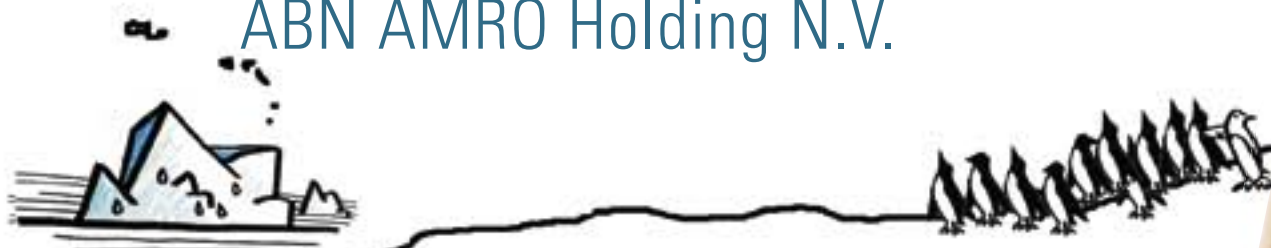


Sustainability Report 2003

ABN AMRO Holding N.V.



Profile

ABN AMRO

- is a prominent international bank with origins going back to 1824;
 - is ranked 11th in Europe and twenty-third in the world based on tier 1 capital;
 - has more than 3,700 branches in over 60 countries and territories;
- a staff of about 110,000 employees and total assets of EUR 560 billion as of year-end 2003;
- is listed on the Euronext Amsterdam, London and New York Stock Exchanges, among others.

Our business strategy is built on five key elements:

1. Creating value for our clients by offering high-quality financial solutions that best meet their current needs and long-term goals.
2. Focusing on:
 - consumer and commercial clients in our home markets of the Netherlands, the United States Midwest, Brazil and in selected growth markets around the world;
 - selected wholesale clients with an emphasis on Europe, and financial institutions.
 - private clients.
3. Leveraging our advantages in products and people to benefit all our clients.
4. Sharing expertise and operational excellence across the group.
5. Creating 'fuel for growth' by allocating capital and talent according to the principles of Managing for Value, our value-based management model.

The goal is sustainable growth that will benefit all our stakeholders: clients, shareholders, employees and society at large. ABN AMRO's Corporate Values and Business Principles guide everything we do as an organisation and as individuals.

We basically implement the strategy through three Strategic Business Units:

- Consumer & Commercial Clients (C&CC) – for individual and corporate clients requiring day-to-day banking. We serve approximately 16 million clients, mainly through ABN AMRO's major presence in the Netherlands, the United States Midwest and Brazil. The Business Unit New Growth Markets is expanding consumer and commercial operations in selected countries;
- Wholesale Clients (WCS) – is one of the largest Europe-based wholesale banking businesses with around 10,000 clients, over 17,000 employees and operations in about 50 countries;
- Private Clients & Asset Management (PC&AM) – for private clients and institutional investors. It has Assets under Administration of EUR 102 billion and Assets under Management of EUR 156 billion as of year-end 2003.

Key facts and figures

	2003	2002
Financial		
Total revenue (in millions EUR)	18,793	18,280
Total taxes (in millions EUR)	1,503	973
Net profit (in millions EUR)	3,161	2,207
Group capital (in millions EUR)	31,803	30,424
Total capital ratio (in %)	11.73	11.54
Total assets (in millions EUR)	560,437	556,018
Earnings per share ¹	1.94	1.39
Dividend per ordinary share	0.95	0.90
Efficiency ratio (in %)	67.0	71.9
Social		
Average number of employees (in FTEs)	105,439	107,416
Joiners (in %)	16.4	–
Leavers (in %)	17.3	–
Woman (in %)	52	–
Woman at managerial levels (in %)	21	–
Total costs of learning (in millions EUR)	104.5	93.4
Number of volunteers during work hours	12,330	–
Direct donations and Sponsorship (in millions EUR)	58.2	65.6
Sustainable asset under Management (in millions EUR)	828	422
Environmental ²		
Electricity (KWH/FTE/year)	6,556	–
Average airline travel per FTE (in km)	6,013	–
Waste (tonnes per FTE)	0.2	–
Other		
Number of countries and territories	63	66
Number of compliance and audit staff	933	950
Dow Jones Sustainability World Index	Included	Included
Dow Jones Sustainability Stoxx Index	Included ³	Included
FTSE4Good Europe 50 and FTSE4Good World 100 Indices	Included	Included
Innovest	AAA	AAA

¹ Based on the average number of ordinary outstanding and adjusted for increases in the share capital

² Electricity: based on 55,000 FTEs. Airline travel: based on 85,000 FTEs. Waste: based on 40,000 FTEs

³ Labelled Leader in the European banking sector

Colour your world

Today's world is a legacy from previous generations. They, in their day, mapped out directions, took decisions and, in so doing, partly 'coloured' the world. Today it is our turn to accept this responsibility. As we do this, every person and every organisation has choices to make. ABN AMRO's decisions are founded on our Corporate Values and Business Principles.

We want to be accountable for those areas where we as a bank are – and feel – responsible. In the full knowledge, that it is not only the present that counts, but also the future. Because what we 'colour' today will be the legacy to the generations of tomorrow.



Sustainability Report 2003

ABN AMRO Holding N.V.

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Chairman's letter to all our stakeholders

It is my pleasure to present you with our first Group-wide Sustainability Report. We believe that the concept of sustainable development is based on increased engagement and transparency about what we stand for, how we create long-term value for our shareholders, clients and employees and how we contribute to society. In this report, covering 2003, we aim to provide this increased transparency to our stakeholders.

We recognise that within our mission of delivering long-term value and client satisfaction, we have a pivotal role to play in society as an intermediary in capital flows and international trade. We believe we make our primary contribution to sustainable development by providing responsible financial services and by pursuing opportunities for sustainable products and services. By living according to our defined Corporate Values and Business Principles we can meet the needs of our organisation and stakeholders today, thus protecting, sustaining and enhancing human, natural and financial capital for the future.

We are committed to promoting sustainable development actively across our industry and in business in general. We believe this will help to raise the standards of international business and restore trust among stakeholders, following the crisis of confidence in corporate integrity. Examples include our role in initiating and developing the Equator Principles, our active participation in the World Business Council for Sustainable Development (WBCSD), our Brazilian organisation's involvement in translating the Global Reporting Initiative (GRI) guidelines into Portuguese, and our efforts to improve stability and risk management in international banking through the Basel II process.

Whatever choices we face, we know that rigorous focus is crucial to our effectiveness in terms of sustainability. Our responsibility towards society and our business objectives create the need to make balanced and transparent decisions. To help us focus, we have formulated five themes that are key to our sustainability performance:

- Being accountable and transparent;
- Delivering responsible financial services;
- Being a great place to work;
- Supporting local communities; and
- Minimising our direct impact on the environment.

Our approach to these themes mirrors our approach to business: we aim to create value, by embedding sustainability in our decision-making and operational structures.

Our commitment to sustainability inevitably raises challenging dilemmas for us. We do not pretend to have all the answers, and current answers can be different from answers in the past, but we will not avoid difficult issues. Moreover we will be transparent about them. We know we still have a lot to do, and that we are not perfect. We are accountable for our role in colouring the world that you and we are part of. We are on an ambitious ongoing journey and will continue to engage with you as stakeholder, as this will enable us to improve further. We believe sustainable development is the right way forward, and that this should be underpinned by the allocation of dedicated resources throughout our organisation.

We have also made great strides thanks to our employees' enormous commitment and energy. They have come up with great ideas, and have worked with clients and other stakeholders to turn those ideas into reality – thereby building greater trust and value into our business.

All our Business Units worldwide have made contribution to this first Sustainability Report. In defining our reporting objectives and scope, we have drawn on the GRI guidelines, questionnaires from sustainability rating agencies and dialogues with numerous stakeholders. We welcome your comments and feedback on this report (sustainable.development@nl.abnamro.com). This will help us to focus our efforts in the future and to continue to improve our sustainability performance.

Rijkman Groenink
Chairman of the Managing Board

Amsterdam, 29 July 2004



Photo: Ron Offermans

“We are determined to improving our sustainability performance continuously not least because it will improve our business. We invite you to participate in our challenge to take sustainability to the core of our business by giving your feedback on our performance.”

Rijkman Groenink

What we stand for

Our role as a financial institution

As a financial institution, we hold a central position in economic and social infrastructures. We work in partnership with all our stakeholders to help them realise their goals and ambitions. Our mission is to support our clients in 'fulfilling today's needs and realising tomorrow's dreams'.

The sustained success of any financial institution is built on trust. We recognise that our role of allocating capital between various activities brings a duty of responsible conduct and engagement. Our licence to operate depends on the trust of our clients, employees, shareholders, governments,

supervisors and society at large. Integrity is indispensable to winning and retaining this trust.

In the 180 years of the bank's existence, we have successfully anticipated the changing needs, perceptions and ambitions of our clients, our employees, the capital markets and society. Our presence in more than 60 countries gives us a diverse employee and client base, while differing customs and legislation bring both challenges and opportunities. We have articulated our guiding values during the past decade, initially by developing and embedding our Corporate Values and Business Principles within the organisation, and then by building on these to define our explicit commitment to sustainable development.

Corporate Values and Business Principles

Our Corporate Values:

Integrity

Teamwork

Respect

Professionalism

Our Business Principles:

For our employees

We are the heart of our organisation

We pursue excellence

For our shareholders

We aim to maximise long-term shareholder value

We manage risk prudently and professionally

For our clients

We strive to provide excellent service

We build our business on confidentiality

With our business partners

We assess business partners on their standards

In society

We are a responsible institution and a good corporate citizen

We respect human rights and the environment

Compliance

We are accountable for our actions and open about them

Corporate Values and Business Principles

Our Corporate Values are integrity, teamwork, respect, and professionalism. Our Business Principles, introduced in 2001, extend these Corporate Values to reflect the roles and responsibilities of multinational corporations in today's society. So they clarify how our Corporate Values affect our relationships with different stakeholders – and in turn inspire and strengthen those relationships.

Our Corporate Values and Business Principles express what we stand for and encapsulate our approach to business. While they are not rigid or legal obligations, they act as a compass that guides us in strengthening our performance and reputation in a dynamic environment. Each Business Unit translates our Corporate Values and Business Principles into specific objectives, strategies and programmes that reflect the cultures and markets in which it operates.

How we define 'sustainable development'

We have developed a definition of sustainable development linked directly to our Corporate Values and Business Principles: *'To live our Corporate Values and Business Principles and to meet the needs of the organisation and our stakeholders, thus seeking to protect, sustain and enhance human, natural and financial capital needed in the future.'*

To succeed as a business, we need to be an open and responsive organisation that is able to balance the interests of various stakeholders. Without neglecting short-term opportunities, we take a long-term perspective. Sustainable development is essential to our ability to serve our clients and create long-term value for all our stakeholders. It is closely related to our core competencies as a financial institution. And trust is the bedrock of our business. It underpins our ability to listen carefully and apply our financial knowledge and experience, thereby becoming a 'share-of-mind' partner for our clients.

The ability to listen carefully depends on the commitment, creativity and know-how of our employees. And by embracing sustainable development and building our reputation for responsibility, openness and fairness, we nurture a sense of belonging and inspiration among our staff.

Another key competence is risk management: the ability to engage in the right business for the right clients on a well-informed basis. By taking 'people' and 'planet' into account alongside 'profit', we gain a wider perspective and reach better decisions. In our internal policies, covering both the bank's conduct and engagement with our clients, we underpin the importance of respecting the environment and human rights. We respect human rights in the spirit of the United Nations Declarations of Human



Photo: Capital Photos

"Long-term value is about more than money. It is about sustainability. And if we create real value today, we win the right to develop our business tomorrow. So sustainable value is the yardstick by which we manage and measure our progress."

Tom de Swaan, Chief Financial Officer

Rights and the core labour standards of the International Labour Organisation (ILO). We cannot tolerate corruption, fraud or bribery, and will not knowingly take part in transactions with business partners, who we know or believe to be involved in child labour, forced labour, or other recognised violations of human rights.

Ambition

Our focus on environmental, social and ethical factors also opens up new business opportunities. We define our sustainability ambition as follows: *'We are committed to continuously improving the integration of sustainable development into our working environment and business processes. Our aim is to play a proactive role in contributing to sustainable development, within our areas of influence. We are committed to accountability and transparency in our sustainable development performance'.*

Taken together, the definition and statement of ambition underline our view that sustainable development is not a journey with a defined finish, but a process of continuous improvement and learning through dialogue with our stakeholders.

A focused approach

Our experience has confirmed that successful sustainability programmes result from a rigorous focus on doing important issues very well, increased integration into core business processes, and transparent

A focused approach

In our commitment to sustainable development we focus particularly on:

- **Being accountable and transparent;**
- **Delivering responsible financial services;**
- **Being a great place to work;**
- **Supporting local communities; and**
- **Minimising our direct impact on the environment.**

communication. So we concentrate on high-value areas, focusing on their benefits both to our organisation and to society. We play a pivotal role in allocating financial capital to different economic activities. Hence, we seek to incorporate environmental, social and ethical considerations in our client and transaction engagements and also in developing more sustainable products. Particularly crucial areas include maintaining strong governance structures, open and responsive reporting and a constructive dialogue with various stakeholders.

Besides focusing on core activities, we are also committed to being a great place to work, and to having a positive impact on the communities we serve. We are a long-term guest in many countries with a vast diversity of cultures and standards. So we have both an obligation and an interest in caring for the environment and helping to enhance local communities and markets. We also address our direct environmental footprint, focusing on those areas most relevant to our type of organisation.

Boundaries

Sustainability is integral to how we do business, but is not a core activity in itself. Our goals are to create long-term shareholder value and client satisfaction. Clients, shareholders and employees remain our primary stakeholders, and the foundation of our company.

The need to balance stakeholders' different – sometimes conflicting – interests inevitably gives rise to dilemmas. Dialogue helps us to understand our stakeholders' opinions and concerns. And by addressing underlying tensions openly, we can spark the creativity needed to reach balanced solutions. This does not mean we can meet the wishes of all stakeholders all the time. Ultimately, we may have to agree to disagree. But we always aim to be open and fair.

This openness means we strive to explain our decisions to anyone with a sincere interest in them. However, there are very real constraints on our ability to be transparent in all areas. Confidentiality is crucial in banking, and we are under strict legal obligations. So we cannot communicate externally the details of every client or project-related decision. We turn down many business proposals because they do not fit with our Corporate Values and Business Principles, but we can only comment publicly on issues that are in the public domain. Outsiders may not always appreciate this restriction, but we will not compromise on it. This is why client-related examples in this report are anonymous, except where they are already public. Similarly, we will not provide copies of individual policy documents, which are internal non-public documents.

Governance

Since our business is based on trust, we are committed to achieving the highest standards of business practices and ethics. This not only reflects our Corporate Values and Business Principles, but also makes good business sense, since it supports our licence to operate and enhances our long-term value. In this chapter, we examine three attributes that build trust: corporate governance, a transparent financial system, and how we embed sustainable development in our organisation.

Enhancing corporate governance

Recent years have seen fierce public debate about the nature and behaviour of companies. Within this, we have actively participated in national and international initiatives to improve corporate governance. In 2003, we assisted the Dutch Parliament in its work on changing the 'Large Company Rules'. These rules, e.g. transfer the power to appoint directors of large companies from supervisory boards to shareholders. We have also moved decisively to meet the requirements of the US Sarbanes-Oxley Act.

In the past few years we have taken measures to increase shareholders' rights. For instance we have:

- Granted authority to appoint members of the Supervisory Board and Managing Board to the general meeting of shareholders;
- Switched authority to adopt the annual accounts from the Supervisory Board to shareholders;
- Allowed shareholders representing at least 1 % of the capital to put items on the agenda of the shareholders' meeting, including proposals to appoint or dismiss members of the Managing and Supervisory Boards;
- Abolished the Special Class of Priority Shares and converted the single outstanding Priority Share into an Ordinary Share; and
- Made euro Preference Share structure compliant with the revised Dutch Corporate Governance Code.

For further information about our two-tier board model, the independence of our Supervisory Board members, our governance structures, top management remuneration and responses to new regulations worldwide, please refer to our 2003 Annual Report and its accompanying appendix on corporate governance, which describes extensively our application of the Dutch corporate governance code (www.abnamro.com/com/about/reports.asp).

Our internal governance is founded on a robust set of policies and instructions contained in the ABN AMRO Instruction Manual (AIM). This important manual is not a public document but is made available to all staff via our intranet, and sets out our global disciplines to subjects such as human resources, risk management and communication.

Transparent financial system

Economies thrive and businesses develop with the support of the international financial markets. Although regulated by supervisory bodies and guided by strict governance standards, the global capital markets system's open nature means it can be misused or abused. We are committed to preventing such misuse or abuse.

Knowing Our Customers

Business integrity is as much about choosing who we will not do business with as who

The Wolfsberg Principles

ABN AMRO is an active participant with 11 other banks in the development of the Wolfsberg Principles, a set of global anti-money laundering guidelines for commercial banks.

The Group published a Statement on the Financing of Terrorism in January 2002, and also released the 'Wolfsberg Anti-Money Laundering Principles for Correspondent Banking' in November 2002.

The Wolfsberg Group's most recent 'Statement on Monitoring Screening and Searching', was published in September 2003 (www.wolfsberg-principles.com).

we will do business with. In either case, our 'Know Your Customer' discipline is crucial and we are committed to further improving our capabilities. Our employees represent our frontline defence against money laundering, so to help them detect and tackle problems we have implemented a global Client Acceptance & Anti-Money Laundering (CAAML) policy. This policy, based on Client Due Diligence as defined by the Bank of International Settlement (BIS), ensures compliance with national and international anti-money laundering standards. We also have processes for assessing ethical, environmental and social issues in relation to client acceptance. Alongside the accounts opening procedure and filtering accounts, we have selected and are currently in the process of implementing a monitoring system to enhance our money laundering detection capabilities. The implementation started in early 2003 in the US. Given the multiplicity of financial services, banking channels and geographical distribution in our business, a concerted global approach compliant with data protection and confidentiality legislation would help us to detect money laundering more efficiently. We strongly believe in the advantages and effectiveness of this kind of global approach to these kind of international problems.

Asserting – and ensuring – compliance

As an international bank with operations spanning the globe, we have to meet all the relevant – and often different, sometimes even conflicting – local and international banking laws and regulatory obligations and standards.

We define 'compliance' as the independent supervision on behalf of senior management of those core processes and related policies and procedures that seek to ensure the bank is conforming to general and industry-specific laws and regulations, thereby maintaining the bank's reputation. Over and above our focus on any given rules or regulations, we are

guided by our Corporate Values and Business Principles.

Responsibility for implementing our corporate compliance policy is a line management responsibility. Besides this, 356 full time equivalents (FTEs) worldwide were dedicated to compliance functions, at 31 December 2003. Furthermore, our independent audit function strengthens our Business Risk Control by providing independent professional audit services. To ensure Group Audit's independence, the head of Group Audit reports to the Chairman of the Managing Board and the chairman of the Supervisory Board/Audit Committee. Group Audit is represented in all our major countries and had 577 FTEs at 31 December 2003. Group Audit contributes to sustainability by assessing our adherence to the standards set out in AIM.

Whistleblowing policy

A culture of openness is key to encouraging accountability within our organisation. While we believe our culture encourages employees to discuss their concerns frankly, we have mechanisms in place for staff members who feel they cannot speak out. Employees are often the first to realise that something is wrong in the workplace. Our whistleblowing policy allows employees to report genuine malpractice concerns in good faith and provides guidelines for dealing with such concerns. This policy is designed to ensure that employee concerns are handled fairly and are appropriately investigated. Therefore ABN AMRO adopts the following policy statements:

- 1** Employees that have reasonable grounds to suspect that malpractice has occurred, is occurring or is likely to occur must report this in accordance with this policy;
- 2** All reports of suspected malpractice must be dealt with confidentially;
- 3** Reports of suspected malpractice within the scope and applicability of the whistleblowing policy will be investigated thoroughly, fairly and in a timely manner;

4 Persons reporting suspected malpractice must be protected from suffering any detriment as a result of such action.

Embedding sustainable development in our organisation

Since sustainable development is integral to our business, responsibilities for sustainable development often coincide with regular line management responsibilities. So, we have established dedicated sustainable development resources and teams in each of our Strategic Business Units (SBUs).

At group level, we have a dedicated sustainable development department located in Group Risk Management, with Managing Board member and Chief Financial Officer Tom de Swaan ultimately responsible. The team, which acts as a knowledge centre and catalyst for initiatives and the embedding of sustainable development across all our Business Units, is led by Senior Executive Vice President Group Risk Management Herman Mulder and managed by Senior Vice President Madeleine Jacobs. This group-level team is responsible for outlining our Group strategy on sustainable development, sustainability reporting, stakeholder engagement and developing internal understanding and expertise. The team supports the (S)BUs in developing sustainable financial products and services, and advises on business ethics and policies. In addition, the team also co-operates closely with other group-level functions such as Corporate Communications, Human Resources, Legal & Compliance, and Global Procurement.

The local initiatives we describe in this report help us to bring sustainable development as close as possible to our business operations. We have also created a group-wide sustainability network to improve knowledge sharing on sustainability between (S)BUs and geographies. Furthermore, sustainability development objectives have

Sustainable Development organisation

Dedicated SD staff	Dedicated staff at group level	SD champions in functional departments
C&CC BU Netherlands	Group Sustainable Development	Group Risk Management
C&CC BU North America		Group Human Resources
C&CC BU Brazil		Corporate Communications
BU New Growth Markets		Group Legal & Compliance
SBU Wholesale Clients		Group Real Estate & Facilities Management
SBU Private Clients & Asset Management		Global Procurement

been included in management's performance contracts. This has increased the awareness of our sustainability ambitions and helped us leverage positive stories and enthusiasm.

Ambitions and action plan

Group Sustainable Development

The Sustainable Development Group-level team and its dedicated BU and functional counterparts have a shared mission to incorporate sustainable development into our working environment and business processes throughout the bank. In this respect, we have identified the following initiatives to spearhead our efforts in 2004 and 2005:

- A bank-wide programme aimed at raising staff awareness and building skills related to sustainability;
- Further integration of sustainable development into our business processes through policy development and implementation for sensitive sectors;
- Stepping up the development of bank products addressing environmental, social and ethical issues;
- Further outlining and validating the Group and Business Units' sustainable



Photo: NFP Photography

Herman Mulder, SEVP
Group Risk Management
and Madeleine Jacobs, SVP,
Head Group Sustainable
Development

development strategy, through dialogue with both internal and external stakeholders.

Putting principles into practice

Successful organisations are distinguished not by their ambitions and structures, but by their ability to put principles into practice.

As we strive to improve our performance, it is crucial that all our employees understand our strategy and act accordingly: that there is mutual belief and focus. Our Client Satisfaction Model provides an important anchor point for the right behaviour.

Our objective is to meet and exceed our clients' expectations. Besides delivering what our clients need today, we strive to build strong relationships that enable them to realise tomorrow's dreams as well. This starts with leadership, operating through four levers – our engaged employees, our Corporate Values and Business Principles, our commitment to Managing for Value and our exploitation of internal synergies. As this model shows, sustainable development is part of our day-to-day operations, as well as our long-term creation of sustainable value. Our client satisfaction model and commitment to sustainable development define our chosen

route and our aspirations. We don't pretend to have all the answers. What we do know is that we have a long way to go, and that our continuous improvement will involve many difficult decisions.

In the next part of this report, we elaborate on the issues and dilemmas we encounter when living our Business Principles, how we measure our performance and what targets we have set ourselves.

We will examine these topics under five priority issues:

- 1** Being accountable and transparent;
- 2** Delivering responsible financial services;
- 3** Being a great place to work;
- 4** Supporting local communities; and
- 5** Minimising our direct impact on the environment.

Client Satisfaction Model





Being accountable and transparent



Being accountable and transparent

Economic performance

First and foremost we are accountable to our shareholders – and have enhanced this accountability through the recent changes to our corporate governance. The most visible and quantitative measure of shareholder approval is our Total financial Return to Shareholders (TRS), relative to our peers. Back in 2000, we set ourselves a target of joining the top five in terms of TRS within a peer group of 20 financial institutions. We were in the 13th position at year-end 2003.

We also enhance our accountability to shareholders by using value-based management to run our business. This means that before making major business decisions, we analyse and estimate the benefit to our shareholders. Our operating result in 2003 exceeded EUR 6 billion for the first time, driven by higher revenues and stringent cost control.

Ultimately, we create shareholder value by satisfying the needs of clients, our employees and society. So we strive to be transparent for all our stakeholders, and engage frequently with them.

Transparency with investors

Our investor relations team strives to improve appreciation by investors of the value of our business. It does this by explaining our objectives, our strategy to achieve these objectives and how we operate. This brings investors’ expectations in line with our own ambitions and expectations. Investors with a specific sustainability focus are still a relatively small portion of our shareholder base, but we hope and expect that to increase substantially.

Our policy of ‘fair disclosure’ ensures that all our investors have access to the same information. As well as our Annual Report, Annual Accounts and Form 20-F (required in the US by the Securities and Exchange Commission), we publish a shareholder bulletin twice a year. We also publish ‘A concise view’, a brochure which summarises our profile, activities and performance and that of our peer group. Some of these documents, plus press and analyst’ presentations, are available on our website (www.abnamro.com).

Active engagement with stakeholders

Many individuals and organisations are affected by our business, or affect it. These are our stakeholders. They include shareholders, employees, clients, strategic business partners, suppliers, regulators, governments, rating agencies, NGOs, and others. To be a good corporate citizen we need to understand developments in global society and in our stakeholders’ interests and perceptions.

We accept that opinions inevitably differ on certain issues. But we know that listening to, understanding, and addressing the aspirations and concerns of different stakeholders strenghtens our decision making. It helps us to improve, and to build our reputation for openness and accountability.

Rating agencies

As at 31 December 2003, the credit ratings of ABN AMRO were as follows:	Long term	Short term
Moody's	Aa3	P1
Standard & Poor's	AA-	A1+
Fitch	AA-	F1+

On 31 December 2003 ABN AMRO was rated in various sustainability indices and ratings, such as:

- Dow Jones Sustainability World Index,
- Dow Jones Sustainability Stoxx Index (labelled leader in European banking sector),
- FTSE4Good Europe 50 and FTSE4Good World 100 Indices.
- Innovest Strategic Value Advisor: AAA (on a scale from AAA to CCC).
- Oekom Research: ranked top ten of global banks and financial services companies.

NGO engagement

The term Non-Governmental Organisation (NGO) encompasses a wide spectrum of organisations, ranging from household names such as Amnesty International, Friends of the Earth, Oxfam, World Resources Institute and World Wildlife Fund, to those involved in local or specific issues such as the American Heart Association in the United States. NGOs speak for parts of civil society but are not its only representatives. Environmental and social NGOs increasingly influence the political and business agenda by engaging with companies, participating in public policy-making and attracting media attention.

We are committed to intensifying the dialogue with our stakeholders. Addressing multi stakeholder interests can pose us with dilemmas. However, we have learned that an active engagement with our stakeholders is a rich source of information and understanding. By addressing underlying tensions openly, we can spark creativity to reach better and balanced solutions for all stakeholders involved. NGO engagement comes in various forms:

- *Policy development and annual review:* we have worked with a number of internationally-recognised NGOs in developing our thinking on environmental, social and human rights issues, and on various policies such as on Forestry and Tree Plantations, Mining, and Oil & Gas. In each case, we held round-table meetings with NGOs to discuss and improve our draft policies before finalising and implementing them.
- *Co-operating to create solutions:* we co-operate with NGOs on social, environmental and cultural issues where we lack experience or expertise. In Brazil, we partnered with Friends of the Earth to train our staff on social and environmental risk assessment and with ACCION to set up Real Microcrédito. In Sweden and Brazil our Sustainable Responsible Investment (SRI) Funds have ethical advisory bodies with

General engagement principles

In engaging with NGOs we aim to follow our general engagement principles:

- **Openness and mutual trust;**
- **Productive and co-operative relationships;**
- **Respect for 'confidentiality' towards our clients;**
- **Respect for one another's roles and responsibilities, limitations and possibilities; and**
- **A constructive exchange of thoughts and ideas as a basis for mutual understanding.**

Involving NGOs in our policy development

Following the implementation of our Forestry and Mining Policy, we moved on to develop an Oil & Gas Environmental and Social Risk Policy. Energy is essential to economic growth and raising living standards. In particular, oil and gas drive the economic development of many countries, both directly through oil revenues and access to energy, and indirectly through local employment and improved skills and infrastructure. We acknowledge that meeting rising energy demand, while minimising the costs to the environment and improving human welfare is a considerable challenge. This requires careful management of the environmental and social impact of oil and gas development, especially in environmentally or socially vulnerable areas. Key issues include safeguarding transparency, human rights and critical natural habitats, while also ensuring that a fair share of the benefits also flows to the local communities.

Our policy was developed in close consultation with a group of international NGOs through two dialogue meetings, and with our Integrated Energy clients. We also held in-depth discussions with more than ten Integrated Energy clients worldwide to discuss best practice and get feedback on our draft policy.

The finalised policy incorporates the Equator Principles, which were developed during 2003, but goes beyond project finance to cover corporate engagements and hybrid oil and gas projects. It enables us to take better and well-informed decisions. Crucially, it is consistent with our Corporate Values and Business Principles and, more broadly, with our commitment to sustainable development.

For more details on the policy, see page 61.

representatives from the NGO, legal and academic communities. In the Netherlands, we participate in Amnesty International's Round Table discussions on Business and Human Rights. In the US, we have partnered with the Metropolitan Planning Council in educating the public on sustainability issues, including financing green developments.

- *Issues of public concern and emerging issues:* we engage regularly with NGOs that represent communities potentially affected by projects that we finance. In Indonesia we have consulted with local clients, NGOs and other stakeholders on our Forestry and Tree Plantations Policy.

Ambitions and action plan

Group Sustainable Development

We engage actively with stakeholders to develop our sustainability efforts. In doing so, we balance a variety of opinions, but ultimately take our own decisions.

Going forward, we will:

- **Actively engage with our stakeholders and other companies to further develop the concept of sustainability for us, and for the industry at large;**
- **Contribute to the further development of the Global Reporting Initiative (GRI) guidelines as these provide the basis for uniform reporting criteria;**
- **Further improve the transparency, substance and timeliness of the 2004 Sustainability Report, by building on feedback from our stakeholders.**



Photo: Ron Offermans

Sandriijn Weites (left) and Paul Mudde, both SVP Group Sustainable Development



Responsible financial services



Responsible financial services

What does this mean to us?

As attention on the contribution of business to sustainable development intensifies, there is a growing recognition of the financial sector's pivotal role. The focus is less on financial institutions' direct impact than on their ability to influence environmental, social and ethical outcomes indirectly through their choice of business partners and the terms on which they work with them.

We examine whether our client relationships and transactions conform to our Corporate Values and Business Principles. Knowing our clients is a fundamental part of our commitment to being a responsible financial services provider. We also focus on opportunities for sustainable product and service offerings to like-minded clients.

In this chapter we examine the area in which our core business has the biggest impact on sustainability: dealing with our clients. We have three Strategic Business Units (SBUs), each with their own characteristics and issues. We will describe each of these SBUs in the next section. However, since risk management is important across all these businesses, we will first discuss our overall approach.

Risk management: a holistic perspective

We take a prudent, holistic and professional approach to managing risks including credit risk, environmental, social and ethical risk, country risk, market risk, operational risk and reputational risk. This prudent approach includes separating our risk management from the commercial lines of business to ensure balanced and independent decision-making. In this section, we will focus particularly on how we manage environmental, social and ethical risks. Our 2003 Annual Report gives further information on our management of the other risks.

Integrating environmental, social, ethical issues

To ensure we do business responsibly, we have integrated environmental, social and ethical issues into our standard credit risk evaluation. This helps us identify clients and business opportunities carrying lower risk, both financially and reputationally, and should reduce the fundamental risks underlying our selected client portfolios and transactions, creating more sustainable (and profitable) long-term business relationships. Engagement decisions involving potentially significant



Photo: Rick Kaas

"Milieudefensie, a member of the NGO BankTrack, acknowledges the potential of the Equator Principles as a new global environmental and social policy standard for project finance.

However, for this potential to be realised, it is crucial that the implementation into bank operations, as well as their application in specific investment decisions, is done in a transparent way, verified by external sources. Moreover, an independent compliance mechanism needs to be developed. Mere promises and intentions are not enough!

Important for Milieudefensie is to see how the Principles will affect the investment portfolio of ABN AMRO; will it prevent any further funding of unsustainable projects. In our view, financing projects like BTC and Chad Cameroon is incompatible with the Principles."

Paul de Clerck, Milieudefensie, (i.e. Friends of the Earth the Netherlands)

“We very much appreciate the leadership role that ABNAMRO has taken in developing the Equator Principles together with IFC and its Project Finance banking peers. We recognise that this is just a first step, but nevertheless an important one, in addressing the challenges that we face.”

Peter Woicke, Executive Vice President International Finance Corporation

environmental, social and ethical factors are referred to the Group Risk Committee (GRC), our most senior committee on policy and exposure approval, chaired by Board member and CFO Tom de Swaan.

Policies for sustainability

Policy development gives us an opportunity to address environmental, social and ethical risks in our engagements, protect the interests of our stakeholders, define best practices for particular sectors, and promote sustainable development generally.

Our policies are approved by the Policy-GRC, taking into account the relevant (international) laws and conventions, feedback from our SBUs and clients, and dialogue with stakeholders and peers. In 2003, we consulted with NGOs while developing the Equator Principles and our Oil & Gas, and Mining policies. Page 61 of this report contains synopses of our policies on defence, forestry, tobacco, mining, and oil & gas.

The Equator Principles

We played an active role in initiating and formulating of the Equator Principles in 2002. Based on the policies and standards set by the World Bank and International Finance Corporation (IFC), the Principles are a voluntary set of guidelines for determining, assessing and managing social and environmental risk in project financing. Twenty three banks, representing 78% of the total amount of loans underwritten in 2003, have agreed to apply the principles globally to project financing in all sectors, including

The Dilemma

The bank looked into financing a major capital goods transaction involving defence related equipment for an emerging market country. The government of the manufacturing country involved had decided to grant an export license.

Our considerations

Our policy on defence engagements is restrictive. We recognise the legitimate right of democratic countries to use justifiable means for self-defence and preserve regional peace, stability and security. However, we also acknowledge the risk that defence-related equipment may fall into the wrong hands and be used for oppression. So, in line with international conventions and the EU code of conduct for arms export, we apply strict scrutiny to the governance and track record of both the manufacturer and purchaser of the equipment. We also review the type of product, its intended use and the local situation in the recipient country, including human rights issues. The granting of an export licence by the relevant country regulator is a prerequisite, albeit no ground for approval in itself.

Our actions

In this particular case, while our analysis confirmed legitimate grounds for the purchase of the equipment for preserving local peace, stability and security, we have decided not to pursue the transaction in view of human rights concerns.

Table 1 describes the activities carried out by the various teams.

Table 1: Environmental, social and ethical screening process

	ESRMU: Wholesale Clients (including C&CC BU Netherlands)	C&CC BU Brazil and Wholesale Brazil	C&CC BU North America
Focus	Environmental, social & ethical	Environmental, social & ethical	Environmental, social & ethical
Dedicated staff	4	2	6
Screening and information tools applied	Environmental, social & ethical risk filter Client sustainability rating tool Web based support Innovest rating reports	Environmental & social questionnaire Web based support IFC/WB Guidelines translation in Portuguese	Environmental assessment US regulatory law Review by loan committee

Table 2 provides the training efforts provided by the various teams.

Table 2: Training on environmental, social and ethical aspects

	ESRMU: Wholesale Clients (including C&CC BU Netherlands)		C&CC BU Brazil and Wholesale Brazil		C&CC BU North America	
	Staff	Partners	Staff	Partners	Staff	Partners
General awareness	692	WRI, IFC	1300	Friends of the earth, IFC	-	In-house expertise
Policy skills, Equator Principles	75	IFC	200	Friends of the earth	-	In-house expertise

**Graph A: Advises
by industry**

(second half 2003)

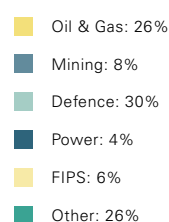
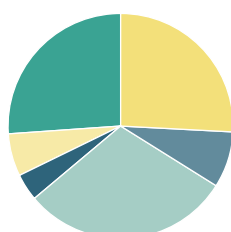


Table 3: Environmental, social and ethical screening output

(2003)	ESRMU	Brazil (WCS)	Brazil (Middle Market & Small Firms)	US
Total number of advices	150	61	2051	1195
• approved	64	60	2039	-
• approved with conditions	55	0	2	-
• declined	31	1	10	-

Graph A shows which sectors attracted ESRMU's attention in the second half of 2003. The extractive sectors – Oil & Gas and Mining – represented one-third of the total advices, followed by defence at 30%. This supports our decision to focus our risk policies on these sectors. The segment entitled 'Other' includes a variety of sectors ranging from Forestry to Tobacco.

Table 3 breaks down the advices from ESRMU (Amsterdam and Asia Pacific), Brazil and US. At the moment of writing the US information does not differentiate between cases that are approved unconditionally, approved with conditions or declined. ESRMU handles the biggest and most complex proposals, resulting in its comparatively high proportion of declines and approvals with conditions.

mining, oil & gas, and forestry. This was the first large-scale initiative of its kind.

We were one of the first banks to adopt the Equator Principles on 4 June 2003, and conducted workshops in London, Chicago and Sydney for our project finance practitioners. This raised the quality of projects submitted for approval by our commercial units, to the extent that we have not declined any projects since adopting the principles – and have approved two unconditionally, and five with conditions.

Besides stimulating the use of the Equator Principles internally, we also actively support our fellow banks in endorsing and implementing the Principles through presentations, conferences and participation in workshops. The Equator Principles can be found at: www.equator-principles.com

Screening process/tools

Alongside our sector-specific risk policies, we have developed specific environmental, social and ethical screening tools to highlight potential issues, both in sectors where we have policies and in other sectors where these considerations have not been a major focus. These screening tools either direct the user to the appropriate policy, or require that the issue is assessed by the appropriate risk team.

For certain sectors, we have developed a client diagnostic tool that assesses and scores clients on their sustainability profiles. This helps us to identify clients whose commitment to – or capacity for addressing – sustainability is below that of their peers. Rather than exclude these clients on the basis of this assessment, we endeavour instead to work with them either to share our knowledge and perspectives, or to offer them financial assistance or advice to help them develop their sustainability capability. In Brazil, we were the first bank to implement a social and

environmental risk policy. It has served as an example in Brazil and has stimulated other banks to adopt similar policies.

The Dilemma

We are considering renewing our relationship with a former client in an emerging market country. This relationship was terminated due to concerns over serious environmental impacts of its operations, which were believed to have adversely impacted forest growth and reduced local life expectancy to below the national average. The company is now showing initial commitment to reducing its emissions through technology and process changes, but requires financial support to achieve these goals. However, its operational track record remains poor and the local regulatory framework is not robust.

Our considerations

In cases of this kind, involving serious environmental degradation, the public may believe we are not adhering to our Corporate Values and Business Principles if our involvement is seen in the context of the client's previous environmental track record. However, our starting point is that we should not decline an opportunity to support a client towards improvement, even if our reputation could be at stake. The proviso is that our relationship with the client must be based on trust and dialogue, and we must be convinced that there is a real commitment to improve.

Our actions

In this case, as the client has not yet sufficiently demonstrated its commitment and capacity to improve, we have – for the time being – abstained from renewing the relationship.

Besides our standard political and economic country-related screening processes we are also developing a framework to allow us to assess a country's reputational risk based on non-economic criteria relevant to the bank. These criteria include human rights record and level of corruption. The framework is aimed at flagging high-risk countries for which additional due diligence for all transactions needs to be undertaken. We believe that this approach, in addition to our existing political and economic country risk assessment, will allow for more well-balanced and consistent decision making when taking into account the bank's exposure to a range of country-specific risks.

We carry out environmental, social and ethical screening of our clients and projects at various places in our organisation. Our Environmental and Social Risk Management Unit (ESRMU) in Amsterdam has overall responsibility for our global policy development and consistent application of environmental, social and ethical policies. ESRMU Asia Pacific, based in Singapore, does the same in the Asia Pacific region. At a subsidiary level, we have teams within ABN AMRO Real (Brazil), LaSalle Bank and Standard Federal Bank (US) who conduct environmental and social screening of their clients and projects.

The Dilemma

Our client is engaged in animal testing strictly for medical purposes. Our client and some of its business partners, including our bank, face actions from a group of radical animal activists.

Our considerations

Animal testing is a very sensitive issue that raises many questions. For example, to what extent should we interfere with animal life to benefit humans? Can the testing be prevented and mitigated? Are the related biomedical challenges sufficiently

pressing to warrant this impact? Are the living conditions of the animals optimised? And, is there adequate regulatory control, government endorsement and transparency?

Beyond these moral considerations, there are other issues to be considered. Animal testing often brings strong personal feelings into play – to the extent that, for some people, violence sometimes takes precedence over dialogue. This raises the need to ensure the safety of our internal staff and clients, and avoid potential damage to our reputation. It also opens up the issue of not wanting to give way to violence, and the role that the government can and must play.

Our actions

Despite the risks and sensitivities, we have decided to stand by the relationship with the client, given that our analysis confirmed the biomedical urgency; the client's commitment to improving living conditions; and the high degree of government involvement, regulatory control and transparency.

However, whilst we have a responsibility to stand by our clients if their conduct conforms our Business Principles, in this particular case our responsibility towards preserving the safety of our employees and clients has also been an important consideration. Hence our position that there are also limitations to the role that private companies can play, which underlines the importance that the relevant government plays its part as well.

The Dilemma

The BTC Pipeline

The 1,760-kilometre BTC pipeline is currently being constructed across Azerbaijan, Georgia and Turkey. It will carry up to one million barrels per day from the Caspian Sea oil fields to a terminal on the Mediterranean coast of Turkey. On the financing side, the project involved Development agencies IFC, EBRD, OPIC, seven national Export Credit Agencies (ECA) and 15 commercial banks, of which nine adopted the Equator Principles. The project sponsor BP, the IFC and EBRD each spent several man-years on environmental and social impact studies to ensure compliance with IFC guidelines and their respective in-house policies. They also held in-depth discussions with community leaders and NGOs. The project has been highly transparent, both on the environmental and social due diligence and on the oil revenues that will flow to the host governments. Extensive independent monitoring and complaint mechanisms will apply throughout the project life. The project includes closely monitored regional and local development plans to ensure local communities received their fair share of the benefits.

Despite this broad and transparent due diligence and structuring process, certain international NGOs have expressed serious concern over the risks to the environment and local communities, and are questioning the project's compliance with the Equator Principles.

Our considerations

The BTC project is unique, given the length of the pipeline, the environmental challenges and the region's political, social and cultural diversity. A pipeline project of this magnitude cannot preclude all potential impacts along its route. So we had to decide whether, considering all the mitigating environmental and social safeguards and the economic and social benefits of the project, the impacts

and risks were acceptable. During 2003, in close consultation with both our clients and NGOs, we developed an Environmental & Social Risk Policy for the Oil & Gas sector, which includes the Equator Principles, setting clear criteria for our decision. For so-called 'category A' projects with a potentially high environmental and social impact, an extensive process is required involving an Environmental and Social Assessment including consultation with affected groups, such as indigenous peoples and local NGOs, and an Environmental Management Plan to prevent, mitigate and manage the potential impacts identified.

The policy also recognises the increased risks of projects in very poor countries/areas, characterised by loose regulatory frameworks and corruption. In such cases, a number of special requirements apply towards ensuring that, on balance, the project satisfactorily benefits the local communities affected and the local host country. This typically requires close involvement from a Multilateral Agency or ECA, as well as strong operational/social management systems on the part of the leading operator, a sound community dialogue/feedback and development plan, and acceptable transparency and monitoring of related payments.

However, our primary and overriding consideration is our trust in the project's leading operator. Ultimately, the greatest safeguard for a potentially environmentally and socially sensitive project is the rigour, professionalism and care with which the operator conducts its activities on the ground.

Our actions

Besides the extensive due diligence by other respected parties, we have conducted due diligence ourselves, to assess the project against our own values and business principles, policies and the Equator Principles.

These included dialogues with several NGOs and the multilateral agencies involved. It has not been an easy decision, because we acknowledge that the BTC project does involve both impacts and risks. However, on balance our findings showed that the project materially conforms to our policies and the Equator Principles. Some important positive and mitigating considerations in our decision were the best practice industry standards being applied, the strong operational track record and sustainability commitment of the sponsor/operator BP, the high degree of transparency on the project

revenues and the extensive monitoring involvement of IFC, EBRD and the lenders' environmental and social counsel. Before and following our decision to support the project, we have explained our process and the deliberations made both to the press and to the main NGOs. We continue to monitor the project against the agreed conditions and standards, maintaining an ongoing dialogue with our clients, NGOs and fellow financial institutions. We will seek to assist in constructively addressing any further issues that may arise.

"BTC was the first examination of the Equator Principles; it is hugely disappointing that the principles failed under pressure. The approval of BTC shows the continuing weaknesses in project finance standards. ABN AMRO was not able to apply independent objective processes to BTC in a transparent manner. WWF will continue to observe how the high risks on this project result in significant impacts, and will hold sponsors to account. The exposure of faulty pipeline coating application indicates the continuing emphasis on perception over performance on this project. WWF continues to be concerned that vulnerable ecosystems and communities are exposed to risks and impacts that are not fully appreciated. It is unacceptable that ABN AMRO considers the loss of a proposed IUCN Category IV Protected Area at Qtsia Tabatskuri compliant with its environmental principles."

Robert Napier, Chief Executive, World Wildlife Fund UK

ABN AMRO's editorial comments

- ***The coating application process:***

This is subject to regular monitoring and project sponsors have confirmed their commitment that any identified defects are being rectified according to standard procedures. Lenders' Technical consultants have recently indicated that there is no material fault in the pipeline and no increased risk of leakage;

- ***Qtsia Tabatskuri:*** Although the area is not -as yet- formally designated as

an IUCN Category IV Protected Area, such classification would require that the area be subjected to active management so as to ensure that the maintenance of habitats meets the requirements of specific species. BTC is addressing this by actively managing the impact of the pipeline through the Reserve, implementing appropriate route revision, seasonal construction constraints, migratory bird monitoring and other management plans.

Ambitions and action plan

Environment and Social Risk Management Unit

Integrating social and environmental risks into our client engagement decisions helps us build durable business relationships. Internally, we will focus predominantly on policy development and implementation, improving staff awareness and skills, and policy compliance and verification.

Going forward, we will:

- Work closely with clients and NGOs to review and update our Mining and Oil & Gas Sector Policies, and develop new sector and issue policies on human rights and hydroelectric dams (2004 and 2005 respectively);
- Extend usage and awareness of our

sector policies, particularly the Oil & Gas Policy, beyond the Wholesale Clients SBU by the end of 2004;

- Further develop our supporting processes and IT infrastructure to ensure policy compliance across our businesses;
- Assist banks that are new to the Equator Principles and exchange best practices with other banks that have implemented the Equator Principles; and
- Continue our training efforts, especially general awareness training and specific rollout training for policy practitioners. The quantity and quality of the training programmes will be heightened in 2004, and a dedicated internal awareness-raising team will be established at Group level.



Photo: NFP Photography

Monika Veric, AVP ESRMU and
André Abadie, Group VP, Head
ESRMU

SBU Consumer & Commercial Clients (C&CC)

The SBU C&CC serves approximately 16 million personal clients and clients in the small and medium-sized enterprise sector (SMEs). We have three home markets – the Netherlands, the US Midwest and Brazil – and are represented in many other geographies that we categorise as ‘New Growth Markets’ (NGM).

Responsible financial services have different nuances in each of our three home markets and in NGM. What connects them is our commitment to provide banking services that clients want in a fair and accessible way. By understanding clients’ needs we can build more loyal relationships and do more business, since engaged clients tend to use more of a bank’s services.

Fundamentally, this means doing the basic things very well, such as responding to clients’ evolving needs, resolving complaints quickly and fairly, and being open about pricing. But it also involves developing new services and products to help our clients identify environmentally and socially sound investment funds, enabling ‘sustainable entrepreneurship’ by ensuring our services are accessible to all our clients, and assisting our clients in identifying whether risks are within their financial capacity.

The examples on the following pages from the Netherlands, Brazil, the US and our NGM Business Unit in India illustrate what our approach means in practice. In September 2003, ABN AMRO Real published a sustainability report called: ‘Human and Economic Values, Together’. This report gives an overview of specific and ongoing initiatives in Brazil.

Business Unit Netherlands (BU NL)

In the Netherlands, we have a dedicated sustainability team responsible for anchoring sustainability in the hearts and minds of BU NL’s employees and in its systems and processes. This team also focuses on developing products with specific sustainability features for Dutch clients.

Environmentally sound lending

Through ABN AMRO Groenbank we lend money to projects with a Dutch government-issued certificate under the Green Projects Arrangement. The Groenbank attracts money by writing green bank bonds. Loans can be offered at a below-market interest rate because the investors have a tax exemption on their green investments.

At year-end 2003, ABN AMRO Groenbank’s sustainable projects amounted to

“Optimal access to buildings, products and amenities is absolutely vital for most people to lead a full life in society. ABN AMRO takes this premise very seriously. The initiation and independent evaluation of the ‘Servicebus’ is one example. Another is our invitation to the Dutch Board of Accessibility to comment on a variety of access-related matters, both big and small: the website and ATMs, the branches and transfer forms.

That advice must then be acted upon, of course. Judging from earlier experiences, I have every confidence that this ambition too will be fulfilled, making ABN AMRO the first Dutch bank to be wholly accessible to everyone on all fronts.”

Koos Pelsser, Director of the Dutch Board of Accessibility

EUR 212.8 million. The principal recipients of green loans are Green Label Greenhouses, sustainable agriculture, sustainable energy, and nature conservation projects.

Accessibility

We have developed various distribution channels to help offset any negative effects from the reduction in our branch network. Clients can visit us personally in any of our 580 bankshops and 80 advisory centres, and we are also available via telephone and internet, 24 hours a day, seven days a week.

However, for some clients – such as the elderly and the disabled – these options may not be so obvious. So the BU NL offers elderly clients a ‘servicebus’, provided in co-operation with ‘Algemene Nederlandse Bond voor Ouderen’ (ANBO), the largest organisation for senior citizens. This bus visits 11 different locations, six days a week, and was the first to be accredited by the Dutch Board of Accessibility (LBT).

We are constantly striving to improve our service to elderly and disabled clients. We work with LBT to test our bankshops and services for accessibility, and to ensure that all our buildings and ATMs are easy accessible for people using a walker or wheelchair. We are also investigating speech aids to help our visually disabled clients withdraw cash from ATMs. Furthermore, we are a signatory to the ‘Thresholds Away!’ covenant, which aims to widen and optimise access to the internet. Through being a signatory and active supporter of the ‘Interbank Primary Payment Services Covenant’, we help people with no fixed address to maintain a basic current account that makes it easier for them to access social security.

We also engage in a wide range of dialogues on accessibility. Through the Structural Consultative Community of Interest, we meet organisations such as the Federation For Visually Disabled, the Chronic Diseases

Ambitions and action plan

BU Netherlands

We believe that taking a position on sustainability issues and being open about them, will be appreciated by our clients, as it provides more transparency. We want to enter into an active dialogue with our clients and other stakeholders on issues that are important to them. This will also contribute to improved client engagement. In order to achieve this, our main challenges for 2004 are:

- **To increase internal knowledge and awareness of sustainability;**
- **On the product side to improve transparency on the product terms;**
- **In the area of financing, the heart of our business, to give a more prominent role to sustainability issues in financing decisions; and**
- **Continue to contribute to the local communities we are active in.**

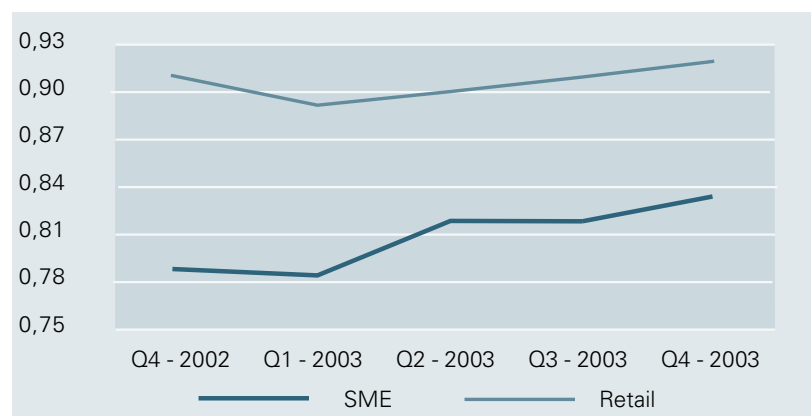


Photo: Ron Offermans

Wietze Reehoorn, EVP
Corporate Clients and Sandra
Kingma, Head Sustainable
Development BU NL

and Handicaps Counsel Netherlands, the Consumers Organisation and the Royal Dutch Association of Small and Medium-Sized Enterprises (SME). We also participate in the Accessibility and Attainability working group of the Societal Committee of Payments.

Client satisfaction BU Netherlands



Client satisfaction

The ‘Zonder Omwegen’ (i.e. ‘No Detours’) reorganisation in the Netherlands in 2001 had an impact on our relationships with many clients. We are working hard to improve client satisfaction ratings and saw our ratings rise in 2003. Improving overall client satisfaction is a key focus. We carry out detailed surveys with our SME and retail clients every three months.

Complaints handling

Complaints are a valuable source of information, and can help us to identify areas where we can improve customer satisfaction or reduce costs. In principle, our policy – which is based on our corporate complaints handling policy – is to resolve all complaints within one day (so called one-call completion). When that’s not possible, the complaint handling is carried out in co-operation with relevant specialists in the fields such as mortgages, securities or payments. There is a set time-limit for handling each complaint, and we aim to handle 95% of complaints within that deadline.

Business Unit North America (BU NA)

Our BU NA operates from its base in the US Midwest through two brands: LaSalle Bank N.A. in Illinois and Standard Federal Bank N.A. in Michigan. LaSalle Bank executes monthly performance overviews with its customers.

Over the past years, the performance trend line has been slightly positive reaching 94% at year-end 2003.

Leading community development lender

LaSalle Bank and Standard Federal Bank lend and invest strategically to help to build strong neighbourhoods with thriving businesses. We fund projects ranging from affordable housing and retail development to job creation and neighbourhood revitalisation. Such loans and investments not only make a positive contribution to the community, but also make commercial sense for us.

In the US Midwest we provide Community Associations (including non-profit & community-based organisations and local entrepreneurs) with financing and technical or organisational assistance so they can provide housing, job opportunities and services to developing communities. In 2003, we committed USD 59.9 million to affordable housing and economic development loans. LaSalle Bank provided the lead financing plus financial training and guidance to the first supportive housing project in Chicago, New Beginnings, which offers safe, affordable housing to homeless women and their children. Standard Federal Bank is the lead bank in Indiana and Michigan in the Affordable Housing Programme, which has produced over 2,300 affordable units. LaSalle Bank is the leader in mortgage origination to low-to-moderate income neighbourhoods in Illinois.

In 2003, LaSalle Bank was rated ‘Outstanding’ by the Office of the Comptroller of Currency under the Community Reinvestment Act (CRA) statute that requires banks to serve economically disadvantaged communities. Fewer than 9% of US banks receive this rating.

Additionally, federal and state funding initiatives and programmes have provided

Client satisfaction BU North America



development funds, tax relief incentives, and government loan programmes for the clean-up and development of underutilised and contaminated properties ('brownfields'). These initiatives have spurred investment in core urban areas, resulting in more efficient property re-use. Both LaSalle Bank and Standard Federal Bank have risk management expertise in environmental re-utilisation, helping to facilitate such deals while protecting the bank's overall credit quality. With many other financial institutions shying away from this type of environmental investment, we have become leaders in the financing of projects involving the remediation and redevelopment of environmentally contaminated properties, that would otherwise have remained underutilised.

Actively addressing financial exclusion and accessibility of services

There are still many people in the US without access to a bank account, and they are especially

vulnerable to abusive practices. We have led the fight against predatory lending, supporting new state-wide regulations to protect homeowners in Illinois, and using advertising, telephone hot-lines and consumer outreach to help families avoid predatory lending in Michigan.

With nearly 400 branches, LaSalle Bank and Standard Federal Bank have one of the largest networks in the US Midwest and are continuing to expand. We are building branches in strategic locations to reach areas traditionally underserved by banks, and teaming up with community-based groups to offer much-needed financial literacy training. This programme now provides over 115 seminars each year, covering everything from getting a government loan to managing a household budget, or purchasing a first home.

Business Unit Brazil

Our commitment to sustainable development in Brazil began in 2000, resulting from earlier

Ambitions and action plan

Business Unit North America

We see opportunities in the further development of sustainable products and practices, both in business development and in support of our local communities. We believe that both LaSalle and Standard Federal Bank have a significant role to play in promoting sustainable practices in the wider community, particularly in brownfield reclamation and redevelopment, microfinance, and continually improving our internal and supplier diversity. Our greatest challenge is to increase awareness of sustainability issues internally and externally and to promote sustainable products while remaining competitive in our marketplace.

Going forward we will:

- **Expand the range of sustainable investment products available to clients;**
- **Expand the bank's recycling programme for employees;**
- **Continue as a leader in brownfield redevelopment, and increase communication and education on this important subject;**
- **Continue our engagement with NGOs, especially on topics of community development, green buildings and supplier diversity; and**
- **Execute a plan for educating our employees, clients, and the marketplace about sustainable development.**



Photo: Brett Kramer

Mary Laraia, Group SVP Civic & Community Development and
Norman R. Bobins, CEO BU
North America

Client satisfaction and loyalty data BU Brazil



discussions on how to put our mission and model into practice. In the early days, the executive directors held weekly discussions about the dilemmas faced by a relationship bank focused on client satisfaction and creating value for shareholders, employees and the community. These early discussions led to several initiatives that are now integrated into our core business. We set up a Social Responsibility Department in 2001, and merged it with our local Academy to become the Education and Sustainable Development Department in 2003. The sustainable development initiatives in the BU Brazil include developing and implementing a socio-environmental risk management policy; setting up the first Ethical Fund in Latin America; setting up our microcredit operation; developing 11 socio-environmental

products; and many other initiatives such as closer engagement with suppliers, a diversity programme, training and workshops to raise awareness of sustainability issues, and the production of a sustainability report in 2003. Our clear positioning on sustainable development is proving profitable, as new clients are attracted to us as a result.

Microcredit starts to pay off

The Microcredit operation is one of ABN AMRO Real's wide range of sustainability initiatives, reflecting our commitment to supporting the communities we serve.

Microfinance is a tool for creating jobs, generating income, reducing poverty and building people's self-esteem. Brazil has the largest concentration of micro-enterprises in Latin America. The target clients for microfinance are individuals or small enterprises, many of whom operate in the 'informal' sector and do not have access to credit through commercial financial institutions. A high percentage of micro-enterprises – such as handicrafts, small bakeries and grocery stores, beauty shops, children's and ladies' apparel – are owned and run by women.

In partnership with ACCION, an international NGO specialised in microfinance projects, we have hired and trained credit agents to assess and advise small businesses in São Paulo's 'favelas' (shantytowns). Real Microcrédito, a joint venture in which we provided 80% of the capital and ACCION provided 20%, made almost 800 loans. These loans averaged around BRL 1,300 (EUR 370) at monthly interest rates between 2% and 3.5%, which is within the market rate for microcredit in Brazil. Our commitment to expanding these services to more people and new areas faces challenges including low awareness of the microcredit concept and competition from non-specialised lenders. But the progress to date suggests that our expanding microfinance activities will make a real and

"Until recently, I wasn't aware of ABN AMRO Real's projects in social responsibility and its commitment to the environment. I would like to let you know that I will begin to transfer my investments held in other financial institutions to your bank for this reason. In addition to being one of the directors of one of the largest advertising companies in the South of Brazil, I am the president of two NGOs and I think that with these small actions, we will begin to change the world in which we live."

Alfredo Fedrizzi, client and entrepreneur, Director of Escala Company

growing difference to poorer communities, and make economic sense for us once they achieve critical mass. We aim to have 4,500 active clients within the next two years.

Building accessibility

We have taken several initiatives to improve physical and virtual accessibility to our premises. 92% of our branches have been redesigned to allow for access by the physically impaired, and access ramps and washrooms have been adapted. We have also developed an 'Accessibility in the Model Branch' manual, containing universal accessibility ideas and providing guidance on implementing or adapting Points of Sales. The bank's website has also been adapted to facilitate access by the visually impaired and the bank donates 'Virtual Vision' software to clients with visual impairment, to enable them to access the internet via a voice synthesizer.

Loans for social-environmental projects

We provide loans for social-environmental projects in Brazil. One major success has been

a special financing line for converting vehicles to natural gas. Developed in partnership with a natural gas kit manufacturer, this enables drivers to use a cleaner, less expensive fuel. Another special credit line helps fuel stations install new tanks and other equipment required by new legislation. We also offer specific financial products for restructuring hospitals and educational centres, for disabled people with special needs for the financing of wheelchairs and the adaptation of cars and sports equipment and for pollution control equipment (Kyoto Protocol CDM-Clean Development Mechanism projects). These social-environmental products are funded by BNDES (National Bank for Social and Economic Development) for corporate clients and by ABN AMRO Real for personal loans. This year we have financed over EUR 1.2 million for consumer clients and more than EUR 14.6 million for commercial clients.

Satisfaction and Loyalty Client Research

We conduct quantitative satisfaction and loyalty surveys with retail and corporate clients every quarter. These show that the proportion

Ambitions and action plan

Business Unit Brazil

We aim to further integrate sustainable development into our organisation while maintaining an organic and inspirational approach. We aim to focus on further integrating sustainable development into the core of our business both through innovations in policies, processes and products and through initiatives that reinforce our position.

Going forward, we aim to:

- Increase the number of products with positive social and environmental

impact, or based on social and environmental criteria;

- Increase the volume of assets under social and environmental management (SRI) – Ethical Fund;
- Reduce water consumption (litre/m2) and our electricity consumption (KWh/m2) in administrative buildings;
- Increase the percentage of women in managerial positions; and
- Further integrate sustainable development into our educational approach and programmes for our employees and other stakeholders.



Photo: Nicola Labate

Maria Luiza Pinto, EVP, Education & Sustainable Development and Fabio C. Barbosa, CEO BU Brazil

of satisfied clients – those giving us a score of 4 or 5 on a 5-point scale – increased from 68% in July 2002 to 73% in November 2003. The loyalty index, which is the combination of three factors – total satisfaction with the bank, certainty of continuing to operate with us and certainty of recommending us to others – grew from 12% when first measured in March 2001 to 21% in June 2003. Taken together, these results suggest that we are steadily achieving our aim of satisfying the client through greater focus.

We conducted two other surveys, besides the traditional ones. The first was to understand the profile and needs of senior citizens. The other was qualitative research into diversity, conducted with people with disabilities, people from ethnic minorities, people with differing sexual orientation and executive-level women. These two surveys helped us better understand the specific needs of these groups of people in terms of products, services and relationships.

Customer Care Centre

The ABN AMRO Real website and call-centre are the main channels through which we receive client complaints and suggestions. Comments, both positive and negative, are handled at the Department for Complaints and Suggestions. A complaint is invariably an opportunity to improve our services. The official time given for a reply is 72 hours, but our team is making every effort to reduce this. Currently, 80% of queries are answered within 72 hours.

Business Unit New Growth Markets (BU NGM)

Our BU NGM has operations in Europe and Asia. In Europe we are active in Belgium and France. In Asia we have consumer-banking operations in India, Indonesia, Singapore, Pakistan, United Arab Emirates, People's Republic of China, Hongkong and Taiwan, China and through our minority stake in Saudi

Hollandi Bank. While most of these businesses have sustainable development initiatives, we will focus here on our operations in India.

Microcredit in India

We launched microfinancing services in India in September 2003, by providing loans to Micro Financing Institutions (MFIs) that then offer loans to self-help groups of poor Indian women in rural areas. The concept has proved to be a successful way to maximise savings, ensure robust repayment records and benefit entire households. Our goal is to reach one million poor women within five years in a commercial, profitable and sustainable way. We have formed relationships with three local MFIs. We have established credit lines of EUR 1.8 million, of which EUR 1.1 million has now been disbursed, reaching 36,000 poor women.

In addition to providing loans to the local MFIs, we provide advisory services to help these organisations strengthen their managerial capabilities. These advisory services focus on three main areas: information technology, governance and credit discipline. By providing these services to local MFIs we proactively contribute to their ability to meet two important objectives, increased outreach and financial viability. For example, we developed a software application for the Simputer – a handheld computer – for real time data capture in the field. The application supports voice and text in local languages and has the potential to reduce transaction costs significantly.

In 2003, alongside other investors including the IFC, we made an investment in ShoreCap International. ShoreCap will invest in and advise local regulated financial institutions that make small and microbusiness loans in developing and transitional economies. One of our executives sits on ShoreCap's board. In India, we are working closely with ShoreCap to provide more funding for the local MFIs

with which we co-operate, and we provide ShoreCap with local market intelligence to enhance its investment decision capabilities. LaSalle Bank is an investor in Shore Bank in its home Chicago market.

Credit Cards in India

Under a partnership with Sanctuary Magazine, India's leading wildlife, conservation and environmental magazine, 0.01% of the money spent using ABN AMRO India's sustainable gold and regular credit cards is given as an annual award to honour individuals who devote their lives to defending or conserving wildlife.

International Diamond & Jewellery Group (ID&JG)

ABN AMRO's ID&JG, part of NGM, is based in Antwerp, Belgium, with 12 branch locations worldwide. Besides Antwerp, our most important locations are Mumbai, New York and Hong Kong. Our clients cover the entire diamond pipeline, from mining, rough trade, diamond polishing and jewellery manufacturing to retail.

We are the world's leading financier of the diamond and jewellery trade, recognised globally for our industry knowledge. When the so-called 'conflict diamonds' controversy broke out in mid-2000, we immediately participated in the formation of the World Diamond Council to help end the illicit trade in diamonds from war-torn countries. Along with other diamond financing banks, we wrote to all our clients saying we would immediately terminate our relationship with any client found to be involved in the illicit trade. The efforts of the World Diamond Council led to the implementation of the Kimberley Certification Process, which ensures that only rough diamonds from legitimate sources can enter the trade. We are also active in the battle against money laundering, believing that compliance with international laws is essential to the legitimacy and integrity of the diamond industry.

Ambitions and action plan

Business Unit New Growth Markets

We believe that Sustainable Development is core to our business and key to engaging all our stakeholders.

Going forward we will:

- **Increase internal knowledge and staff awareness of sustainability issues;**
- **Implement a Sustainable Development Programme, consisting of a sustainability management information system and an action plan, which will build on our Business Principles;**
- **Implement a Customer Engagement Programme; and**
- **Initiate and leverage sustainability initiatives through a Community of Practice on Sustainable Development.**



Photo: Ron Offermans

Pauline van Esterik, SVP
New Growth Markets and
Lex Kloosterman, CEO Private
Clients / New Growth Markets

SBU Wholesale Clients (WCS)

Our SBU Wholesale Clients offers corporate and investment banking services to corporate, financial and public sector clients worldwide. Our strategy focuses on client groups, led by Client Business Units servicing chosen sectors and supported by our Product Business Units.

WCS engages actively with clients, financing partners and other financial industry participants to ensure we understand stakeholders' issues. This enables us to lead industry initiatives such as the Equator Principles and to formulate our own best-practice framework for risk management, including our specific lending policies.

A measure of investment banks' competitive market positioning, and therefore of their degree of client engagement, is the Brendan Wood International Competitive Index Score. This reflects a bank's ability to win mandates, and each bank's score is the aggregate of hundreds of ratings attributed by corporations. These ratings cover aspects including the quality of the bank's primary relationship managers and secondary execution professionals; its execution capability; more than 30 competitive qualities including

reputation and prestige, distribution, pricing, and relationship development; its research franchise; and its market penetration in terms of deals and fees. The graph shows how our score has improved over the past two years.

Sustainability business opportunities

Development finance: building sustainability

As one of the world's leading financiers in the emerging markets, we work alongside various multilateral and national development banks. By facilitating economic development we make an important contribution to sustainable development.

All projects financed by development banks are scrutinised against criteria developed from thorough environmental and social impact studies. There is a clear trend for other official agencies – such as Export Credit Agencies (ECAs) – to put more focus on environmental and social impact, in line with standards imposed by development banks. We are actively involved in ECA-backed transactions, and during 2003 we financed 508 transactions in 73 (mainly developing) countries, totalling more than EUR 10.8 billion.

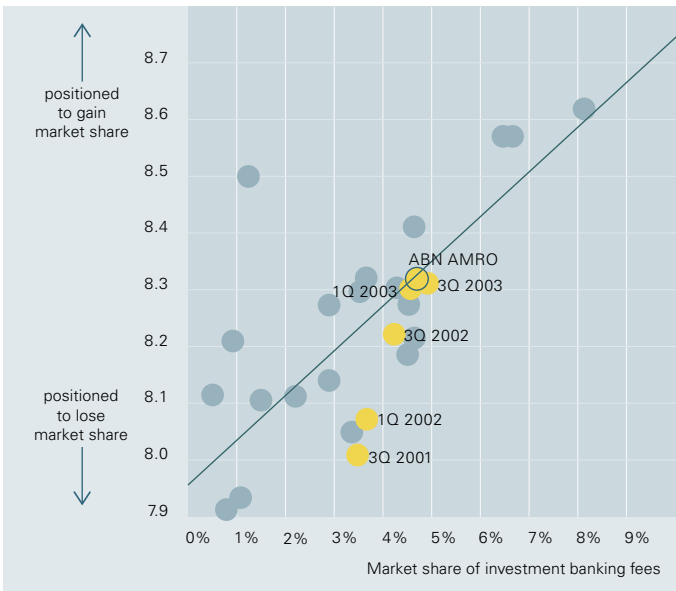
We achieve high rankings in the co-finance partner league tables produced by three leading development banks: European Bank of Reconstruction and Development (11th), International Finance Corporation (3rd) and Netherlands Development Finance Company (1st).

Climate change: risks and opportunities

Climate change, through the build-up of greenhouse gases in the earth's atmosphere, potentially has massive economic, environmental, social and public health impact worldwide. We recognise that climate change, and efforts to limit carbon emissions such as the Kyoto Protocol and the EU Emission Trading Scheme, raise both risks and opportunities for our clients and us.

Improved client engagement

(Source: Brendan Wood International)



In 2003, we set up a working group to explore these opportunities and risks. We interviewed clients in priority sectors to assess market demands and questions. We already offer several related products, such as renewables financing (e.g. biomass and wind), through our project and corporate finance businesses. Furthermore, we have several products that can mitigate related risks, such as weather derivatives, catastrophe bonds, and commodity derivatives. Our UK Equities business produced a research paper on climate change.

Seeking out future opportunities

In 2003, we brought together a team from across WCS to prepare a business case for leveraging sustainable development within the

The Dilemma

A political party in the Netherlands has challenged us over our (indirect) relationship with a company, a very small part of whose turnover (0.5%) relates to the maintenance of cluster bombs for a NATO member Ministry of Defence.

Our considerations

Cluster bombs are not banned by any international treaty and are considered legitimate and effective weapons by many NATO governments. However, there is concern over the unintended side effects of civilians getting hurt by devices left unexploded. So, international governmental negotiations focus on the careful use and the clean-up of cluster bombs that do not explode, not on an outright ban on these weapons.

Our actions

We have engaged actively with the political party involved and other relevant stakeholders to find a solution. On the basis of this dialogue, we decided in November 2002 that we would no longer finance (new)

Helping a client to help the environment

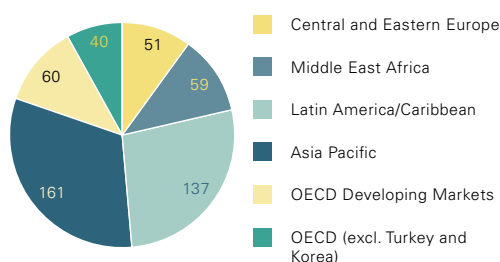
In 2003, we were a lead lender in the European Bank for Reconstruction and Development's (EBRD's) six-year, USD 80 million loan to CSJC Lukoil-Perm, part of Russia's Lukoil Group. The company is committed to improving its environmental performance and corporate governance.

The loan will be used to start a programme to reduce the amount of gas burned as waste to 20% by 2005, compared with 52% at a typical Russian oilfield. Instead, this gas will be converted into additional energy in the Perm region of the western Urals, hit by supply problems in recent winters.

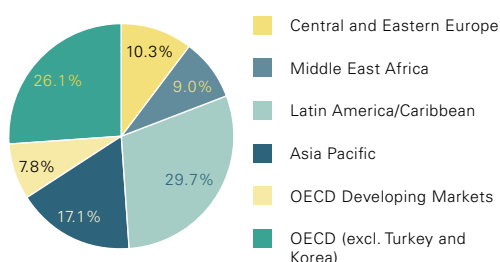
Andrey Kuzayev, President of LUKOIL-Overseas Holding Ltd., said: "Large-scale environmental projects financed by well-known international banks are helping to implement what is an important component of our company's strategy, and one which highlights its sense of social responsibility."

clients with operations directly involved in the manufacture and marketing of cluster bombs. After searching for an for all parties concerned optimal solution, we ended our indirect financial relationship with the company involved in February 2004.

Number of facilities



Exposure (EUR) in % of total



RWE Innogy Renewables Portfolio Financing

In 2003, we acted as a mandated lead arranger in a GBP 300 million limited recourse facility for Beaufort Wind Ltd in the United Kingdom. Beaufort, which owns RWE Innogy's wind assets, was established to acquire, own and operate UK wind farms.

This transaction, the largest wind farm financing in the UK to date, won awards and accolades for its innovative structure and for aiding the development of the UK's renewable sector. One of the wind farms added during the next three years will be offshore, representing the world's first limited recourse offshore financing.

SBU. After extensive external engagement, business-focused research and analysis, the team identified and formulated a number of clear business opportunities, and presented these to the Executive Committee. In early 2004, we decided to set up a dedicated unit,

headed by a managing director, to develop and exploit these revenue-generating opportunities.

For WCS, the business case focuses on three key areas. The first is in sustainability-related hedging and risk management solutions, reflecting the demand among corporates and institutional investors for climate-change-related products. Carbon credit trading alone will offer significant opportunities for intermediaries in the next five years, and gives us a chance to build on our emerging capabilities in these products. Secondly, we can develop our standing in areas such as structured finance for greenfield and brownfield projects, particularly in emerging economies. Thirdly, we can develop further advisory and funding opportunities in areas such as renewable energy and waste treatment.

Ambitions and action plan

SBU Wholesale Clients



Photo: NFP Photography

Richard Burrett, Managing Director Wholesale Clients and Alexandra Cook, SEVP Wholesale Clients

We see a number of significant business opportunities for the further development of sustainable practices and products within the WCS activities. We will continue to review our operating practices to ensure that we develop business in a socially and environmentally acceptable way. In part, this will be through further policy development in sensitive areas of business. Raising the overall awareness of WCS staff of the impact of sustainability themes on the future business of our client base is a key area of focus that will clearly contribute to improve client engagement. Secondly, as these impact are more widely understood, it will lead to significant business opportunities in corporate and investment banking for sustainable products. WCS assigned a dedicated managing director who will support the development of the sustainable development agenda.

Going forward we will:

- **Increase internal knowledge and staff awareness of sustainable development issues;**
- **Engage with the Corporate Centre to review our environmental and social risk management policies in key areas such as Mining and Oil & Gas as well as reviewing the effectiveness of the Equator Principles in terms of our project finance activities;**
- **Evaluate the impact of impending EU legislation on emissions reduction and assess the potential to develop climate change-related hedging and risk management products; and**
- **Develop a WCS strategy on renewable energy activity to promote the development of clean energy technologies.**

SBU Private Clients & Asset Management (PC&AM)

Private Clients & Asset Management (PC&AM) consists of the BU Private Clients and the BU Asset Management. We have one of the world's largest private banking and asset management businesses. Our sustainable development challenges in this SBU mainly involve helping clients who invest in socially responsible ways. We are active in many countries and plan to expand our sustainable product portfolio wherever we see a market opportunity.

Private Clients - Know Your Customer

ABN AMRO Private Banking is the world's tenth largest private bank with about EUR 100 billion of assets under administration. We have private banking units in the Netherlands, France, Germany, Belgium, Switzerland, Luxembourg, Jersey, United Kingdom, Monaco, Gibraltar, Latin America and the Middle East.

Both our clients and their funds are thoroughly assessed against our policies, including the Client Acceptance and Anti-Money Laundering Policy, before being admitted to our network. For more information on the Wolfsberg Principles, please refer to the section on Governance on page 9 of this report.

Socially Responsible Investment (SRI)

In managing our SRI funds, we take a holistic approach and incorporate sustainability criteria into our investment decisions, as this helps us achieve a sustainable long-term return. Our SRI funds, with a total value of EUR 371 million at year-end 2003, select companies that incorporate environmental and social factors into their strategies and show outstanding practices in these fields. Corporate governance practices are also taken into account. Obviously, these companies also need to be attractive financial investments.

We are strongly committed to providing our clients with the choice of investing in a socially

Sustainable Assets under Management

(in million EUR)

	2003	2002
Greenfund	457	367
SRI Funds	371	55
Total sustainable Assets under Management	828	422

responsible way. Our approach is based on positive selection of companies exhibiting desirable behaviour. Companies are usually compared within their sector.

We have a strong presence in Sweden, managing 15 primarily Scandinavian-focused SRI and Ethical Funds in our subsidiary 'Banco'. The methodology for the selection of companies to our funds has been approved by Banco's ethical committee, which includes representatives from NGOs such as Amnesty International and from the Swedish School of Economics. The SRI analysis within Banco is based on research provided through our co-operation with the UK-based consultancy CoreRatings. Where we find companies are not up to standard, Banco works proactively with them to help them mitigate their social and environmental risks, thus helping them become more suitable for SRI. Between 2001 and 2003 we had over 50 such dialogues with Scandinavian and foreign companies. From June 2004, 75% of Banco's assets under management have been managed with social and environmental considerations.

In Amsterdam we manage three global SRI funds which are marketed widely in Europe and Asia. The ABN AMRO Sustainable World Fund works with KPMG Sustainability to develop sustainability criteria and explore new themes in corporate social responsibility (CSR). This fund was the first to fully implement the Dutch guidelines on reporting transparency for SRI Funds.

In Brazil, we were the first to launch an SRI Fund in the Latin American region in November 2001 (Fundo Ethical). This Fund invests only

in companies listed on the Brazilian Stock Exchange with strong environmental, social and corporate governance performance. The SRI research is conducted in-house and the methodology was developed in partnership with NGOs including Friends of the Earth, IBGC (Brazilian Institute for Corporate Governance) and Ethos Institute. The fund has an independent advisory committee, with experts in sustainability and corporate governance. The fund is a reference to institutional investors and has contributed to fostering the sustainability agenda and discussion in the region.

Due diligence in our Trust business

In our due diligence process, particular attention is paid to anyone:

- **With a current address in a high money-laundering risk country as defined in ABN AMRO's geography risk matrix, based on the Financial Action Task Force's list. This is available at: www.fatf-gafi.org;**
- **With a current address in a country under economic or other sanctions by recognised bodies;**
- **Believed not to be respecting human rights or whose business activities are known to seriously threaten the environment. Regarding the latter, we apply our sector policies including the Defence, Forestry, Tobacco, Mining and Oil & Gas Policy; and**
- **Engaged in business activities or sectors that are believed to be susceptible to money laundering or widely used for the financing of terrorism.**

"To an NGO such as ours, it is of utmost importance that we can invest according to the Corporate Values of our organisation as well as those of our donors and beneficiaries. A sustainability focus also signifies to us a commitment to influence corporate behaviour through investments. We feel that Banco not only provides sustainable investments and monitoring, but also acts to develop the concept of sustainable investments through dialogue with investors and companies concerned."

Eva Gillstrom, Chairwoman of the Swedish Children's Cancer Foundation

ABN AMRO Trust

We have a Trust or 'International Financial Services' (IFS) business, providing professional management and administration services to various types of entities, as well as escrow, treasury management and securitisation services. Our clients are established (multi-)national corporations and high net worth individuals.

We cater for tax planning and (re-)structuring, and help clients optimise their international fiscal management, strictly within legal and ethical boundaries. We also provide services around balance sheet and transactions planning, asset protection and sound and transparent completion of business activities.

Despite having a long and legitimate history, the IFS sector has come under severe debate in recent years. However, we believe that the IFS sector as a whole should not be judged on a few – admittedly serious – incidents. The IFS business is equally important both to developing and developed countries. IFS businesses are an integral part of the increasingly global environment in which companies and individuals now operate, and they help investments move more freely around the world. They actually serve as an important gatekeeper: they are subject worldwide to constant supervision, both self-imposed and imposed by nations and institutions. International political platforms recognise the relevance of the IFS sector and strive for global governance and transparency. The IFS sector has in many ways the same formal status and characteristics as the institutionalised international banking sector. Therefore, we consider the rules of conduct as no different from our other business activities, without losing sight of specific characteristics of the IFS sector or any other sector we operate in.

The Dilemma

The bank is considering entering a relationship with a foreign multi-national company, which exports consumer goods. The company has its headquarters in an OECD country, operates in more than 30 countries around the globe and is rapidly expanding in Europe. For this purpose, it's considering establishing a holding company in the Netherlands, which will be incorporated and managed by ABN AMRO Trust. The reasons for this company to set up an entity in the Netherlands, they explain, are manifold: political stability, gateway to Europe, highly developed financial services sector, available language skills and a favourable investment and tax climate. The latter has been advised by a reputable tax advice firm and would give tax advantage to the company by lowering its tax burden and paying less withholding tax in their country of origin.

Our considerations

The bank is very much aware of the reputational and organisational risk of being involved in corporate structures that turn sour. ABN AMRO Trust co-operates closely with other ABN AMRO Business Units as well as with selected, reputable tax and legal advisors to check that our clients' operations are compliant with regulations and requirements. We apply very strict client acceptance criteria, aimed at establishing the identity of a client, the legitimacy of the proposed structure and the origins of funds in question. We will refuse a potential client or terminate an existing relationship with any client that poses a threat to our integrity and reputation and to our other clients. In this case the company, its products and its intentions were thoroughly screened. Their reasons to opt for a legal company in the Netherlands were transparent, legitimate and aimed at obtaining substance to enable

and leverage their European expansion plans. They were to obtain a lower tax burden, based on the tax treaty between this OECD country and the Netherlands and because of further streamlining of their international cash flow.

Our actions

In this particular case, the bank decided to engage in the relationship with this client. The client complied with all our strict acceptance criteria. It is our policy to continue to monitor all our clients on a regular basis. The corporate structure at the favourable location, in this case the Netherlands, facilitates the company's rapid expansion of their business in Europe.



Photo: NFP Photography

Jaap van der Geest (left), SVP Global Head SRI and Head of Corporate Governance and Huibert Boumeester, CEO BU Asset Management Colleagues responsible for Private Clients/New Growth Markets, see page 33

Ambitions and action plan

BU Private Clients & Asset Management

We recognise our responsibilities as an important shareholder in a wide range of corporate entities on behalf of many institutional and retail clients. We believe that actively fulfilling this responsibility will contribute to optimising the risk/return profile of our clients' portfolios. It will include active engagement with companies in these portfolios. Furthermore, we see opportunities in increasing our SRI initiatives. Challenges can be found in active competition and uncertainty on existing tax advantages for our clients, e.g. for green investment funds in the Netherlands.

Going forward, Private Clients will:

- Increase internal knowledge and staff awareness of sustainability issues;
- Implement a Sustainable Development Programme, consisting of a sustainability management information system and an action plan, which will build on our Business Principles;
- Implement a Customer Engagement Programme; and
- Initiate and leverage sustainability initiatives through a Community of Practice on Sustainable Development.

Going forward, Asset Management will:

- Publish a statement of our general investment principles on corporate social responsibility;
- Publish a policy on shareholder advocacy in relation to voting at annual meetings and initiating dialogue with the management;
- Continue engagement processes with portfolio companies and start new initiatives;
- Implement a management information system to monitor corporate social responsibility of companies of which securities are held in our clients' portfolios;
- Expand assets under management in SRI Funds: (1) Brazil – consolidate our position as the leading SRI asset management firm in the region; (2) Sweden – convert a number of conventional retail funds into SRI Funds under the Banco brand; (3) Europe – intensify and broaden marketing activities towards private clients and retail clients; (4) Netherlands – launch SRI portfolios aimed at private clients, combining multiple asset classes; and
- Legally separate its business from ABN AMRO Bank N.V. This enables an enhanced level of transparency towards clients, regulators and employees. The new legal structure will become operational in January 2005.



A great place to work

A great place to work

Engaged and qualified staff who feel fulfilled and energised, and who embrace our strategy as the basis for their behaviour, are what makes our business successful. They ensure our clients are satisfied, enabling us to create sustainable value for our shareholders and communities – as shown in our *Client Satisfaction Model* on page 12.

This is why we need to be a great place to work and be the employer of choice, able to attract, enthuse and retain the most talented people. So we aim to provide fair and competitive compensation for all employees, create a culture of diversity that offers equal opportunities to all, and provide a safe and healthy working environment. We encourage teamwork, which contributes to our success and to our employees' job satisfaction. We support the personal ambitions, growth and development of our employees and encourage them to play an active role in their local communities. In our three home markets, over 12,000 employees undertake community work initiated by the bank.

To succeed economically, we need our organisation to be effective and efficient. So we sometimes have to undertake restructuring and down sizing, as we have in the Netherlands. These measures have had a deep impact on our staff base, but our social plan has helped us anticipate and manage difficult situations.

In 2003, we had more than 105,000 employees and paid over EUR 7,000 million in staff costs. During this year, the number of joiners (16.4%) and leavers (17.3%) were almost equal. The average length of service was six years.

Managing human resources responsively – not rigidly

We manage our human resources on a decentralised basis, in line with our organisational model, applying our Business Principles globally while enabling local units to adapt and customise according to local conditions. Local Human Resources (HR) departments take the lead in satisfying the needs of their respective organisational units. Group Human Resources (Group HR) has an advisory role and develops 'best practice' HR frameworks and guidelines for all our SBUs worldwide, stimulates knowledge sharing, facilitates cross-border career moves, and supports the development of our business culture and our behaviour.

Our shared human resource information system, Common Human Resources Information System Program (CHRISP), supports HR processes at all corporate, business and functional levels. CHRISP covers 85% of our workforce, and provided the information in this chapter. We are currently rolling out an enhanced system – to be finalised in mid-2005 – that will enable us to aggregate global HR information even more effectively.

Our employee policies and practices are dynamic rather than rigid, and measurement of employee engagement is a cornerstone of our global HR agenda. In 2003, we accelerated our efforts to assess employee engagement systematically, thereby improving our understanding of how our employees feel and of how we can improve. People development is now part of the SBU business planning process and

Average number of employees

(in FTE)

	2003	2002
Netherlands	30,620*	34,090
Other countries	74,819	73,326
Total average number of employees	105,439	107,416

* Decline is a consequence of restructuring in 2002.

of the performance contracts of senior management.

In this chapter we cover four topics;

- Professional learning;
- Health and safety;
- Employee engagement; and
- Diversity.

Fostering professional learning

We work hard to recruit and retain the most talented and qualified people, and to unleash their potential through high-quality learning and development programmes and challenging career opportunities. These enable our employees to improve their performance, exceed client expectations and contribute fully to achieving our strategic goals. While some of our employee programmes are global, most of our learning and development is decentralised to (S)BU and country level to make it more accessible and responsive. In 2003 we further increased our investment in learning and leadership development.

Virtual learning is available to many employees to support their professional growth and development.

Creating tomorrow's leaders

We know we can enhance our business performance by improving the managerial climate that we generate. Leadership behaviour is more influential than policies or strategies to bring about change and progress.

Acknowledging that the top 200 ABN AMRO executives are key to our success, we implemented a Managerial Style and Climate programme in 2001 and 2003 based on feedback from the teams reporting to top executives, a 360-degree feedback programme in 2002 and 2004 based on feedback from manager, peers and direct reports. These exercises have shown that

Professional learning

	2003	2002
Total costs of professional learning (in EUR)	104,584,000	93,370,000
Number of FTEs	105,439	107,416
Amount per FTE (in EUR)	991.89	869.24

our leaders need to develop a much broader range of styles, enabling them to do better when engaging people in our long-term vision and direction, and when facilitating them to achieve more. All of our top executives are

Extending reach through virtual learning

In 2003, the SBU WCS developed an intranet-based learning tool on the CAAML policy, including an interactive exam. This ensured good staff understanding and significantly raised awareness of the policy. In total, 11,629 employees used the tool and took the exam in 2003.

In 2003, our e-learning programmes in Brazil alone provided 79,433 learning sessions through distant learning channels. We use three distant learning channels:

- Learning centres located in most branches;
- Interactive question-and-answer classes by DVD; and
- Lending CDs and DVDs to our employees.

IdeaCenter: forum for employees' ideas

IdeaCenter is a programme that encourages employees to share their knowledge and ideas. It is based on the fact that every employee can make a real difference to our future by putting forward ideas on cost savings, enhancing revenues, realising operational efficiencies and increasing customer and employee satisfaction. Cost/benefit assessment on the ideas is carried out by the Business Unit impacted by the proposal, and awards are given for approved suggestions.

In February 2004 the IdeaCenter received top marks in a book entitled *Ideas are Free* (Alan Robinson and Dean Schroeder) for its approach to generating ideas around priority business issues, the timeliness of suggestions and acknowledgements, and its online processes for submission, review, and implementation tracking of ideas.

Global partnership with AIESEC

In 2002, we formed a global partnership with the international student organisation AIESEC to help us engage with future leaders and develop leadership skills. Along with Cadbury Schweppes, we participated in AIESEC's Developing Leaders Day in Canada in 2002 and in Serbia & Montenegro in 2003. The programme enabled 20 of our young managers to facilitate workshops for 500 young people from over 80 countries. The partnership also includes an internship scheme and a sustainable development learning programme for AIESEC members.

offered support to develop their leadership styles with the help of an Executive Coach. Our Leadership Programme and Senior Management Course are designed specifically for our top 5,000 managers globally. These programmes offer the option of signing up for individual coaching. Personal objectives and an action plan help to take the process forward.

Gaining 'Velocity'

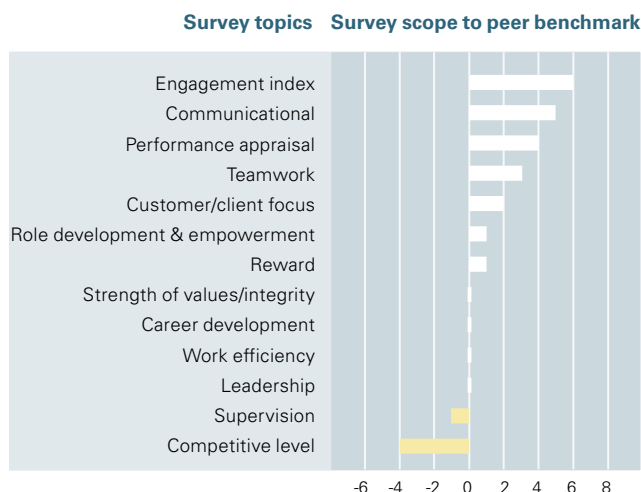
We are accelerating our development of a high-performance culture through a global programme called 'Velocity'. This places particular emphasis on team-based learning and focuses on ways we can live our Corporate Values and Business Principles and

realise cross-(S)BU synergies. In 2003, 1,348 of our current and future leaders participated in Velocity workshops in the Netherlands, Brazil, the US, the UK and Singapore. Participants discussed ways to recognise behaviour that leads not just to good financial performance, but to outstanding non-financial results as well – be they long-term customer satisfaction, protecting the planet, building sustainable value or exercising outstanding leadership. Team leaders learned to adopt a more coaching style in developing their staff, thereby spreading the Velocity objectives throughout the workforce.

Knowledge sharing

In 2001, we launched a successful knowledge-sharing programme in C&CC called 'HORIZON', which has now been extended to the entire organisation. HORIZON fosters a culture in which employees identify new opportunities and business solutions through collaboration and sharing. Initiatives inspired by HORIZON include Value Area Teams and Communities of Practice. Communicating these results across our organisation creates growing awareness and encourages all our employees to integrate knowledge sharing and collaboration into their everyday work.

Employee engagement survey



ISR – International Survey Research - Employee survey specialist partnering with ABN AMRO in the employee engagement programme. Provides sector norms. Norms are derived from the ISR client's base. In this case norm represent data from 151,396 employees.

Health and safety

One of our Business Principles is to provide and maintain a safe and healthy work environment for every employee, so we inform and train our employees to work safely and efficiently. This is addressed in detail in our 'corporate health and safety policy'. Local management is responsible for implementation, to reflect different needs and priorities in different geographies.

In the Netherlands we have developed tools to help us anticipate and deal proactively with potential health problems, especially those related to a high-pressure environment, such as stress and Repetitive Strain Injury (RSI). Our annual employee satisfaction survey includes

questions to detect early warning signs, and we rolled out the Balance Meter self-assessment tool in the Netherlands during 2003 to help employees assess their risk of occupational health problems. Our consistent focus on health and safety issues is reflected by a net outflow from our 'Disability Insurance pool'.

In the Netherlands the absentee rates in 2003 (4.7%) decreased compared to 2002 (4.8%). After a period of absence we see many employees successfully reintegrate in the organisation.

Improving employee engagement

Taking the temperature

Only our employees can tell us what motivates them and makes them stay loyal to us, as they work to meet our shared goal of creating long-term value for clients and shareholders while also being a responsible corporate citizen. To achieve our goals, we all need to be engaged with our work. Research shows that 'satisfied' employees do not necessarily perform better, whereas 'engaged' employees are highly committed to the organisation. This commitment is critical to strong performance.

To assess employee engagement, five Business Units collaborated with Group Human Resources on a global pilot project called 'Your Views, Our Future' in September 2003. The survey was sent to nearly 21,000 employees across 56 countries and achieved a global response rate of 69%. The chart 'Employee engagement survey' shows our pilot group results for each of the 13 topics covered in the survey against a financial services industry benchmark. From a group perspective, a few highlights have emerged. First we are relatively strong on communication, though we could improve on communicating the Group strategy. Secondly, the performance management process is broadly understood and perceived to be fair. Areas for improvement include

our competitive level in the marketplace, supervision and leadership, and personal development opportunities. In 2004, the bank is taking action to address each of the areas for improvement. The 2003 pilot programme will be followed by another wave of surveys in 2004, before the worldwide engagement survey for all employees in 2005.

Employee involvement

We have clear policies regarding communication and consultation with employees over changes in our operations. We comply with the legislation and regulations of the countries in which we are active. Being present in over 60 countries, we always strive to find appropriate ways to communicate openly.

The Dilemma

In the financial industry, operational costs tend to be a material part of the total costs, mostly in the form of personnel costs. Increasingly, both the outsourcing of processes to external providers and the offshoring of business processes to lower-cost locations present effective solutions for reducing costs and, at the same time, improving service delivery. Given that we are competing in the global marketplace, we must take these economic realities into account.

Our considerations

The level of direct costs we generate has been too high in comparison with our peers. So we have to look for ways to make our cost-base lower and more flexible while maintaining 'best in class' services to our clients. However, we acknowledge the sensitivities surrounding these processes for our staff, who are faced with uncertainty and the potential loss of their jobs, often after many years of loyal service. There is also the need for a fair and professional basis of allocating the reduced amount of jobs that remain within the home country.

Our actions

We are committed to taking into account the interest of our staff affected. We do this through open communication and timely dialogue with our staff representative bodies, to involve people from the outset and make sure issues are properly addressed. We offer training and support programmes during transitions, and often offer outplacement services via our own mobility organisation (Kompas in the Netherlands). Our primary objective during reorganisations, which often forms the basis of agreements with staff representative bodies, is to re-deploy affected staff, either inside or outside our business.



Own photo

Hans Westerhuis, Chairman of ESC, with street children helped by SUPPORT

A compass for successful outplacement

Kompas is our mobility organisation in the Netherlands, set up in February 2002 to support our employees whose jobs disappear as a result of reorganisations, in order to find alternative employment inside or outside the bank. Since Kompas was launched, some 2,073 employees have been referred to this service, of which 1,088 have found new jobs. While attached to Kompas, each employee is provided with temporary work and internships, with increasing emphasis on gaining experience outside the bank. Kompas's ample budget enables it to provide employees with additional training to increase their chances on the labour market. Kompas's extensive package of provisions and careful and exhaustive support serve to soften the blow of the loss of a job considerably. People from various other companies and organisations have visited Kompas, and have rated it an example of good employer practice.

Complaints handling

Differences and friction between people, or between employee and employer, arise in any organisation. Every Business Unit has both informal and formal procedures for dealing with complaints and grievances. Informal approaches may include an 'open door' policy and an internal ombudsman. More formal approaches include peer reviews and forming a management committee to handle specific

"The offshoring of jobs (not only in the financial world) to countries with low-wages, is a trend that can't be stopped. We cannot define the rules in a globalising market and exclude low wage countries. There are a lot of competent people in developing countries who want to work hard and develop themselves. In the west, employers, employees and politicians have to take action in order to minimise the social impact of this offshoring development. So far, management, trade unions and work councils have made agreements to help staff to develop themselves for future jobs, in- or outside ABNAMRO. Employees also have to take their own responsibility by investing in training and development. This is crucial in order to stay ahead of the tough competition in the global economy."

Hans Westerhuis, Chairman of the European Staff Council

cases. Please see page 10 for information about our global Whistleblowing policy.

Diversity in our workforce

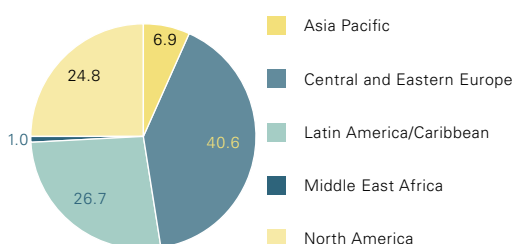
As we point out in our corporate policy on equal opportunity, diversity and non-harassment, having a diverse workforce and collaborative culture are key to our ability to build value. By failing to take a proactive approach to the challenges and potential of diversity, we risk:

- The loss of key talent;
- The loss of new and potentially untapped client bases;
- The loss of the new perspectives, innovation and productivity that drive higher performance.

We have a business need to expand the notion of 'Diversity' from a social responsibility to a strategic priority, and to create a diverse employee base and inclusive culture. We appreciate the need to integrate diversity into all aspects of our business, and there are specific initiatives in place for certain groups, including extensive formal diversity strategies in our home markets BUs in North America and Brazil. In the UK, a diversity steering group has been established within WCS to promote and develop diversity initiatives across the business. However, we do not yet have a group-wide strategy in place to integrate diversity into all aspects of HR management.

Diversity in workforce according to region

(in %)



Diversity in Brazil

In Brazil we have chosen to approach the issue of diversity in a positive and appreciative way. We seek to invest in changing people's attitudes so they want to join hands in building an environment that values and promotes diversity. In addition, we have adopted strategies to build conditions of equality for vulnerable or disadvantaged groups such as the handicapped, African-Brazilians, women and those over 45. We have a diversity committee and have developed a diversity guide to encourage discussion on the topic in the organization. From 2001 to 2003, five employee sub-groups – Accessibility, Qualification, Communication, Recruitment & Selection, and Career & Engagement – worked together closely to discuss, identify and plan specific actions. Our action plan includes initiatives related to our employees, clients, suppliers and the community.

Awards in the US and Brazil

In response to the needs of our employees, we provide flexibility, special assistance with home and family issues, education on critical health problems, and opportunities for continuing formal education. These initiatives have been recognised through awards, including being named one of the top US banks for older workers by the American Association for Retired Persons, and for working mothers by 'Working Mothers Magazine'. In Brazil, ABN AMRO Real was recognised as one of the 100 great places to work and one of the 40 great places for women to work in 2003.

Personal Leadership and Change Community

In 2002 a Personal Leadership and Change Community was initiated to engage employees, at all levels in the organisation, in dialogue and action around bringing personal values to the workplace. The purpose of the self-organising community is, to live, plant and support action at ABN AMRO towards more meaningful and inspiring work/life. The community meets on a regular basis and organised two large gatherings in 2003. It creates a forum for generating and sharing ideas and initiatives across Business Units thus unleashing energy, passion and potential all leading to a more meaningful and inspiring workplace.



Photo: NFP Photography

"Managing a healthy work-life balance is my daily challenge. I have two wonderful boys and it is extremely important for us to be able to spend time together. At the same time, I need to manage my career in banking and ensure that I continue to develop in terms of professional and management skills. After the birth of my first son seven years ago, I decided to reduce the hours I spend in the office. I formally applied for a shorter working week. Naturally, it takes flexibility from all sides to make this arrangement work in a demanding professional environment. It has been very encouraging to experience the full support from ABNAMRO management and my colleagues. This has allowed me to meet my challenge."

Els de Groot - Theodoridis, Executive Vice President Group Risk Management

Women and Leadership: making progress

Our first Women and Leadership event, attended by a member of the Managing Board in November 2003, resulted in the formation of five 'clusters' – Networking, Mentoring, Talent Management, Culture Change and Status Diagnosis. These clusters are now busy identifying wins and defining separate action tracks. These action tracks will contribute to the overall diversity strategy, under the ultimate responsibility of a Managing Board member. The main focus will be on nurturing and sustaining a wide spectrum of diversity, including gender diversity.

Our action plan for 2004 includes defining what diversity means to us, developing and communicating a Global Diversity Policy and Standard, and incorporating actions into the Business Performance Management process as well as adding principles into our HR and Sustainability processes.

Equal opportunities

Our hiring and remuneration policy are based on our Corporate Values and Business Principles. We are committed to offering equal opportunities to individuals, regardless of nationality, gender, race, colour, religion, age, sexual orientation, or disability. We are firmly opposed to discrimination in employment, and are committed to employees' right to work in an environment free of harassment and intimidation. We have created avenues for employees to voice concerns as confidentially as possible.

Improve the gender mix

In the past, management levels in banks were mainly male-dominated. Our initial efforts to widen our gender mix took a fairly narrow approach aimed at specific issues, such as increasing the number of women in senior positions. We are now broadening this into a long-term strategy at all levels. We are already seeing tangible improvements. Results will become steadily clearer, as more women now *en route* to the top actually arrive in the higher echelons.

Young bankers

The Young Bankers Association (YBA) supports sustainable development through activities organised with other like-minded associations in the Netherlands. One initiative is the Corporate Social Responsibility seminar, where young professionals describe their best initiative to improve corporate social responsibility. This helps our young professionals promote sustainability within our organisation and in our relationships with others. Another activity is Inter-Company Fundraising, where many Young Bankers get involved in charitable projects.

The YBA US organises an annual drive entitled 'Put Your Clothes Back to Work', collecting used business clothing from our bankers during one week in September and donating these to the Salvation Army's 'Back to Work' programs. In 2003, 150 bags of clothing were collected, helping 1,800 needy participants.



Photo: Fernanda Tricoli

BU Brazil: advertisement on sustainable banking

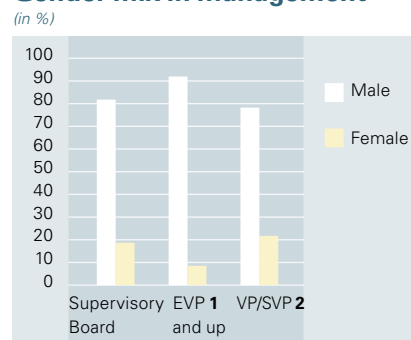
Diversity in culture

Our global presence is reflected in the diversity of our staff. Only 43% of our top management is Dutch, with a variety of other nationalities represented. This international mix is crucial. We believe that the ideas and ambitions of our young employees are as stimulating as those of the older members of the workforce. A large group of our young employees are represented in the Young Bankers Association (YBA), which supports their personal and professional development.

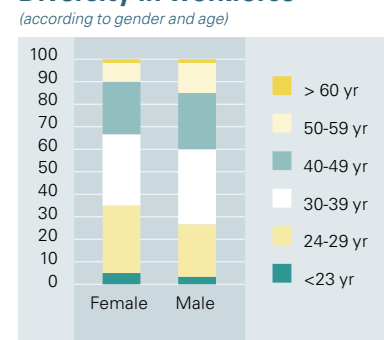
Making the 'peoples network' work

Both the Young bankers and Personal Leadership & Change Community are initiatives, within the organisation to encourage employees of all levels, to develop and realise concrete actions in their workplace.

Gender mix in management



Diversity in workforce



Gender mix in management

(in 2003
in figures)

	Supervisory Board	EVP and up 1	VP/SVP 2	Total
Female	2	15	1,065	1,082
Male	9	253	3,794	4,056
Total	11	268	4,859	5,138

1 EVP = Executive Vice President

2 VP = Vice President, SVP = Senior Vice President

Part time/Full time distribution

(in %)

	Full time	Part time	Average contract of part timers
Female	77	23	0.72 fte
Male	92	8	0.74 fte
Total	84	16	0.72 fte



Photo: Pio Figueira/Fotosit

BU Brazil: employees from Banco Real enhancing diversity

Ambitions and action plan

Group Human Resources

We believe that our current sustainability efforts worldwide will provide opportunities for our staff to feel even more engaged with their work. The next big opportunity – and challenge – is to increase the diversity of our workforce.

Going forward we will:

- Measure employee engagement on a global scale through a survey across all Business Units. The resulting feedback will be benchmarked against data from our competitors and other high-performing organisations, and will create our first global benchmark for assessing employee engagement;

- Intensify communication on our strategy to managers across our organisation;
- Establish a forum for Learning & Development ('The Learning Platform'), focusing on three themes: (1) Becoming a Learning Organisation (2) Establishing Common Standards & Structures and (3) Creating a Community of Practice to Share Knowledge;
- Expand the reach of existing leadership programmes by more than 50% compared with to 2003; and
- Develop a corporate strategy on diversity.



Photo: NFP Photography

Eltjo Kok (left), SEVP Group Human Resources and Frank-Jan de Leeuw, EVP, Head Organisational Development & Reward



Supporting local communities



Supporting local communities

The communities we serve

Banks, by the nature of what they do, are woven into the fabric of the communities and societies in which they operate. With our global network, we affect thousands of communities around the world. Our financing and other services help (multi-)national companies build new facilities and provide waking capital, creating local jobs and income. We also assist housing associations in setting up mortgages for affordable accommodation, help low-income families meet their needs, and assist local shop-owners seeking loans for new inventory.

Local communities' needs and priorities vary by country and region. So we actively encourage our Business Units and local operations to develop their own community strategies and activities. This has sparked a wealth of different initiatives – some of them award-winning – by our employees and offices around the world.

To succeed commercially, we must develop both ourselves and the communities around us. Everywhere we operate, we want to gain trust and respect in the communities affected by our activities. We also want to make an active contribution to strengthening local communities in which we are active. These commitments not only represent the right thing to do, but make good business sense too.

supported the Johan Jongkind exhibition in the Gemeentemuseum in The Hague, the Annual Museum Night in Amsterdam, and the Royal Academy of Arts exhibition in London. In music, we have acted as main sponsor of the 'British Season' festival at the Amsterdam Concertgebouw. In the interests of overall cost reduction, we have reconsidered a number of sponsoring activities in 2003, which explains the decrease in spending on direct donations and sponsorship.

While we currently lack a group-wide strategy for donations and charity, we do support many charity initiatives on a local level. We are also involved in a vast range of community initiatives around the world, bringing a sense of achievement and goodwill to our employees and clients. As a company, we encourage our employees to participate in voluntary and community activities by providing resources, time and money to support their initiatives. Our employees' volunteer efforts also help them develop leadership and team-building skills.

The benefits of our community initiatives tend to grow over time. While short-term donations can help charitable organisations achieve immediate results, we find that long-term practical help and sharing of experiences can produce more dramatic and durable benefits.

Below we highlight some examples of our support to local communities.

BU Netherlands

Our community projects within the Business Unit Netherlands (BU NL) share a common focus on Youth, Talent and Social Disadvantage. We aim to support children who, for whatever reason, do not get the same chances as others to develop their potential and talents. These disadvantaged children are part of our common future, and supporting them fits naturally with our slogan in the Dutch market: 'It starts with ambition'.

Volunteers, donations and sponsorship

(in euros)	2003
Direct donations and sponsorship – Group	58,201,000 ¹
Employees involved in community work, initiated by the bank – Group	12,330 ²
BU the Netherlands	3,089
BU North America	5,470
BU Brazil	3,621
BU PC New Growth Markets	150
BU Wholesale Clients	-
BU AM	-

¹ In 2002: 65,550,000

² Head count

Sponsorships and donations

Our sponsorships maintain and strengthen our brand, while also giving a welcome boost to organisations and communities. We support a variety of projects, particularly in sports and the visual arts.

In sports, we have been a committed and consistent supporter of the World Tennis Tournament in Rotterdam, and Ajax Football Club in Amsterdam, and the LaSalle Bank Chicago Marathon and the Chicago White Sox baseball team. In the arts, we have

Our dedicated BU NL Community Involvement team supports more than 245 projects, ranging from education to sports and culture, involving some 3,089 volunteers in 2003 alone. The common objective is to help children develop and achieve their ambitions. Employees can spend between 20 and 36 working hours a year doing volunteer work, and on top of paying for these volunteering hours, we also provide a small working budget for the projects as well as gifts in kind where appropriate.

One of the most successful programmes involves reading for children in Amsterdam primary schools. Twice a week, a pool of more than 100 employees spend half an hour reading with these children, 90% of whose parents are of non-Dutch origin. Under another programme, students from secondary schools are 'coupled' with a mentor from the bank, experiencing regular contact that helps the students develop a fresh vision of their future.

An independent research report conducted by the Free University of Amsterdam asked 450 of our Netherlands employees about corporate volunteering and satisfaction at work. It found that volunteer work makes a real difference to job satisfaction. In December 2003 we won second prize in 'Het Nationale Ondernemers Compliment' from the Dutch Organisation of Volunteers, in recognition of our efforts in employee volunteering.

BU Brazil

In Brazil, ABN AMRO Real pursues a wide array of community development activities under its social action umbrella. In recognition of the issues of poverty and inequality faced by Brazilian society, the focus is on public education to foster important qualities such as citizenship, social responsibility, and respect for diversity and the environment.

One example is the Escola Brazil project, which began from an initiative by our employees to form work groups and adopt



Photo: Annette Bakker

BU Netherlands: community involvement



Photo: Judith van Helvoort

BU Netherlands: employees assist at school

We support a variety of other forums, projects and institutions in Brazil

- **Improving literacy among young people and adults through the 'Compartilhar' Programme and Solidarity in Literacy, in partnership with an NGO called Solidarity in the Community;**
- **Contributing to overcoming prejudice and stereotypes about aging. The Seniors' Talent Award ('Talentos da Maturidade') helps senior citizens demonstrate artistic talents, improves their self esteem and the image of senior citizens in society;**
- **Stimulating university participation in social initiatives through the 'Banco Real – Solidarity in the University Award' by granting awards to the best five social projects on Sustainable Development and Income Generation presented by students;**
- **Supporting schools in managing their financial resources more efficiently by providing training through the 'Bank at School project', in partnership with six other banks;**
- **Supporting the construction of 10,000 'cisternas' (rainwater storage and treatment tanks), in partnership with FEBRABAN (Brazilian Federation of Banks) and involving communities and families; and**
- **Supporting the development of companies whose owners are part of a historically discriminated minority group, in partnership with the NGO Integrare.**

schools to help lower the drop-out rate. First, the employees improved the schools' sports facilities. In 1999, the initiative was transformed into the Escola Brazil Institute and given NGO status. Today, more than 90,000

children at over 130 state schools throughout Brazil have benefited from the work of ABN AMRO volunteers.

Another success story is the 'Amigo Real' Programme, under which employees can transfer up to 6% of their income tax to Children and Youth Funds. Following a pilot in the Minas Gerais region in 2002, this programme was extended across Brazil. During the last quarter of 2003, 6,700 employees participated in the programme, raising some EUR 300,000. Crucially, the Amigo Real Programme is about much more than simply providing donations. It involves issues of citizenship and empowerment of our employees.

There are many more examples of ABN AMRO Real's active contribution to society. In 2002 and 2003, some of our initiatives, such as the Talentos da Maturidade project (aimed at older people), and the Escola Brazil project, received special commendation in the annual 'Guia Exame da Boa Cidadania Corporativa' (Guide to Good Corporate Citizenship) by Exame, a leading Brazilian magazine. We also received the Valor Social Award in the Grand Prix Category for our CSR Programme.

BU North America

Our LaSalle Bank and Standard Federal Bank operations support a wide range of non-profit and community activities. We have a long



Photo: BU North America

BU North America: Friends of the Chicago River event



Photo: BU North America

BU North America: Tax Assistance Programme

"LaSalle Bank has been an extraordinarily active contributor to efforts to end poverty for the working poor in Chicago. Hundreds of LaSalle employees have generously donated their time to help families in Chicago receive the tax refunds that they need and deserve. One volunteer can serve up to three families in one session. The average family can receive a refund of USD1,300. For most, this will be their largest-ever paycheck and will go towards a new home, continuing education, or even a winter's heating bill. LaSalle Bank is directly responsible for helping us bring this service to Chicago communities, changing the lives of its citizens. It is much more than just taxes. This past year, 138 LaSalle volunteers helped serve 800 clients and a total of USD 1.1 million was returned to these clients served by the bank's volunteers."

Beth McGraw, Programme Manager Tax Assistance Programme - It Adds Up

history of working with community partners to bring about real change and our extensive branch network and committed senior management make us well-positioned to play a pivotal role in the community. From assisting small businesses to sponsoring a world-class marathon, we make our mark in countless ways.

We have one of the largest corporate volunteer programmes in America, with our employees serving on the boards of over 600 community-based organisations. Close to 5,500 employees contribute time to help improve lives, strengthen neighbourhoods and improve the communities we live in and serve.

While we are proud of our volunteer efforts, community service cannot thrive on volunteerism alone. Our direct financial support reaches over 700 non-profit NGOs, and we strive continually to improve our community involvement.

BU New Growth Markets

Enthusiastic employees in our New Growth Markets (NGM) Business Units support numerous local initiatives on a voluntary basis outside working hours, in response to the needs and aspirations of the local community.

For example, ABN AMRO India supports an NGO called SUPPORT, which is active in drug abuse prevention, HIV/AIDS, health, developmental education and issues related to street children.

Our community initiatives in the US

Specific examples of our community initiatives in the US include:

- Sponsoring the annual Chicago River Clean-Up day;
- Supporting the Friends of the Chicago River by having a seat on the board of directors;
- Expanding home ownership through being the Midwest's leading home lender to low- and moderate-income families;
- Improving the quality of education in distressed communities by providing tutors, financial support and technical assistance;
- Addressing public policy issues through public forums and discussions, thereby fostering new ideas and opportunities;
- Providing financial education to low- and moderate-income families; and
- Helping NGOs and community-based organisations raise funds through sponsorships and fundraisings.

There are many more examples of LaSalle Bank's and Standard Federal Bank's active contribution to society.

Ambitions and action plan

Group approach to Supporting local communities

In 2004 and beyond, we aim to extend our corporate volunteering projects even further. Employees can continue to participate either individually or as a group. Co-operation with relevant stakeholders will be intensified and we will continue to seek out opportunities for ABN AMRO employees to use their professional knowledge and skills – as well as their 'hands' – as a corporate volunteer. Local management leadership will remain crucial in facilitating and supporting these efforts.



Minimising our direct impact
on the environment



What is our environmental footprint?

Our main environmental impact is indirect, through our financing and investing activities. However, when you add up the individual impact of more than 105,000 employees in over 3,700 buildings, occupying a total of about three million square meters of office space around the world, it is clear we also have a significant direct environmental impact.

Every day, our employees consume natural resources (including water and energy) and create waste (such as paper and office supply materials). They travel many millions of kilometres on business by air, rail and car. We take this direct environmental footprint into account in the way we work, and have taken many initiatives to reduce it.

We take the issue of climate change especially seriously, and this often requires us to reconcile conflicting considerations. For instance, it is often commercially desirable to keep offices illuminated outside business hours, but energy-saving considerations make it preferable to use as little lighting as possible. Also, banking as a business depends heavily upon personal contact, making business travel imperative. The art is to find the optimum balance that meets both commercial and environmental needs as much as possible.

As one of the largest 100 companies in the world, we are a signatory to the Carbon Disclosure Project. The information we have provided will help to increase transparency about our efforts relating to climate change. For more information see www.cdproject.net

Optimising our energy consumption

In 2003, the total amount of electricity consumed in our offices and branches worldwide was 6,556 KWH per FTE.

Apart from reducing our energy use, we have been one of the Netherlands' largest buyers of green energy since 2002. This now represents at least 25% of our local power requirement. In the Netherlands we score consistently better than our benchmark (average of Dutch banks) on the energy efficiency index.

During 2003, construction began on two major ABN AMRO sites in the Netherlands. Both buildings will store water in an underground aquifer – a water-bearing stratum which draws coldness from the outside air during the winter, stores it underground, and uses it in the summer for cooling.

During 2004, we are encouraging our Business Units around the world to set energy reduction targets and develop programmes to achieve these targets.

In house environmental management

In Australia and New Zealand, we have put environmental procedures in place to test air quality in buildings, encourage battery recycling, recycle cardboard waste, use re-manufactured cartridges and receive credits for empty cartridges, and recycle or sell redundant computers.

Since introducing Green Energy in May 2003, our Melbourne office has reduced Greenhouse Gas Emissions from 89.5 tons in August 2002 to 54.6 tons in August 2003. Our efforts also resulted in our ABN AMRO Tower in Sydney winning the Ryder Hunt award for building energy efficiency.

Internal energy consumption

	Total Group ¹	Per employee
Electricity use KWh	691,200,000	6,556
Total average CO ₂ in tonnes ²	322,133	3.0

¹ Extrapolation based on data for 55,000 FTEs

² Calculation based on electricity emission factor (world) as stated in the GHG indicator of UNEP

Reducing waste

In 2003, we produced 0.2 tonnes of waste per FTE (based on 40,000 FTEs). More than 50% of this waste is recycled.

Across many of our offices, we maintain recycling centres for paper, glass and garbage. In the Netherlands we distinguish 16 different types of waste ranging from paper, coffee cups and cartridges to food waste. Waste reuse and recycling schemes have enabled us to reduce our non-reusable waste significantly in the Netherlands. Under the Packaging Covenant with the Dutch government, we keep records of the types and quantities of packaging waste produced, both within our operations and at customers. Two-thirds of our total waste in the Netherlands is used in recycling.

In Brazil, through the Eco-efficiency Programme, employees are putting the '3R' concept into practise: Reduce, Reuse and Recycle. Paper, glass, water, energy, plastics and other materials are included. The programme has reached 337 branches throughout Brazil in 2003, representing 41% of ABN AMRO Real's branches. Even clients are beginning to bring their recyclable waste to the branches. Beyond the immediate environmental benefits, this programme also supports and strengthens recycling cooperatives, made up of poorer people in Brazil. So it contributes to the creation of jobs and social development.

Reducing travel impact

In 2003, our employees travelled an average of 6,013 kilometres on business trips by aeroplane, and clocked up many more kilometres between home and the office. Reducing travel lowers emissions, while also reducing costs and potentially raising productivity – for example, through the use of tele- and video conferencing facilities. Nevertheless, there are limitations to the reductions we can achieve in business travel, since it is crucial for us to have face-to-face meetings with clients and other parties. The number of flights is also dependent on the economic cycle and business-specific issues.

Through a partnership with Future Forests in the UK, we made our Velocity workshops carbon-neutral and increased our employees' awareness of sustainable development.

Initiatives to reduce commuting include encouraging employees to use public transport and – in the Netherlands – to cycle to work. We locate our main offices close to train stations and, in the Netherlands, provide a tax-free facility to buy seasonal public transport tickets or a bicycle. LaSalle Bank, in the US, owns mid-size cars that are available for employees to use for customer visits/ meetings. This fleet allows employees to use public transport for their commute from home to work, because they have an efficient way of getting to and from business meetings that would be difficult to reach by public transport. In addition, employees receive a significant tax break for buying public transport fares through the bank.

Taking things further

In 2003, we created the Group Real Estate and Facilities Management (GREFM) team to develop and implement best value and best practice solutions in all our offices. A key focus of GREFM has been to identify a standard method for measuring and reporting facilities' operating costs for the global property

Business travel and CO₂ emission

	2003
Business air travel (in kms per employee)	6,013 ¹
CO ₂ emission (tonnes per employee)	0.94211 ¹
Average number of employees (FTE)	105,439 ²
CO ₂ emission (total tonnes) ³	99,335

¹ Based on 85,000 FTEs

² In 2002 107,416

³ Based on the emission factor for air travel as stated in the GHG indicator of UNEP

portfolio. GREFM also shares knowledge of industry best practice in sustainable development with other banks.

Sustainability in procurement

In December 2002, we launched a new global procurement function to optimise our spending across all operations and improve knowledge sharing and best practice between Business Units.

Our Group Procurement Policy ensures that our vendor selection is fact-based and goes beyond price considerations. It provides potential suppliers with a fair chance to bid for our business, as well as taking into account their financial stability, quality of service and commercial conditions. However, social and environmental considerations have yet to be formally integrated into the Group Procurement Policy and we have yet to develop a global strategy for managing sustainability in our supply chain. During 2004, we plan to create a formal Group Procurement Policy that integrates sustainability.

Many of our Business Units have undertaken positive initiatives in this area:

- Engagement with 40 suppliers in Brazil to raise awareness about sustainability issues;
- Inclusion of child labour, environmental and diversity clauses in all new contracts with Brazilian suppliers;
- Including environmental considerations in our purchases of equipment, stationery and other supplies, with the vast majority of printed forms now on Elemental Chlorine Free Bleaching or recycled paper. Office supplies have been screened for their environmental impact in the Netherlands since 1996;
- Ensuring new furniture in Brazil is made only with certified wood from suppliers with FSC (Forest Stewardship Council) certification. In the Netherlands, only FSC-certified wood is being used in new construction and renovation projects from 2004;

ABN AMRO Plaza building

The ABN AMRO Plaza building opened in Chicago's West-Loop business district in 2003. The Plaza's ventilation system is state-of-the-art, allowing for individually-controlled airflow. It also distributes air from the floor up, meaning that the air in employees' workspace is constantly replaced with clean air. Additionally, the Plaza's vast number of windows reduce the need for artificial lighting, all 6,000 tons of Plaza steel were made from recycled steel, and all carpeting is 100% recyclable.

- Promoting diversity of suppliers in the US through the North American Vendor Diversity programme, aimed at ensuring that our vendor base reflects the diverse nature of the communities we serve, and liaising with local community organisations representing minority- and women-owned businesses;
- Building environmental criteria into contracts with suppliers in the Netherlands – to date, covering contracts with catering, cleaning and waste processing companies;
- Developing a policy for 'People and Environment-Friendly Offices' in the Netherlands, providing building contractors with guidance on materials, acoustics, noise control, and design and selection of climate control systems.



Photo: NFF Photography

From left to right: Mark Hanhart, SVP, Project Manager Sustainable Procurement, Ron Teerlink, CEO Group Shared Service and Stephen C. Smith, SVP, Real Estate & Facilities Management

Ambitions and action plan

Minimising our direct impact on the environment

We see a number of opportunities to improve our direct environmental footprint.

Going forward we will:

- Undertake actions in 2004 through Global Real Estate and Facility Management to increase the transparency of a number of indicators. These indicators will ultimately cover electricity and waste, heating energy, water consumption and paper consumption;
- Create a formal Group Policy for procurement during 2004 that integrates social and environmental criteria;
- Continue work with NGOs on water quality, habitat improvement and public education around environmental issues; and
- Further increase the proportion of green energy used by our offices in the Netherlands, with the aim of reaching 100% green energy usage in 2005 in buildings that we own.

Synopses key risk management policies

Defence Policy

The Defence Policy, while acknowledging the prerogative of democratic nations to purchase arms for self-defence, sets clear restrictions on any engagement with the defence sector. This is in line with our Business Principles, one of which is respect for human rights. We will only enter into an engagement if we are satisfied that the purchaser operates with the sort of business and ethical integrity that we demand, and that it will not alter the original intended use of the arms or divert the arms to unauthorised users to perpetuate violent acts against mankind. Our Defence Policy is guided by international and regional conventions and agreements on arms transfer, including the EU Code of Conduct on Arms Export.

Forestry Policy

The Forestry Policy applies to forestry and tree plantations and aims to prevent the bank from knowingly engaging in activities related to illegal logging from primary or high conservation value forests. The extraction of forest resources or re-forestation is assessed against a set of criteria, including whether environmental and social impact assessments are carried out on the project, whether the company has an environmental risk management plan or environmental management system, and whether there have been any protests from any interest groups. Given the adoption of the Equator Principles in June 2003, the Forestry Policy is under review to align it with the Equator Principles.

Tobacco Policy

The Tobacco Policy makes reference to the 2003 Framework Convention on Tobacco Control. The bank does not finance tobacco companies (1) that engage in direct marketing of their products to minors; (2) that promote the selling of their products by means of the black market; (3) with a history of violations of human or indigenous rights related to their manufacturing activities; or (4) that,

to the bank's knowledge, contravene any relevant international environmental or labour agreement to which the member country concerned is a party or that violate environmental or social laws.

Mining Policy

The Mining Policy applies primarily to ABN AMRO's project financing activities, and includes a list of requirements to be taken into account when assessing any project. For projects designated as protected by the World Heritage or IUCN I-IV, the Mining Policy requires an Environmental and Social Impact Assessment (ESIA) and Biodiversity Action Plan to be done by an independent third party. Given the adoption of the Equator Principles in June 2003, the Mining Policy is under review to align it with the Equator Principles, and a section relating to client assessments will be added.

Oil & Gas Policy

The Oil & Gas Policy applies to all ABN AMRO's oil and gas clients, initially within WCS only. For client engagements, we apply a sustainability-rating model to establish whether clients have processes and policies in place to manage environmental and social issues within their business. For projects, the Equator Principles are applied to ensure that projects we finance are developed in a manner that is socially responsible and reflect sound environmental management practices. For single asset investments, we use a filter to assess whether there are any sensitive impact associated with the transaction.

Reporting principles

First Sustainability Report

This is ABN AMRO's first worldwide Sustainability Report. Although we have a clear commitment and ambition with respect to sustainable development, we regard it as a continuous learning process. While we obviously have policies that apply globally, for example in risk management, compliance, communications and human resources, there is no 'blueprint' that we impose on our entire organisation, and aspects of sustainable development are interpreted in line with the local, cultural, or societal contexts of the more than 60 countries in which we operate. Within the boundaries of our Corporate Values and Business Principles, as well as our corporate ambition with respect to sustainable development, we ask our local management and employees to find the best ways to realise their local ambitions. We are continuously improving our management information systems and data gathering processes. Furthermore we sharpen our thoughts by having dialogues with our stakeholders and we take their opinions into account. Therefore we expect that our reporting will improve in terms of clarity, consistency and accuracy over time.

Scope

This report covers ABN AMRO's global activities and performance in the field of sustainable development. It includes quantitative and qualitative data about the calendar year 2003. However, the environmental indicators are based on a limited coverage as disclosed under the relevant headings in the report. The chapter 'a great place to work' is underpinned by data from our Human Resources Management system CHRISP, which covers 85% of our workforce.

Selection of topics

We appreciate the work of the Global Reporting Initiative and intend to increase our co-operation. We used their Guidelines 2002

and its supplement for the financial services sector. Please refer to the matrix on pages 65 and 66 and the more detailed version on our website. We also used information from third-party questionnaires, feedback from dialogues and stakeholder meetings. We used our Corporate Values and Business Principles as a framework for the structure of the report.

Reporting process

We have no overall information system in place for sustainable development, comparable to the management information system used for obtaining financial information for the annual report. Nevertheless we used corporate information systems, such as General Ledger (Finance) and CHRISP (Human Resources), for data gathering whenever that was possible. This ensures consistency and accuracy.

Only for those indicators that we deemed relevant but that were not covered in an existing system, we used local information systems and questionnaires to aggregate the information. We were in close contact with the representatives of the Business Units to test and double-check the data. This was done in one-on-ones but also in meetings of the sustainability team (both by video conferencing and physical meetings). Although we are confident in the overall reliability of the data reported, we recognise that some of these data were subject to a degree of uncertainty because of limitations associated with measuring, calculating or estimating data. Where these uncertainties are material, they are described in the report. When data is not available this is indicated in the table by '–'.

At the end of the process, senior managers approved the data used in the sections on their respective units. The reliability of this report has been reviewed by Ernst & Young. Its assurance report can be found on page 64.

Third party quotes

Instead of limiting this report to our own statements, we have chosen to invite some external parties to give a quote about our institution or our co-operation. We have used the quotes as they were given to us. We appreciate the contributions from our stakeholders, but obviously we cannot take responsibility for their statements.

Further information about ABN AMRO Holding N.V.

This report only covers limited financial aspects of ABN AMRO. To get a more complete picture we refer to our Annual Report, Annual Accounts, 20-F, and our website: www.abnamro.com

Disclaimer

This report is not intended as a solicitation, invitation, offer or inducement to engage in any investment activity; to make or refrain from making any investment or from exercising or not exercising any rights in connection with any investment; or to enter or refrain from entering into any agreement. The report is made for the purpose of investor and customer relations and to give details of ABN AMRO's commitment to sustainable development to existing stakeholders. Nothing in this document is intended to extend ABN AMRO's existing obligations to its clients or shareholders.

All policies, procedures, criteria, instructions guidelines or anything similar that have been mentioned in the report are intended for ABN AMRO internal purposes only, and under no circumstance should they be construed as creating any rights whatsoever to third parties. In assessing compliance with any of the policies and guidelines, the standards applied are subjective and any decision in relation thereto remains within ABN AMRO's discretion. ABN AMRO does not guarantee its adherence to these policies, procedures,

criteria, instructions guidelines, nor does ABN AMRO accept liability for whatever consequences of it not adhering to them. ABN AMRO reserves the right to change, amend or withdraw policies, procedures, criteria, instructions guidelines at its discretion at any time.

ABN AMRO reserves the right not to make available (details of) the policies, procedures, criteria, instructions guidelines or anything similar that have been mentioned in the report to third parties.

Assurance report

Engagement and responsibilities

We have received the assurance engagement to review the Sustainability Report 2003 of ABN AMRO Holding N.V. (ABN AMRO). The scope of this report and the reporting principles, including any inherent limitations that could affect the reliability of information, are set out on page 62 of the report. This report is the responsibility of the management of ABN AMRO. Our responsibility is to express an independent opinion on the accuracy and adequacy of this report. A review is aimed at obtaining a moderate level of assurance for our conclusions. The extent of evidence gathering procedures is less than that for an audit and therefore a review provides less assurance than an audit.

Scope of work performed

We conducted our review in accordance with the standard for assurance engagements generally accepted in the Netherlands, as issued by the International Federation of Accountants and the Royal Netherlands Institute of Registeraccountants (Royal NIVRA).

Our principal review procedures were:

- Obtaining an understanding of the sector and its relevant social responsibility issues;
- Assessing the acceptability of the reporting principles used and significant estimates and calculations made in preparing the Sustainability Report 2003;
- Performing analytical procedures at both Group and Business Unit level to assess the quantitative data;
- Examining, on a test basis, evidence supporting the descriptive and quantitative data provided, and studying relevant company documents;
- Conducting interviews with the responsible company officers in the Netherlands, mainly for the purpose of assessing the plausibility of the descriptive and quantitative data in the Sustainability Report 2003;
- Evaluating the overall view of the Sustainability Report 2003, in part by testing its contents against the reporting guidelines set out in the Sustainability Reporting Guideline issued by the Council for Annual Reporting in the Netherlands and the guidelines issued by the Global Reporting Initiative.

Conclusions

Based on the procedures performed, nothing came to our attention that leads us not to believe that:

- the description of policy and measures in the Sustainability Report 2003 of ABN AMRO properly reflects the efforts made in 2003;
- the quantitative data included in the Sustainability Report 2003 of ABN AMRO are free of material misstatement.

Amsterdam, 29 July 2004

Ernst & Young Accountants

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In preparing this report we have used the guidelines provided by the Global Reporting Initiative (GRI)
www.globalreporting.org

* = see our Annual Report and Form 20-F, www.abnamro.com/com/about/reports.asp

NR = Not reported as data is considered not relevant or not available

IC = Inside cover (Profile/Key facts and figures)

You can find a more detailed explanation on these indicators at www.abnamro.com/sustainability

ABN AMRO Holding N.V.
Gustav Mahlerlaan 10
1082 PP Amsterdam
The Netherlands

Mailing address:
P.O. Box 600
1000 AP Amsterdam
The Netherlands

Telephone:
+ 31 (0)20 628 93 93
+ 31 (0)20 629 91 11

Internet:
www.abnamro.com
www.abnamro.com/sustainability

ABN AMRO Holding N.V., having its registered office in Amsterdam, the Netherlands, and entered in the Trade Register of the Amsterdam Chamber of Commerce under no. 33220369.

The bank consists of the listed company ABN AMRO Holding N.V., which conducts its business almost entirely through its wholly-owned subsidiary ABN AMRO Bank N.V. or this company's many subsidiaries.

Special thanks to: all the members of the ABN AMRO sustainability community for their input, inspiration and co-operation.

People on the pictures placed at the ambition and action sections are ABN AMRO colleagues, who have first responsibility to Business Units and/or are responsible for initiatives on sustainable development within the organisation.

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