

# Sustainability 2009

Integration and Efficiency



# About the Report

The present report is designed to demonstrate to WestLB's stakeholders to what extent the bank was able to gear its business activity to sustainability criteria in 2007/2008. The report complements the respective information in the latest Annual Report. Information on our sustainability performance in 2007 was also provided in the "Status 2008" report, which was published on August 31, 2008. The present report therefore focuses on the year 2008.

Unless stated otherwise, all information and data refer to the corporate structure in place during the reporting period. To give the reader an idea of what is currently happening at WestLB, the company profile also reflects the latest changes in the positioning of WestLB. These changes are due, among other things, to the restructuring plan agreed with the European Commission.

One focus of our sustainability report is on our core business, especially project finance, which has the greatest influence on sustainability. At the same time, this is in compliance with our annual reporting obligation under the Equator Principles (EP). The final data section, which contains economic, social and environmental key performance indicators, shows the progress we have made at an operational level. To determine the environmental figures for 2008, all buildings owned by WestLB in Deutschland as well as Akademie Schloss Kriekenbeck were included in the calculation. Most of the international representative offices of the WestLB Group were also taken into account. The values shown in the data section cover 90.5 percent of the jobs in Germany and 93.4 percent of the Group's total jobs. This means that we complied with the standard of the "Verein für Umweltmanagement in Banken, Sparkassen und Versicherungen e. V. (VfU)" in all cases.

We report in accordance with the international guidelines of the Global Reporting Initiative (GRI) including the Financial Services Sector Supplement. The report is complemented by a GRI balance sheet, which is published on the Internet ([www.westlb.com](http://www.westlb.com) > Corporate Responsibility > Sustainability). Information on the progress made in implementing the principles of the Global Compact is also available on the Internet. The present Sustainability Report is a translation of the original German report as of August 31, 2009.

For more information on WestLB, please refer to the latest Annual Report, which is the first to provide a summary of key sustainability aspects of the WestLB Group.

# Contents

Foreword	2
Company Profile	3
Sustainability in the Core Business	6
Financial Key Performance Indicators	12
Social Key Performance Indicators	13
Environmental Key Performance Indicators	15
Our Sustainability Programme	16
Progress Report Under the Global Compact	18
Contact and Editorial Information	19

# Foreword

Dear Reader,

The global financial crisis continues to present the banking sector with major challenges. Like many other banks, WestLB has adopted a policy of efficiency improvements and sustainable risk reduction. Our performance in the first half of 2009 shows that WestLB is profitable in its core business segments and that the restructuring effort is beginning to bear fruit. However, being ready for the future means not only operating profitably but also integrating sustainability aspects into our core business – and doing so permanently and with determination. We remain committed to this goal even in these difficult times.

As an international financial service provider and one of the world's top ten project financiers, we believe that the lending business provides important opportunities to support sustainable development on a global scale. Adopted in autumn 2007, our Policy for Environmental and Social Issues underlines our pioneering role in aspects of modern sustainability management and responsible lending. In the meantime, this policy has been integrated into the bank's processes. The significant increase in the number of inquiries for advice submitted to the Sustainability Management Department during the reporting period shows that we have been successful in raising our employees' awareness of environmental and social issues in day-to-day business. Besides the avoidance of environmental and social risks, we consider the financing of forward-looking technologies and projects to be a key element of successful and sustainable business practice. We will therefore continue to finance economically viable projects in the renewable energy sector. This way, we will help reach the climate targets of the European Union and the United Nations and go beyond what our own environmental management efforts can achieve. We will also remain committed to develop and market sustainable capital investment products.

On the following pages, we will inform you about the different aspects of our sustainability management approach and about our activities to implement the Equator Principles and promote the ten principles of the United Nations Global Compact. As we attach great importance to transparency and comparability, we complement this report with a detailed balance sheet in accordance with the guidelines of the Global Reporting Initiative (GRI).

We hope that you find our report interesting and look forward to your suggestions and criticism.



**Dietrich Voigtländer**  
Chairman of the Managing Board of WestLB AG

# Company Profile

WestLB AG is a European commercial bank with firm roots in North Rhine-Westphalia, Germany's largest federal state. Total assets of the WestLB Group amounted to EUR 288.1 billion in 2008 and to EUR 254.5 billion in the first half of 2009. Headquartered in Düsseldorf, WestLB AG is owned by the two North Rhine-Westphalian savings bank associations, NRW.BANK, the State of North Rhine-Westphalia and the two regional associations of the Rhineland and of Westphalia-Lippe.

## Regional Roots, International Activity

The bank has a presence in all relevant economic regions of the world. Together with the 120 savings banks in North Rhine-Westphalia and in Brandenburg, WestLB offers all clients the full range of a universal bank with a special focus on lending, special finance, capital markets, private equity products, asset management, transaction services and property finance. 3,200 branches mean that our partner savings banks operate the largest branch network in Germany, giving us excellent access to customers through the "Sparkassen-Finanzverbund NRW".

As an international commercial bank, we also have a presence in the leading financial centres of the world. Our international activities focus on Europe. As a financial partner to large corporations and medium-sized companies, to institutional and public-sector clients, we also serve our customers outside Europe. Our international branches and representative offices provide competent support.

## Strengthening the Client Business

The financial crisis is forcing many banks to review and streamline their business models. WestLB has repositioned itself with the aim of expanding its client business, reducing the volatility of profits and improving the risk profile in the long term. Moreover, the bank has been quicker than others in establishing a shield against the main risks resulting from the financial market crisis. In March 2008, risk assets in an amount of approx. EUR 23 billion were transferred to an independent special purpose vehicle (SPV). This SPV is protected by a guarantee from the owners.

## Profit Before Income Tax by Segments 2007 and 2008

	2007	2008
Verbund & Real Estate	€ -26 m	€ -1 m
Corporates & Structured Finance	€ 241 m	€ -830 m
Capital Markets	€ -1.508 m	€ -26 m
Transaction Banking	€ 1 m	€ 5 m
Corporate Center	€ 0 m	€ 0 m
Other	€ -206 m	€ 878 m*
<b>WestLB Group total</b>	<b>€ -1,498 m</b>	<b>€ 26 m</b>

\* This is primarily attributable to income of EUR 962 million in conjunction with the risk shield.

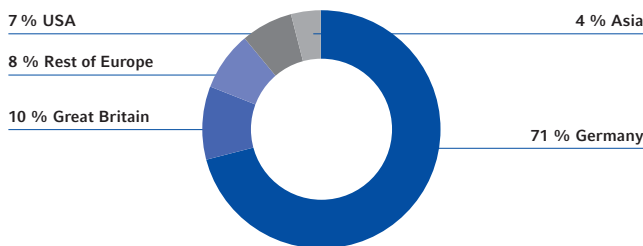
The final approval of the guarantee by the European Commission in May 2009 has given the bank the planning and legal certainty it needs. The decision is based on an extended restructuring plan agreed with the Commission. Going forward, WestLB will focus on three segments, namely Verbund/Mid-Caps, Transaction Banking and Capital Markets/Corporates/Structured Finance. Non-strategic activities will be eliminated and total as well as risk-weighted assets will be reduced by 50 percent by March 31, 2011. The decision also includes a change in the majority shareholding by way of a non-discriminatory bidding process by the end of 2011.

### Progress in Restructuring the Bank

We are implementing the restructuring plan in close coordination with the Supervisory Board and the employee representatives. In the context of the plan approved by the European Commission, we will withdraw from numerous investments and locations. This will go hand in hand with a marked headcount reduction, which will be implemented in a socially compatible manner. Our headcount is to be reduced by at least 1,350 by the end of 2010, based on 6,147 full-time employees as at December 31, 2007. As of June 30, 2009, WestLB had 5,208 full-time employees, compared to 5,663 in December 2008.

We will continue to invest in training our employees in order to be well positioned for the future and master the challenges that lie ahead.

#### WESTLB AG EMPLOYEES BY REGIONS 2008



Total: 5,957 employees (permanent employees as of Dec. 31, 2008), which represents 5,663 full-time employees; 95.2 percent of them worked in OECD countries.

# 21 billion

Despite the dramatic general situation, in 2008 WestLB acquired new lending business of EUR 21 billion in its core markets.

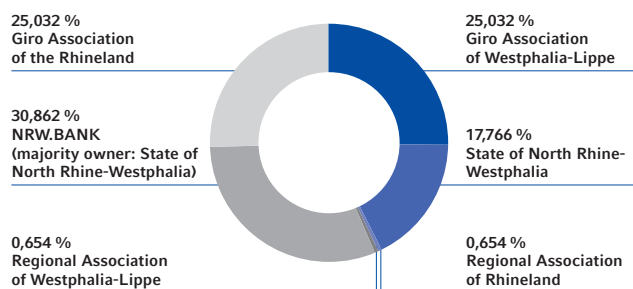


## Incorporating Sustainability into the Core Business

Given that the financial crisis has underlined the need for responsible and transparent corporate governance, we feel challenged to attach even more importance to this aspect going forward. At the same time, it vindicates our past efforts to incorporate transparency and sustainability into our core business and integrate them into key processes. In doing so, we follow national and international standards, especially

- the German Corporate Governance Code,
- the United Nations Global Compact for compliance with social, environmental and legal requirements,
- the Equator Principles for consideration of environmental and social aspects in project finance and
- the Sustainability Reporting Guidelines of the Global Reporting Initiative.

## SHAREHOLDERS OF WESTLB AG



### Memberships and Initiatives

The Association of German Public Sector Banks	■ <a href="http://www.voeb.de">www.voeb.de</a>
German Savings Banks Association	■ <a href="http://www.dsgv.de">www.dsgv.de</a>
European Sustainable Investment Forum	■ <a href="http://www.eurosif.org">www.eurosif.org</a>
Equator Principle	■ <a href="http://www.equator-principles.com">www.equator-principles.com</a>
Carbon Disclosure Project	■ <a href="http://www.cdproject.net">www.cdproject.net</a>
UNEP Finance Initiative	■ <a href="http://www.unepfi.org">www.unepfi.org</a>
Forum Nachhaltige Geldanlagen	■ <a href="http://www.forum-ng.de">www.forum-ng.de</a>
United Nations Global Compact	■ <a href="http://www.globalcompact.org">www.globalcompact.org</a>
Verein für Umweltmanagement in Banken, Sparkassen und Versicherungen	■ <a href="http://www.vfu.de">www.vfu.de</a>
International Institute for Management Development, Forum for Corporate Sustainability Management	■ <a href="http://www.imd.ch">www.imd.ch</a>

# Sustainability in the Core Business

In spite of the financial crisis and limited resources, WestLB remains committed to its high environmental and social standards. We will continue to incorporate sustainability principles into our business process and want our core business activities to contribute to sustainable development.

## Our Sustainability Management Approach

We believe that integrated sustainability management means combining sustainability and business as effectively as possible – in terms of both contents and organisation. WestLB’s Sustainability Management Department reports to the Chairman of the Managing Board and is closely involved in environmentally and socially relevant business decisions. This allows the project finance specialists, account managers, risk managers and sustainability managers of the bank to identify potential risks from new projects at an early state and develop proposals for improvement. Where the Sustainability Management Department classifies a project as inconsistent with WestLB’s own sustainability principles, the bank either gives up the project altogether or takes mitigating measures.

In 2009, our Business Advisory Board, which advises the Managing Board, was joined by two high-profile sustainability experts: Prof. Dr. Ulrich Steger, former holder of the Chair for Environmental Management at the International Institute for Management Development

(IMD) in Lausanne (Switzerland), and Prof. Dr. Rita Süßmuth, former President of the German parliament. This way, we ensure that sustainability and business are combined also at a strategic management level.

## The WestLB Policy for Environmental and Social Issues

The WestLB Policy for Environmental and Social Issues adopted in 2007 is an important element of our sustainability management approach. Besides our business units, numerous German and international environmental and development organisations as well as other stakeholders have been closely involved in the drafting and implementation of this policy.

The policy defines WestLB’s social commitment and its responsibility for environmental protection and social issues. It contains principles for specific issues and sectors that are based on internationally accepted environmental and social standards. The bank is committed to complying with the policy, which is applicable to all business units of WestLB and all transactions with domestic or international clients, in the context of its business activities. It is included in the bank’s manuals and has been incorporated into our basic training and several specialist training courses. In addition, comprehensive electronic information materials are available to all employees. The policy is also posted on WestLB’s website.

## Sustainability Aspects in WestLB’s Core Business

	Structured Finance	Debt and Equity Markets	Corporate & Structured Finance Products	Corporates & Verbund
Products (examples)	Financing of complex infrastructure projects in Germany and abroad	Capital investment products for institutional and private investors	Capital market products and services for enterprises and investors	Corporate lending
Implementation of sustainability (examples)	Social and environmental standards in the assessment and financing of projects (Equator Principles)	Sustainable investments, certificates, integrated ESG financial analysis and corresponding equities business	Capital issues, mergers and acquisitions as well as IPOs in the fields of renewable energies and energy efficiency	Social and environmental standards for large loans, expansion of business with medium-sized companies in the field of environmental technology



### Communication with Stakeholders

Knowing the needs and requirements of our stakeholders and incorporating them into our business strategy is a key element of sustainable operation. Established in 2005, the “WestLB Dialogforum Nachhaltigkeit” (Sustainability Dialogue Forum) provides important stakeholders with a regular platform where they can express criticism regarding the sustainability of our operations, make suggestions and discuss solutions. The members of the Forum, which was last held in June 2009, include representatives of BankTrack, Germanwatch, Urgewald, Südwind Institute, Wuppertal Institute and the WWF. We also communicate regularly with our stakeholders at conferences and bilateral meetings.

### Implementation of the Policy in the Lending Process

To facilitate the systematic implementation of our Policy for Environmental and Social Issues, we have developed a four-step approach, which allows environmental and social aspects in the lending process to be addressed from the very beginning (see chart on the right). This approach has been developed in cooperation with the business units. The policy has also been integrated into the bank’s overall risk strategy.

Implementation of the policy focuses on products and processes in the Capital Markets/Corporates/Structured Finance segment, where we see our greatest responsibility to minimise social and environmental risks and to make an active contribution to sustainable development (see chart on the left).

### OPTIMISED LENDING DECISION PROCESS AT WESTLB

<b>Step 1</b>	<b>Customer meetings</b>
Action:	Draw customer attention to the Equator Principles (EP) and the WestLB Policy for Environmental and Social Issues. Identify any environmental and social risks and sensitise the customer to these risks.
Units:	Front-office units
<b>Step 2</b>	<b>Initial deal assessment</b>
Action:	Assessment of the project prospects in the NDC, taking into account environmental and social aspects
Units:	Front-office units, Credit Risk Management, Legal Department, Sustainability Management
<b>Step 3</b>	<b>Lending process, incl. EP process (cf. page 18 of 2007 Sustainability Report)</b>
Action:	Environmental and social due diligence in accordance with the WestLB Policy for Environmental and Social Issues as well as EP
Units:	Credit Risk Management, Sustainability Management, Reputational Risk Management, Legal Department
<b>Step 4</b>	<b>Credit file</b>
Action:	Documentation of management requirements in the credit documentation, regular reviews, auditing of the processes
Units:	Credit Risk Management, Audit, Environmental Management Officers

The regularly scheduled meetings of the New Deal Committees, which discuss and review new projects in close cooperation with the Sustainability Management Department, play a key role in the consideration of sustainability aspects in the project financing process of our bank as well as in other large exposures and pre-export financing. All reviews are risk-oriented – while transactions in countries with high environmental and social risks are reviewed very closely, the Equator Principles provide for simplified and faster processes for projects in high-income OECD countries.

Responsibility for compliance with the WestLB principles in the lending process rests with the front-office, e.g. with our account managers or sales staff. This is monitored regularly by our Credit Risk and Sustainability Management Departments and the Internal Audit Department.

Over **50%**

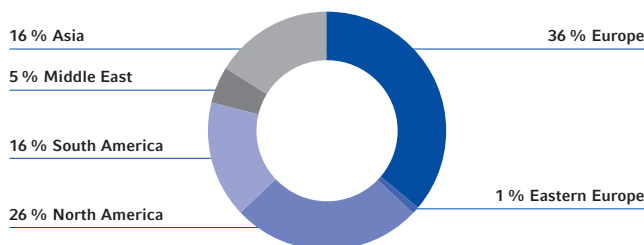
With 44 approved projects, the energy sector accounted for over half of all transactions in WestLB's project finance business in 2008.



## Sustainable Project Finance

The financing of large projects is an important business activity of WestLB and a key lever to support the objectives of sustainable development. As one of the world's top ten project financiers, we take our responsibility in project finance very seriously, also in the meaning of comprehensive risk management. The project assessment process is modelled on the Equator Principles and is supported by a special IT system. Pursuant to the Equator Principles, each project is classified into one of three risk categories, i.e. "high" (A), "medium" (B) and "low" (C). A total of 125 transactions were submitted to the Sustainability Management Department for review in 2007. Due to the difficult market environment, the number of transactions submitted for review declined to 76 in 2008. 55 of these were accepted without qualification, while conditions were defined for 21 projects to mitigate social or environmental risks. Projects that are especially problematic from a sustainability viewpoint are not pursued further at an early stage if necessary. In the reporting period, no transaction was rejected solely because of environmental or social risks. Such a decision would typically be based on a number of reasons.

### Equator Principles: 2008 Project Assessments by Regions





### Equator Principles

The Equator Principles (EP) are the internationally accepted benchmark for the financial industry to manage social and environmental issues in project financing. Developed by several commercial banks with support from the International Finance Corporation (IFC) in 2003, the principles were amended and revised in 2006. Being one of the initiators, WestLB has supported this voluntary commitment from the very beginning. We are part of the Steering Committee and of four working groups of the EP Initiative, where we help to constantly refine and develop the principles.

### Equator Principles: 2008 Project Assessments by Sectors

	Projects assessed	Accepted without conditions	Accepted subject to conditions
<b>Category A</b>	<b>16</b>	<b>7</b>	<b>9</b>
Metals and mining	2	0	2
Oil and gas	0	0	0
Power stations/energy generation	1	1	0
Energy plants/energy technology	4	2	2
Infrastructure	9	4	5
Hotels/resorts	0	0	0
Other	0	0	0
<b>Category B</b>	<b>36</b>	<b>29</b>	<b>7</b>
Metals and mining	0	0	0
Oil and gas	4	4	0
Power stations/energy generation	7	6	1
Energy plants/energy technology	15	10	5
Infrastructure	6	5	1
Hotels/resorts	2	2	0
Other	2	2	0
<b>Kategorie C</b>	<b>24</b>	<b>19</b>	<b>5</b>
Metals and mining	0	0	0
Oil and gas	0	0	0
Power stations/energy generation	1	1	0
Energy plants/energy technology	16	12	4
Infrastructure	3	3	0
Hotels/resorts	4	3	1
Other	0	0	0
<b>Total</b>	<b>76</b>	<b>55</b>	<b>21</b>

### Financing in the Energy Sector

In the energy sector, we finance conventional energy projects but, to a growing extent, also renewable energy projects. According to trade magazine "Project Finance", WestLB was the world's No. 10 clean energy financier in 2008. The readers of renowned trade magazines "Environmental Finance" and "Carbon Finance" voted us the "Best Finance House – Renewable Energy 2008".

Apart from photovoltaics, solar thermal power plants, wind energy and geothermal energy, WestLB also supports projects for the generation of bioenergy. In this context, it is very important to avoid any competition with the production of food. This is why agricultural fuels of the second generation should be supported, where the whole crop or organic waste from other processes are used. WestLB examines transactions in the bioenergy sector very closely. We ask producers, suppliers or offtakers what standards they apply in the production process. These projects are also reviewed on the basis of the Equator Principles. So far, however, no reliable, detailed sustainability standard has been established for the special challenges of bioenergy. We are currently working with leading representatives of German and international environmental and development organisations to draw up a list of criteria to ensure that all important aspects are



### Clearly Defined Climate Protection Targets

WestLB supports the United National Framework Convention on Climate Change and the EU target to limit the global temperature rise to <math><2\text{ }^{\circ}\text{C}</math> as compared to pre-industrial times. We feel that the best way for a bank to contribute to meet this target is to promote climate protection in our core business and therefore intend to expand our exposures in the renewable energy sector. We are also intensively discussing the potential of CCS technologies (CCS: carbon capture and storage) in coal-fired plants. In the context of our Climate Policy, we will set climate targets and regularly report on the progress made.

appropriately taken into account in the approval process for the financing of bioenergy projects.

### Sustainability in the Capital Markets Business

We also want to promote sustainability in the capital market through our products and services, e.g. through a structured product investing in greenhouse gas certificates from climate protection projects or our ESG Sustainability Share Certificate (ESG: Environmental, Social and Governance).

Building on such innovative products, WestLB has successfully positioned itself in the market. Our KS-PLUS Certificate, for instance, showed the best performance of all sustainable basket/themed/strategy certificates in 2008.

Apart from the investments in sustainability certificates of WestLB AG, the volumes of sustainable investments managed by the WestLB Group's asset managers (WestLB

Mellon Asset Management and Banque d'Orsay) currently amount to EUR 83 million. During the reporting period we developed appropriate strategies for sustainable investments in the market segment for structured investment products. A focus is the systematic integration of ESG criteria into our equity markets business. This enables an integrated corporate analysis of social, environmental and economic factors. Trade magazine World Finance honoured WestLB's special expertise as an ESG broker with the "Best ESG Research House Germany 2009" award".

WestLB's Research unit also publishes analyses on general sustainability issues and sector studies, which we offer our clients in the form of ESG brokerage services. In addition, we provide information on sustainability aspects at roadshows, investor events and in one-on-one meetings between companies and investors. This special expertise is very much in demand by our clients, at international conferences and from relevant bodies.

### Sustainability Incentives in the Compensation System

WestLB is currently reviewing possibilities for incorporating sustainability in the goals agreed for employees from the year 2010 in order to assess and reward their respective contributions appropriately. Agreed goals have a direct influence on the amount of compensation received by individual employees. This provides the opportunity to set clear financial incentives for consistent implementation of a sustainable business model.

### Responsible Procurement and Travel Management

Our responsibility also extends to travel management and procurement. We will continue to reduce business travel, make greater use of video conferences and take carbon dioxide emissions into account when buying new company motor vehicles. Moreover, we will steadily increase the percentage of renewable energies.

The sustainability criteria of our Green Procurement Initiative are also incorporated in our contracts with suppliers and in the objectives agreed in the context of our supplier development activities. These criteria include clearly defined requirements regarding fair working conditions, the prohibition of child labour and corruption and the obligation to act in an environmentally friendly manner. Our sustainable procurement standards and objectives have been laid down in our Procurement Manual.

### Certified Environmental Management

Since 2007, the environmental management system of WestLB in Germany has been certified to the international ISO 14001 standard. It covers the three largest bank buildings in Düsseldorf as well as the location in Frankfurt am Main and the conference hotel, Schloss Krickenbeck. Apart from energy savings in the banking operations, the use of particularly environmentally and socially compatible food in our canteens and the activities for staff involvement, the environmental auditors primarily praised our approaches to managing product ecology. To maintain this high level and constantly improve it, we subject ourselves to annual monitoring audits. External recertification is scheduled for 2010. In view of the current restructuring of the bank, the planned certification of our international locations has been suspended, however.

# 9%

At our global locations we succeeded in reducing in-house CO<sub>2</sub> emissions to 55,822 tonnes in 2008, 9% lower than in the previous year.



# Financial Key Performance Indicators

**Balance sheet total and results:** WestLB closed the year 2008 with a Group result of EUR 18 million. The earnings position was clearly influenced by the effects of the risk shield, the successful improvement of net interest income and significant cost savings. Portfolios that were especially affected by the financial crisis have been hived off to a special purpose vehicle, leading to a transfer gain of EUR 962 million, of which EUR 763 million is included in the net trading result, EUR 88 million in credit risk provisions and EUR 111 million in the result from financial investments.

In the first half of 2009, WestLB generated a profit before income tax of EUR 302 million, which is primarily attributable to a sharp increase in net interest income, which also reflects the growth of its business with clients. In addition, administrative expenses were reduced by about one quarter, resulting in an improved cost base. The restructuring measures initiated are clearly reflected in customer-driven revenues and on the cost side.

## Financial Key Performance Indicators at a Glance 2006 to 2008

	2006*	2007*	2008	01.01. - 30.06.2009
Total assets in € bn	285,3	287,4	288,1	254,5
Equity in € bn	6,8	4,5	3,8	4,1
Employees (full-time)	5.862	6.147	5.663	5.208
Net interest income in € m	1.012	1.109	1.216	889
Credit risk provisions in € m	202	-238	-479	-368
Net fee and commission income in € m	325	410	341	140
Net trading result in € m	561	-1.635	47	249
Result from financial investments in € m	551	291	-19	-2
Administrative expenses in € m	1.830	1.576	1.341	573
thereof personnel expenses in € m	1.031	823	635	287
Profit before income tax in € m	1.006	-1.498	26	302
Income tax in € m	-207	-99	-8	-78
Group result in € m	799	-1.597	18	224

\*Adjusted figures (International Accounting Standard IAS 8)

# Social Key Performance Indicators

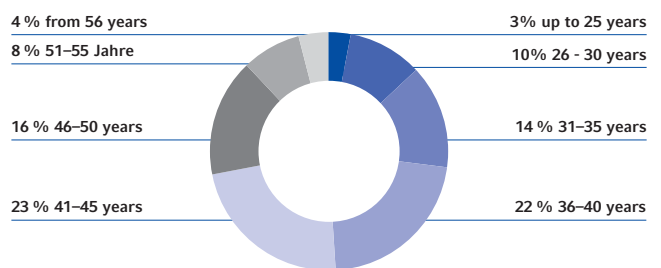
**Employment:** As part of the strategic repositioning, the Group's headcount is to be reduced by at least 1,350 people. Compared to the previous year, the headcount declined by about 8 percent; as of December 31, 2008, the WestLB Group employed 5,957 people – which is equivalent to 5,663 full-time employees. 95.2 percent of them worked in OECD countries. By June 30, 2009, the headcount had declined to 5,208 full-time employees.

As in the past, the future staff reductions will be implemented in a socially compatible manner. For this purpose, the Managing Board and the Staff Council signed a compensation of interest and a social plan in the fourth quarter of 2008. For the first time, the bank offers those employees that will be dismissed comprehensive support in the form of outplacement advice. The conditions are fair and in line with market practice, and the bank is therefore confident to achieve the staff reduction targets. As of December 31, 2008, 52 percent of the staff reductions had been contractually agreed or realised.

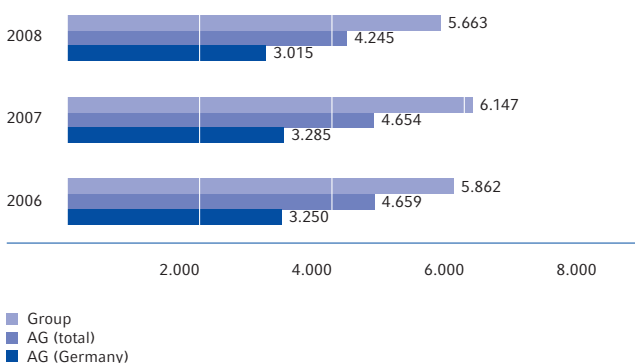
**Job tenure and employee turnover:** Global employee turnover in the WestLB Group amounted to 8.4 percent in 2008; at 6.4 percent, employee turnover in Germany was much lower. This is the result of the socially compatible headcount reduction.

In 2008, the average job tenure for the WestLB Group as a whole was eleven years, compared to twelve years in Germany and seven years abroad.

## Age Structure of the Workforce of the WestLB Group 2008

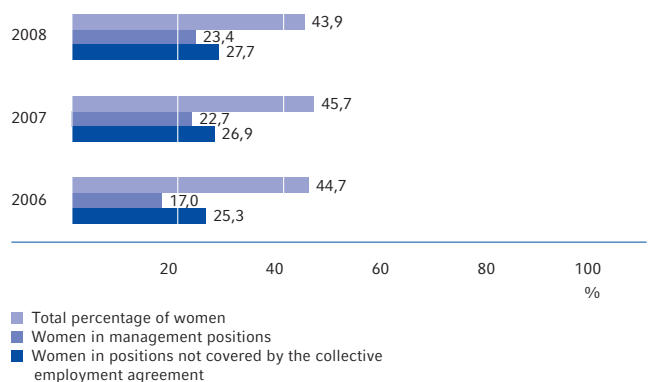


## WestLB AG Headcount 2006 to 2008 (Full-time Employees)



**Female promotion:** Thanks to a variety of measures aimed at improving equal opportunities, the percentage of women in management positions has increased steadily over the past years – from 17 percent in 2006 to over 23 percent in the reporting period. The ratio of women in qualified specialist positions not covered by the collective employment agreement has shown a positive trend, too.

## Percentage of Women WestLB AG Germany 2006 to 2008



**Vocational training:** In the context of the headcount reduction, WestLB AG in Germany also reduced the number of apprenticeships and traineeships. In 2008, apprentices and trainees accounted for 2.2 percent of the total headcount, compared to 2.9 percent in the previous year and 3.8 percent in 2006. 29 young people started vocational training at WestLB in 2009 (2007: 37), while 29 successfully completed their training in the same year (2007: 21). We were again able to offer all interested apprentices and trainees a permanent employment contract.

#### Further Training WestLB AG Germany 2006 to 2008

	2006	2007	2008
Percentage of employees eligible for further training	100 %	100 %	100 %
Percentage of employees using further training opportunities	40 %	66 %	67 %
Average number of training days per participant	2,3	1,9	2,4
Average number of training days per employee	1,0	1,3	1,6

In spite of considerable cost pressure and the necessary headcount reduction measures, we continue to attach importance to high staff qualification. This is reflected in an increase in the time spent in further education.

## For the 5<sup>th</sup> time

In 2009, WestLB was voted one of Germany's "top employers" by the Corporate Research Foundation (CRF) for the 5<sup>th</sup> consecutive time.

#### Working Hours and Basic Social Insurance WestLB AG total 2006 to 2008

Percentage of employees	2006	2007	2008
with 25 vacation days and more	89 %	88 %	88 %
with 30 vacation days and more	71 %	72 %	73 %
with less than 40 working hours/week*	97 %	97 %	97 %
with up to 48 working hours/week *	100 %	100 %	100 %
benefiting from full freedom of association	100 %	100 %	100 %
represented by staff council members	71 %	72 %	73 %
covered by company/state pension scheme	94 %	94 %	94 %
covered by company/state health insurance	97 %	97 %	97 %

\* excl. employees not covered by a collective employment agreement

**Working standards:** Employees of WestLB AG (75 percent of the Group's total headcount) benefit from high social standards throughout the world. The company complies with the standards of the International Labor Organization (ILO) for 100 percent of its workforce (maternity protection, workers' freedom of association, weekly working hours, paid leave). Moreover, more than 90 percent of our employees are covered by a pension scheme as well as a company or state health insurance scheme.

**Accidents:** In 2008, WestLB AG employees based in Germany incurred 15 work accidents and 33 accidents on the way to work. This represents a strong decline compared to the previous year.



# Environmental Key Performance Indicators

**Data collection:** Since 2006, WestLB has collected data for its environmental key performance indicators not only at the locations of WestLB AG Germany and Akademie Schloss Krickenbeck but also at its international representative offices. External staff working in WestLB's buildings were included in the calculation of the environmental data, whereas employees who work from home or are on parental leave were not included. The sharp decline in the headcount had a strong impact on absolute environmental figures but an even stronger impact on the specific figures.

2006: WestLB AG Deutschland:	4.382 people
WestLB AG International:	2.013 people
2007: WestLB AG Deutschland:	4.458 people
WestLB AG International:	2.143 people
2008: WestLB AG Deutschland:	3.602 people
WestLB AG International:	1.884 people

**Energy consumption:** Absolute energy consumption of the WestLB Group stayed more or less at the previous year's level in 2008. While 110,906 megawatt hours (MWh) and 102,106 MWh were consumed in 2006 and 2007, respectively, consumption totalled 103,254 MWh in 2008. Energy consumption per employee increased by approx. 17 percent, however.

**CO<sub>2</sub> emissions:** The balance of CO<sub>2</sub> emissions covers energy supply, transport, paper production and the drinking water supply. Total emissions declined markedly from 67,137 tons (t) in 2006 to 55,822 t in 2008, which is attributable to lower energy consumption and the reduction in business travel. However, per-capita figures increased moderately at the same time. As in the previous years, carbon dioxide emissions of the international locations were higher than those of the German locations.

**Paper consumption:** The consumption of office paper and paper for advertising material of WestLB AG Germany again declined noticeably and now stands at 253 t (2007: 356 t, 2006: 374 t). This positive trend contrasts with the poorer percentage of recycled paper, which dropped by 11.4 percent to 63.6 percent.

**Waste volume:** The total waste volume declined by 4.2 percent from the previous year. Just under 21 percent of the total waste is used paper. Unfortunately, the share of residual waste increased by 5 percent in 2008. We expect our improved waste sorting scheme to reverse this trend.

## Environmental Key Performance Indicators at a Glance

	Unit	2006	2007	2008
<b>Area used</b>				
Net floor space (AG Germany)	m <sup>2</sup>	326.821	286.783	298.535
<b>Specific energy consumption</b>				
Electricity/employee (AG Germany)	MWh	9,8	8,5	9,2
Electricity/employee (AG International)	MWh	13,8	13,7	14,2
Heating energy/employee (AG Germany)	MWh	7,7	5,9	7,7
Heating energy/employee (AG International)	kWh	5,8	5,0	5,0
Total energy consumption (AG Germany)	MWh	17,5	14,4	16,9
Total energy consumption (AG international)	MWh	19,5	18,6	19,1
<b>Specific CO<sub>2</sub> emissions (CO<sub>2</sub> equivalents)</b>				
CO <sub>2</sub> emissions/employee (AG Germany)	t	8,0	7,4	8,1
CO <sub>2</sub> emissions/employee (AG total)	t	9,7	9,3	9,5
<b>Specific water consumption</b>				
Water consumption/employee (AG Germany)	l	186	158	161
Water consumption/employee (AG International)	l	83	106	138
<b>Specific paper consumption</b>				
Paper consumption/employee (AG Germany, excl. advertising materials)	kg	70,8	68,6	53,5
Paper consumption/employee (AG International, excl. advertising materials)	kg	82,5	63,4	55,4
<b>Specific waste volume</b>				
Waste volume/employee (AG Germany)	kg	511	489	521
Waste volume/employee (AG International)	kg	626	580	357

# Our Sustainability Programme

When we adopted our Sustainability Programme in 2007, we defined clear objectives to constantly improve our sustainability performance. The programme, which also includes the key objectives of WestLB's Environmental Programme, is an integral element for the management of the group-wide sustainability activities. During the reporting period we defined additional measures in those areas where we see further need for action.

Objective	Project	Deadline	Status
<b>Strategy</b>			
<b>Sustainability strategy</b> Development of specific sustainability strategies for all relevant business units	Joint development by the business units and Sustainability Management	12/2006	☉ Implemented in selected areas; Responsibility was delegated to the business units
	Development of the WestLB Policy for Environmental and Social Issues	12/2007	☉ WestLB Policy adopted in 2007
	Development of sector-specific and topic-specific concepts	12/2009	☒ New deadline: Development of a Climate Policy and a Bioenergy Policy by 06/2010
	Roll-out of the sustainability policy and development of management processes	06/2009	☉ Bank-wide implementation of the Policy
	Formalisation and standardisation of the ESG assessment processes for new business	12/2009	☒ New measure
	Formalisation and standardisation of the ESG assessment processes in the internal audit process	12/2009	☒ New measure
<b>Analysis of the environmental opportunities and risks of the product portfolio</b>	Reviewing options for a product-related sustainability management system (SMS)	03/2008	☉ It was decided not to introduce a product-related SMS for resource reasons
	Development and expansion of the SMS under environmental aspects	12/2008	Measure given up for resource reasons
	Integrating social and governance aspects in the SMS and Group-wide roll-out	07/2009	Measure given up for resource reasons
<b>Compliance</b> Implementation of uniform compliance standards in all business units	Alignment of compliance monitoring and money laundering prevention with new legal requirements	Ongoing	☉
	Expansion of training activities for employees	Ongoing	☉
	Increased incorporation of Compliance Guidelines in the supplier management activities	06/2010	☒ New measure; market research underway
<b>Core business</b> Consistent implementation of Equator Principles in specialised / project finance	Development of an IT based analysis tool for Equator Principles projects	08/2005	☉ Introduced 2006; expanded 2007; to be revised by 12/2010
	Group-wide introduction of an intranet tool	12/2005	Measure given up for resource reasons
	Improvement of implementation in own processes	Ongoing	☉ Implementation underway
	Training of all new employees	03/2006	☒ New deadline: 50% of new staff to be reached by 12/2009
	Development of a concept for the integration of NGO expertise in specialised/project finance	12/2008	Measure not implemented; involvement of NGOs is part of day-to-day business
	New concept for a refresher course on project finance	06/2008	Measure not implemented; given up for resource reasons
<b>Stakeholder dialogue</b>			
<b>Communication</b> Intensification of the dialogue with society	Answering inquiries; participation and lectures at events by WestLB employees	Ongoing	☉
	Systematic passing on of inquiries	03/2010	☒ New measure
<b>Strategy</b> Integrating stakeholder requirements into the sustainability strategy	Organisation of the "WestLB NGO-Dialogforum Nachhaltigkeit" (NGO Sustainability Dialogue Forum)	Ongoing	☉ Regular meetings
	Integration of the Sustainability Advisory Board into the Business Advisory Board	03/2009	☉ Regular meetings
<b>Representation of interests</b> Incorporate the WestLB position in the Performance Standards of the International Finance Corporation (IFC)	Development of a WestLB position and incorporation into the discussion with the IFC	Ongoing	☉ Continuous incorporation

☉ Objective reached in time ☒ Implementation postponed ☒ New measure

Objective	Project	Deadline	Status
<b>Employees</b>			
<b>Qualification</b> Employee qualification	Systematic identification and development of high-performers and effective successor planning	06/2010	☒ New measure; successful completion of pilot project, roll-out intended for other units
<b>Work-life balance</b> Position WestLB as a family-friendly employer	Re-auditing of "berufundfamilie"	11/2009	☒ New measure
<b>Equal opportunities</b> Increase the share of women in qualified specialist positions to 30 percent	Refinement of the Equal Opportunities Plan (EOP))	Ongoing	☒ As at 12/2008: 27.7 percent New EOP 2007/2010 under development
<b>Motivation</b> Group-wide employee satisfaction survey	Group-wide employee survey	12/2006	☒ Measure suspended due to the latest developments at the bank
<b>Framework concept for sustainable education</b> Target group-oriented sustainability education of all employees throughout the bank	Development of a comprehensive sustainability education concept	11/2007	Measure not implemented; given up for resource reasons
	Review all training performed by external service providers for sufficient consideration of the Policy for Environmental and Social Issues	12/2009	☒ New measure
	Expansion of environmental education and training to include international locations	12/2008	Measure given up for resource reasons
	Updating of training documents for all employees	09/2010	☒ New measure
	Evaluation of the educational concept and transfer to companies of the WestLB Group	11/2009	Measure given up for resource reasons
	Creation of an e-learning tool to train new employees in the environmental management system	12/2009	☒ New measure
<b>Environmental Protection</b>			
<b>Environmental management</b> Integration of international locations into WestLB's environmental management and controlling system	Certification to ISO 14001:2004 of the branches in London, New York, Tokyo and possibly Luxembourg	12/2008	☒ Measure suspended due to the latest developments at the bank
<b>Climate protection</b> CO <sub>2</sub> reduction through a reduction in power and gas consumption of at least 20% as compared to 2006	Technical measures, e.g. review of a new PC energy management approach and raising staff awareness	12/2009	Implementation underway
	Reduction in business travel through increased use of video conferences	12/2009	☒ New measure; project has started; key performance indicators to be surveyed from 2010
	Limiting of CO <sub>2</sub> emissions of company cars and increase of the fuel lump sum for cars with high fuel consumption	08/2009	☒ New measure; implementation underway since 02/2009
	Identifying weather- and climate-induced risk positions and profit opportunities in the banking business	Development of a Carbon Policy and adoption by the Managing Board	02/2009
20% power from renewable energy sources	Increase the percentage of renewable energies	12/2010	☒ New measure; market analysis underway
<b>Water protection</b> Reduction of water pollution	Ecological assessment of all cleaning agents used	12/2009	⊙ Corresponding criteria incorporated into the contracts with cleaning firms
<b>Waste</b> Reduction of the share of residual waste by 20% and improvement of recycling ratio	Integration of all key locations in Germany into the waste management concept	12/2008	☒ New deadline for implementation at continued locations: 12/2010
	Production of a waste brochure, better employee involvement	12/2008	⊙ Information material has been produced and distributed; project for apprentices/trainees has been completed
	Improvement of the waste separation concept and reorganisation of the disposal and recycling system	12/2009	⊙
Increase of the share of recycled paper	Employee workshop on recycled paper	12/2008	Measure not implemented; information made available on the Intranet

⊙ Objective reached in time ☒ Implementation postponed ☒ New measure

# Progress Report Under the Global Compact

WestLB supports the United Nations Global Compact with the aim of making a contribution to the worldwide implementation of its ten principles. The table below shows the WestLB guidelines, programmes and management systems ("systems") which support the ten principles of the Global Compact in the bank's sphere of influence. This list of examples is not conclusive.

Objective	Systems	Measures	Achievements
<b>Principle 1</b> Protection of human rights	Equator Principles (p. 8/9) WestLB Policy for Environmental and Social Issues (p. 6/7)	Ongoing development of the Equator Principles (p. 9))	Consistent implementation of our policy in the business units (p. 6-10)
<b>Principle 2</b> No abuse of human rights	Equator Principles (p. 8/9)  Policy for Environmental and Social Issues (p. 6/7); Procurement Management (p. 11)	Examination in project financings (p. 8/9)  Sustainability criteria in contracts with suppliers (p. 11)	Consistent implementation of our policy in the business units (p. 6-10)
<b>Principle 3</b> Uphold the freedom of association	See principle 2 Group staff councils	See principle 2	See principle 2 100 percent of the workforce enjoy unlimited full freedom of association
<b>Principle 4</b> Elimination of all forms of forced and compulsory labour	See principle 2	See principle 2	See principle 2
<b>Principle 5</b> Effective abolition of child labour	See principle 2	See principle 2	See principle 2
<b>Principle 6</b> Elimination of discrimination	Enterprise agreement "Fairness am Arbeitsplatz" (Fairness at Work)  "Anti-Bullying at Work" (UK) and "Non-Harassment-Policy" (USA) agreements	Ongoing development of the Equal Opportunities Plan (p. 17)	Continuous increase in the percentage of women in executive positions (p. 17)
<b>Principle 7</b> Precautionary approach to environmental challenges	See principle 2 Commitment to support the UN and EU climate targets (p. 10) Environmental management system to ISO 14001 (p. 11)	See principle 2 Training of employees and involvement of service providers (p. 17)	See principle 2 CO <sub>2</sub> -balance according to GHG Protocol (p. 15)
<b>Principle 8</b> Initiatives to promote greater environmental responsibility	Group sustainability programme (p. 16/17)	Limitation of CO <sub>2</sub> emissions of company cars (p. 11) Reduction of residual waste and improving the recycling ratio (p. 17)	Implemented since 02/2009 (S. 17) Improved waste sorting scheme has been implemented (p. 17)
<b>Principle 9</b> Development and diffusion of environmentally friendly technologies	Provision of appropriate financial services and products (p. 10/11)	Loans for renewable energies (p. 9/10)  Extra Financial Research (p. 10/11)	No. 10 in clean energy financing (p. 9)  Sustainability-oriented certificates and research products (p. 10/11)
<b>Principle 10</b> Measures to fight corruption	WestLB Compliance Guidelines	Increased staff training (p. 16)  Further incorporation of compliance standards into the supply chain (p. 16)	No known cases of corruption

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