

Environmental Report Promoting Sustainability

Leben Sie. Wir kümmern uns um die Details.

HypoVereinsbank

The logo for HypoVereinsbank, featuring the text "HypoVereinsbank" in a blue sans-serif font, with a blue curved line underneath that starts under "Hypo" and ends under "bank".

Our Profile

HypoVereinsbank, which was established on September 1, 1998, is one of the largest banks in Europe. Its strategy as a Bank of the Regions in Europe gives it a unique profile amongst its European competitors. Through targeted expansion in selected growth areas, we intend to enhance this position.

We purposely concentrate on expanding our core competencies real estate finance, structured finance, selected treasury and equity products, and asset management.

We do our utmost to be there where our customers need us, where we can provide expertise and create value for our shareholders. Over the medium term, we plan to achieve a return of equity of 15% after taxes throughout the Group by means of value-oriented management aimed at a permanent increase in earnings. Our employees participate in our company's success through performance-based incentive systems.

Key Sustainability Figures for 1999

ECOLOGY ¹⁾		
Product ecology	12/31/1999	
Total volume of project- and asset-based financing	d 13.9 bn	
Share of environmental assessments (relative)	100 %	
Volume of projects using regenerative energy	d 517 m	
Percentage of these projects compared with total volumes (relative)	3.72 %	
Volumes of special loans for environmental investments (new business in parent bank)	d 202 m	
Percentage of special loans in new business (parent bank)	17.5 %	
Percentage of environmental assessments for domestic corporate customer loans (per credit line)	74 %	
Assets under management	d 122 bn	
Volume of listed assets under Green management (detailed research)	d 30.2 m	
Percentage of assets under management (relative)	0.25 ‰	
Operational ecology	Costs	Consumption
Electrical energy	d 8.6 m	11 496 kWh/employee
Heating energy	d 1.7 m	104 kWh/m ²
Water consumption (own, municipal)	d 684 730	130 l/MA/d
Paper consumption (printer and copier paper)	d 1.4 m	9 414 sheets/employee
Percentage of recycled paper (printer and copier paper)	12.1 %	
Paper consumption total (without advertising)	d 3.7 m	524.2 m sheets
Business	d 15.4 m	2 071 km/employee
CO ₂ emissions (building)	7 053 kg/employee	
CO ₂ emissions (business travel)	591 kg/employee	
ECONOMY ²⁾		
Operating profit	d 371 m	
ROE after taxes (incl. merger expense)	3.0 %	
Administrative expense	d 4 570 m	
of which personnel expense	d 2 546 m	
Cost-income ratio (compared with operative earnings)	61.6 %	
Total assets	d 503.3 bn	
Stock market capitalization (on Dec. 31, 1999)	d 28.7 bn	
SOCIAL ASPECTS ³⁾		
Staff (Group)	46 170	
Staff (parent bank)	26 019	
Women	14 469	
Part-time staff	15.5 %	
Fluctuation	5.1 %	
Trainees	7.0 %	
Absences due to illness	3.3 %	

¹⁾ The figures refer to the parent bank (Exception: Project and asset-based Financing and Asset Management for Group figures). The figures for production ecology are based on a proposal for environmental achievement figures in product ecology (EPI-Finance 2000) which was prepared by a working group of banks in Germany and Switzerland in 1999/2000.

²⁾ Group figures.

³⁾ The figures refer to the parent bank (except Staff/Group).

Paving the way for sustainability



Dr. Albrecht Schmidt
Member of the
Board of Managing
Directors

Ladies and gentlemen,

We were among the first banks to sign the United Nations' »Statement by Financial Institutions on the Environment and Sustainable Development« which is based on the assumption that financial service providers have a pivotal role to play in environmental protection.

GEARING OPERATING PROCEDURES TO THE ENVIRONMENT

This is why we are publishing our first environmental report. It describes how we have revamped our internal procedures to reduce consumption of materials, separate waste and dispose of waste in a more environmentally friendly manner. At the same time, we will take the effects of ecology into consideration in our business while capitalizing on opportunities the market offers.

We have taken one step in this direction by offering an index certificate on the Dow Jones Sustainability Group World Index, and another by developing the Real Estate Passport in which we certify that buildings are safe for human health. Yet another is the financing of regenerative environmental technologies in Germany and abroad. Since 1994 we have attached more importance to assessing environmental risks when we investigate the creditworthiness of applicants for loans.

CODE OF CONDUCT

To enhance the efforts undertaken so far, we have created a central environmental management office which coordinates and controls all ecological activities. A network of 150 staff members from all corporate divisions deals with environmental questions, takes up suggestions and ensures that they are implemented.

Finally, we developed an environmental code of conduct after having surveyed staff, customers and our shareholders and called in experts on the subject. This blueprint for responsible behavior enables all staff members to act in the interest of the environment in their daily work and within the scope of business activities.

Sincerely yours,

Sustainability = Market Opportunities

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The call for a balance between economic, ecological and social priorities is not new. In the past twenty years since the Club of Rome's report on the limits of growth and the international discussion of the consequences of industrial development, this appeal has become more urgent. In 1992 the UN Conference on Environment and Development (UNCED) in Rio de Janeiro formulated the principles for sustainability according to which economic development, environmental protection and social responsibility are goals of equal priority. The conference's »Agenda 21« constituted a commitment to a global action program.

www.grid.unep.ch



Bayerische Vereinsbank AG and Bayerische Hypotheken- und Wechselbank AG, which merged in 1998, were among the first banks worldwide to sign the »Statement by Financial Institutions on the Environment and Sustainable Development« drawn up by the United Nations Environmental Program (UNEP). By now over 170 financial institutions throughout the world have signed this declaration. Financial service providers thus acknowledge the vital role they play in putting these guidelines into practice.

www.unep.ch/etu
www.bmu.de/finanz



MARKET OPPORTUNITIES FOR BANKS

www.environmental-finance.com



www.unfccc.de



Socially responsible investments for private and institutional investors

www.socialinvest.org



For banks, sustainability involves on the one hand obligations such as assessing loans with an eye to ecological and social aspects, while on the other it opens up a host of innovative areas for business. Here are a few examples:

- The Kyoto Protocol is slated to become effective in the year 2002. It sets limits for emission of greenhouse gases like carbon dioxide (CO₂) for industrial countries and states that a country or company may sell emission rights provided it does not exceed the maximum values which it is allowed. The exchange is performed directly by the partners or on »exchanges.«
 - One of the new areas for business is financing projects such as wind parks and low-emission technologies. Security with regard to financial planning is provided by national laws such as the Renewable Energy Act which became effective at the beginning of 2000.
 - CO₂ sinks such as reforestation are effective instruments in reducing carbon dioxide in the atmosphere. This, too, is an area which offers much potential for financing and investment products.
 - Not only private investors but large pension and insurance funds are increasingly investing in sustainable projects. Socially responsible investment already accounts for 13% of all managed investment funds in the U.S. Banks are called upon to offer products which support this investment policy.
 - In the year 2000 the world stock exchanges in Chicago (CME), London (LIFFE) and the German-Swiss Eurex will introduce weather derivatives. These instruments will reduce risks for companies affected by fluctuations in the weather. Such derivatives will become increasingly important due to weather extremes resulting from global climatic change.
- »Cat bonds« which cover the growing risks of re-insurance companies from natural disasters have been available for investors since 1996.

Experts estimate total annual volume for these business areas will be hundreds of billions of dollars. Sustainability effects can be assessed more precisely only when these investments have been made.

»When it comes to operational ecology, banks today can't afford to stand still. On the contrary, they must implement sustainability in business in the products they offer their customers. What counts is integrating this into long-term corporate strategy«

Reto Ringger, manager of SAM Sustainability Group

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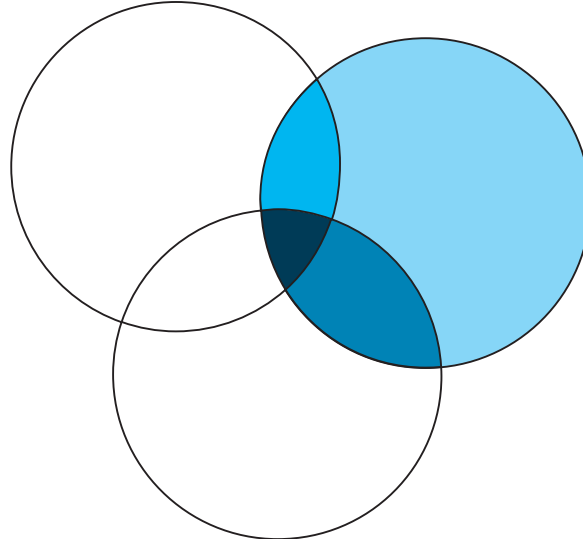
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Environmental Management

Organization

Communication

We took advantage of the merger to restructure our environmental management. Decentralization, project orientation and two-way communication were the watchwords. Our projects focus on activities with optimum ecological and economic value. The environmental management network is our chief instrument for strategy development and implementation. Approaching people personally and taking advantage of new media are also important aspects of our communication work. In addition, we hold in-depth talks with groups outside the bank.

ORGANIZATION

ENVIRONMENTAL MANAGEMENT SYSTEM: MERGER AS OPPORTUNITY

In the wake of the merger, new working structures were created for environmental management. The two existing organization structures were analyzed in an integration project in 1999. The new environmental management system combined synergy effects from both sides and forged a link between priorities of central control and decentralized responsibility. We geared our environmental management system to the international ISO 14001 standard and the Environmental Management and Audit Scheme.

New system

SUCCESS FACTORS: DECENTRALIZATION, PROJECT ORIENTATION, STRATEGIC ORIENTATION

Effective anchoring in all relevant corporate and service divisions can only succeed if the divisions themselves assume responsibility for their activities. Our decentralized project-oriented organization has proved its worth over time since its introduction. Examples are the development of the Real Estate Passport and our paper-reduction project (see pp. 16-17 and p. 24). Project-oriented work usually produces rapid, intradepartmental solutions.

We coordinate individual initiatives by combining the projects in work programs which are agreed on with the Board of Managing Directors. This ensures that environmental management activities are also consonant with the bank's overall strategy. The projects described in this report are part of the Work Program 2001.

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ORGANIZATION: MANAGING VARIETY

Environmental management is based on a decentralized network. An important role is played by the environmental network formed in the merger year 1998, whose members are engaged in the corporate and services divisions. The environmental network partners are multipliers and review partners for environmental management projects. Today the network has a staff of 150 which is set to expand to 500 by the end of 2001.

Goal: 500 network partners by 2001

Other tasks of the network are:

- development of a strategy in conjunction with heads of corporate and service divisions (expanded EM team)
- project implementation, evaluation and control
- gradual company-wide implementation of EMS.

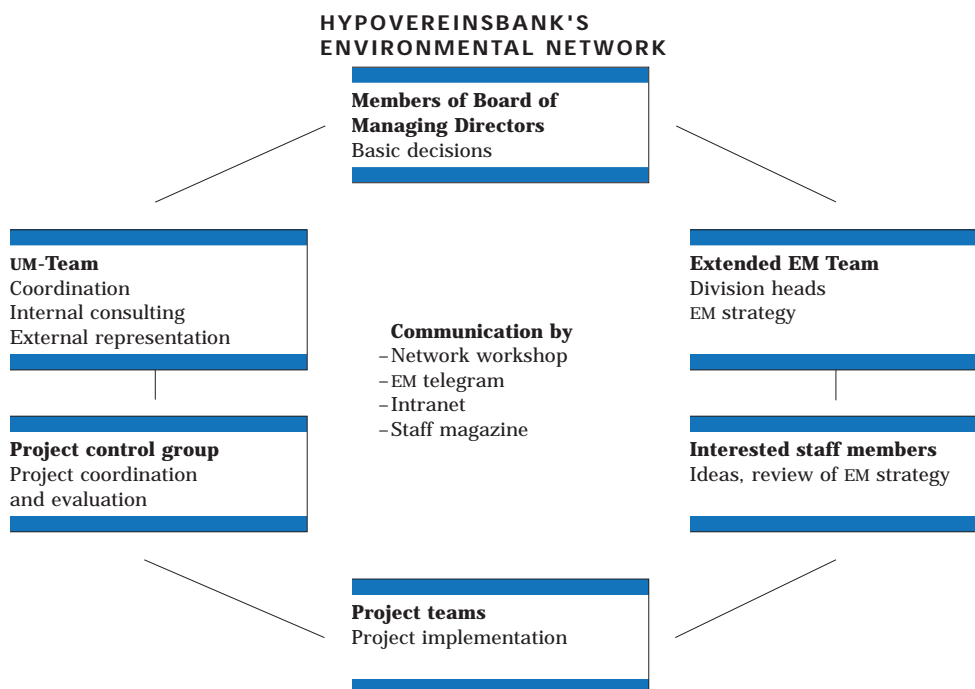
OUTLOOK: SUSTAINED FURTHER DEVELOPMENT

Within the scope of the strategy process which began in mid-2000, the spectrum of functions of the environmental network will be critically examined. We will analyze our portfolios, taking a closer look at the activities of the bank in terms of their ecological, social and economic impact. Work Program 2003 will be the result of this strategic process. In this way we will take yet another step in fostering sustained development of the entire bank.

Work Program 2003

We plan to expand environmental management activities throughout the Group. We will report every two years on the strategic process as well as on new developments in product and operational ecology.

Goal: expansion throughout the Group



COMMUNICATION

COMMUNICATION: ACTIVE INTEREST IS THE KEY

A prime challenge is promoting discussion among all interest groups at the bank. We are counting on the effectiveness of approaching people on a personal level and utilizing new media. The annual EM network workshop will foster the exchange of information throughout the bank and coordination of the overall strategy. Individual teams, such as the project control group will get together in workshops at regular intervals.

More and more, we are using electronic media to ensure a steady flow of information. The environmental network is kept informed of new developments by our EM telegram which we send by e-mail. Our environment pages in the Intranet will be expanded in the year 2000. Here all staff can find information on operational ecology and ecological products, environment tips, an overview of current projects and our environmental model.

Goal: expansion of
Intranet

ENVIRONMENTAL MANAGEMENT IN THE PUBLIC EYE

In signing the UNEP declaration, HypoVereinsbank committed itself to open communication with groups inside and outside the bank. We launched our »Environment« page on the Internet for our customers and owners as well as for the interested public. Our strategy is to include these groups early on.

www.hypovereinsbank.de/umwelt



ASSESSING OUR PATH SO FAR

In December 1999 the »Arbeitskreis Münchener Finanzinstitute und Lokale Agenda 21«, of which HypoVereinsbank was one of the founders, was awarded one of the environmental prizes of the City of Munich. This work group is unique in the German financial industry: The companies involved assist the City of Munich implement the resolutions of the 1992 UN Conference on Environment and Development at the local level.

In an international comparison of environmental management 26 financial institutions conducted by oekom research AG in 1999, we received the rating »C+« As the best German institution, HypoVereinsbank was ranked 3. The analysts confirmed the bank's good record in environmental and credit risk management. A weaker result was achieved for investment products - an incentive for HypoVereinsbank to give offer more products like the Dow Jones Sustainability index certificate.

Best German bank in
oekom rating

Product Ecology

Environmental Risk

Assessment and Special

Loans

International Financing

Real Estate Passport

Investment in Securities

HypoVereinsbank is expanding its range of environmentally-oriented products and services. As Europe's leading real estate finance partner, we are increasingly taking advantage of the market opportunities offered by ecological construction. Our Real Estate Passport is the first European seal of quality for holistic construction quality. Attention is given to innovative deployment of raw materials and the wellbeing of the inhabitants. We also observe the principles of sustainability in financing projects in Germany and abroad, most of which involve construction of energy plants. In our investment business we combine responsibility and profitability in the products we offer. The Dow Jones Sustainability index for which we were the first German bank to issue a certificate is outperforming the market as is our Activest Lux EcoTech fund which we introduced as long ago as 1990.

ENVIRONMENTAL RISK ASSESSMENT AND SPECIAL LOANS

COMPREHENSIVE ENVIRONMENTAL CHECK

Benefits from assessing environmental risk

In lending operations, assessing environmental risk is a good idea in many respects. For one thing, environmental risks of corporate customers are ultimately credit risks for the bank. We also call customers' attention to potential weak points. Correcting these weak spots benefits the customer and the environment.

ENVIRONMENTAL RISK ASSESSMENT SINCE 1994

HypoVereinsbank has made environmental risk assessment which was introduced by Bayerische Vereinsbank back in 1994 an integral part of the customary creditworthiness assessment. In 1998 we revised our rating system and pointed it in a new direction. Since then we have attached more importance to measuring a customer's environmental management when assessing its creditworthiness.

Customers' observance of good environmental practice counts just as much management and product quality. We obtain the information we need by submitting the credit applicant to extensive questioning. The various facets of our assessment are interrelated. For example, we do not give grade 1 for management quality if the environmental grade is 4 or 5. If the grades are not good in certain areas, we automatically give the worst overall rating. The result: the loan is not granted.

In 1999 74% of our loan portfolio was assessed in this way. The remaining 26% of the portfolio such as loans to banks are covered by a different rating procedure.

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SPECIAL LOANS FOR ENVIRONMENTALLY SOUND INVESTMENTS

Numerous promotion programs (for example low-interest loans and interest subsidies) from the federal and state governments promote investments in environmental protection. These loans and subsidies are granted for the most part by banks. The principal bank usually bears the full risk which makes careful creditworthiness assessment necessary. HypoVereinsbank is a front runner in granting special loans in Germany. The percentage of environment-relevant loans in 1999 made up 17.5% of our new special loan business.

Hier fehlt die
Übersetzung!

www.hypovereinsbank.de (Schlagwort:
»Sonderkredite«)



INTERNATIONAL FINANCING

ENVIRONMENTAL PROTECTION AS ASSESSMENT CRITERIA

Cellulose factories, power plants and automobile factories: HypoVereinsbank is highly involved in international operations through the loans it disburses to importers (buyer credits) and through arranging project finance. In both areas, environmental criteria are of great significance when it comes to judging a potential client's creditworthiness.

In terms of volume, the biggest portion of our buyer credits is for plant engineering. Around 70% of the loans are accounted for by this sector. Environmental protection equipment is now an integral part of these systems, from waste water purification to dust removal and detoxification. In addition, the bank finances independent environmentally sound technologies such as systems for water conditioning. In the last few years we facilitated construction of modern biological sewage purification plants in the tourist centers of Puerto La Cruz and Puerto Cabello Moron in Venezuela.

www.hypovereinsbank.de/firmenkunden/bedarf/investitionen/



PROJECT FINANCING: ENERGY PROJECTS PREDOMINATE

Energy projects account for the lion's share of the projects we finance, namely 45%. For the most part these are environment-friendly gas power plants and local power and heat coupling systems. Some of the projects financed by the bank are systems for using regenerative energy sources such as wind and water and hydroelectric plants. In Emlichheim in Lower Saxony we are financing a wind park which will have 21 turbines in the 1.5 megawatt class. A total of 55 million euros will be invested here. Start-up is scheduled for the year 2000.

HOLISTIC CRITERIA FOR FINANCING

In international financing, we are guided by the minimum social and ecological standards defined by the World Bank or, if stricter, national laws. At present a project team called »Environmental Standards and International Financing« is examining how observance of the World Bank standards can be assured in this area (see illustration).

www.worldbank.org
www.ifc.org/enviro



ECOLOGICAL AND SOCIAL ASPECTS CONSIDERED

The long-term cost-effectiveness of the project envisaged is not all we investigate prior to financing a project. Today it is customary to obtain expert opinions on any possible ecological and social impact. Environmental assessments have led us to refrain from financing certain projects, one being the construction of a coal-fired power plant in China.

With buyer credits, the exporter and environmental protection permits of the importing countries are our most important sources of information. If this does not suffice, we rely on independent reports by experts. If the assessment of the ecological and social aspects of a project is unfavorable, we do not finance the project.

A German company has been commissioned to supply turbines for a hydroelectric power plant which is part of the Maheshwar dam project in India. HypoVereinsbank's role is to supply a buyer credit covered by Hermes, the official German export credit agency and secured by a guarantee from an Indian banking consortium. The criticism voiced by some non-government organizations (NGOs) about this project refers primarily to the social injustice caused by the resettlement measures which building the dam would necessitate. A negative impact on the environment is also feared. We take this criticism very seriously and make our part in the project contingent on the assessment of the social consequences of the resettlement measures.

MINIMUM STANDARDS OF THE WORLD BANK

Ecological standards include limiting the emission of pollutants, dealing with hazardous materials, banning the use of certain materials in production processes

Social standards include regulations for resettlement measures, ban on child and forced labor, retention of cultural assets protection of indigenous peoples

General standards include procedures and types of environmental impact assessments, involvement of those affected and pressure groups

REAL ESTATE PASSPORT

SUSTAINABLE CONSTRUCTION WITH THE REAL ESTATE PASSPORT

Agenda 21 stipulates that sustainability must become a model for building, too. As the leading real estate financier in Europe, HypoVereinsbank bears special responsibility for fostering sustainable construction.

With this in mind, together with DEKRA and Intep, a firm of consultants, we developed a new product which for the first time facilitates comprehensive assessment of real estate. The Real Estate Passport is the first European seal of quality for holistic construction quality. The certificate guarantees that the building met the latest standards at the time it was built.

The Real Estate Passport opens up permanent market potential because high-quality, energy-optimized, healthy and environmentally compatible construction is one of the fastest growing sectors in the real estate market and has tremendous potential for the future.

MORE THAN A CERTIFICATE

In addition to certification, the Real Estate Passport contains the following components:

- Real Estate Passport guidelines: detailed information on the 130 assessment criteria for the Real Estate Passport
- Detailed planning check: Comparison of planning documents for the new building with criteria of the Real Estate Passport guidelines
- Implementation check: consistent quality assurance through visits to construction site
- Certification of the building: The Real Estate Passport is issued upon final acceptance. A report contains details on all quality standards achieved
- financing package including advice on subsidies: Our real estate financing specialists put together financing packages for customers which include these special subsidies.

www.intep.de
www.dekra.de



www.immopass.de



REAL ESTATE PASSPORT CERTIFICATION AREAS

Certification areas				
Buildings Structure Development Quality of design	Free space Common use Plants/Design Quality of Design	Healthy living Comfort Soundproofing Pollutants	Environment Materials ecology Energy Renewable energy	Technology Overall plan Dimensioning Materials selection
Workmanship control				
Visit I: cellar shell - Visit II: expanded shell construction - Visit III: Acceptance and measurement of air quality				

HOLISTIC APPROACH MEANS RELIABILITY

A certified building makes optimum use of energy, is constructed in an environmentally -compatible and healthy way, and is well constructed technically. According to market research results, these qualities are what the vast majority of real estate users are seeking. The Real Estate Passport is unique in its holistic approach which is reflected in the areas examined for certification. This procedure guarantees reliability for all those involved from the start.

For the time being, the Real Estate Passport is issued only for housing. By the end of 2000, it will be expanded for renovated buildings and office buildings. Renovation of old buildings offers particularly good opportunities to save energy. In addition, we plan to gradually align the bank's own buildings with the criteria contained in the Real Estate Passport (see p. 21).

Hier fehlt die
Übersetzung!

Ziel: ImmoPass bis Ende
2000 weiterentwickeln

»As Europe's leading real estate financier, HypoVereinsbank continually analyzes real estate markets and their developments and incorporates this knowledge into new products. One of these innovative products is the Real Estate Passport.«

Raymond Trotz, HypoVereinsbank, head of Real Estate Customers

INVESTING IN SECURITIES

GOOD RETURN FOR INVESTING IN SUSTAINABILITY

For a long time ethical investments were considered unprofitable. In the meantime, however, we have seen that ecological and socially acceptable investment products can indeed bring returns in line with the market.

We are the first German bank to offer an index certificate on the new Dow Jones Sustainability Group World Index (DJSI). This index, developed by the Zurich-based asset management company SAM Sustainability Group and Dow Jones Indexes, tracks the stocks of 225 companies contained in the Dow Jones Global Index. These companies are leaders in their sectors, also in terms of practicing sustainable development. Among them are Deutsche Telekom, Tomra Systems and ST Microelectronics.

Index certificates are an alternative to individual stocks because they allow the buyer to profit from the development of the index tracked on a one-to-one basis without having to buy the individual stocks of which the index is composed. The stocks in the DJSI posted a 5% higher annual return from 1994 to 1999 than the MSCI World Index, with a comparable risk for the investor. The MSCI is a good basis for comparison since it also tracks international companies regardless of whether they address environmental or social issues.

The DJSI Index is becoming more and more widely accepted in the investment market. From September to the end of 1999 the index certificate rose over 23% (issuing price around 117 euros, price at December 30, 1999: 144.46 euros). This proves that companies practicing sustainable development can be highly profitable.

www.sustainability-index.com



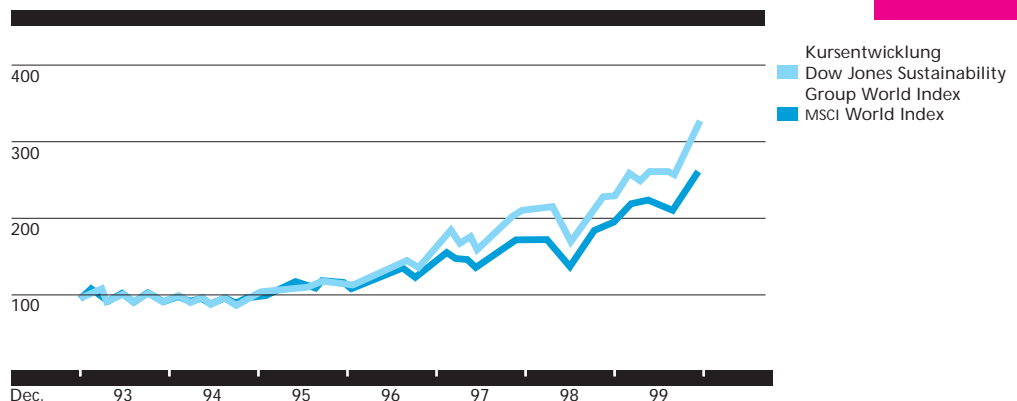
E-Mail: zertifikate@hypovereinsbank.de

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www.hypovereinsbank.de/zertifikate



OUTPERFORMANCE WITH HYPOVEREINSBANK
SUSTAINABILITY INDEX CERTIFICATE



Hier fehlt die Übersetzung!

ACTIVEST LUX ECOTECH: TOP PERFORMER

www.activest.de



Top earnings were also posted by Activest Lux EcoTech, a product of Activest, our investment fund company. The fund invests in companies which develop environmentally friendly products or technologies - from waste management to water purification - or whose management addresses environmental concerns. Companies included in the portfolio are Vestas, a Danish wind power systems manufacturer, and Ballard Power, the worldwide leader in fuel cell technology.

Since it was launched in 1990 (at the time under the name HYPO Eco-Tech) as one of the first environmentally-oriented funds in German-speaking countries until the end of 1999 this fund grew by 148%. At the end of 1999 the five-year performance of Activest Lux EcoTech grew by a good 79% - 13% p.a. - one of the best returns achieved by environmentally-oriented funds.

Generally speaking, investment in companies geared to sustainability is a business segment with much scope for expansion. Increasing commitment on the part of private and institutional investors has already led to above-average growth rates. This is just one of the reasons why investments of this type will remain very interesting for HypoVereinsbank.

Above-average growth rates

»The products offered so far as 'environmentally friendly investments' have appealed to only a very limited target group because of they are frequently purely ecological. In contrast, the new Dow Jones Sustainability Index takes economic and social aspects into account.«

Juliane Picker, HypoVereinsbank, Product Management
Securities Products

Operational Ecology

Healthy Office

Saving energy

Saving paper

Waste disposal concept

Ecology controlling

Sparing resources and cutting costs are the primary objectives of our operational ecology. Saving paper and energy are among the most important tasks addressed by Work Program 2001. We use electronic media like Intranet and e-mail to reduce paper consumption. To save energy, we employ innovative control technology. Our "Healthy Office" project deals with creating an environmentally friendly office which at the same time is healthy and comfortable for the staff. Our ecocontrolling, which will be integrated in internal IT, is making progress and identifying areas for improvement.

HEALTHY OFFICE

LINKING ECOLOGY AND HEALTH

The »Healthy Office« project which was launched at the beginning of 2000 is an integrated system linking on-the-job safety, health and office ecology. Among the project goals set in 1999 are increasing the well-being of staff and revamping offices according to environmental criteria. A more satisfied staff and fewer absences due to illness are expected to bring economic advantages, too.

High priority is attached to office ecology, meaning the furnishing and equipping of buildings, workrooms and offices according to principles of ecology and good health.

For this we revert to the extensive know-how offered by our Real Estate Passport (cf. p.16-17). By the end of 2000, high standards will be in place. Starting in 2001 they will be used as a yardstick for all construction measures throughout the Group. One of the standards will be optimum ventilation of workrooms and offices and ergonomic computer workstations.

Integrated standards
starting in 2001

GROUP-WIDE PLAN FOR HEALTH MANAGEMENT

In July 2000 the HVB Health Forum, which includes the company medical service, the company health insurance, HVB Sport Club and the works council, initiated activities such as Health Days in some of the branches and organized health courses for staff with back problems. On behalf of the HVB Board of Managing Directors the forum is developing a Group-wide plan for health management.

www.hvb-bkk.de



»Since I have opportunities to try out innovative approaches with construction projects, I identify more with my work. And I'm proud of the progressive company I work for!«

Irina Engelke, HypoVereinsbank, Building and Real Estate Provision

SAVING ENERGY

IDENTIFYING ENERGY WASTERS

The federal government's goal of reducing energy-related carbon dioxide emissions by 25% by the year 2005 compared with the year 1990 can only be achieved if industry does its share. HypoVereinsbank plans to substantially reduce its power and heat consumption across the Group.

We intend to meet 5% of our annual power requirements from renewable energy sources. This will presumably cost us some 153,000 euros more per year than we are currently paying. On the other hand, with deregulation of the electricity market, we were able to conclude more economical contracts with our power suppliers in 1999/2000. After deduction of the eco-tax this works out to net savings of around 2.2 million euros per annum.

MORE EFFICIENT USE OF ENERGY

At the beginning of the nineties, both HYPO-BANK and Vereinsbank had made considerable headway in terms of energy efficiency.

From 1990 to 2000 the number of electricity consumers at HVB surged drastically. Ten years ago only one fifth of the staff had a computer on their desk. Today nearly everyone has one. However, electricity consumption in the same period rose only 15%. This increased efficiency was achieved thanks to intelligent technical solutions such as optimum lighting in offices and the use of central instrumentation technology to improve our operating systems. By modernizing instrumentation for our buildings, we can make more efficient use of energy in the buildings. In addition, concentration on fewer locations also brought advantages in this area.

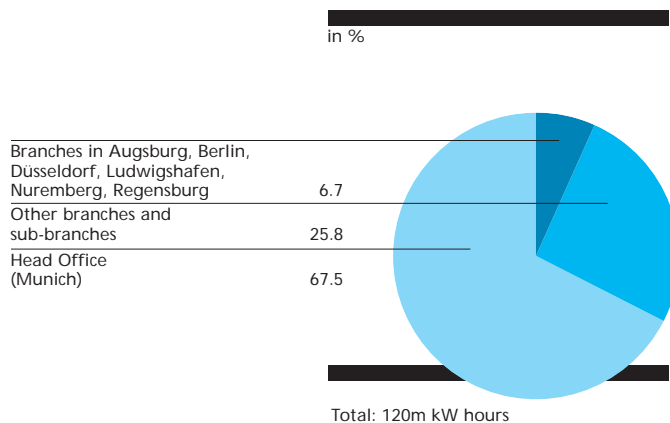
www.bmu.de/klima



Goal: 5% renewable energy by 2001

Many more PC workstations

ENERGY CONSUMPTION OF HYPOVEREINSBANK AG 1999



Hier fehlt die Übersetzung!

Zum Vergleich: Dies entspricht der von den Gemeindewerken Garmisch-Partenkirchen 1999 abgegebenen Strommenge.

Goal: conclusion of ABC analysis by end of 2000

Nevertheless, energy consumption, for example at head office in Munich, rose in 1999. The project which addresses saving energy will therefore identify other potential areas for saving energy by means of an ABC analysis until October 2000 and gradually close the gaps. This method of analysis assesses the measures selected according to their urgency and effectiveness, thus allowing us to achieve a better cost-benefit ratio.

STAFF CREATIVITY IN DEMAND

450 ideas for saving energy

Saving energy requires the cooperation of the entire staff. We therefore encourage our employees to develop initiative here. A contest for new ideas which we held in March 2000 shows that our employees have many ideas on how energy consumption could be reduced. 318 employees, using Intranet and e-mail, submitted over 450 suggestions. These suggestions will be taken into consideration in future energy-saving projects.

PRIZE WINNERS OF THE »SAVING ENERGY« CONTEST FOR IDEAS

Car pool in Intranet (first prize)

Idea: To reduce the number of car trips, staff should be able to look for or offer car-sharing opportunities for trips to seminars, home, etc.

Prize: A weekend at the EXPO 2000 for two people

Turning off PCs in S&M (second prize)

Idea: So far computers in S&M at HypoVereinsbank remain switched on at night to facilitate software updates at all times. This idea advocates switching off the PCs at night.

Prize: A bicycle

Bicycle pool in Munich (third prize)

Idea: Trips between HVB head office at Tucherpark and the Hypo building could be made by bicycle. Numerous taxi rides could be saved in this way.

Prize: A German railways card

SAVING PAPER

PAPERLESS OFFICE STILL A LONG WAY OFF

Despite intensive use of electronic communications, the paperless office is still a long way off. Although every staff member throughout the Group can send letters and memos by e-mail since the middle of 1999, the volume of printer paper used internally has increased slightly (see illustration).

Reducing such consumption is important in terms of the environment but it is also an economic problem. We have set ourselves the ambitious goal of reducing internal paper consumption by 25% by 2002. We hope to achieve this by motivating staff members as »paper producers« and by using new technologies.

By the end of 2000 our staff will receive all internal instructions and notifications from the internal placement office exclusively by electronic means. Alone these two campaigns should enable us to save roughly 20 million sheets of paper.

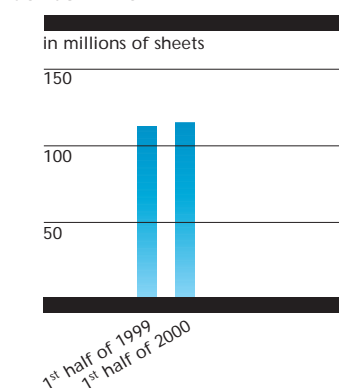
MARKETING FOR MODERN MEDIA

We also plan to send more faxes by e-mail and take advantage of the opportunity to call up printed brochures on the computer. This will improve the quality of the brochures, too, since changes can be made more rapidly. By introducing digital signatures we expect our first successes in business with customers starting in 2001.

By means of internal marketing we hope to arouse our employees' interest in using modern media and induce them to use less paper.

Goal: 25% paper reduction by 2002

PRINTER AND COPIER PAPER CONSUMPTION



WASTE MANAGEMENT

REDUCE WASTE BY NOT CREATING ANY IN THE FIRST PLACE

The merger gave us occasion to develop an integrated waste management plan for HypoVereinsbank. The aim of the project was to minimize residual waste at central locations and branch offices and wherever possible to return waste for recycling. This pays off, both in environmental and economic terms. Recycling costs less than residual waste disposal.

For this system to function, all staff members must cooperate. After holding trial runs in December 1999 at our offices in Arabellapark in Munich, we began to implement our new scheme. The staff received a folder describing the new system and explaining which materials should be deposited in which containers and where these containers stand.

Information can also be accessed in Intranet and on the info telephone. Opinions about the new system vary. Some welcome it, while others are critical and see it as time-consuming. We therefore consider staff enlightenment an important aspect of our waste management system.

New waste management concept introduced

ONE-STOP WASTE MANAGEMENT

A waste management company takes all waste, recyclable or not – and this nationwide. The great advantage for us is that we only have to deal with one company and have a good overview of how much waste we produce. We give empty toner cartridges to charitable organizations. By mid-2001 all HypoVereinsbank offices in Germany – which makes around 1,000 – will use the new waste management system.

Goal: Including all our locations in Germany by 2001

OBSERVING LEGAL DEVELOPMENTS

Together with the bank's Legal Department, we not only comply among other with the Recycling and Waste Management Act on the basis of a catalog of the relevant legal regulations, but also monitor legal proposals on both the national and the EU level.

ECOCONTROLLING

THE 80:20 RULE

Ecocontrolling is the main control element of our operational ecology. Being a big bank with 1,000 locations and some 26,000 employees alone in Germany, we take a close look at cost-benefit ratios.

The project team decided in favor of the 80:20 rule. This means by registering and controlling 20% of our locations, namely the big consumers, we optimize 75% - 80% of the deployment of resources like water and energy. In this way, we achieve the greatest benefit at a reasonable cost. At small branches, we see little room for improvement, particularly since most of these offices are rented premises where we can only exert a very limited influence.

For 1999 we computed the key figures of the Head Office buildings in Munich and those of the large branches in Nuremberg, Berlin, Düsseldorf, Ludwigshafen, Augsburg and Regensburg to comply with the 80:20 rule. Our figures are based on the standards of the Verein für Umweltmanagement (Association for Environmental Management). The figures for consumption were verified on the basis of the figures for workstations and the number of square meters.

www.vfu.de



Concentration on big consumers

Ratios according to Association for Environmental Management standards

REDUCING RESOURCES AS CONSUMPTION RISES

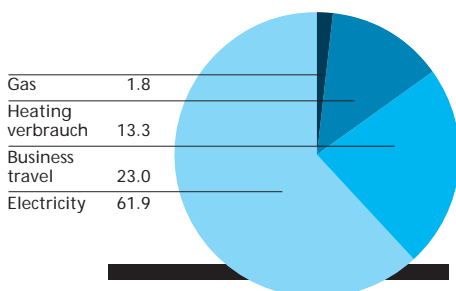
Generally speaking, we have established that some figures for consumption have risen compared with the figures for the two banks which merged. This is due first and foremost to construction work and moves necessitated by the merger itself.

The main causes of carbon dioxide emissions are energy consumption and business travel (see charts). To reduce CO₂ emissions, we plan to reduce energy consumption on the one hand and the high percentage of business flights in favor of more trips by rail which have less environmental impact. (see p. 22 and p. 31).

Goal: increase percentage of rail travel

CARBON DIOXIDE EMISSIONS

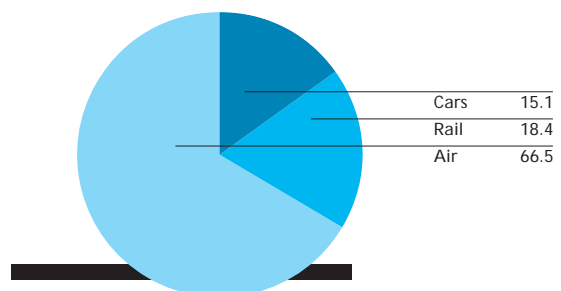
resulting from energy consumption and business travel in % (1999)



Total: 70,880 tons

BUSINESS TRAVEL

Type of transport in % (1999)



Total: 57,174,291 km

Not included here are the bank's 2,264 service, company and leased cars, since private trips are also made with these vehicles.

In contrast to common assumptions, recycled paper is not more expensive than white printer and copier paper (see charts). We will increase the percentage of recycled paper we use. Naturally, we aim to reduce paper consumption altogether (see p. 24).

ANNUAL COMPARISONS PLANNED IN FUTURE

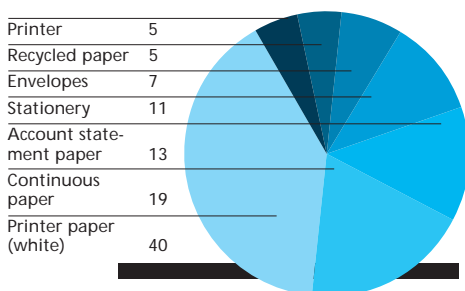
Since survey methods of the HYPO-BANK, Vereinsbank and our 80:20 rule differ, we have not yet been able to make any annual comparisons. This will only be possible when the next environmental report appears in 2002.

Moreover, much of the data from numerous different registration systems must be compiled manually. This involves a great deal of time and effort. The project therefore aims to register and assess all relevant information in a data base.

Goal: standardized eco-controlling by 2002

INTERNAL PAPER CONSUMPTION

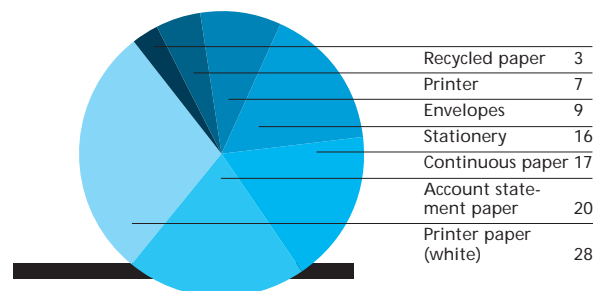
in % (1999)



Total: 523,203,450 sheets

PAPER COSTS

in % (1999)



Total: 3,656,652 euros

Organization development

Environmental code

Environmental standards

Aiming at sustainability only makes sense if it can be practiced in daily life. Our environmental code reflects the expectations of our employees, our customers, and shareholders as well as those of experts. The goals for our products and operational ecology are derived from this foundation. Our »Organization« project creates the framework for putting our environmental code of conduct into practice. The project will make our entire staff more aware of our priorities in this area, for example through contests for new ideas and forums. Our operational ecology standards are particularly well reflected in areas such as reducing paper consumption and in transportation.

ORGANIZATION DEVELOPMENT

ENHANCING AWARENESS OF SUSTAINABILITY PRIORITIES

How can we encourage our employees to become more aware of their environment? This is the question around which our »Organization Development« project revolves. We will only succeed in balancing economic, ecological and social goals if all of us cooperate.

MOTIVATION THROUGH FORUMS AND CONTESTS FOR NEW IDEAS

The »Organization Development« project launched by the Management and Human Resources Development division in 1999 focuses on areas for action by staff, senior management and trainees.

Contests for new ideas motivate our staff to think in terms of their environment (see »Saving Energy«, p. 23). In the autumn of 2000 we plan to come up with ideas on how our environmental code »It's everyone's job!« can be implemented.

Senior officers have an important role to play as models in initiating change. For this purpose we will therefore make use of the »Forum for newly appointed senior officers« starting at the end of 2000 in which some 300 people participate every year. In the forum we will discuss the environmental code of conduct which will be the point of departure for developing concrete initiatives.

If staff members are involved in environmental management projects, we plan to integrate the success of the respective project in the annual agreed targets specified in the staff members' appraisal interviews with their supervisors. Employees will be responsible for ensuring that this aspect of their performance is given due consideration. Commitment to the environment will thus also influence the performance bonus. Over the long term, it is planned to make the environmental code an integral part of the process of agreeing on targets for all employees.

Interest in topics affecting the future and global thinking make trainees important multipliers. We plan regular talks as part of annual trainee events and hope to include our junior staff in environmental projects.

»Thinking about our environment and taking action has much in common with Human Resources Development, in other words, here too the groundwork must be laid for the next generation.«

Peter Friedrichs, HypoVereinsbank, head of Management and Human Resources Development

Goal: Put the code into practice!

Agreeing on targets in the appraisal interview

ENVIRONMENTAL CODE

DERIVING GOALS FROM EXPECTATIONS

Codes of conduct make sense when the standards and goals they incorporate are realistic and can be implemented in actual practice. This insight induced us to create an environmental code by means of a »grass roots« procedure, meaning that the project team conducted a survey in the second half of 1999 among staff members of HypoVereinsbank about their expectations and goals.

Internal and external survey

Customers, shareholders and experts were also surveyed because the bank must deal with the expectations of various groups of people. »Our Answers« was based on the sum of these many different expectations. They contain a commitment to sustainability and concrete obligations in areas such as financing, investments and handling natural resources in our daily work routines. The bank must also create a healthy working environment for its staff.

ACTIVE PARTICIPATION IN DEFINING GOALS

The environmental code was created in an interactive process with many feedback loops. The major points were incorporated in our internal environmental network which was made up of 125 staff members at the time. In the course of this process a wide variety of means of communication from individual discussions to our electronic »Environment Telegram« and workshops. The response rate to questionnaires was around 20% and produced a stimulating mix of comments, appeals and criticisms. Those who responded gave high priority to responsible handling of resources by the bank and the staff.

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SPREADING THE WORD THROUGH TALKS AND E-MAIL

In July 2000 a large workshop held by the environmental network was the first step toward implementing the goals of the code of conduct. Thereafter all staff members were informed about the code by electronic mail. Intranet makes finding out about the code of conduct almost a game. Also planned are events at branch offices, articles in our staff magazine and information for new recruits. We aim to take advantage of this media mix to further implementation of the goals of this code.

Goal: Implementation starting in July 2000

ENVIRONMENTAL CODE IN THE INTERNET

You will find the environmental code of conduct as a supplement.

www.hypovereinsbank.de/umwelt



ENVIRONMENTAL STANDARDS

PRACTICAL STANDARDS DEVELOPED

In parallel with work on the environmental code of conduct, a team worked on developing standards for operational ecology. Those involved in the team included the environmental management team and the works council as well as employees in procurement, technology, the travel agency and the car pool. The objective was to define guidelines which emphasize economical-ecological values and have great symbolic significance for employees.

We purposely refrained from drawing up an extensive catalog with dozens of individual standards. Rather, the standards were intended to serve as examples of how the environmental code could be practiced in the course of daily work.

MAIN STANDARDS APPROVED

In May 2000 the Board of Managing Directors approved the environmental standards. The most important ones affect the following areas:

- Procurement: We buy only environmentally-compatible office furniture and office materials.
- Paper: We prefer electronic media over written communication. Whenever possible, we refrain from printing (see p. 26). Internally, we use recycled paper wherever possible. By 2002 the printer and copier paper we use should consist to 70% of recycled paper. At the beginning of 2000, the figure was only 12%.
- Travel: We prefer rail travel for business trips of less than 400 km. For short distances, public transport should be used. For flights, we include a free ticket for local transport together with the flight ticket.

In our next environmental report, which will appear in 2002, we will let readers know how successful we have been in achieving our goals.

»It annoys me that the subject of our environment is not yet firmly anchored in the minds of employees. Nothing will happen by itself. This is a matter for the higher-ups.«

Gerhard Fottner, HypoVereinsbank, head of Procurement, Printing, Advertising and Paper



www.umweltbundesamt.de



Standards for daily work

Goal: 70% recycled paper by 2002

What you expect from us

 It is my sincere hope that HypoVereinsbank will pursue a policy oriented toward long-term success. When I give my grandchild an investment paper on the day of his birth as a start for his retirement, this paper should reflect the principle of sustainability. 

Prof. Dr. Ernst Ulrich von Weizsäcker
Member of the Club of Rome

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This statement by Ernst Ulrich von Weizsäcker is one of the »expectations« in our code of conduct (cf. the supplement in this environmental report). And what do you expect from HypoVereinsbank in terms of sustainability? Your ideas will be including in our Working Program 20003. In our next environmental report, which will appear in 2002, we will report on our progress.

Please write to our
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