Building operations	5,058,681	4,350,229	4,872,341	7,034,197	6,290,162
thereof: Data center	5,300,000	6,300,000	7,000,000	5,627,940	5,276,786
Kleiner Schlossplatz	3,546,361	3,146,738	3,540,835	3,486,223	2,997,520
Tübinger Strasse	4,993,321	4,044,382	2,827,304	1,026,140	- <sup>2</sup>
Branches and other administrative buildings	20,042,813	15,924,007 <sup>3</sup>	14,798,406	13,887,643	15,067,257
<b>Total</b>	<b>85,698,941</b>	<b>80,826,334</b>	<b>93,783,046</b>	<b>96,760,771</b>	<b>87,311,750</b>
Total, not including Leipzig/Mainz	-	-	80,574,368	84,432,936	80,228,746
Total, not including data centers	69,398,941	59,726,334	70,783,046	73,760,771	64,311,750
Total, not including data centers or Leipzig/Mainz	-	-	57,574,368	61,432,936	57,228,746

<sup>1</sup> In the 2008 Environmental Performance Statement, the data for the Kronprinzstrasse 6 and Kronprinzstrasse 8 buildings was reversed. This error has since been corrected.

<sup>2</sup> „Tübinger Strasse 28 is no longer used.

<sup>3</sup> The figure published in the 2007/2008 Sustainability Report was not correct (was too high). It has since been adjusted, and the figures on subsequent pages were also corrected.

<sup>4</sup> The emergency generators at the Pariser Platz and Bollwerk buildings are tested monthly. Usage amounts to around 3,500 liters of diesel per year.

Electricity Usage in Relative Figures (kWh/m <sup>2</sup> per Building) <b>including Data Centers</b>	2006	2007	2008	2009	2010
Karlsruhe	-	-	72	71	72
Leipzig	-	-	473	447	121
Mainz	-	-	202	187	138
Mannheim	214	225	184	172	132
<b>Stuttgart</b>					
Am Hauptbahnhof	209	356	333	368	364
Pariser Platz	130	120	140	177	163
Königstrasse	297	227	356	361	354
Kronprinzstrasse 6 <sup>1</sup>	-	-	40	56	37
Kronprinzstrasse 8	113	123	152	155	156
Bollwerk	216	456	495	536	482
Kleiner Schlossplatz	226	200	224	220	190
Tübinger Strasse	224	181	127	46	- <sup>2</sup>
Branches and other administrative buildings	117	93	103	86	95
<b>Weighted average</b>	<b>166</b>	<b>197</b>	<b>200</b>	<b>200</b>	<b>188</b>
Figure not including offices in Leipzig and Mainz	-	-	192	194	195

Electricity Usage in Relative Figures (kWh/m <sup>2</sup> per Building) <b>not including Data Centers</b>	2007	2008	2009	2010
Karlsruhe	-	72	71	72
Leipzig	-	473	447	121
Mainz	-	202	187	138
Mannheim	225	184	172	132
<b>Stuttgart</b>				
Am Hauptbahnhof	188	55	176	200
Pariser Platz	120	140	177	163
Königstrasse	227	356	361	354
Kronprinzstrasse 6 <sup>1</sup>	-	56	56	37
Kronprinzstrasse 8	123	152	155	156
Bollwerk	186	203	298	262
Kleiner Schlossplatz	200	224	220	190
Tübinger Strasse	181	127	46	- <sup>2</sup>
Branches and other administrative buildings	93	103	86	95
<b>Weighted average</b>	<b>143</b>	<b>151</b>	<b>152</b>	<b>138</b>

<sup>1</sup> In the figure for the Kronprinzstrasse 6 building, electricity usage for ventilation and cooling and general electrical usage are not included because they are allocated in a lump sum by the landlord when billing for utilities.

<sup>2</sup> Tübinger Strasse 28 is no longer used.

A year-to-year comparison indicates that the measures aimed at reducing electricity consumption by building technical systems are having an effect. Nonetheless, some outliers require explanation.

In 2008, the electricity usage figures for the Am Hauptbahnhof 2 building in Stuttgart were not documented completely due to a faulty meter belonging to the electric company. The amount of energy used missing from the total figure was calculated subsequently in 2009, which explains the sharp increase. In order to increase the periods of uninterrupted service at the data center in the Am Hauptbahnhof building and therefore safeguard the Bank's ability to do business, additional state-of-the-art infrastructure components were added in 2008 (e.g., uninterruptible power supply). In the trading division, numerous workstations were newly set up or expanded, and, in the course of this project, new servers were also installed in the data center or old equipment removed. In 2009, various systems were additionally taken over from the Mainz office.

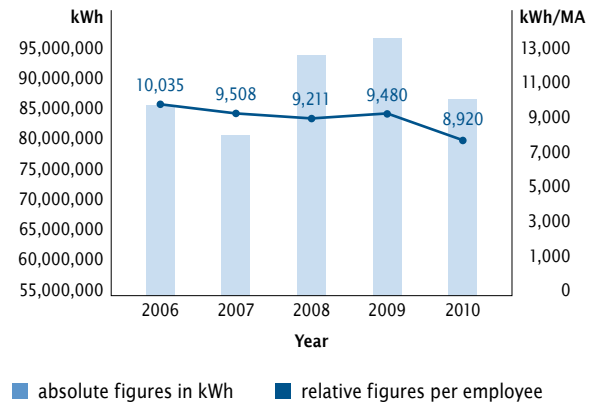
We moved out of the Tübinger Strasse 28 building in Stuttgart in 2010, and the building was torn down. For this reason, no figure was calculated for 2010.

In Kronprinzstrasse 6, moves led to fewer employees using the building and therefore to lower electricity requirements.

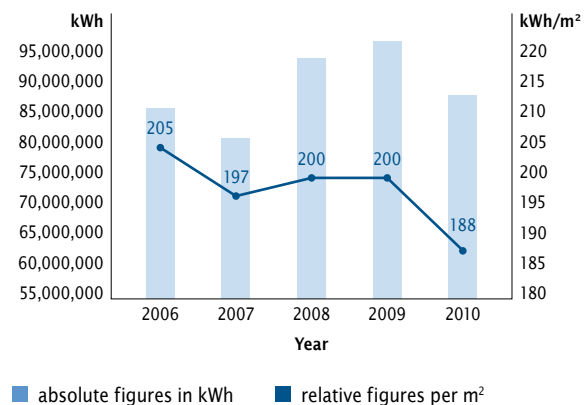
The apparently sharp decline in electricity consumption in 2010 in the buildings in Leipzig and Mainz is due to the fact that LBBW acquired the buildings in 2008 in the course of mergers, and the figures for 2008 and 2009 were not calculated correctly.

Server rooms were eliminated in Mannheim in 2010, which led to lower electricity usage here, too.

**Electricity Usage in Absolute and Relative (by Employee) Figures**



**Electricity Usage in Absolute and Relative (by m²) Figures**

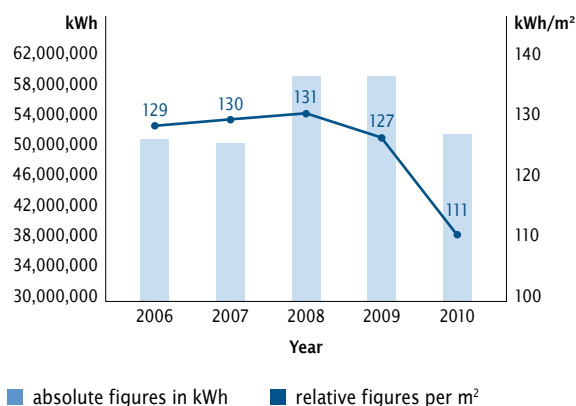


Heating Energy Usage in Absolute Figures (kWh per Building)	2006	2007	2008	2009	2010
Karlsruhe	included in branches		624,440	700,860	745,170
Leipzig	-	-	3,509,650	3,388,861	1,668,299
Mainz	-	-	3,581,621	3,505,381	4,113,352
Mannheim	1,911,080	1,785,263	1,765,510	1,805,526	1,599,931
Stuttgart					
Am Hauptbahnhof	10,879,720	12,658,765	12,320,388	12,807,471	10,382,193
Pariser Platz	4,551,740	3,914,710	4,961,100	5,086,834	5,280,660
Königstrasse	2,145,995	1,461,886	1,594,697	1,888,878	2,233,973
Kronprinzstrasse 6	-	-	2,923,340	1,939,073	2,093,253
Kronprinzstrasse 8	657,193	361,699	405,388	444,944	504,140
Bollwerk	3,720,889	2,842,990	3,035,809	2,873,245	3,073,712
Kleiner Schlossplatz	2,506,200	2,025,200	2,340,835	1,630,858	1,710,128
Tübinger Strasse	no information provided				
Branches and other administrative buildings	24,629,120	25,345,885	21,734,783	22,920,494	18,121,422
<b>Total</b>	<b>51,001,937</b>	<b>50,396,398</b>	<b>58,797,561</b>	<b>58,992,425</b>	<b>51,526,233</b>
Total, not including new offices in Leipzig/Mainz			51,706,290	52,098,183	45,744,582

Heating Energy Usage in Relative Figures (kWh/m <sup>2</sup> per Building)	2006	2007	2008	2009	2010
Karlsruhe			40	45	47
Leipzig			318	307	110
Mainz			91	89	108
Mannheim	113	105	104	106	94
Stuttgart					
Am Hauptbahnhof	123	143	139	141	117
Pariser Platz	86	74	94	96	100
Königstrasse	107	114	125	148	175
Kronprinzstrasse 6			149	125	107
Kronprinzstrasse 8	94	52	58	63	70
Bollwerk	159	122	130	122	128
Kleiner Schlossplatz	160	129	149	103	108
Tübinger Strasse	no information provided				
Branches and other administrative buildings	143	148	127	142	115
<b>Total</b>	<b>129</b>	<b>130</b>	<b>131</b>	<b>127</b>	<b>111</b>

The evidently sharp decrease in heating energy usage in Leipzig is due to incorrect calculations in 2008 and 2009. LBBW acquired the building in 2008 in the course of a merger.

**Heating Energy Usage in Absolute and Relative (by m<sup>2</sup>) Figures**



**IT Energy Usage.**

Data centers must be absolutely reliable and secure on the one hand; on the other hand, their operation must use as little energy as possible. In practice, however, these two goals can often be difficult to reconcile.

A fundamental condition for instituting and tracking optimization measures is determining actual usage. LBBW’s data centers are equipped with highly sensitive meters to measure energy and heat for this reason. The energy used by hardware at standard workstations is also measured so that the usage figures of printers, monitors, and PCs can be distinguished from those of building technical systems (lighting, ventilation, window shutters, elevators, etc.), and the success of these measures can be documented.

**Turnaround in IT Energy Usage**

The IT Division and the Business Operations Working Group have planned or already implemented measures to determine the relative energy usage for IT purposes. The progress evident in 2009 has continued. After rising for years, energy usage in the data centers was stabilized in 2009 at total energy consumption of 23 million kWh. This level was maintained in 2010.

**The following are the individual measures already implemented:**

- **Consolidated capacity**  
The total computing capacity of BW Bank, Sachsen Bank, and Rheinland-Pfalz Bank was absorbed by LBBW’s data centers in Stuttgart.
- **Transparent documentation**  
Each quarter, the specialized divisions are billed for the current number of PC workstations and printers in intra-company cost allocation in order to make them more aware of their own energy usage. Since 2010, we have accurately allocated centralized IT costs, including electricity consumption, to users.
- **Intelligent use of hardware**  
All printers are currently configured to switch to energy-saving stand-by mode ten minutes after they are last used. With few exceptions, all PC clients that have not been manually shut down are shut down centrally at 8pm.
- **Sustainable IT purchasing**  
As a rule, companies are only added to LBBW’s supplier portfolio if they commit to principles of sustainable business. Moreover, energy-saving hardware technologies (“green IT”) are procured for the data centers as well as workstations.

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- **Efficient equipment and systems**

Printers, scanners, fax machines, and copiers are gradually being replaced with multi-function devices. Centralized systems in the data centers are also being replaced to improve efficiency (= ratio of computer performance to energy usage).

- **Optimization of data center operating processes**

The capacity of the data center servers is utilized to varying degrees depending on the time of day/working hours and day of the week. Since 2010, the computing power of the server farms has therefore been adjusted automatically to current requirements, so that when less computing power is needed, servers are shut down dynamically to save power. If no computing power is required, the servers are switched to sleep mode. All new purchases/newly installed equipment are configured accordingly; existing equipment is being shifted to this process gradually.

- **More efficient data center planning processes**

A special planning tool is used to boost the efficiency of data center planning and management. This tool helps manage the infrastructure for IT equipment, such as electricity and cooling, required during the integration of new equipment into the data center. Timely and automated planning can, for example, ensure even heat distribution within the data center and thus enable more energy-efficient cooling. This can also help prevent undesirable hot spots. All servers, server cabinets, the passive network, and the active network components in the data center modules at the Am Hauptbahnhof 2, Bollwerk, Pariser Platz, and Gerberbau sites have already been integrated into this process. New installation and deinstallation of IT equipment is now managed exclusively with this tool.

**The following are the individual measures planned:**

- **Optimized server farm for banking operations**

The use of 64-bit operating systems, distribution of the terminal servers among three data centers, and temporary shut-down of the retail farm on weekends are measures expected to more than halve the energy consumption and costs of the server farm for banking operations. The goal is a reduction from 7 million kWh to 3 million kWh per year.

- **Virtual systems**

In 2009 and 2010, the training, testing, and development environments were migrated to virtual servers where possible. A total of more than 600 servers was virtualized. The connected load of the systems declined from approximately 210 kW to around 26 kW without noticeable deterioration in performance for users. An additional positive effect was savings in data center cooling amounting to roughly 80% of the connected load.

- **Consolidated equipment**

In the future, three instead of two employees at LBBW will share a printer. At the Hauptbahnhof site, the equipment configurations (workstation printers, network printers, multi-function devices) have already been optimized in the largest divisions. The project aims to reduce the number of printers at this site from 1,278 to around 345. Thirty five new multi-function devices were purchased. Fax machines, scanners, and copiers are being eliminated. The printers no longer required by LBBW will be stored at a service partner and used again as needed or donated to charitable organizations. No toner will be stored. If an ink cartridge is empty, the supplier is notified automatically, and users receive an e-mail. Additional locations will move to this system after this successful first step.

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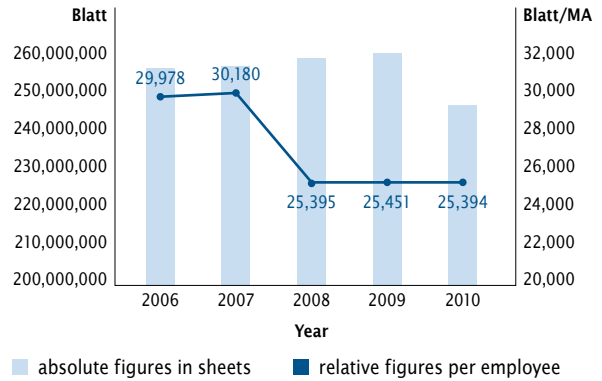
## Paper Usage.

In addition to the quantity of paper used, its sustainable quality is also important to us. As a rule, we do not use any paper containing pulp from tropical wood. In accordance with the “Sustainable Procurement and Contract Award” Work Instruction, all paper and printed matter must contain the greatest possible percentage of recycled material. If recycled paper cannot be used, we prefer FSC- or PEFC-certified paper from sustainable forests. The share of total paper used accounted for by recycled paper was around 84% for copy paper in 2010. From 2011 onward, 30% of the recycled paper we use will be CO<sub>2</sub> neutral.

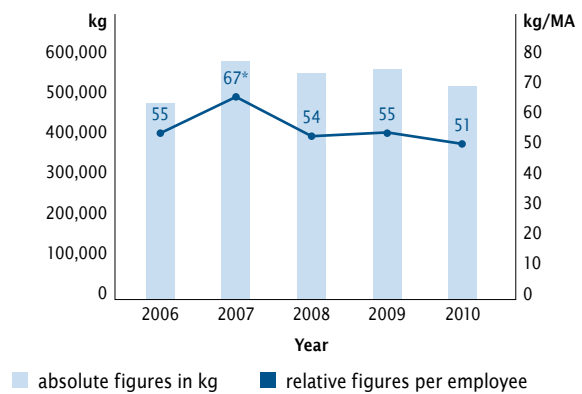
The use of office paper in absolute figures declined sharply in 2010. A decline was also seen in copy paper and printed advertising matter.

The usage per employee figure remained the same both on the whole and in the case of copy paper. The relative use of printed advertising matter was down.

**Office Paper in Absolute and Relative (per Employee) Figures**

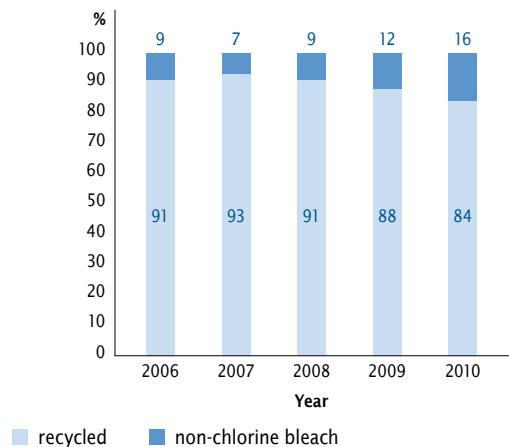


**Printed Advertising Matter in Absolute and Relative (per Employee) Figures**



\* The figure reported in the 2010 Sustainability Report was too high and has since been corrected.

**Recycling Rate for Copy Paper**



## Transportation.

Banking is fundamentally a personal business that is based on direct contact between people. This is why our employees are often on the road working with colleagues from other offices or developing optimal solutions in dialog with customers on site. Business trips include travel to seminars and conferences.

On their way there, our employees are expected to choose the most economical form of transportation and also to take into account environmental considerations when planning and taking trips. LBBW's travel rules require that train trips be given preference over travel by car. Air travel, in turn, should only be selected if the flight represents a documentable time savings for the entire trip of at least two hours, or if special ticket prices are less expensive than comparable train tickets.

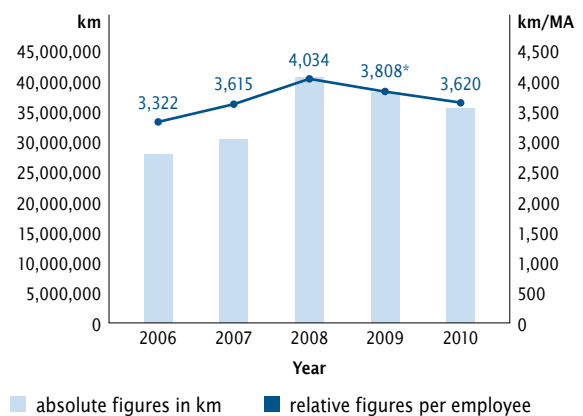
The total number of kilometers traveled for business per employee was down slightly from 3,808 km in the previous year to 3,620 km in 2010. Broken down by individual forms of transportation, the picture is almost unchanged: air travel 29% (2009: 28.4%), car travel 36.2% (2009: 36.5%), train travel 34.8% (2009: 35.2%).

Travel by car includes business travel in personal passenger vehicles, which remained almost the same as in the prior year, as well as trips in rental cars, company cars, and fleet vehicles, which declined in number. The number of company, service, departmental, and fleet vehicles decreased again from a total of 687 vehicles in 2009 to 623 vehicles at the end of 2010.

Our goal remains to raise awareness among employees for reducing air and automobile travel to only what is absolutely necessary and to examine possible technical alternatives, such as phone and video conferences.

Currently, a total of 26 video conference rooms are available at 15 locations in Germany and abroad (as of May 2011).

### Business Travel in Absolute and Relative (per Employee) Figures



\* Figure had to be corrected slightly after the fact, resulting in a discrepancy as compared with our 2010 reporting.

Kilometers Traveled by Type of Transportation	2006	2007	2008	2009	2010
By plane	6,761,815	7,719,085	12,785,148	11,023,454*	10,273,397
By car	13,706,582	15,183,584	13,827,789	14,172,113	12,828,719
By train	7,901,520	7,827,573	14,464,092	13,668,492	12,329,799
<b>Total</b>	<b>28,369,917</b>	<b>30,730,242</b>	<b>41,077,029</b>	<b>38,864,059</b>	<b>35,431,915</b>

\* Figure had to be corrected slightly after the fact, resulting in a discrepancy as compared with our 2010 reporting.

**Eco-driving training**

We have been offering training for high-mileage drivers through our internal continuing education program since 2009. Two courses with a total of 16 participants were held in 2010 in cooperation with a special service provider. During the class, participants were able to shave an average of 15% to 17% off of the fuel consumption for a defined test route. This course will be offered again in 2011.

**Cooperation with DB CarSharing and DB Call-a-Bike**

Since personal and business travel habits are usually very similar, we inform employees about options for optimizing their personal trips or commutes in order to encourage them to choose environmentally friendly forms of transportation. This includes, for example, a variety of commuter passes offered in cities such as Stuttgart, Mannheim, Karlsruhe, and Mainz, as well as tips for sustainable vacation travel planning, including a sweepstakes in the employee magazine.

A partnership with Deutsche Bahn began in January 2010. All customers of LBBW with an “extend” value-added account receive discounts on the use of DB CarSharing vehicles (including DB Flinkster vehicles, which are available in large numbers in Stuttgart and Cologne) and the DB Call-a-Bike service. Because 98% of LBBW employees have this type of account, they also benefit from these discounts and can, for example, easily shift road mileage to rail by combining train travel with use of a DB CarSharing vehicle. At the end of 2010, nearly 300 users were registered with “extend.”

## Waste.

Waste Volume	2009 (kg)	2010 (kg)
<b>Non-hazardous</b>	<b>2,670,071</b>	<b>2,216,770</b>
Regular paper (15 01 01N)	516,492	480,500
Security paper (15 01 01S)	1,199,633	904,748
Glass (20 01 02)	33,052	34,222
Metal (15 01 04)	18,735	27,010
Plastic (15 01 02)	8	1,234
Wood (17 02 01)	142,624	39,345
Compostable waste (20 02 01)	35,322	32,991
Organic kitchen waste (20 01 08)	153,699	189,075
Edible oils/fats (20 01 25)	0	0
Electronic scrap (16 02 14)	38,082	6,092
Mixed materials (15 01 06)	93,816	119,200
Non-recyclable waste (20 03 01)	224,046	183,385
Security plastics (15 01 02S)	29,837	4,473
Sludges/grease separators (02 02 04)	184,725	194,495
<b>Hazardous waste*</b>	<b>79,046</b>	<b>62,879</b>
Other hazardous waste	449	1,280
Lead batteries (16 06 01)	0	220
Insulation materials (17 06 03)	0	0
Fluorescent tubes (20 01 21)	1,339	1,691
Monitors, battery-operated devices (16 02 13)	73,903	57,820
Electronic scrap (20 01 35)	3,273	1,868
Fixers and developers (09 01 01)	30	0
Fixers and developers (09 01 04)	35	0
Gear/lubricating oils (13 02 05)	17	0
<b>Total</b>	<b>2,749,117</b>	<b>2,279,649</b>

\* The hazardous wastes were recycled or disposed of in German facilities. These wastes are not transported outside of Germany.

**Waste Volume (Including Recyclables) of the Validated Sites**

	2006	2007	2008	2009	2010
	Absolute figures	Absolute figures	Absolute figures	Absolute figures	kg/employee
Am Hauptbahnhof 2	527,700	459,900	384,400	541,517	201*
Pariser Platz	222,000	370,500	224,800	282,937	-
Bollwerk	94,400	94,700	87,400	70,365	195
Königstrasse	60,600	45,500	27,300	32,292	271
Kleiner Schlossplatz, including Kronprinzstrasse	177,000	175,000	332,600	295,462	294
Mannheim	76,500	98,600	100,700	52,538	134

\* The figure includes both Am Hauptbahnhof 2 and Pariser Platz.

In 2009, the absolute volume of waste produced rose sharply, which was chiefly due to the Tübinger Strasse 28 building and the archive in the Am Hauptbahnhof 2 building being vacated. In 2010, 2008 levels were reached again.

The recycling rate for the Bank as a whole is around 90%.

**Waste Volume in Absolute and Relative (per Employee) Figures**

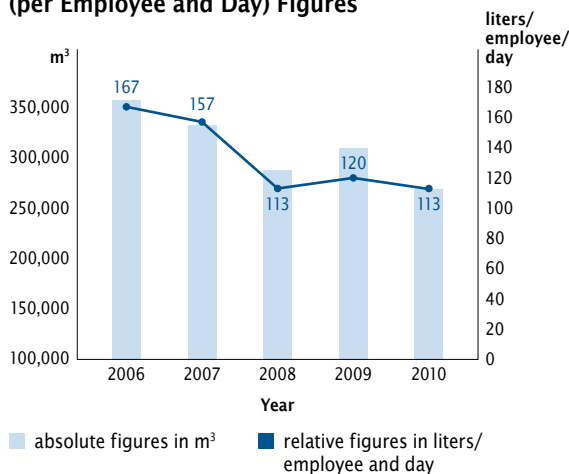


## Water.

Water usage declined steadily from 2006 to 2008. This is due to various conservation measures in the headquarters buildings such as collecting quantities of waste water required for technical reasons in the osmosis system and using this water together with rainwater for flushing the toilets.

In 2009, consumption rose slightly, but in 2010 this figure again dropped to 2008 levels at 113 liters per employee per day.

**Water Usage in Absolute and Relative (per Employee and Day) Figures**



## Biodiversity.

Pollution of the environment, soil surface sealing, and the unbridled extraction of natural resources are endangering the biological diversity of our planet. The speed with which plant and animal species are becoming extinct has never been as fast as today. Ecosystems are becoming unbalanced, and biodiversity is in danger worldwide.

Companies are called to take notice of the effects of their business activities on and contribute to preserving local and global biodiversity. The destruction of ecosystems does not just have environmental effects – there are economic consequences as well.

The financial sector is also currently taking up the issue of biodiversity. Through the Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e. V. (VfU – Association for Environmental Management and Sustainability in Financial Institutions), LBBW is engaging in dialog with other banks, savings banks, and insurance companies to help protect ecosystems. The objective of the VfU Biodiversity Forum is to develop specific industry standards for the business areas of financial services providers.

We also raise awareness among our employees about protecting species and the importance of ecosystems. We have published facts and figures on the LBBW Intranet concerning the economic importance of biodiversity, and the opportunities and risks for financial services providers. The issue of biodiversity is covered in more detail in our office communication specialist training in a sustainability seminar.

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The LBBW Natur und Umwelt (Nature and Environment) foundation provides information in its publication series about hiking destinations worth visiting in nature reserves in Baden-Württemberg as well as practical nature conservation initiatives. Each year, this foundation participates in around 50 concrete projects aimed at protecting nature and the environment and ensuring the survival of domestic species of plants and animals. In addition, the foundation also supports smaller research projects concerned with protecting the environment and nature, or in the fields of biology and medicine, including naturopathy. In 2010, for example, the foundation gave a grant to a project by the Karlsruhe Institute of Technology (KIT). A comprehensive study by the Zoological Institute located at KIT aims to improve protection of the European hare, whose numbers have drastically declined in recent years due to environmental impacts, more intensive agriculture, and diseases.

In 2011, BW Bank was active in protecting mountain gorillas. In cooperation with Wilhelma Zoological-Botanical Gardens in Stuttgart, BW Bank encouraged its customers to hand in old cell phones so that the valuable metal tantalum could be recycled. A tour through the ape house and presentations on the mountain gorilla initiative rounded out the sustainability seminar attended by our office communication specialists-in-training in October 2011.

# GRI Content Index G3 including FSSS.

GRI G3	Report element	Page(s)	GRI G3	Report element	Page(s)
<b>1</b>	<b>Strategy and analysis</b>				
1.1	Vision and strategy	6 f., 10–21	4.13	Memberships	33
1.2	Sustainability impacts, risks, and opportunities	6 f., 42–51	4.14	Stakeholder groups	30 f.
			4.15	Selection of stakeholders	30 f.
			4.16	Stakeholder engagement	30 f.
			4.17	Response to key concerns of stakeholders	31
<b>2</b>	<b>Organizational profile</b>		<b>5</b>	<b>Management approach and performance indicators</b>	
2.1	Name of organization	8 f.	<b>5.1</b>	<b>Products and services</b>	
2.2	Brands, products, and services	8 f.		<b>Aspect: Portfolio</b>	
2.3	Organizational structure	8 f.	FS1	Policies with specific environmental and social components applied to business lines	11–13
2.4	Organization's headquarters	8 f.	FS2	Procedures for assessing and screening environmental and social risks in business lines	45 f., 48 f.
2.5	Countries in which the organization operates	8 f.	FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	35 f., 48 f.
2.6	Nature of ownership, legal form	8 f.	FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	30, 62 f., 98
2.7	Markets	8 f.	FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	30 f.
2.8	Scale of the organization	8 f.	FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro /SME / large), and by sector	50 f.
2.9	Significant changes in size, structure ownership	8 f.	FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	47, 50 f.
2.10	Prices	32 f., 45 f.	FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	47, 50 f.
<b>3</b>	<b>Report parameters</b>			<b>Aspect: Audit</b>	
3.1	Reporting period	4	FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	34 f.
3.2	Date of most recent previous report	4		<b>Aspect: Active investment</b>	
3.3	Reporting cycle	4	FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	N/A
3.4	Contacts	105	FS11	Percentage of assets subject to positive and negative environmental or social screening	47
3.5	Process for defining report content	4	FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting	N/A
3.6	Boundary of the report	34 f.	<b>5.2</b>	<b>Economic</b>	
3.7	Limitations of the scope or boundary of the report	34 f.	DMA	Management approach to economic performance, market presence and indirect economic impacts	6 f., 10, 16
3.8	Basis for reporting on joint ventures, etc.	34 f.		<b>Aspect: Economic performance indicators</b>	
3.9	Data measurement techniques and the bases of calculations	34 f., 76	EC1	Economic value generated and distributed	8, 72 f.
3.10	Explanation of the effect of any restatements of information provided in earlier reports	76	EC2	Financial implications of climate change	11–13, 15 f.
3.11	Significant changes in the scope, boundary, or measurement methods applied	34 f., 76	EC3	Scope of organization's social benefits	66
3.12	GRI index	99 ff.	EC4	Financial assistance from the public sector	N/A
3.13	External assurance	102 ff.		<b>Aspect: Market presence</b>	
<b>4</b>	<b>Governance, commitments, and engagement</b>		EC5	Ratio of standard entry level wage to local minimum wage	58, 64, 68
4.1	Governance structure of the organization	8 f.	EC6	Local selection of suppliers	35 f.
4.2	Chairman of the Board of Managing Directors/ Executive Officers	6–8	EC7	Local hiring	N/R
4.3	Independent members of the highest governance body	N/A			
4.4	Mechanisms for recommendations or direction to the Board of Managing Directors/Supervisory Board	67			
4.5	Linkage between compensation for members of the highest governance body and the organization's sustainability performance	**			
4.6	Processes in place to ensure conflicts of interest are avoided	36–39			
4.7	Process for determining the qualifications and expertise of the members of the highest governance body with regard to sustainability issues	16			
4.8	Mission statements, internally developed codes of conduct and principles; type and manner of implementation	10–21, 34–40			
4.9	Procedures of the Board of Managing Directors for overseeing the organization's sustainability performance	16			
4.10	Process for evaluating the Board of Managing Directors' sustainability performance	32f.			
4.11	Precautionary principle	44–51, 85, 90–92			
4.12	Charters, principles, or externally developed initiatives	33–40			

N/A: No information provided / N/R: Not relevant

\*Since LBBW has a Supervisory Board.

\*\*There doesn't exist any linkage.

GRI G3	Report element	Page(s)
	<b>Aspect: Indirect economic impacts</b>	
EC8	Infrastructure investments and services provided primarily for public benefit	69-73
EC9	Significant indirect economic impacts	N/A
<b>5.3</b>	<b>Ecological performance indicators</b>	
DMA	Management approach disclosure for aspects mentioned below	10-13, 15 f., 34-36
	<b>Aspect: Materials</b>	
EN1	Materials used by weight or volume	78
EN2	Percentage of total materials used that are recycled input materials	92
	<b>Aspect: Energy</b>	
EN3	Direct energy consumption (by primary energy source)	86
EN4	Indirect energy consumption (by primary energy source)	78-81, 86-90
EN5	Energy saved due to conservation and efficiency improvements	85, 91
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives	N/R
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	85, 90-92
	<b>Aspect: Water</b>	
EN8	Total water withdrawal by source	78, 80 f., 97
EN9	Water sources significantly affected by withdrawal of water	N/A
EN10	Percentage and total volume of water recycled and reused	N/A
	<b>Aspect: Biodiversity</b>	
EN11	Land in or adjacent to protected areas	N/A
EN12	Impact of activities on biodiversity in protected areas	N/A
EN13	Natural habitats protected or restored	N/A/A A.
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	97
EN15	Endangered species	N/A
	<b>Aspect: Emissions, waste, and waste water</b>	
EN16	Direct and indirect greenhouse gas emissions by weight	82 f.
EN17	Other greenhouse gas emissions	82
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	83, 85, 90-92
EN19	Ozone-depleting substances by weight	84
EN20	NO <sub>x</sub> , SO <sub>x</sub> and other air emissions by type and weight	84
EN21	Water discharge into bodies of water	N/A
EN22	Weight of waste by type and disposal method	95 f.
EN23	Significant spills	N/A
EN24	Waste deemed hazardous under the terms of the Basel Convention	95
EN25	Impact of waste water on biodiversity	N/A
	<b>Aspect: Products and services</b>	
EN26	Initiatives to mitigate environmental impacts of products and services	N/A
EN27	Percentage of products whose packaging materials are reclaimed	N/R

GRI G3	Report element	Page(s)
	<b>Aspect: Compliance with legal provisions</b>	
EN28	Fines for non-compliance with environmental laws	37
	<b>Aspect: Transport</b>	
EN29	Significant environmental impacts of transporting products, other goods and materials, and employees	93 f.
	<b>Aspect: Total</b>	
EN30	Total environmental protection expenditures	k. A.
<b>5.4</b>	<b>Society</b>	
<b>5.4.1</b>	<b>Labor practices and acceptable working conditions</b>	
DMA	Management approach disclosure regarding employment, employer-employee relationship, working safety (in banks e.g. attacks against personnel by customers, bank robberies), training and continuing education, diversity and equal opportunities	14 f., 54 ff.
	<b>Aspect: Employment</b>	
LA1	Workforce by employment type and region	56-59
LA2	Employee turnover by age group, gender, and region	57
LA3	Benefits provided to full-time employees	N/A
	<b>Aspect: Employer-employee relationship</b>	
LA4	Percentage of employees covered by collective bargaining agreements	58, 64, 68
LA5	Minimum notice period(s) regarding significant operational changes	N/A
	<b>Aspect: Working safety</b>	
LA6	Employees represented in health and safety committees	61
LA7	Injuries, occupational diseases, absences, and fatalities	61
LA8	Measures relating to serious diseases	60 ff.
LA9	Health and safety topics: formal agreement with trade unions	N/A
	<b>Aspect: Training and continuing education</b>	
LA10	Training and continuing education: Hours per employee by employee category	58
LA11	Programs for skills management and lifelong learning	62 f.
LA12	Percentage of employees receiving regular performance and career development reviews	63
	<b>Aspect: Diversity and equal opportunities</b>	
LA13	Diversity of top-level management and employee structure (gender/age/ethnicity)	56-58, 63-65
LA14	Salary by gender and employee category	64
<b>5.4.2</b>	<b>Human rights</b>	
DMA	Management approach disclosure regarding investment and procurement practices, equal treatment, freedom of association and right to collective bargaining, child labor, forced and compulsory labor, security practices, rights of indigenous peoples	35 f., 63-65, 67

N/A: No information provided / N/R: Not relevant

GRI G3	Report element	Page(s)
	<b>Aspect: Investment and procurement practices</b>	
HR1	Investment agreements that include human rights clauses or that have undergone human rights screening	N/A
HR2	Percentage of suppliers that have undergone screening on human rights	35 f.
HR3	Training on human rights	k. A.
	<b>Aspect: Equal treatment</b>	
HR4	Incidents of discrimination and measures implemented	63
	<b>Aspect: Freedom of association/ collective bargaining</b>	
HR5	Freedom of association and collective bargaining	67
	<b>Aspect: Child labor</b>	
HR6	Principles and measures taken to prevent child labor	35 f., 44–46, 48f.
	<b>Aspect: Forced labor</b>	
HR7	Principles and measures taken to prevent forced labor	35 f.
	<b>Aspect: Security practices</b>	
HR8	Training of security personnel	N/A
	<b>Aspect: Rights of indigenous peoples</b>	
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	N/R
<b>5.4.3</b>	<b>Society</b>	
DMA	Management approach disclosure regarding community, corruption, politics, anti-competitive behavior and compliance with laws	36–40
	<b>Aspect: Community</b>	
SO1	Programs and practices that manage the adverse impacts of operations on communities	N/A
FS13	Access points in low-population or economically disadvantaged areas by type	8
FS14	Initiatives to improve access to financial services for disadvantaged people	55
	<b>Aspect: Corruption</b>	
SO2	Percentage and total number of business units analyzed for risks related to corruption	N/A
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	N/A
SO4	Actions taken in response to incidents of corruption	37
	<b>Aspect: Politics</b>	
SO5	Public policy positions and participation in public policy development and lobbying	N/A
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions	N/A
	<b>Aspect: Anti-competitive behavior</b>	
SO7	Legal actions for anti-competitive behavior	40
	<b>Aspect: Compliance with laws</b>	
SO8	Sanctions for incidents of non-compliance with laws and regulations	37, 40

N/A: No information provided / N/R: Not relevant

GRI G3	Report element	Page(s)
<b>5.5</b>	<b>Product responsibility</b>	
DMA	Management approach disclosure regarding customer health and safety, labeling of products and services, advertising, protection of customer data and compliance with legislation	37 f., 40
	<b>Aspect: Customer health and safety</b>	
PR1	Life cycle stages in which health and safety impacts of products and services are assessed	N/R
PR2	Incidents of non-compliance with health standards	N/R
	<b>Aspect: Labeling of products and services</b>	
FS15	Policies for the fair design and sale of financial products and services	40
PR3	Principles/procedures for product labeling	N/A
PR4	Incidents of non-compliance with standards concerning product information and labeling	N/A
PR5	Customer satisfaction, including results of surveys	53
FS16	Initiatives to enhance financial literacy by type of beneficiary	30 f.
	<b>Aspect: Advertising</b>	
PR6	Programs for adherence to laws, standards, and voluntary codes related to advertising	40
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing and advertising	40
	<b>Aspect: Protection of customer data</b>	
PR8	Complaints regarding breaches of customer privacy and losses of customer data	37 f.
	<b>Aspect: Compliance with legislation</b>	
PR9	Fines for non-compliance with laws and regulations concerning the provision and use of products and services	N/A

LBBW engaged AGIMUS GmbH Umweltgutachterorganisation & Beratungsgesellschaft to review the Sustainability Report 2011 with 2011 Consolidated Environmental Statement in terms of materiality, transparency, and comparability and to audit the management system in accordance with ISO 14001 and EMAS. We evaluated the effectiveness of the management systems, conducted an extensive audit on site in Stuttgart and Mannheim, Germany, and performed a review based on the inspection of documents and interviews.

### Management systems

Compared to the Sustainability Report 2010, the Report indicates that further progress has been made. The following points are particularly positive:

1. Despite the ongoing restructuring process, the environmental management system was further bolstered by the inclusion of sustainability principles. In addition, the Bank continued to systematically document for the public the idea that sustainability is intrinsic to LBBW's business model through publications and signing of international agreements.
2. Thanks to the measures stemming from the Guidelines, the principles of sustainability have become anchored deeper and deeper in the Bank's business processes. Compared with 2010, additional key steps forward were made in this regard in the investment, credit and project financing areas.
3. LBBW reduced the consumption of energy and resources per employee and per square meter in key areas for the first time in many years.
4. The work of the Social Services and Health Services departments during the period of business model restructuring and workforce reduction that was particularly stressful for employees deserves unequivocal praise.

The management systems of the various functions are presented effectively. LBBW's activities as part of the UNEP Finance Initiative, the stakeholder dialogs, and adherence to the Principles for Responsible Investment indicate a clear voluntary commitment. Above all, the Guidelines for Sustainability provide assurance of the integration of sustainability criteria into the core business processes of the Bank.

Our suggestion remains unchanged that LBBW explain even more clearly in internal communications to employees why sustainability management is a component of the business model going forward that will safeguard the Bank's future. We recommend further integration, particularly the introduction of systems for detailed documentation of key performance indicators (KPI) to measure success in the implementation of the Guidelines.

Our recommendation remains unchanged that LBBW communicate the question "Why does the Bank undertake sustainability management activities?" to the workforce in a more concrete way. The specific life experiences of individual employees should be tied in more explicitly with sustainability management. This is an area in which, despite various attempts and efforts, LBBW has not succeeded in making measurable progress in recent years.

The Sustainability Program is detailed and comprehensive. The introduction of new measures – particularly with regard to banking products and the Bank's environment – indicates that LBBW is addressing stakeholder concerns. We again recommend anticipating existing conflicts of interest between short-term business success and sustainability criteria in implementing the Guidelines. Furthermore, we recommend reporting on ongoing goals over several years in a clearer and more quantitative way as well as focusing more clearly on KPI going forward; this type of reporting has started.

The reduction of CO<sub>2</sub> emissions is a welcome step forward. However, this progress was made primarily by purchasing green electricity and only in a minor way by improving energy efficiency. This "carbon offset" is not available to all groups in society and, for this reason, it has been noted in the Sustainability Program that further energy efficiency improvements will be the main focus of activities in this area in the future. A turnaround was achieved for the first time in energy consumption, which had increased for years, and other corporate sustainability statistics, and LBBW should try to turn this initially one-time positive event into a permanent trend by continuing all associated measures. The efforts in this regard – particularly the inclusion of the green IT concept – are to be commended.

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### **Environmental Verifier's Declaration on Verification and Validation Activities at LBBW (Pursuant to Annex VII of EMAS III)**

The undersigned, Dr. Ralf Utermöhlen, EMAS environmental verifier with registration number DE-V-0080, licensed for Banking (NACE Code WZ (German Classification of Economic Activities) 2008: 64.19), declares to have verified whether the LBBW sites in Stuttgart, Germany, consisting of the following buildings:

Am Hauptbahnhof 2 (Bldg. 1), 70173 Stuttgart  
Am Hauptbahnhof 7+9 (Bldg. 2), 70173 Stuttgart  
Am Hauptbahnhof 11 (Bldg. 3), 70173 Stuttgart  
Am Hauptbahnhof 8 (Bldg. 4), 70173 Stuttgart  
Pariser Platz 1 (Bldg. 5), 70173 Stuttgart  
Pariser Platz 1 (Bldg. 6), 70173 Stuttgart  
Königstrasse 3, 70173 Stuttgart  
Fritz-Elsas-Strasse 31 (Bollwerk), 70173 Stuttgart  
Kleiner Schlossplatz 11, 70173 Stuttgart

and Augustaanlage 33, 68161 Mannheim, meet all requirements of Regulation (EC) No 1221/2009 of the European Parliament and of the Council of 25 November 2009 on the voluntary participation by organisations in a Community eco-management and audit scheme (EMAS).

By signing this declaration, I declare that

- the verification and validation have been carried out in full compliance with the requirements of Regulation (EC) No 1221/2009,
- the outcome of the verification and validation confirms that there is no evidence of non-compliance with applicable legal requirements relating to the environment,
- the data and information of the Environmental Statement of the sites reflect a reliable, credible, and correct image of all the sites' activities within the scope mentioned in the Environmental Statement.

This document is not equivalent to EMAS registration. EMAS registration can only be granted by a Competent Body under Regulation (EC) No 1221/2009. This document shall not be used as a stand-alone piece of public communication.

### **Materiality and transparency**

The dialogs conducted in 2007 and 2008 laid the groundwork for identifying the issues that are important to LBBW's stakeholders; the results have been incorporated into the Guidelines for Sustainability. In previous years, we recommended that more information be included about the issue of equitable treatment of people in less developed countries (microfinance activities) and the expansion of the activities addressing equal opportunity and diversity that are already underway, and that these issues be promoted further. It is commendable that initial steps have been taken to subject these issues to monitoring in the form of key performance indicators (KPI).

Whereas compliance guidelines and control mechanisms are presented well, there is still a lack of quantitative data, such as the number of business units that were investigated for corruption risks (beyond just money laundering and application of the dual-control principle in awarding contracts) and the percentage of employees who were trained in anti-corruption issues. LBBW's commitment to integrating sustainability into its core business is gratifying, but could still be expanded. For some of the business segments (renewable energy project financing, loan decisions, investment products), the environmental and social risks, as well as LBBW's management systems in this area, are presented very well. For other areas of the core business (microfinance, financing of projects other than renewable energy projects), statements on this subject should be added in the future as well. Case studies would be a valuable addition to future reports.

The Report contains a good description of senior management's voluntary commitment to complying with the sustainability policy and the human resources development opportunities with respect to sustainability, which indicates a high level of corporate ethics and transparency in terms of value creation in LBBW's domestic business. We recommend that LBBW describe indicators 4.4 to 4.6 more clearly.

The reporting on regional issues is excellent (principal bank concept), but it is limited with regard to the relevant control mechanisms (e.g., human rights clauses in investment agreements). We again recommend the corresponding tools be implemented.

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## Comparability

The application of the GRI indicators and the additional industry-specific criteria improve the comparability of the Report. The Report provides information on 32 core indicators and 14 indicators included in the Financial Services Sector Supplement; 20 core indicators are required for the application level aimed for by LBBW. This is evidence of LBBW's voluntary commitment to continual improvement and points to the fact that LBBW does not shy away from comparisons with other leading banks. The integration of the validated Environmental Statement into the Report is commendable, and the Report is generally informative and user friendly.



Braunschweig, Germany; September 21, 2011

A handwritten signature in black ink, appearing to read "R. Utermöhlen". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Dr. Ralf Utermöhlen (Environmental Verifier, DE-V-0080)

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# Glossary

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## ■ A

### **Asset allocation**

Asset allocation involves the distribution (diversification) of invested assets among various asset classes, such as bonds, stocks, real estate, and currencies. This approach serves to manage the total return and total risk of the investment. Diversification allows investors to minimize risk while achieving a certain return or to maximize the return on the investment at a specified level of risk.

## ■ B

### **Best-in-class**

A systematic evaluation method involving selection only of companies that exhibit the best performance in their sectors in terms of a certain evaluation criterion. In structuring sustainable funds, this means that investments are only made in companies that are among the best in their industries based on ethical, social, and environmental criteria.

### **Biodiversity**

Biodiversity means variability among living organisms and the complex ecological systems of which they are a part. This term spans three levels: (1) the diversity of ecosystems, habitats, and landscapes on earth, (2) species diversity, and (3) genetic diversity within a biological species or population. Preserving a high level of biodiversity is a key requirement for the continuation of life on earth.

### **“Bio” label**

The “Bio” label (organic logo) identifies products and foods organically produced and inspected according to legal regulations in force across the European Union. It was introduced in 2001 to guarantee uniform standards for organic production and humane raising of animals. A state certified logo, this label enables consumers to recognize organic products at a glance.

## ■ C

### **Carbon Disclosure Project (CDP)**

The Carbon Disclosure Project (CDP) is an independent, non-profit organization that maintains the world’s largest database of climate-related corporate information. Each year on behalf of 550 institutional investors, the CDP encourages publicly traded companies worldwide to report their climate-related business data to the CDP. The CDP then provides this data to the capital markets and to the public. The goal is to ensure that CO<sub>2</sub> emissions are perceived to be an important business and success factor for companies. The CDP has operated in Germany since 2005, and almost all of the companies listed in the DAX30 index are participants in the CDP. The CDP’s strategic partners in Germany are KPMG AG Wirtschaftsprüfungsgesellschaft and WWF Deutschland.

### **Compliance**

Compliance is defined as a commitment by a company to comply with laws, guidelines, and standards. Compliance with rules can be compulsory (e.g., in the case of laws) or voluntary (e.g., in the case of standards or societal conventions). The aim here is avoid a negative image as well as to eliminate the possibility of the company being held liable or subject to claims for damages.

### **Corporate governance (CG)**

The objective of corporate governance is to ensure independent, value- and success-focused management of companies. To this end, management defines criteria for decision-making and standards for conduct for individual units within a company. Corporate governance is therefore not an internationally uniform set of rules, but instead consists of country-specific (statutory and voluntary) and company-specific measures.

### **Corporate social responsibility (CSR)**

Corporate social responsibility (CSR) describes the effort by companies to assume social responsibility voluntarily and beyond their statutory obligations. Corporate responsibility represents a business philosophy focused on transparency, ethical behavior, and respect for all of a company’s stakeholders. CSR therefore goes beyond purely social issues and includes the environmental and economic aspects of sustainability as well. For this reason, the broader term “corporate responsibility” is often used instead.

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## ■ D

### **Diversity**

In a corporate context, promoting diversity signifies respect and positive regard for the individual differences among employees. The goal is to prevent discrimination against minorities and promote equal opportunity, thereby creating a productive overall atmosphere in the company. On the one hand, the term “diversity” refers to external characteristics, such as sex, skin color, age, or disability, while on the other hand also referring to an individual’s orientation, e.g., religious or sexual. Companies hope that diversity in their workforces will put better problem-solving expertise at their disposal, make companies more attractive to new employees, and improve customer loyalty. Diversity management is often introduced in order to constructively leverage diversity for the good of the company.

## ■ E

### **Eco-Management and Audit Scheme (EMAS)**

The EMAS Regulation is a voluntary regulation that aims to introduce environmental management and environmental audit systems. The objective of EMAS is to improve environmental performance beyond what is required by the law and to inform the public about these efforts. EMAS was launched by the European Union in 1993.

### **Environmental, social und corporate governance issues (ESG)**

ESG issues are issues related to the environment, society, or corporate governance. The term was coined by financial analysts and investors as an alternative to the term corporate social responsibility (see entry). The objective here is to include environmental, social, and corporate responsibility aspects along with financial data when evaluating companies.

### **Ethibel**

Independent consulting firm specializing in sustainable and ethical investments based in Brussels, Belgium. Assists banks and investment firms in developing sustainable investment products. Ethibel issues its own European quality label for sustainable investment funds for this purpose. The criteria for the social and ethical corporate analysis on which the investments funds bearing the Ethibel quality seal are based covers all aspects of corporate social responsibility.

### **Ethibel Pioneer and Excellence Register**

Forum Ethibel manages two investment registers, Ethibel Pioneer and the Ethibel Excellence Register, which are the basis for issuing the Ethibel quality seal for sustainable investment funds. This label offers investors a visible guarantee that these investment funds invest solely in companies selected based on Ethibel’s comprehensive evaluation model. In compiling these investment registers, Ethibel chooses only companies that are leaders within their industries in sustainability (Excellence) or are pioneers in the field of sustainability (Pioneer).

### **European SRI (Sustainable and Responsible Investing)**

#### **Transparency Code**

The European SRI Transparency Code was launched by the European Sustainable and Responsible Investment Forum (see entry). Signatories to the Code agree to answer a list of questions to provide sufficient and appropriate information for the Code’s purposes, including investment criteria, research processes, procedures for liquidating certain investments for sustainability reasons, and information policy. Funds that fulfill the conditions of the Code are permitted to use the “European transparency logo” (see entry).

#### **European Sustainable and Responsible Investment Forum (Eurosif)**

The European Sustainable and Responsible Investment Forum (Eurosif) is a pan-European association that aims to promote sustainable investments. Its members currently include institutional investors, financial services providers, scientific institutions, research firms, and non-governmental organizations. Eurosif’s members represent assets totaling over EUR 1 trillion.

#### **European transparency logo**

The European transparency logo indicates to investors that the fund bearing this symbol complies with the European SRI Transparency Code (see entry). The logo is issued by the European Sustainable and Responsible Investment Forum (see entry) and is awarded for particularly transparent management of sustainable funds. To date, the transparency logo is the only quality seal offering consumers guidance in selecting sustainable funds.

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### **EURO STOXX Sustainability Index**

The EURO STOXX Sustainability Index includes the top publicly listed companies in the European Union measured according to sustainability factors.

## **■ F**

### **Fair trade**

Fair trade is a strategy for fighting poverty. The idea is that more equitable trade relationships and fair purchase prices can improve the situation in developing countries and emerging markets, strengthen the domestic economy, and in the long term dismantle unjust global economic structures. Moreover, globally accepted social and environmental standards must be complied with in fair trade; illegal child labor and forced labor are forbidden. The fair trade logo clearly identifies fairly traded products for consumers.

### **Financial Stability Board (FSB)**

The Financial Stability Board (FSB), which emerged from the former Financial Stability Forum (FSF), is a global body composed of high-level representatives from ministries of finance, central banks, and supervisory authorities of the G20 countries, Spain, and the European Commission, and of representatives from international standard-setting bodies and important financial institutions (including the International Monetary Fund, the World Bank, the Bank for International Settlements, the European Central Bank). The FSB is a forum for discussing issues of underlying systemic importance for financial stability.

### **Forest Stewardship Council (FSC)**

The FSC is an international non-profit organization and certification system for sustainable forest management. The organization has defined forest management criteria as well as criteria for the entire wood product processing and commerce chain. Certified businesses can label and market products (wood, furniture, paper, etc.) with the FSC logo.

### **Fraud Prevention Board**

The Fraud Prevention Board works autonomously to review the Bank's business processes for balance sheet tampering, breaches of fiduciary duty, embezzlement, and all other actions committed intentionally that harm the Bank. In

addition to uncovering and reacting appropriately to such incidents, the Board's main activities include prevention in particular.

## **FTE**

Full-time equivalent, i.e., the number of full-time employees and part-time employees expressed as full-time employees.

## **■ G**

### **German Corporate Governance Code (DCGK – Deutscher Corporate Governance Kodex)**

The German Corporate Governance Code comprises key statutory regulations on the management and supervision of German publicly traded companies and includes internationally and nationally accepted standards for good and responsible corporate governance. The aim of the Code is to help make the management of publicly listed companies in Germany transparent and accountable, thereby promoting confidence by German and international investors, customers, employees, and the public in the management of German companies, and strengthening the German capital market.

### **Global Reporting Initiative (GRI)**

The Global Reporting Initiative is an independent institution operating worldwide that develops internationally accepted standards for sustainability assessment and reporting. GRI was formed in 1997 in cooperation with the United Nations Environment Programme (UNEP). GRI is also partnered with the UN Global Compact, an initiative by former UN General Secretary Kofi Annan aiming to ensure that globalization develops in a socially and environmentally sustainable manner. In addition, GRI is a globally active stakeholder network that works with numerous companies and human rights, environmental, labor, and governmental organizations.

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## ■ H

### **Human Potential Index (HPI)**

The Human Potential Index (HPI) is a rating tool for evaluating suitable structures and tools for fostering human capital in companies. HPI enables interested companies to view their human resources processes and structures holistically based on external benchmarks and review the effectiveness of their tools based on their company's business success. Among other things, the index measures management methods, motivation models, the promotion of health, and internal communications. The HPI was developed on behalf of Germany's Bundesanstalt für Arbeitsschutz und Arbeitsmedizin (Federal Institute for Occupational Safety and Health) to ensure the viability and competitiveness of companies for the future by improving qualitative human resources-oriented criteria.

## ■ I

### **IFRS**

IFRSs (International Financial Reporting Standards) are accounting standards issued by the International Accounting Standards Board.

### **imug**

imug conducts sustainability analyses of stocks, companies, government bonds and issuers of fixed-interest securities in the course of investment research. imug's clients include institutional investors and financial services providers.

### **Institute for Ecological Economy Research (IÖW)**

Headquartered in Berlin, the Institute for Ecological Economy Research is an independent, non-profit institute specializing in applied sustainability research. The Institute develops strategies and courses of action for sustainable business. Since 1994, the IÖW and "future-verantwortung unternehmen" have been assessing reporting by Germany companies and issuing a ranking of the companies with the best reporting. The IÖW/future ranking is based on a comprehensive set of criteria that contributes to setting and continually updating content standards for meaningful and credible corporate sustainability reporting.

## **International Labour Organization (ILO)**

The International Labour Organization is a specialized agency of the United Nations based in Geneva, Switzerland. The ILO was established in 1919, and its members include 183 states that are represented in the ILO's committees by government delegates as well as employers and workers. The ILO's work focuses on formulating and implementing international labor and social standards, particularly the ILO International Labour Standards, ensuring socially acceptable and fair globalization practices, and creating humane work as a central criterion for battling poverty.

### **ISO 14001**

The ISO 14001 environmental management standard specifies requirements for environmental management systems that are accepted worldwide and is part of the family of standards issued by the International Organization for Standardization (ISO). ISO 14001 has been in force since 1996. In 2005, a revised version was published as a German DIN standard. This set of standards contains numerous other standards governing various aspects of environmental management, including environmental balance sheets, environmental performance indicators, and environmental performance assessment.

## ■ O

### **oekom research AG**

oekom research is a well-known rating firm focusing on sustainable investments. Its customers include international asset managers and institutional investors. oekom research's analyses cover assets of over EUR 90 billion (as of December 31, 2010).

## ■ P

### **pme Familienservice**

pme Familienservice is a provider of around-the-clock services for childcare and eldercare in the event of emergencies and exceptional circumstances. In addition to its own care facilities, the company dispatches trained childcare providers as well as personnel to care for the elderly and sick. pme Familienservice provides services in many locations across Germany and in Austria, the Czech Republic, and Switzerland, signing contracts with companies that can use its services and network on an as-needed basis.

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### **Principles for Responsible Investment (PRI)**

PRI was founded on the initiative of former UN General Secretary Kofi Annan under the auspices of UNEP FI (United Nations Environmental Programme Finance Initiative) and the UN Global Compact with cooperation from numerous institutional investors, investment companies, and providers of professional investment services. It was officially adopted in April 2006. PRI's work is based on the premise that ESG (Environmental, Social, Corporate Governance) issues can influence the return generated by an investment portfolio (to varying degrees depending on the company, sector, region, asset class, and various investment horizons).

### **Programme for the Endorsement of Forest Certification Schemes (PEFC)**

PEFC is a certification system for the sustainable management of forests that defines minimum requirements and standards that must be met at the national or regional levels by certified forestry, processing, and commercial businesses in this field. Wood and wood products that fulfill PEFC requirements can be labeled with the PEFC seal.

### **■ R**

#### **Reputational risks**

Reputational risks are all risks that could contribute to harming the reputation of a company. These include, for example, poor treatment of the workforce, environmental transgressions coming to light, and fraud or corruption cases involving management. Reputational risks adversely affect a company through actions and reactions of stakeholder groups and, as a result, lead to financial losses. As a rule, reputational risks are addressed by risk management, which is tasked with defining, identifying, measuring, and managing risks, including reputational risks, in a systematic process.

### **Rules of Conduct of the Deutscher Werberat (German Advertising Council)**

The Rules of Conduct of the German Advertising Council are voluntary rules of conduct that aim to support honest and fair competition in areas particularly relevant to society. These include guidelines for advertising involving children or political figures, advertisements featuring alcoholic beverages, and

rules concerning defamation and discrimination. The German Advertising Council was founded by ZAW (Zentralverband der deutschen Werbewirtschaft e.V.), the central organization for the German advertising industry, in 1972 as a voluntary control board. The Council works to reconcile conflicts between members of the general public bringing complaints and the companies issuing the ads.

### **■ S**

#### **Screening (positive and negative)**

Screening is a systematic testing process that is used to identify certain characteristics of the subjects being reviewed. In terms of sustainability, screening is used in structuring sustainable funds in particular. A distinction is generally drawn between positive and negative screening processes. In positive screening, attributes are defined that the subject of the review must fulfill in order to be selected. In contrast, negative screening involves formulating exclusion criteria and specific attributes, industries, or business practices that result in exclusion from the beginning of the process.

#### **Socially responsible investment (SRI)**

Socially responsible investment (SRI) describes a particular form of investment that aims to promote corporate responsibility. Investors following SRI principles take into account the effects of their investment decisions on the environment and society, instead of just looking at the financial aspects. In this way, companies are incentivized to consider sustainability issues, such as environmental protection, product responsibility, and human rights, as part of their business activities. Some SRI investors also categorically exclude investments in certain business segments, including alcohol, tobacco, gambling, weapons or the defense industry, and abortion.

#### **Sustainalytics**

Sustainalytics was established in 2008 in a merger between three European sustainability rating firms (including scoris GmbH). Thanks to the merger with Jantzi Research Inc., Sustainalytics now also operates in North America.

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## ■ U

### **United Nations Environment Programme (UNEP)**

The United Nations Environment Programme, which was established in 1972, is headquartered in Nairobi and initiates projects around the globe aimed at environmental protection and sustainable development. The Programme's mission is to be the "voice of the environment" at the United Nations.

### **United Nations Environment Programme Finance Initiative (UNEP FI)**

UNEP FI is a global public-private partnership between UNEP (see entry) and numerous financial institutions all over the world. UNEP FI aims to integrate environmental and sustainability issues into all levels of companies in the financial sector. By signing a UNEP FI statement, a financial services company commits to the mission of sustainable development as a vital corporate responsibility and integral part of its responsibility to society. Moreover, companies also agree to other requirements, such as updating the methods they use regularly in order to adequately address relevant developments in environmental management.

## ■ V

### **Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V. (VfU- Association for Environmental Management and Sustainability in Financial Institutions)**

Founded in 1994, the VfU's goal is to offer financial services providers who take responsibility for sustainable, environmentally appropriate development a professional forum for discussing and exchanging information concerning these issues and to develop new strategies and suitable tools for the practical implementation of sustainable development requirements. The VfU organizes issue-specific expert roundtables and is the only European association specializing in environmental management and sustainability in financial institutions.

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