



BayernLB. Sustainability in short.

Regional roots. Global responsibility.

“We take responsibility for sustainable development –
as a company and as a financial service provider for our customers.”
Dr. Johannes-Jörg Riegler,
CEO

Foreword

Ladies and Gentlemen, dear customers,

In 2015 the international community signed off on two pathbreaking agreements:

In December, the UN Climate Change Conference agreed to keep the increase in global average temperature to well below 2°C. And in September, the UN General Assembly adopted the Sustainable Development Goals, 17 measures aimed at reducing poverty, combating inequality and tackling climate change by 2030.

These two agreements provide an important framework not only for politics, but also for companies. As one of the leading commercial banks for large and medium-sized companies, we see it as our job to assist our customers in this transformation process.

We have therefore made the sustainable development goals the basis of our sustainability management and have launched a comprehensive sustainability programme out to the year 2020.

On the following pages we will show you what we are going to do – and not do – to protect the climate, conserve nature and fulfil our social responsibility.

Sincerely,



Dr. Johannes-Jörg Riegler
CEO

The Bavarian bank for the German economy

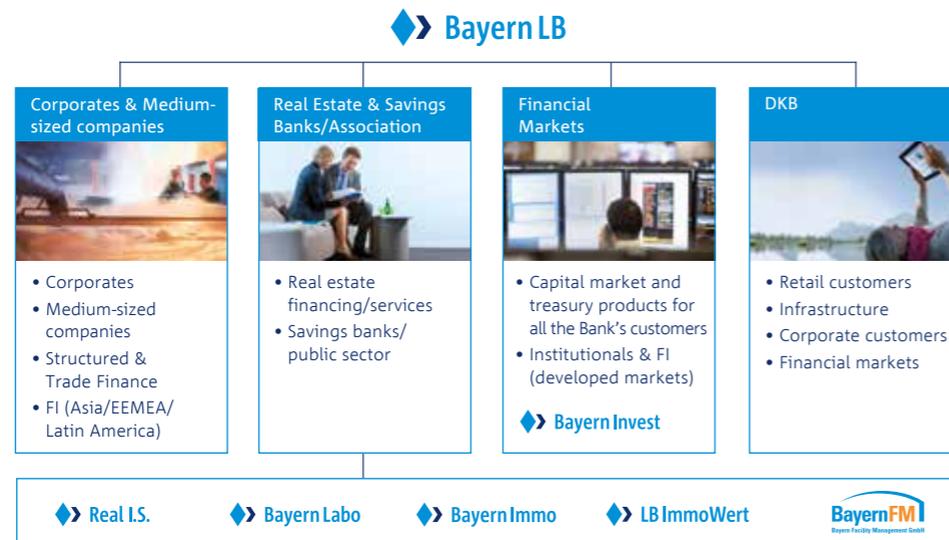
BayernLB profile

BayernLB is one of the leading commercial banks in Germany. Large corporate groups and medium-sized customers from every sector turn to us for expertise and experience in the field of corporate finance. As a real estate lender too, we have made a name for ourselves far beyond the borders of Bavaria.

For years we've worked closely in a partnership with the Bavarian savings banks. As part of a cooperative market development, we assist them with a comprehensive range of products and services while acting in the role as the central bank for the association of savings banks.

We serve retail customers through our subsidiary Deutsche Kreditbank AG (DKB). With over 3.3 million customers, DKB is today one of the most successful online banks in Germany. We can offer our customers powerful asset management through our subsidiary BayernInvest and Real I.S. And through BayernLabo, we promote housing all over Bavaria on behalf of the Free State of Bavaria and are a strong financial partner to the Bavarian municipalities.

Our future-oriented business model



Our branches and offices in Bavaria, Germany and the world

- Munich ► Nuremberg ► Düsseldorf ► Berlin ► Frankfurt ► Hamburg ► Stuttgart
- London ► Paris ► Milan ► New York ► Moscow (representative office)

With around 7,000 employees throughout the Group, we support our customers in their business around the globe. We have our own branches and offices at particularly important locations in Germany and abroad.

BayernLB integrates aspects of sustainability into its business processes along the entire value added chain – from procurement and in-house operations right through to products and services. Specialised rating agencies regularly put our sustainability management to the test on behalf of investors – with consistently good results.

Our sustainability ratings

	<p>oekom research has awarded the BayernLB Group the prestigious oekom prime status once again. It is given to companies that meet the high requirements of the ratings agency on sustainability performance.</p> <p><i>Current rating: 10/2015</i></p>
	<p>With regard to imug Beratungsgesellschaft's ratings for unsecured bonds, public Pfandbriefs and mortgage Pfandbriefs, BayernLB achieved a neutral to positive score and improved yet again on the previous year.</p> <p><i>Current rating: 1/2016</i></p>
	<p>In Sustainalytics's rating, the BayernLB Group notched up 65 points out of 100 and was ranked 18th out of the 73 banks rated.</p> <p><i>Current rating: 7/2013</i></p>

These sustainability ratings, which are above-average compared with our peers in the sector, help motivate us to keep moving down the path we have mapped out for ourselves.

Sustainability management

Keeping an eye on the global challenges

Our Sustainability Management uses the UN Sustainable Development Goals (SDGs) as a major benchmark for action and rigorously integrates ecological and social aspects into our business activities. This happens at two levels: on the one hand we develop new rules, structures and processes for our Bank to meet the requirements of a sustainable company. On the other, through internal communication and discussions, we focus the attention of our employees on ecological and social risks and opportunities, so that the concept of sustainability is actively practised at all levels of our company.

Our understanding of sustainability

As one of the leading commercial banks for large and medium-sized companies, we assist our customers in dealing with the risks and opportunities arising from global challenges such as climate change. At the same time we are continuously working to ensure that our in-house operations fulfil the requirements of a sustainable company.

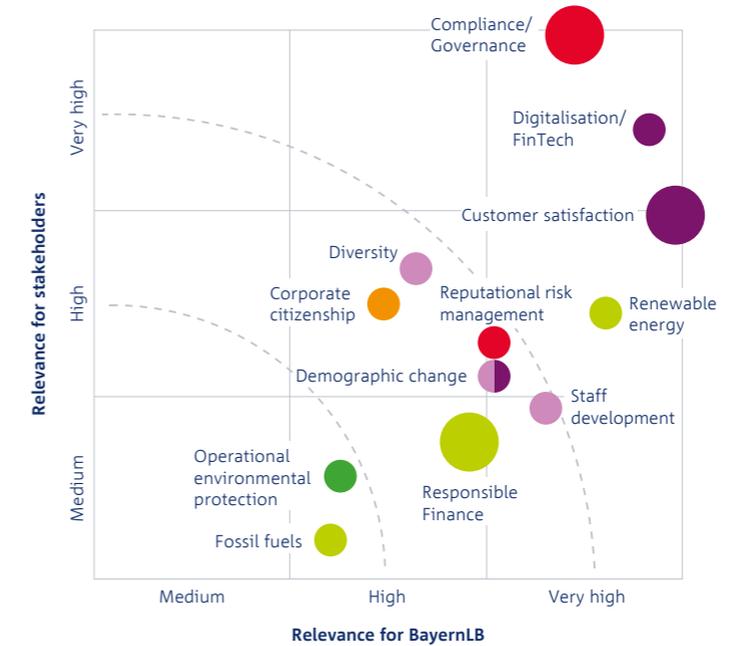
Putting binding values into practice

Responsibility is first of all a question of individual action. Each of our employees thus contributes to achieving BayernLB's sustainability objectives as part of their job. Our Code of Conduct and the sustainability policy forms the foundations of our work. While the Code of Conduct lays down normative guidelines for our daily activities, our understanding of sustainability and the goals of sustainability management are anchored in the sustainability policy.

Sustainability management cuts across boundary lines

Management of sustainability issues cuts across intracompany boundary lines and interfaces with almost every business areas in the Bank. The design and development of the necessary structures and processes is one of the central tasks of Sustainability Management, which is anchored in BayernLB's Group Strategy & Group Communications Division.

Key action areas for BayernLB



Integrity Employees Customers Sustainable financial solutions Environment Society

● low potential contribution from BayernLB to the achievement of the SDGs ● high potential contribution from BayernLB to the achievement of the SDGs

The SDGs as a benchmark for action

On the basis of the 17 SDGs, we have defined twelve major areas of action for BayernLB as part of a wide-ranging discussion process. The expectations of our external stakeholders were taken fully into account here and our contribution to achieving the SDGs was evaluated. On the basis of these results, we have fleshed out in detail BayernLB's sustainability programme with objectives and measures up to 2020.



Responsibility at BayernLB

Our sustainability themes

1

Integrity

Responsible and transparent corporate management

10

2

Employees

Fair and fostering corporate culture

12

3

Customers

Transparency and care in dealing with customers

14

4

Sustainable financial solutions

Rigorous consideration of sustainability aspects

16

5

Environment

Continuously improving our environmental performance

18

6

Society

Conscious commitment to society

20

Integrity

Responsible and transparent corporate management

The regulatory environment for banks has changed dramatically in recent years. Not only the legal requirements have increased. Banks are coming under public scrutiny more than ever. Not everything that is legal today is perceived as legitimate by an increasingly critical public. Companies could see their reputations tarnished if they do not deal with this perception in a responsible manner. In order to protect BayernLB's credibility and guarantee impeccable ethical conduct at all levels of the business, we at the Bank have created a stable structure of values and comprehensive compliance guidelines.

All employees at BayernLB comply with prevailing legislation as a matter of course. A key part of this is the duty to be aware of your legal obligations.

Firmly established principles

To ensure business is run ethically, we have established various principles and guidelines for our actions, right down to specific operating instructions, and communicated them to all employees. Of particular importance here are our Corporate Principles, our Corporate Governance Principles and our Code of Conduct. They are designed to foster legal, ethical and responsible conduct by all employees.

Rigorous implementation of our policies

A comprehensive set of rules protects BayernLB against illegal activities, for example, in the areas of money laundering, terrorist financing and corruption. We have also introduced reputational risk management. This ensures that our most important asset – the good reputation of BayernLB – is not damaged. Accordingly, Sustainability Management's input is regularly sought when social and environmentally-related reputational risks are being evaluated.

Responsibility of our employees

To discover violations at an early stage or ideally avoid them altogether, we also rely on the support of our employees. Therefore all employees are regularly kept abreast of the latest issues through regular training in classes and online. Participation in these courses is mandatory. In addition, our employees can report any violations of the rules at any time.

We do not hold positions in securities we cover. Insider information is treated as strictly confidential. Insider trading is prohibited and will result in legal and disciplinary sanctions.

We avoid all types of conflict of interest. Our work is guided solely by professional criteria.



Number of further training days
in BayernLB Bank Germany

7,357

2014: 5,084 days



Women in management positions
at BayernLB Bank Germany

20.4 %

Target: 30% by 2020



Health rate

95.3 %

2014: 95.6 %

Employees

Fair and fostering corporate culture

The growing needs in the banking business require comprehensive education and a high level of commitment from our employees. Highly qualified staff need to be recruited, encouraged professionally and personally and kept loyal to BayernLB by means of an attractive working environment. This includes further training, comprehensive health management, and respectful and fair treatment.

Space for personal development

The regulatory environment, increasing market requirements and not least new sustainability-related challenges place high demands on our employees. Fostering and developing their individual skills is an important foundation for our business success. Through a wide range of further training opportunities, we create the conditions for personal development and life-long learning. Individual training objectives are discussed and set in the annual staff appraisals.

Health and safety at work

Maintaining and promoting the health of our employees in a safe working environment is BayernLB's topmost priority. Our integrated health management makes a major contribution to this. This focuses on the prevention of typical health problems which arise primarily from sedentary activities, as well as providing support for psychological problems and stress management. We also offer a wide range of options for sporting activities and hold regular campaign days on health-related topics.

Equal opportunity for all

Our corporate culture is characterised by mutual respect, trust and appreciation. We regard the personality and the uniqueness of each and every employee – and their overall diversity – as enriching for our company and an important prerequisite for its business success. We support our staff in achieving a good work-life balance, and ensure that all staff members are given the same opportunities.

Customers

Transparency and care in dealing with customers

BayernLB's quality is also reflected in our ability to react to social, political and economic developments such as climate policy and digitisation, identify their impact on different customer groups at an early stage and respond to them with suitable products and solutions. Our challenge here is to design these services professionally and to communicate them in all their facets in a transparent and comprehensible way. A demonstrably high level of customer satisfaction shows that we are on the right track with this strategy.



Overall satisfaction of commercial and residential
real estate customers of BayernLB Bank Germany

8.4 out of **10** points*

2012: 7.9 points | *Spring 2016

Responsible product design

We only offer our customers products and solutions that meet the highest professional standards. This includes having the required licences, the appropriate expertise and the necessary infrastructure. Besides structuring and selling products responsibly, we also set great store in openly and transparently informing customers of the benefits and risks of products and services to the best of our knowledge, so they can come to an independent and well-founded decision.

Raising awareness of data protection

The increasing digitalisation of business processes is giving us an opportunity to optimise processes and services according to our customers. We do so in strict compliance with common banking standards for protecting customer data. By means of strict internal guidelines and an independent data protection officer, we guarantee compliance with all statutory provisions so we can reliably protect our customers' data against misuse. Regular data protection training courses also raise the awareness of all bank employees of how to properly handle data protection-relevant information.

Customer satisfaction as a key criterion

We check that our products and solutions meet the high requirements of the market using regular market and customer satisfaction surveys. These surveys give us information about long-term trends and changing requirements in the different market segments as well as the attitudes and behaviour of existing and potential customers. The results of these surveys play a major role in helping us develop products, services and advisory services and provide important cues for designing measures to ensure customer acquisition and loyalty.

Without confidentiality there can be no trust.
That is why we treat data with the greatest
possible care.

Our Bank, our products and our services
are characterised by transparency,
professionalism and seriousness.

Extracts from the Code of Conduct



Volume of green and sustainability issues arranged by the BayernLB Group

Just under **3 bn***

in EUR | *H1 2016



Financing volume of the BayernLB Group in the renewable energy sector

12.5 bn

in EUR



Volume of the DKB future fund meeting strict sustainability criteria

22.1 m

in EUR

Sustainable financial solutions

Rigorous consideration of sustainability aspects

Taking environmental and social criteria into consideration in our core business is one of the best means of achieving the Sustainable Development Goals. We do this by complying with strict social and environmental standards, offering a wide range of sustainable investment opportunities and by providing targeted financing to companies and projects which make a large contribution to addressing societal challenges such as the transition to renewable energy.

Strict standards

In our capital market transactions and financing business, we systematically comply with rigorous internationally recognised environmental and social standards, which we supplement further with internal guidelines. For controversial sectors such as the mining and use of coal or nuclear power, we have clear policies as to whether – and if so under what conditions – financing is possible.

Sustainable investment products for retail and institutional investors

BayernLB offers its customers a broad range of investment products to meet the specific requirements of sustainability-oriented investors. Our products range from donation bonds, sustainable investment funds and real estate investments right through to green bonds.

Assisting the transition to renewable energy

BayernLB has been an important partner of business and the political sector for many years to develop a climate-friendly energy industry that conserves resources. We have a comprehensive line of products and services to help our customers meet the challenges of the transition to renewable energy and take advantage of its opportunities. The focus of our work is on financing environmentally responsible energy production, infrastructure measures such as power and heating networks, and projects to increase energy efficiency in residential and commercial real estate.

Environment

Continuously improving our environmental performance

Extensive measures with respect to environmental protection within BayernLB are an important part of our sustainability activities. In this area too we are continuously working to identify additional potential for improvements and reduce the direct and indirect impact of our business on the environment.



Energy consumption (electricity and heating) at BayernLB Bank Germany

26,070.9

in MWh | 2014: 26,459.0 MWh



Business travel at BayernLB Bank Germany

13,020,249

in km | 13.05% rail, 30.84% road, 56.12% air traffic | 2014: 13,323,536 km

Structured management system for environmental protection at BayernLB

As far back as 1999, BayernLB's environmental management system (UMS) was already meeting the demanding European EMAS regulation, and since 2011, the Bank has also been certified under the international environmental management standard ISO 14001. More than 60 percent of Group employees work at locations that are integrated into the UMS, with other areas to follow. As part of the UMS validation, emission analyses are conducted annually to calculate business-related CO₂ emissions and determine appropriate climate-protection measures.

Rigorous implementation of the climate protection strategy

Our climate protection strategy follows a three-pronged approach: first and foremost of these is the avoidance of in-house operations-related CO₂ emissions by actively managing energy and resources. The second prong involves the replacement of conventional sources of electricity by renewable alternatives wherever feasible. For instance, the head office in Munich produces electricity from its own solar panels. The remaining electricity requirements are 100-percent covered by electricity from certified hydro electric power. As a final step, unavoidable CO₂ emissions are offset by supporting externally-verified climate-protection projects. Thanks to this strategy, the Bank is now climate-neutral at all locations in Germany.

Environmentally responsible business travel

Business travel is a major contributor to BayernLB's operational carbon footprint. Our travel guidelines help ensure our employees' business trips are structured in a more environmentally responsible way. They make it possible, for example, for any employee to register with a car-sharing provider with electric cars and to use these cars for business trips as an environmentally responsible alternative to taxis. For the trip to work, BayernLB offers employees discounted company tickets (job tickets) under certain conditions. And on long-distance trips using Deutsche Bahn, the national rail network, all trips by employees are 100 percent powered by green energy.



Absolute greenhouse gas emissions at BayernLB Bank Germany

6,195.0*

in t CO₂-equivalents | 2014: 5,301.0 t

* Increase due to a change in the method of calculation



Corporate volunteering days

198

2014: 156 days

We are socially responsible.

Extract from the Code of Conduct



Donations, sponsoring and memberships of
BayernLB Germany (excluding BayernLabo)

560,000

in EUR | 2014: EUR 450,000

Society

Conscious commitment to society

For BayernLB, corporate responsibility is inseparably tied to corporate citizenship. “We assume responsibility. As a principal bank. And as people.” That’s what it says in BayernLB’s corporate image. And it is actively embraced by our employees. And so we have decided to focus our commitment on selected projects in the areas of social affairs, education, science, and art and culture.

Long-standing partnership with Sternstunden e. V. since 1993

“Sternstunden helps children. That’s why we help Sternstunden.” This is the motto under which BayernLB supports the charity Sternstunden e.V. as a founding member. The charity supports children’s aid projects in Bavaria, Germany and around the world. With its commitment, BayernLB, along with other partners, ensures that the entire amount of each donation is used to benefit children. In addition to monetary and material donations, the Bank’s staff actively take part in various donation campaigns in cooperation with Sternstunden e.V.

Strong commitment of our employees as volunteers

Through the Corporate Volunteering Program, we support the voluntary social commitment of our employees. Staff can take part in various projects on up to five working days per year. This include, for example, working as a mentor for the non-profit initiative JOBLINGE AG, which helps young disadvantaged people gain entry into the world of work. In 2015, many of our staff also got involved with refugee aid, procuring material and clothing donations in cooperation with the social service department of the city of Munich and organising their distribution.

Traditional charity exhibition

Every two years BayernLB lets students in the Bavarian State School for the Disabled hold an exhibition at the Bank featuring pictures and objects of art which they have created in art projects and art therapy. The 2015 exhibition was called “BUNTES WUNDER” (colourful wonder). All of the exhibits were successfully auctioned. The proceeds of more than EUR 30,000 were split equally between Sternstunden e.V. and the Bavarian State School for the Disabled.

Sustainability programme

Jointly setting specific objectives

Based on the results of the materiality analysis, we have developed a sustainability programme in collaboration with all the relevant specialist divisions involved. The programme sets specific objectives to achieve by 2020. We measure our progress in an annual monitoring process and report on it in our sustainability report.

Selected objectives at a glance

Sustainability management

- Expand the scope of consolidation for the sustainability management system to incorporate other group subsidiaries

Integrity

- Continuously upgrade systems and processes to ensure corporate management is rated “good/respectable”

Employees

- Increase the percentage of women in management positions to 30 percent

Customers

- Improve customer satisfaction

Sustainable financial solutions

- Increase the management of climate risks in financing
- Contribute to the development of the market for green and social bonds

Environment

- Avoid energy and resource consumption

Society

- Fully exploit the possibilities for releasing employees from their duties to take part in Corporate Volunteering

Detailed information on the sustainability programme with additional objectives and specific measures can be found in our 2015 Sustainability Report.

Publishing details

Publisher

Bayerische Landesbank
 Brienner Strasse 18
 80333 Munich
 Germany
 Reuters Dealing BLAM, BLAS, BLAX
 BIC/SWIFT Code: BYLA DE MM
 info@bayernlb.com
 www.bayernlb.com

Editorial staff and production

BayernLB, Group Strategy & Group Communications,
 Sustainability Management, nachhaltigkeit@bayernlb.de

Concept, text and layout

akzente kommunikation und beratung GmbH, Munich
 dassel + schumacher Werbeagentur GmbH, Munich

Printed by

DruckArt c / o Gebr. Geiselberger GmbH, Kaufering

Editorial note

The content of this report refers to BayernLB Bank and its legally dependent institution BayernLabo. The figures relate to the year 2015. Key figures with different detection limits are marked accordingly.

To aid readability, the male form is used for any gender-specific references.

Closing date for submissions: 30 June 2016

Further information

Further information can be found in the 2015 Sustainability Report at www.bayernlb.com/sustainabilityreport2015 and www.bayernlb.com/sustainability

[Unsubscribe](#)

If you do not wish to receive any advertising in the future, please let us know.

You can do this by contacting the BayernLB team responsible under the German Federal Data Protection Act:
Bayerische Landesbank, Konzernstrategie & Konzernkommunikation, Brienner Strasse 18, 80333 Munich, Germany,
Phone +49 89 2171-21161, Fax +49 89 2171-21250, kontakt@bayernlb.de

Bayerische Landesbank
Brienner Strasse 18
80333 Munich
Germany

www.bayernlb.de

