

Sustainability.

Status 2010



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Foreword

Dear reader,

The ongoing crisis in the financial markets and the consequences of the subsequent recession in the world economy greatly influenced the banking sector in the past 18 months. WestLB faced the additional challenge of pushing ahead with the implementation of the measures dictated by the European Commission's decision of May 12, 2009.

A major step in consolidating the Bank was the transfer of risk assets and the spin-off of non-strategic assets to Erste Abwicklungsanstalt (established in December 2009), which we completed with effect from April 30, 2010. Thanks to these measures as well as a number of other restructuring initiatives, we managed to better shield WestLB against risks and to simplify processes with a view to operating in a more customer-oriented manner.

Going forward, WestLB will compete in the market with a balanced customer portfolio and product platforms. As in the previous years, we will continue to constantly refine our economically, socially and ecologically sustainable business model and adapt it to changing requirements:

- As the largest German project financier, we act responsibly and systematically take sustainability aspects into account when extending loans.
- We are updating our Policy for Environmental and Social Issues, which applies to all business units and every business activity.
- As a leading bank financing projects in the energy sector and against the background of the political, economic, media and social debate about energy supply security and climate protection, we have adopted a Policy for Business Activities related to Coal-Fired Power Generation. It will help to base financing decisions on specific ecological standards. These include, for instance, minimum standards regarding the efficiency of such plants as well as proposed options for the capture of CO₂.
- In the field of capital market products, we have expanded our range of ESG* products and services; in autumn 2010, we will publish WestLB's analysis of climate risks and opportunities for Germany's top 200 companies in cooperation with the Carbon Disclosure Project.

This report is designed to inform you about the various aspects of our sustainability management, the implementation of the Equator Principles as well as our commitment to the United Nations Global Compact. The report is complemented by a comprehensive balance sheet to GRI standards (Global Reporting Initiative), which is available on the Internet.

We look forward to your suggestions and your criticism.



Dietrich Voigtländer
Chief Executive Officer WestLB AG

* ESG criteria: Environment, Social, Governance

Company Profile

WestLB's activities focus on the following fields of expertise: "Verbundgeschäft" (joint business with the savings banks), Corporates & Structured Finance, Capital Markets and Transaction Banking. We were the first German bank to spin off non-strategic assets to a workout entity in accordance with the Financial Market Stabilisation Fund Act. As a result, the WestLB Group's total assets declined from EUR 288.1 billion in 2008 to EUR 242.3 billion in 2009.

Exploiting market potential together with the savings banks

The close alliance and cooperation ("Verbund") with the savings banks in North Rhine-Westphalia and Brandenburg is a stable element of WestLB's business activities. Our partners (a total of 119 savings banks with 2,800 branches) – serve some 11.5 million customers and represent the largest regional savings bank network in Germany. In 2009, WestLB generated gross earnings of EUR 225 million with Verbund customers.

Strengthening the business with corporates

We have a broadly diversified portfolio of just under 4,300 domestic and international corporate clients. We offer the German mid-market as well as global corporations a wide range of solutions in the areas of specialised finance, project finance, commodity and mining finance and structured acquisition finance, in which the Bank has long-standing experience. We are among the world's leading project financiers, with a focus on energy, infrastructure and commodities. WestLB ranks 5th in the power segment and 6th in the oil and gas segment.

Defending our leading positions in transaction banking

In 2009, we expanded our market position in transaction banking through a partnership with Master Card: We are the No. 1 provider within the Sparkassen-Finanzgruppe and German's No. 3. WestLB is also one of the leading EC cash processors. In 2009, the Bank processed a POS volume (transactions paid for by EC card) in an amount of roughly EUR 25 billion.

Adapting the Bank to changed structures

By completing the transfer of non-strategic assets in an amount of approx. EUR 80 billion with effect from April 30, 2010, the Bank reached an important restructuring target. The positive results of this transaction were also reflected in the Europe-wide bank stress test carried out in July 2010, which showed that WestLB's capital cover is robust enough to withstand a potential new crisis.

By spinning off the above portfolios, we also ensure that the reduction in total assets and risk-weighted assets by 50 percent each – as compared to December 31, 2007; except derivative market values – will be achieved. We have also been successful in streamlining the domestic and international branch network and selling shareholdings. The decision by the European Commission of May 12, 2009 also provides for a change of ownership in the context of a bidding procedure by the end of 2011.

Profit before income tax by segments 2008 and 2009

in EUR million	2008	2009
Verbund & Mittelstand	- 33	- 30
Corporates & Structured Finance	23	192
Capital Markets	- 146	370
Transaction Banking	44	- 2
Portfolio Exit Group – PEG/Unbundling	- 767	- 513
Corporate Center	0	0
Other	905	- 520
WestLB Group total	26	- 503

Results¹ of the Europe-wide stress test

YE 2009 Tier 1 capital:	EUR 5,148 million
YE 2009 Tier 1 capital ratio:	14.4 percent
Adverse scenario (2011):	8.9 percent
Complementary adverse scenario (2011):	7.1 percent

¹ Source: Deutsche Bundesbank

Sustainability in the Core Business

WestLB will stick to its policy of basing its business activities on high environmental and social standards also after the current restructuring process. The Bank lives up to its leading role in this field by paying equal attention to economic, ecological and social aspects in the development of new business segments, thus structuring its risks more effectively.

Firmly anchored sustainability management

In WestLB's opinion, the identification and management of environmental and social risks in the lending business make an important contribution to sustainable development. The Sustainability Management Department, which is part of the Group Development Business Unit, acts as a competence centre that is involved in all sustainability-related business decisions. In this capacity, it provides advice on fundamental questions and categorises project financings in accordance with the Equator Principles; these categorisations are a precondition for the approval of a loan. In addition, the Department pushes ahead the development and refinement of relevant business policies.

www.westlb.de > WestLB > Corporate Responsibility > Sustainability > Sustainability Management

Sustainability principles in all business units

In close cooperation with the individual Business Units and with input from German and international environment and development organisations as well as other stakeholders, WestLB has developed the "WestLB Policy for Environmental and Social Issues", which is binding for all new business of the Bank. Based on internationally accepted standards, the business principles are complemented by specific internal regulations. In addition, we develop supplementary regulations for individual business fields, business units or credit decision-making processes. In the context of credit decision-making processes, responsibility for compliance with the policies and the Equator Principles rests with the front-office. When it comes to implementation and review, Credit Risk Management and Sustainability Management are additionally involved.

As a signatory of the Carbon Disclosure Project, the United Nations Global Compact and as an active member of the Financial Institutions Initiative of the United Nations Environmental Programme (UNEP FI), we have also committed ourselves to complying with international environmental and social standards.

In 2009, front-office and back-office units – account managers and credit risk analysts – submitted 124 transactions to the Sustainability Management Department for review. The fact that the number of transactions declined by one third as compared to 2008 is not only attributable to the general financial market environment but also to the WestLB Policy for Environmental and Social Issues: This central Policy is applied directly in the front-office units, which means that relevant environmental and social aspects are addressed locally at an early stage.

Project finance based on sustainability aspects

With a view to successfully integrating sustainability aspects into the project finance business, we continue to refine the processes of the Equator Principles and use our presence on the Equator Principles Steering Committee to make sure that the underlying standards are improved, e.g. in a dialogue with the International Finance Corporation (IFC), a member of the World Bank Group, whose Performance Standards form the basis of the Equator Principles.



In 2009, 55 project financings were finally reviewed and categorised by Sustainability Management in accordance with the Equator Principles (also see www.equator-principles.com > WestLB AG), with another 24 project financings still being processed at the end of the year. The number of internal consultations of the Sustainability Management Department increased to 31 in 2009 (25 percent of all business transactions). The focus of these consultations was on reputational risks, specialised technical questions and stakeholder management.

In the field of project finance, WestLB focuses on the energy, infrastructure and commodity sectors. Compared to the year 2008, the number of "C projects" declined to eight. These are mostly smaller projects with potentially low environmental and social risks such as solar power plants in the EU. At the same time, the percentage of "A projects" increased to 36 percent (20 transactions).

On the one hand, the number of larger energy supply projects, e.g. LPG plants, or infrastructure projects is growing again; these projects usually entail higher environmental and social risks.

On the other hand, WestLB has learnt that it is good to make stricter assessments and categorisations with regard to these risks. WestLB's Sustainability Management Department imposed conditions for over 80 percent of all energy supply projects and for approx. 65 percent of all infrastructure and commodity projects; these must be taken into account when processing the transactions.

In 2009, one energy project loan was rejected by the Bank's Sustainability Management Department; for four other potential transactions early talks were held between the front-office and the Sustainability Management Department, which resulted in the transactions being abandoned in light of the risks involved.

Survey

	2007	2008	2009
Transactions involving advisory/ credit assessment services from Sustainability Management	213	188	124
Transactions abandoned	83	78	7
Project financings in accordance with Equator Principles	125	76	55
Project financing (Category A)	24	16	20
Project financing (Category B)	79	36	27
Project financing (Category C)	22	24	8
Other advisory services, incl. reputational risks	18	34	31

Project Finance by categories 2009

Sector	Category A	Category B	Category C	Total
Energy	6	14	8	28
Infrastructure	11	11	0	22
Commodities	3	2	0	5
in %	36	49	15	

Project Finance by regions 2009

Region	Category A	Category B	Category C
	Number/Percent	Number/Percent	Number/Percent
Europe	6/30	11/41	8/100
Eastern Europe	2/10	1/4	0/0
North America	2/10	5/19	0/0
South America	3/15	2/7	0/0
Asia/Pacific (APAC)	5/25	6/22	0/0
Middle East	2/10	2/7	0/0

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

A future-oriented financing partner in the field of energy/coal

WestLB is a leading bank for the financing of energy projects. The global energy sector is particularly capital-intensive and is undergoing a major change. The processes and methods used to generate electricity and heat as well as the energy infrastructure will change fundamentally in the coming years. In view of this situation and of the political, economic, media and social debate about energy supply security and climate protection, WestLB has adopted a "Policy for Business Activities related to Coal-Fired Power Generation" and defined minimum standards for financings in this field. These requirements include:

- a minimum efficiency of 43 percent;
- the physical space necessary to carry out carbon capture
- an economic analysis that takes CCS (Carbon Capture and Storage) scenarios into account.

Also, there must be no material reputational risks. These requirements must initially be met by financings in high-income countries, and as far as possible in other countries. The Policy will be reviewed at the beginning of 2011 and adjusted if necessary. This approach makes WestLB a global leader in the commercial banking sector. This way, we support our clients in the energy sector as a forward-looking financing partner and make a productive contribution to developing a sustainable and reliable energy supply.

Return-oriented and responsible capital market products

We also want our products and services to contribute to sustainability in the capital market. Regarding our structured investment product which invests in greenhouse gas certificates from climate protection projects, we defined high sustainability standards for the business purpose of the investment company and the investment criteria with a view to achieving the highest possible climate protection effects. Our ESG Sustainability Share Certificate is another example (ESG: Environmental, Social and Governance). The WestLB Open-End New Energy Active Certificate, which focuses on companies from the renewable energy sector gained 34 percent in 2009.



In the field of fixed income products, we also offer structured ESG bonds whose selection of the underlying companies is based on ESG criteria. Going forward, we intend to add equities and equity products meeting ESG criteria to our portfolio of sustainable investment products.

Early identification of reputational risks

The process for managing reputational risks is another example of the integration of sustainability aspects into the Bank's day-to-day work. All employees are obliged to report special reputational risks and potential reputational damage. The subsequent analysis involves all relevant departments in a clearly defined decision-making process; sustainability aspects play an important role here. In the context of this process, complementary measures or conditions are defined; this may even include the decision to abandon a transaction.

Environmental management to certified standards

We attach great importance to the sustainability of our internal processes. The Düsseldorf Head Office, the Frankfurt Branch and Akademie Schloss Krickenbeck have been certified to the international environmental management standard ISO 14001 since December 2007. The certificate confirms that WestLB is able to analyse the environmental impacts of the Bank and to initiate and implement appropriate improvement projects. Positive mention was made of the management of product ecology; external auditors confirmed that the Bank achieved significant progress in 2009 in spite of the difficult environment. Recertification is planned for 2010.

Identifying opportunities through transparency and dialogue

Transparency and information are important elements of sustainable corporate governance. Our report "Sustainability 2009. Integration and efficiency" was voted one of the best reports in the German financial services industry by the "future e.V." initiative and the German Institute for Ecological Economy Research (IÖW). Central aspects of our sustainability reporting such as GRI figures or statistics relating to the Equator Principles are published on our website at least once a year. In addition, we engage in an intensive dialogue for the ongoing refinement of sustainability management and our business activity. The "WestLB Dialogforum Nachhaltigkeit" (semi-annual Sustainability Dialogue Forum) gives representatives of the business units and the Sustainability Management Department as well as representatives of leading environmental, development and scientific organisations the opportunity to exchange views and opinions about corporate responsibility, business risks and opportunities in a process managed by an external moderator.

Recognition of sustainable operations

We were able to further strengthen our market position in the renewable energy segment. The readers of renowned trade magazines "Environmental Finance" and "Carbon Finance" voted us the "Best Finance House Renewable Energy North America 2009". Trade magazine World Finance rewarded our special sustainability expertise as an ESG broker in the capital market by awarding us the title "Best ESG Research House Germany 2009".

WestLB is particularly pleased that, in spite of their different rating approaches, several rating agencies have given the Bank positive ratings and recommended it as an investment for sustainability-oriented investors.

Munich-based rating agency oekom awarded WestLB "Prime" status in 2010, thus placing the Bank at the top of the league table of Germany's financial institutions. In the Financials/Public & Regional Banks sector, WestLB ranks 5th among a total of 29 banks. With a score of 61 and place 14, Frankfurt rating agency Sustainalytics ranked WestLB far above the average of the 78 banks surveyed. imug from Hannover also placed WestLB above the average and awarded the Bank a "Positive" rating.



Financial Key Performance Indicators

Total assets and results: The global financial and economic crisis reached its peak at the beginning of 2009. This development severely impacted the earnings performance of the entire banking sector including WestLB. While the operating business was moderately positive, the Bank faced high burdens from the stabilisation and resizing measures and the preparations for fulfilling the EU conditions.

Expenses for the SoFFin guarantees and restructuring expenditures additionally weighed on the result. They were primarily attributable to the outflow of resources in conjunction with the divestment of subsidiaries and to provisions for services for Erste Abwicklungsanstalt. At the bottom line, these factors led to a negative Group result of EUR 531 million, compared to a positive result of EUR 18 million in the previous year.

As a result of the spin-off of non-strategic assets and the transfer of the first sub-portfolio to Erste Abwicklungsanstalt, total assets declined by EUR 46 billion or 16 percent to EUR 242 billion in 2009, which means that WestLB is in compliance with the EU conditions regarding the reduction of total assets. Equity capital declined by a moderate EUR 0.1 billion to EUR 3.7 billion.

Financial key performance indicators at a glance

	2007*	2008	2009	Jan. 1, to June 30, 2010
Total assets in € bn	287.4	288.1	242.3	251.2
Equity in € bn	4.5	3.8	3.7	4.2
Employees (full-time)	6,147	5,663	4,971	4,780
Net interest income in € m	1,109	1,216	1,868	946
Credit risk provisions in € m	- 238	- 479	- 796	- 137
Net fee and commission income in € m	410	341	264	128
Net trading result in € m	- 1,635	47	- 71	- 334
Result from financial investments in € m	291	- 19	- 10	- 64
Administrative expenses in € m	1,576	1,341	1,192	549
thereof personnel expenses in € m	823	645	598	285
Profit before income tax in € m	- 1,498	26	- 503	114
Income tax in € m	- 99	- 8	- 28	- 47
Group result in € m	- 1,597	18	- 531	67

* Adjusted figures (International Accounting Standard IAS 8)

Social Key Performance Indicators

Employment: By the end of 2009, WestLB's headcount was reduced by 12 percent to 5,214 people or 4,971 full-time employees. This means that the Bank has already achieved 87 percent of the FTE reduction of roughly 1,350 targeted for the end of 2010.

This reduction was achieved by streamlining the branch network. The employees of the four German branches that were closed (Bielefeld, Dortmund, Cologne, Münster) were offered jobs in Düsseldorf. Outside Germany four representative offices (Houston, Johannesburg, Mexico, Beijing) were closed. Moreover, we sold two subsidiaries, Weberbank AG and WestLB Hungaria Bank ZRt, Budapest. The staff reductions planned by the end of 2010 will be implemented in a socially compatible manner and in close agreement with the staff council.

Job tenure, age structure and employee turnover: In 2009, the average job tenure at WestLB AG was eleven years, compared to 13 years in Germany and seven years abroad. 62 percent of our employees are aged between 36 and 50 years, while 24 percent are younger than 36 and 14 percent are older than 51. Employee turnover was 13.6 percent for the Group and 13.0 percent at WestLB in Germany; these high figures are not least a result of the necessary staff reductions.

Female promotion: In 2009, the percentage of women in qualified specialist positions was slightly lower than in the previous year and now stands at 27.4 percent. At just under 23 percent, the percentage of women in management positions has declined moderately, while the percentage of women not covered by the collective employment agreement decreased by a marginal 0.3 percent.

WestLB supports its employees in achieving a good work-life balance, e.g. with the help of flexible working hour and part-time schemes, child care advice and kindergarten places. As a result of this family-oriented corporate culture, the "berufundfamilie" audit certificate, which is awarded by an initiative of the charitable Hertie Foundation, was reconfirmed in the past fiscal year.

Vocational training: In spite of the staff reductions, the percentage of trainees/apprentices increased moderately from 2.2 to 2.4 percent. 75 percent of the trainees/apprentices were offered a permanent employment contract after completion of their vocational training. The percentage of employees taking advantage of further training initiatives was increased from 67 to 84 percent despite the cost pressure. Against the background of the current changes in the Bank, we not only offered specialist technical training but also promoted methodological and personal skills.

Working standards: The employees of WestLB AG (79 percent of the staff of the WestLB Group) enjoy high social standards. 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). 94 percent of the employees of WestLB AG (Germany and abroad) are covered by a pension scheme, while 97 percent are covered by a company or state health insurance scheme.

Accidents: 25 accidents on the way to work and eleven accidents at work were reported in 2009. The respective figures for the previous year were 33 and 15.

In 2010, the Corporate Research Foundation (CRF) awarded WestLB the title of "Top Employer" for the sixth consecutive time.

	2007	2008	2009
Employees			
FTEs Group	6,147	5,663	4,971
FTEs AG total	4,654	4,245	3,912
FTEs AG Germany	3,285	3,015	2,797
Trainees/apprentices (AG Germany in %)	2.9	2.2	2.4
Women (AG Germany in %)			
in all positions	45.7	43.9	45.5
in management positions	22.7	23.4	22.8
in positions not covered by the collective employment agreement	26.9	27.7	27.4
Working standards (AG total)			
Employees with 25 vacation days and more in %	88	89	89
Employees with 30 vacation days and more in %	72	73	73
Employees with regular working hours < 40 hours/week in % ¹	97	97	97
Employees with regular working hours < 48 hours/week in % ¹	100	100	100
Employees benefiting from full freedom of association in %	100	100	100
Employees represented by staff council members in %	72	73	72
Employees covered by company/state pension scheme in %	94	94	94
Employees covered by company/state health insurance %	97	97	97
Further education (AG Germany)			
Employees eligible for further training in %	100	100	100
Employees using further training opportunities in %	66	67	84
Average number of training days per participant	1.9	2.4	2.9
Average number of training days per employee	1.3	1.6	2.4

¹ excl. employees not covered by a collective employment agreement

Environmental Key Performance Indicators

Data collection: The environmental key performance indicators relate to the German locations in Düsseldorf, Dortmund, Frankfurt/Main and Cologne with nine buildings of WestLB AG Deutschland, Akademie Schloss Krickenbeck as well as 16 international locations. External staff working in WestLB's buildings were included in the calculation, whereas employees who work from home or are on parental leave were not included. The data thus covers 95.3 of all employees in Germany and 97.5 percent of the employees at the international locations. The staff reductions in the year under review had an impact on both absolute and specific environmental key performance indicators.

Energy consumption: In 2009, WestLB's absolute energy consumption dropped by 10 percent to roughly 90,000 megawatt hours (MWh). The decline in the per-capita consumption of heating energy at the German locations to 6.9 kilowatt hours (kWh) (2008: 7.6 kWh) is attributable to the energy-efficient refurbishment of the buildings.

CO₂ emissions: The reported CO₂ emissions cover energy supply, transport, paper production and the drinking water supply. At 48,118 tons (t), emissions remained below the 50,000 t mark for the first time in 2009. Compared to 2006, CO₂ emissions declined by 19.7 percent, which means that we almost reached our 20 percent target. Emissions per employee declined as well, not least due to the reduction in business travel (in Germany, the percentage of kilometres travelled by air dropped from 44 to 24 percent of the total kilometres travelled).

Paper consumption: The consumption of office paper and of paper for printed advertising materials of WestLB Deutschland AG increased markedly in 2009, namely from 180.9 t of office paper in 2008 to 211.4 t. Also, the recycled paper ratio deteriorated again from 63.6 to 43.7 percent. Going forward, we will therefore focus on increasing the ratio again. We have set a target of 75% for the year 2013.

Waste volume: The total waste volume again declined by approx. 10 percent last year, which shows that the new waste concept introduced in Germany is beginning to take effect. At 17 percent, the Group-wide target to achieve a 20 percent reduction in the residual waste volume by the year 2010 (as compared to 2007) was almost achieved.

Environmental key performance indicators

	Unit	2007	2008	2009
Area used				
Net floor space (AG Germany)	m ²	286,783	298,535	306,336
Specific energy consumption				
Electricity/employee (AG Germany)	MWh	8.5	9.2	8.2
Electricity/employee (AG International)	MWh	13.7	14.2	15.2
Heating energy/employee (AG Germany)	MWh	5.9	7.6	6.9
Heating energy/employee (AG International)	MWh	4.2*	4.9*	4.6
Total energy consumption (AG Germany)	MWh	14.4	16.9	15.2
Total energy consumption (AG International)	MWh	17.8	19.1	19.9
Business travel				
Business travel per employee (AG Germany)	km/empl.	8,220	8,423	8,887
Means of transport in % (Air/Rail/Car) (AG Germany)	%	50/9/41	44/10/46	24/8/68
Business travel per employee (AG International)	km/empl.	20,566	16,034	12,887
Means of transport in % (Air/Rail/Car) (AG International)	%	97/1/2	92/1/8	95/1/4
Specific CO₂ emissions (CO₂ equivalents)				
CO ₂ emissions/employee (AG Germany)	t	7.4	8.1	7.4
CO ₂ emissions/employee (AG International)	t	13.3	12.6	11.9
CO ₂ emissions/employee (AG total)	t	9.3	9.5	8.8
Specific water consumption				
Water consumption/employee (AG Germany)	l	158	161	139
Water consumption/employee (AG International)	l	106	138	102
Specific paper consumption (excl. advertising materials)				
Paper consumption/employee (AG Germany)	kg	68.6	53.5	56.1
Paper consumption/employee (AG International)	kg	63.4	55.4	48.3
Specific waste volume				
Waste volume/employee (AG Germany)	kg	489	521	514
Waste volume/employee (AG International)	kg	531	357	357

* Deviations from the figures in the 2008/2009 Sustainability Reports are attributable to the German Tenancy Act. The energy consumed in the leased offices is charged with a certain delay, so that estimates had to be used in some cases.

Headcount: FTEs

Year	WestLB Deutschland AG	WestLB International
2007	4,458	2,143
2008	3,602	1,884
2009	3,769	1,684

Our Sustainability Programme

When we adopted our Sustainability Programme in 2007, we defined a set of clear objectives, about which we will report in this Sustainability Programme. It contains

the objectives achieved in 2007–2009 as well as new objectives of the environmental programme for the years 2010–2012. This way, we aim to consistently improve our sustainability performance. Complementary measures were defined in 2009 for those areas where we have identified additional need for action.

Objective	Project	Deadline	Status	Comment
Strategy				
Sustainability strategy Development of specific business and sustainability strategies	Updating of the WestLB Policy for Environmental and Social Issues	12/2010	x	New measure: Policies introduced, updating planned
	Development of sector-specific and/or topic-specific policies	06/2011	Δ	Partly achieved: Policy for Business Activities related to Coal-Fired Power Generation; additional parts of the Climate Policy and a Bioenergy Policy to follow
	Formalisation and standardisation of the ESG assessment processes for new business	12/2009	o	Objective reached, lending processes adjusted; responsibility for implementation for other transactions defined
	Formalisation and standardisation of the ESG assessment processes in the internal audit process	12/2009	o	Objective reached
Sustainable financial products and services	Internal advice, development and marketing of appropriate products/services	12/2010	x	New measure: Partly integrated into (existing) processes; partly separate products/services (min. 4/year)
Recertification of the environmental management system to ISO 14001	External audit	11/2010	x	New measure: Valid for three years
Compliance Implementation of uniform compliance standards in all business units	Alignment of compliance monitoring and money laundering prevention with new legal requirements	Ongoing	o	
	Expansion of training activities for employees	Ongoing	o	
	Increased incorporation of Compliance Guidelines in the supplier management activities	06/2010	o	Objective reached
Core business Implementation of sustainability in the lending business (esp. project finance/ Equator Principles)	IT based analysis system for sustainability aspects in the lending business (esp. project finance/ Equator Principles)	03/2011	Δ	Underway
	Improvement in the implementation of sustainability aspects in lending processes and the respective software databases/applications	Ongoing	o	Implementation underway
	Training of all new employees of Structured Finance	06/2011	Δ	New deadline: 50% of new staff reached by 12/2009
	Integration of NGO expertise in loan business	Ongoing	x	New measure

Status

o Objective reached Δ Implementation postponed x New measure

Objective	Project	Deadline	Status	Comment
Stakeholder dialogue				
Communication Intensification of the dialogue with society	Answering inquiries; participation and lectures at events by WestLB employees	Ongoing	o	
	Systematisation of the stakeholder dialogue	06/2011	Δ	Measure not implemented yet because no need/priority and generally good practice (formal and informal) and institutionalised stakeholder dialogue (formal)
Strategy Integrating stakeholder requirements into the sustainability strategy	Organisation of the "WestLB NGO-Dialogforum Nachhaltigkeit" (NGO Sustainability Dialogue Forum)	Ongoing	o	Meets semi-annually
Representation of interests Contribute WestLB's position to efforts by int. organisations/initiatives (e.g. in the development of the Performance Standards of the International Finance Corporation IFC)	Develop WestLB positions and contribute it to discussions and processes, e.g. the Equator Principles or the IFC	Ongoing	o	Make informal and formal contributions on an ongoing basis
Employees				
Qualification Qualification of employees	Systematic identification and development of high-performers and effective successor planning	06/2010	o	"Development & Succession" process for standardised development and successor planning carried out throughout the Bank in 05/2010. Going forward, this process will take place once a year.
	Re-auditing of berufundfamilie 2010	12/2010 3rd recertification	x	New measure: New objectives agreed in accordance with re-auditing by audit berufundfamilie in 2009
Work-life balance Position WestLB as a family-friendly employer	Re-auditing of berufundfamilie	11/2009	o	Objective reached
Equal opportunities Increase the share of woman in qualified specialist positions to 30 percent	Refinement of the Equal Opportunities Plan (EOP)	Ongoing	o	As at 12/2009: 27.4%; no decision regarding new EOP
Framework concept for sustainable education Target group-oriented sustainability education of all employees throughout the Bank	Review all training performed by external service providers for sufficient consideration of the Policy for Environmental and Social Issues	12/2010	Δ	Implementation postponed; coordination of vocational and further training to be outsourced
	Updating of training documents for all employees	09/2010	o	Objective reached
	Creation of an e-learning tool to train new employees in the environmental management system	12/2009	o	Objective reached

Objective	Project	Deadline	Status	Comment
Environmental protection and management				
Master objectives from the environmental programme 2007–2009				
Reducing the share of residual waste by 20%		12/2009	o	Objective reached
20% power from renewable energy sources		12/2010	o	Objective reached : From January 2011, WestLB will source 100% renewable energy from water power.
Reducing CO ₂ emissions by 20%		12/2009	o	Objective reached
Master objectives from the environmental programme 2010 –2012				
CO ₂ reduction through a reduction in power and gas consumption of at least 20% as compared to 2009	Change of supplier and use of renewable energies	12/2012	x	New measure
Increasing the share of recycled paper to 75%	Inform employees and raise their awareness for recycled paper	12/2012	x	New measure
Climate protection	Limit CO ₂ emissions of company cars and increase the fuel lump sum for cars with high fuel consumption	08/2009	o	Implementation underway
	Technical measures, e.g. review of a new PC energy management approach and raising staff awareness	12/2012	Δ	Implementation postponed, new deadline 2012
	Reduction in business travel through increased use of video conferences	12/2012	Δ	Implementation postponed, new deadline 2012
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	o	Objective partly reached (Policy for Business Activities related to Coal-Fired Power Generation); for more information, see under "Strategy" above
Raising employee awareness	New employees: Basic e-learning training "Sustainable development and environmental management at WestLB", updated in German and English	Ongoing	o	Objective reached

Status

o Objective reached Δ Implementation postponed x 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. We also show the measures we have taken and the results (performance) we have achieved.

	Systems	Measures (examples)	Achievements (examples)
Principle 1 Protection of human rights	Equator Principles (p. 4/5) WestLB Policy for Environmental and Social Issues (p. 4)	Ongoing development of the Equator Principles (EP) on the EP Steering Committee and dialogue with the International Finance Corporation (p. 4)	Consistent implementation of our Policy in all divisions (p. 4–6/12)
Principle 2 No abuse of human rights	Equator Principles (p. 4/5) WestLB Policy for Environmental and Social Issues (p. 4)	Strict review, especially project finance and transactions in developing and emerging countries (p. 5)	Consistent implementation of our Policy in the divisions (p. 4–6/12)
Principle 3 Uphold the freedom of association	For financings see principle 2 Group staff councils (p. 9/10)	For financings see principle 2 Socially compatible reorganisation of the Group (p. 9)	For financings see principle 2 Group reorganisation in close coordination with the staff council (p. 9)
Principle 4 Elimination of all forms of forced and compulsory labour	See principle 2	See principle 2	See principle 2
Principle 5 Effective abolition of child labour	See principle 2	See principle 2	See principle 2
Principle 6 Elimination of discrimination	For financings see principle 2 Auditing of berufundfamilie (p. 13)	For financings see principle 2 Compliance with the standards of the International Labour Organisation (p. 10)	For financings see principle 2 Continuous increase in the percentage of women in executive positions (p. 10/13)
Principle 7 Precautionary approach to environmental challenges	See principle 2 Commitment to support the UN and EU climate targets Environmental management system to ISO 14001 (p. 6/12)	See principle 2 Measures for staff training in the Environmental Education Report (p. 13/14)	See principle 2 CO2 balance according to GHG Protocol (p. 11)
Principle 8 Initiatives to promote greater environmental responsibility	Environmental management programme (part of the Group sustainability programme (p. 14) WestLB Policy for Business Activities related to Coal-Fired Power Generation (p. 2/6) For financings see principle 2	Reducing residual waste and improving the recycling ratio Reducing heating energy consumption by 10% (p. 11) For financings see principle 2	Continuous reduction in the residual waste ratio (p. 11) Energy-efficient refurbishment of buildings For financings see principle 2
Principle 9 Development and diffusion of environmentally friendly technologies	Business strategies and policies (p. 6)	Loans for renewable energies (p. 6/7) Sustainability-oriented certificates and research products (p. 6)	„Best Finance House Renewable Energy North America 2009” (p. 7) „Best ESG Research House Germany 2009” (p. 7)
Principle 10 Work against corruption	WestLB Compliance Guidelines	Increased staff training (p. 12)	No known cases of corruption

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Editorial Information

Published by: WestLB AG, Düsseldorf
Editing: akzente kommunikation und beratung gmbh, Munich
Design: Westteam Marketing GmbH, Düsseldorf
Cover photo: stock.xchng

Copy deadline: August 31, 2010
This English Report is a translation of the original German Report.
www.westlb.de > Corporate Responsibility > Sustainability



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