

sustainability report 2005

ABN AMRO Holding N.V.



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guarding their respective rights an
ests, are of equal importance as well as
often simply being required by law. Please
refer to our other chapters for more
information on our clients (Providing
responsible financial services), employees
(Being an employer of choice) and suppliers
and contractors (Minimising impact on our
environment).

Engagement with shareholders

Our Investor Relations (IR) team is responsible
for the bank's financial communications with
existing and potential shareholders – both
retail and institutional – and with rating
agencies. We want to provide our investors

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Profile

ABN AMRO

- is a prominent international bank with European roots dating back to 1824
- has over 3,500 branches in almost 60 countries and territories, a staff of about 97,000 full-time equivalents worldwide and total assets of EUR 881 billion as of year-end 2005
- is listed on Euronext (Amsterdam, Brussels and Paris) and the New York Stock Exchange.

Our business strategy is built on five 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 local markets in Europe, North America, Latin America and Asiaand globally on:
 - selected multinational corporations 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.

We aim for sustainable growth to benefit all our stakeholders: our clients, our shareholders, our employees, and society at large. In pursuing this goal we are guided by our Corporate Values (integrity, teamwork, respect and professionalism) and Business Principles. Acting with integrity is at the heart of our organisation: by complying in each of the markets in which we operate with the relevant laws and regulations, the bank safeguards its reputation and its licence to operate. Meeting the highest compliance standards is seen as the basis for true competitive advantage. Therefore ABN AMRO strives to serve as the benchmark for the financial industry.

We implement our strategy through a number of Business Units (BUs). Each of these units is responsible for managing a specific region, a distinct client segment or a product segment. Our BUs also share expertise and operational excellence, seek opportunities for standardisation, and exploit new market solutions to provide clients with even better products and services.

These BUs are (as of 1 January 2006):

- Five regional Client BUs: the Netherlands, Europe, North America, Latin America and Asia. These BUs serve almost 20 million consumer and commercial clients worldwide. ABN AMRO is one of the world's leading players in these segments
- Two global Client BUs: The BU Private Clients provides private banking services to wealthy individuals and families and has EUR 131 billion assets under administration as of year-end 2005. The BU Global Clients serves a select group of multinational clients

- Three global Product BUs: Global Markets, Transaction Banking and Asset Management
 - Global Markets transacts and develops products for all our client segments
 - Transaction Banking is our product organisation covering all payments and trade in the bank for our consumer and commercial clients
 - Asset Management, which is one of the world's leading asset managers, operates from over 20 locations worldwide and, as of year-end 2005, manages EUR 176 billion worth of assets for private investors and institutional clients.

To provide all our clients with even better products and services, we have created a cross-BU Consumer Client Segment and a cross-BU Commercial Client Segment. These segments focus on aligning the Client BUs with the Product BUs, sharing best practices and exchanging winning formulas across the Group in order to deliver high-quality solutions to our client bases across the world.

Our relationship-based approach and our unique combination of clients, products and geographical markets have enabled us to build a strong competitive advantage in the mid-market segments, which represent our 'sweet spot'. We aim to increase this advantage on a continuing basis, both by growing our mid-market client base and improving our product capabilities.



Potential

In November 2005 ABN AMRO presented a new global brand campaign, aiming to bring the bank's tag line 'Making more possible' to life. The campaign shows the potential of what everyday objects can become (see inside cover).

For this Sustainability Report we created a spin off of this campaign, showing the potential of our long term views and the things that we believe in.

Reader's guide

This 2005 Sustainability Report is published at the same time as our 2005 Annual Report, reflecting our view that both reports play a key role in enabling stakeholders to gain a complete picture of our business. For your reference, we have included a glossary and list of abbreviations at the end of this report. Detailed information of interest to specific groups of readers is provided in sources mentioned below.

¹ For more information on our organisation, vision and strategy, economic performance, corporate governance and investor relations, please refer to the following sources:

- Group internet site: www.abnamro.com
- 2005 Annual Report (printed or downloadable from www.abnamro.com)
- 2005 Form 20-F (printed or downloadable from www.abnamro.com)

Where it adds clarity we will make a specific reference to a publication with:

 *Name of publication*

² Additional detailed information on sustainability is published on the Group internet site at www.abnamro.com/sustainability. Specific references will be made throughout the Sustainability Report to this link page, in the following format:

 *Brief description of topic*

Our 2005 Sustainability Report is compiled in accordance with the Global Reporting Initiative (GRI) 2002 Guidelines. The GRI index on the internet shows a comprehensive overview of how we registered and met these requirements.

 *GRI Index*

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ABN AMRO snapshot

Key facts and figures

	2005 ¹	2004 ¹	2004
Financial			
Total operating income (in millions of euros)	19,827	17,130	19,793
Total taxes (in millions of euros)	1,219	764	1,071
Net profit (in millions of euros)	4,382	3,865	4,109
Group capital (in millions of euros)	43,224	33,239	33,039
BIS total capital ratio (in %)	13.14	11.06	11.26
Total assets (in millions of euros)	880,804	727,454	608,623
Net earnings per share (in euros)	2.43	2.33	2.45
Dividend per share (in euros)	1.10	1.00	1.00
Efficiency ratio (in %)	68.2	71.7	69.2
Sustainable Assets under Management (in millions of euros)	1,777	1,443	1,443
Social			
Average number of employees (in FTEs)	97,523	98,140	105,918
Women (in %)	52	49	49
Women at managerial levels (in %)	20	19	19
Non-Dutch nationality in Top Executive Group (in %) ²	52	59	59
Total costs of education (in millions of euros)	116.6	104.2	104.2
Community investment (in millions of euros)	24.2	14.5	14.5
Sponsorship (in millions of euros)	47.2	46.4	46.6
Number of volunteers	10,515	14,450	14,450
Environmental			
Energy (kWh per FTE)	9,388	8,691	8,691 ³
Business air-travel (km per FTE)	6,184	5,398	5,398
CO ₂ emission (tonnes per FTE)	3.55	3.84	3.84 ³
Water (m ³ per FTE)	21.53	19.25	19.25 ³
Paper consumption (tonnes per FTE)	0.13	0.12	0.12
Waste (tonnes per FTE)	0.32	0.27	0.27
Other			
Number of countries and territories	58	58	58
Number of risk management, compliance and audit staff	2,421	1,723	1,723
Dow Jones Sustainability Index - World	2nd position	2 nd position	2 nd position
Dow Jones Sustainability Index - STOXX	Leader	Leader	Leader
FTSE4Good Europe 50 and FTSE4Good World 100	Included	Included	Included
Innovest Strategic Value Advisors	AAA	AAA	AAA
Oekom research	C+/Prime	C+/Prime	C+/Prime

¹ IFRS: International Financial Reporting Standards, excluding consolidation effects private equity

² Recently, the definition of the TEG changed causing incomparability of figures

³ See our Restatements 2004

Capitalising on our 'one bank' advantages

From 1 January 2006, we aligned our organisation to improve our focus on the mid-market segment, and to leverage the benefits of being 'one bank' more effectively across the Group.

The seven Business Units (BUs) consist of five regional BUs (Netherlands, Europe, North America, Latin America and Asia) and two global BUs (Private Clients and Global Clients), the latter serving a defined number of multinational corporations. The three Product BUs (Global Markets, Transaction Banking and Asset Management) support the Client BUs by developing and delivering products for all our clients globally with a primary focus on the mid-market segment.

Our Services department encompasses all the bank's service units. Group Functions is comprised of support and services across the Group in the areas of Risk (including corporate sustainability), Finance, Audit, Legal, Compliance, Security, Communications, Human Resources, Investor Relations, Economics, Corporate Development, Government Affairs and Market Infrastructures.

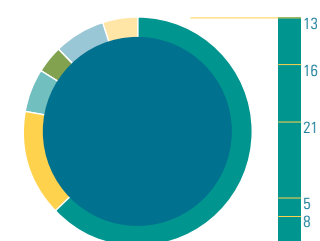
This report still uses our 2005 business structure with the following BUs:

BU Netherlands (BU NL), BU North America (BU NA), BU Brazil, BU New Growth Markets (BU NGM), BU Bouwfonds, Wholesale Clients (WCS), Private Clients (BU PC) and BU Asset Management (BU AM).

New group organisation structure

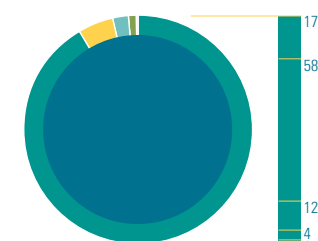


Profit before taxes



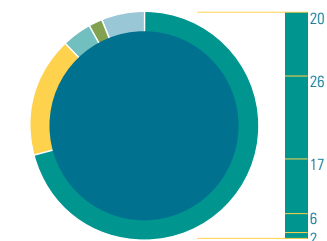
Consumer & Commercial Clients: 63%
Netherlands: 13%
Brazil: 16%
North America: 21%
New Growth Markets: 5%
Bouwfonds: 8%
Wholesale Clients: 15%
Private Clients: 6%
Asset Management: 4%
Group Functions and Group Shared Services: 7%
Private Equity: 5%

Offices/branches



Consumer & Commercial Clients: 92%
Netherlands: 17%
Brazil: 58%
North America: 12%
New Growth Markets: 4%
Bouwfonds: 1%
Wholesale Clients: 5%
Private Clients: 2%
Asset Management: 1%
Group Functions and Group Shared Services: 0%
Private Equity: 0%

FTE's



Consumer & Commercial Clients: 71%
Netherlands: 20%
Brazil: 26%
North America: 17%
New Growth Markets: 6%
Bouwfonds: 2%
Wholesale Clients: 17%
Private Clients: 4%
Asset Management: 2%
Group Functions and Group Shared Services: 6%
Private Equity: 0%

Countries and territories in which ABN AMRO has a presence

Europe

Austria
Belgium
Channel Islands
Czech Republic
Denmark
Finland
France
Germany
Gibraltar
Greece
Ireland
Italy
Kazakhstan
Luxembourg
Monaco
The Netherlands

Norway

Poland
Portugal
Romania
Russian Federation
Slovakia
Spain
Sweden
Switzerland
Turkey
United Kingdom
Uzbekistan

South America

Argentina
Brazil
Chile

Colombia

Ecuador
Netherlands Antilles
Paraguay
Uruguay
Venezuela

North America

Canada
Mexico
United States

Middle East and Africa

Saudi Arabia
South Africa
United Arab Emirates

Asia and Pacific

Australia
China, People's Republic of
Hong Kong
India
Indonesia
Japan
Korea, Republic of
Malaysia
New Zealand
Pakistan
Philippines
Singapore
Taiwan
Thailand
Vietnam

Dear Stakeholder,

As I travel around the world visiting the various offices of the ABN AMRO Group, I find that an increasing number of employees are eager to update me on their sustainable practices.

More and more staff have been telling me about their various local activities related to sustainability, whether these involve their discussions with clients, recycling initiatives at the office or providing tax help or teaching to low-income families. I think this is wonderful, as it shows that our staff find our commitment to sustainability so inspiring that they want to initiate and maintain this focus in their day-to-day activities. As importantly, it demonstrates the progress we have made in integrating sustainability as a core business principle.

It wasn't always like this. When we accelerated our drive for sustainability a few years ago, we felt as though we were dealing with two distinct worlds. Few in the business arena seemed to truly understand the role of sustainable entrepreneurship as a way to raise the quality of an organisation, to intensify and improve its relationship with stakeholders, and to enhance the bottom line through innovative products and more efficient use of resources. Likewise, many among the more traditional sustainability audiences seemed sceptical about the business world's sincerity with regard to the triple bottom line (people, planet and profit). Even today, we cannot claim that the two worlds have merged completely. Continuing to bridge this gap is one of the challenges we are tackling.

However, we are making progress. I believe that events in 2005 demonstrated a global awakening to the importance of the sustainability agenda in both the private and public sector. Climate change, globalisation, security issues, global inequality, poverty, environmental issues, international trade and money flows all have an increasingly profound impact on our world, and hence on our lives and our corporations. Complexity, chain responsibility and change are more likely to increase than decrease. This is not a time for simple problems and easy solutions; we need a much broader perspective to find the right answers. I am therefore convinced that the only way to really understand any business is to appreciate the dynamics of both its financial and non-financial aspects. The financial sector can play a crucial role in this respect as it has a unique insight into many sectors and companies. At ABN AMRO we strive to develop and use this insight to better serve our clients. For the same reason, we seek to provide our stakeholders with transparency on our behaviour in both our Sustainability Report and Annual Report.

At ABN AMRO, we use our Corporate Values and Business Principles as our compass for navigating through today's complexities. Integrity, trust, discipline and transparency are of the essence. We are committed to a further focus on these qualities, and to ensuring complete and accurate reporting. This will require a better balance of regulation on disclosure and market pressure. Achieving this further step will require increased transparency from both the private and public sector, enabling the general public to form their opinions and act accordingly.

Integrity and compliance are crucial. Especially when the going gets tough, as it did with the compliance issues we faced in the US in 2005, maintaining our high standard of integrity is invaluable. We've been working hard to improve the compliance function across the bank in the

past few years and this will continue to be a top priority for us. The experiences in the US have led us to take a hard look at ourselves and to work towards improving our compliance mindset throughout the bank. We believe that acting with integrity every minute, every day, day after day is the only real option. We want to be a benchmark for the entire financial industry, and meeting the highest compliance standards is the basis of a true competitive advantage. It can make us one of the most preferred banks in the industry.

During 2005 we further investigated the value case for sustainability, and our Managing Board decided that we will accelerate, extend and deepen the integration of sustainability into our business. We aim to take sustainability further, in areas ranging from reducing risk to creating mainstream business opportunities. Given our progress over the past few years, we are undertaking this challenge with confidence.

Our sustainability journey is being recognised by many external stakeholders. We have received high scores from the rating agencies, several accolades including the International Association for Impact Assessment (IAIA) Award and recently the World Environment Center Gold Medal Award, and have been recognised as a Low Carbon Finance and Investments Leader. However, we have also been criticised for some of the projects we are considering financing. We are not always able to respond to this type of criticism straight away, as we first need to analyse the facts, including hearing the arguments from all relevant parties, before we are able to come out with a position. We would never claim to be perfect but we take pride in sharing the full picture of our principles and progress with you.

I hope that you will read this report with great interest. We are on an ongoing learning journey. We cannot do this alone, and believe multi-stakeholder engagement and dialogue are the best ways to create sustainable change. We would therefore welcome your feedback, which you can e-mail to us at sustainable.development@nl.abnamro.com.

This report has been prepared in accordance with the 2002 Global Reporting Initiative Guidelines and we believe it represents a balanced and reasonable presentation of our organisation's economic, environmental and social performance. We also continue to support the 10 Global Compact Principles and recognise their importance in achieving the Millennium Development Goals.

I would like to thank our clients, shareholders, and other stakeholders for the trust they have in ABN AMRO – and in particular our employees for their tireless contribution to the sustainable success of our organisation.

Rijkman Groenink
Chairman of the Managing Board

Amsterdam, 23 March 2006



"We would be nowhere without the trust and respect of our stakeholders, so we must safeguard these immensely. This goes beyond merely sticking to the rules and regulations. In everything we do and every decision we make, our moral considerations must carry as much weight as our legal considerations. Our Corporate Values and Business Principles guide our behaviour in this respect."

Our objective is to create and maximise sustainable value for our clients, shareholders and other stakeholders. To do this we need to build trust by behaving with responsibility and integrity. Several years ago we made sustainability a defining feature of ABN AMRO, and since then we have made substantial progress in using sustainability as a measure of responsible financial services. In 2005, we decided to anchor sustainable development further into our organisation, and to sharpen our focus on six key areas where our commitment to sustainability creates the greatest value.

What we stand for

Our overall business strategy

We aim to maximise value for our clients, while also maximising value for our shareholders as the ultimate proof of, and condition for, success. Our commitment to responsibility, integrity and transparency, both in the way we work and in our engagement with our employees and other stakeholders, forms the bedrock of the trust on which success in financial services is built.

As an international bank with European roots, ABN AMRO focuses on local consumer and commercial banking relationships, supported by a global network and extensive product suite. Our strategy is designed to achieve sustainable growth which will benefit all our stakeholders – including clients, shareholders, employees, society and the environment. The strategic advantage provided by our particular combination of clients, products and geographical markets is at its greatest among mid-market clients.

Continuing our sustainable journey

It is now ten years since we formulated our Corporate Values and Business Principles, which go to the very heart of our organisation: doing the right business in the right way. We have committed ourselves to ensuring that our core business encompasses not just financial, but also environmental, social and ethical considerations. As a result, we have made substantial progress in recent years in using sustainability as a measure of responsible financial services and anchoring this in our main processes. While our journey has been recognised by many outside stakeholders, we still aspire to 'make more possible'. The major sustainability-related awards we received in 2005 are shown in the table on the next page.

A wide range of global issues are shaping our societal and business environment, including energy constraints, climate change, inequality, environmental degradation, poverty and demographic shifts. These create both challenges and opportunities for the bank and our clients. They also present 'prime mover' advantage to those organisations able to see the writing on the wall and draw practical conclusions about the consequences. We see these concepts joining the 'mainstream' of business thinking. Companies, regulators, governments, multilateral agencies and universities – as well as clients and our peer financial institutions – increasingly incorporate sustainability topics into their actions and decisions.

Taking these trends into account, our Managing Board took a positive decision in November 2005 to embed sustainability further into our organisation by approving an ambitious sustainable business strategy named 'Accelerating and Integrating the Sustainable Development Business Agenda: from Risk to Business and from Niche to Mainstream'.

Our sphere of influence

As a financial institution we play an important role in society in bringing parties together, facilitating monetary flows and allocating capital to all sorts of activities. As we undertake these activities, we fully recognise our responsibilities towards our stakeholders. This means that we need to consider the diverse – sometimes conflicting – interests of our clients and other stakeholders, by taking environmental, social and ethical issues into account and striving to look after the well-being of future generations in the business decisions we make. We are committed to setting our Group standards at the highest level in every country, while also respecting

Major awards and achievements received in 2005

Transparency Research by Dutch Ministry of Economic Affairs

International Association for Impact Assessment

Corporation of the Year Award from The Michigan Minority Business Development Council

Good Corporate Citizenship Best Practice Awards from Brazil's

EXAME business magazine

Most transparent in sustainability reporting

Being a leading bank in the Equator Principles initiative

For including certified minority suppliers in our procurement opportunities and promoting supplier diversity in our corporation

For sustainable businesses and for suppliers management

local cultures and requirements. We aim to do this in an engaged and proactive way; and make these issues an integral part of how we do business. This involves continuously balancing different interests and issues, and comparing these to our Corporate Values, Business Principles and policy frameworks.

However, as a financial institution there are limits to the role that we can play. This inevitably means we cannot always meet the wishes of all our diverse stakeholders and that sometimes we have to agree to disagree. ABN AMRO receiving the "Schone Schijn Award 2005" from the Dutch Friends of the Earth organisation is one such example. Elsewhere in this report we present real-world dilemmas and case studies to illustrate this complex balancing act.

Although we are not responsible for our clients' and suppliers' actions, we are responsible for selecting them. In addition, we cannot – and will not – compromise on the client and transaction confidentiality that forms the bedrock of our banking relationships.

We acknowledge there are limitations to the role that we can or even want to play: the role of business is doing the right business in the right way. Although ABN AMRO strongly recognises the responsibilities of incorporating not only profit but also people and planet into our decisions, we are also clear about the fundamental reason for our existence: we are a multinational business and not a (non-)governmental organisation.

So we have to make choices on where and with whom to engage and where to contribute. On a macro level, ABN AMRO is closely involved in global initiatives and partnerships where we can make more possible with our ideas, expertise and resources. On a local level, we have a business presence in 58 countries and we have chosen to focus most of our local sustainability efforts on these countries. This approach makes sense not only in business terms but also in terms of maximum effectiveness, since it means we can use our infrastructure and our dedicated employees to make the difference.

Accelerating and integrating the sustainability business agenda

Our future starts every day. Sustainability stands for our business approach today and our long-term vision and strategy of embedding sustainability in our DNA. In this sustainability report, we seek to present

"Our company together with some of our peers, have the impression that ABN AMRO's business practices are too much influenced by the opinion of NGO's. Policies on restricting international transfers for certain countries should be set by the government, and not by our banker. Although, we can imagine that ABN AMRO would develop its own policies for financing decisions in certain countries or for certain projects."

Worldwood, the Netherlands, a corporate client who chose to stop banking with ABN AMRO

Our definition of sustainability:

'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.'

Our ambition:

'We are committed to continuously improving the integration of sustainability into our working environment and business processes. Our aim is to play a proactive role in contributing to sustainability, within our spheres of influence. We are committed to accountability and transparency in our sustainability performance.'

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

 [More information on our Corporate Values and Business Principles](#)

insights into our sustainability journey: what we have achieved and where we aim to be.

We group our sustainability activities into six key focus areas:

- Being accountable and transparent
- Protecting our assets
- Providing responsible financial services
- Being an employer of choice
- Minimising impact on the environment
- Supporting local communities.

During 2005 we investigated the value case for sustainability further by discussing with our senior management where they perceive its value to be, and by obtaining examples from around the world. This internal dialogue involved interviews with more than 35 top managers, including the Managing Board. The process highlighted a broad commitment to sustainable entrepreneurship, a view on our sustainability aspirations for the longer term and many examples of how it creates value for the bank. We grouped these examples and long-term aspirations into our six key focus areas. In this report we will explore each focus area.

Business case examples

Being accountable and transparent

Sustainability helps ABN AMRO build brand value and attract investors by:

- Ensuring ABN AMRO is highly rated by analysts who include sustainability in their assessments. In 2005 we maintained our high ratings in the major indices
- Strengthening our long-term business and emotional connection with our stakeholders through our efforts to be transparent, enabling us to address topics in a timely and proactive manner
- Creating an attractive proposition for those seeking ethical or Socially Responsible Investments (SRI). We saw our SRI investor base increase by 40% in 2005 compared with 2004, although its overall size is still quite small.

Focus areas

Our long term ambition	
Being accountable and transparent	Clients, investors, NGOs, regulators and the general public all associate ABN AMRO with the qualities of integrity and sustainability. We will not be a 'missionary' for sustainability, but will have contributed significantly to the mainstream financial industry incorporating sustainability.
Protecting our assets	Our know-how and capabilities in ethical, social and environmental assessment are fully incorporated and embedded into all our credit and financial intermediary decisions. Clients seek out ABN AMRO as the preferred bank for all environmental and socially sensitive transactions, or decide to exit.
Providing responsible financial services	The bank's commitment to sustainability will take a prominent position in shaping the buying behaviour of our clients. Clients view ABN AMRO as their preferred bank that they can identify themselves with and that offers the right services.
Being an employer of choice	Top talents view ABN AMRO as an employer of choice, also because of its commitment to sustainable development. Our employees strongly identify with and relate to the bank itself, and to the way in which we translate our commitment to integrity and sustainability into action.
Minimising impact on the environment	The bank pursues resource efficiency initiatives throughout the organisation in a triple win-win-win approach: achieving cost reduction, employee engagement and an enhanced reputation.
Supporting local communities	We are a valued local partner to the communities we serve.

Protecting our assets

In 2005, our head office rejected 20 major financing proposals because of social and/or environmental concerns. We also declined many more transactions at BU level because of similar concerns. At the same time, our commitment to sustainability has helped us get to know our clients in depth, and to better understand their industries' challenges and opportunities. Examples include:

- Ensuring we have integrated insights into the risks we face
- Being attuned to and managing the potential reputational risks of being a high-profile consumer bank
- Improving our understanding of the overall exposure of our portfolio
- Growing our knowledge and expertise in the extractive industries, especially in emerging markets.

Providing responsible financial services

In 2005 sustainability allowed ABN AMRO to:

- Deepen relationships with clients who want 'more than money'. In all areas of our business, we are winning new clients who select us because of our sustainability expertise and commitment. These range from retail clients and big charities to major multinationals
- Gain appreciation from our clients for discussing the sustainability challenges they actually face
- Present opportunities for innovative sustainability products and services. Examples include futures trading for soft commodities, carbon clearing, carbon trading and finance, financing of renewable energy projects and weather derivatives
- Expand opportunities in emerging markets. Examples include microfinance in India and Brazil. In addition, the International Finance Corporation (IFC) granted Banco Real in Brazil USD 98 million with which to finance socio-environmental and corporate governance projects

Millennium Development Goals on the global agenda

2005 saw several important events related to sustainability across the world. Helping developing countries to make progress towards the MDGs was a central theme at a number of major international gatherings. The MDGs also occupied a prominent place in the public debate sparked by initiatives such as the 'Make Poverty History' campaign and 'Live 8'. Sub-Saharan Africa – the region currently furthest from achieving these objectives – received special attention. Policy-making undertook a journey from the G8 meeting in July via the UN Summit in mid-September to the annual meetings of World Bank and International Monetary Fund (IMF) at the end of September. This year's final event with a major impact on sustainable development was the ministerial meeting in Hong Kong on the Doha Development Round of multilateral trade negotiations. We believe the year 2005 marks a turning point in the global agenda, not through what was achieved or committed to, but because of the significant increase in awareness of the scope of global issues and the need for governments, society and business to work together towards resolving these issues.

- Capitalise on our cross-sector perspective and establish a network of relationships with International (Finance) Institutions, Governments, the UN and Non-Governmental Organisations (NGOs).

Being an employer of choice

Sustainability strengthens ABN AMRO's ability to attract, motivate and retain staff, by:

- Striving to be their employer of choice. Examples include our high positions in the 2005 rankings of preferred employers in the Netherlands and Brazil, and the European Staff Council's keen interest in our sustainability agenda
- Offering an opportunity to energise our staff. The 2005 Employee Engagement Survey (75,000 respondents) showed a clear correlation between a favourable view of sustainability and engagement with ABN AMRO.

Minimising impact on the environment

Sustainability helps ABN AMRO to save resources by:

- Reducing the amount of resources consumed by our own infrastructure and

operations, and consequently reducing CO₂ emissions, through better facilities management and behavioural change programmes

- Improving the cost/quality ratio of our network of global vendors via our Global Sustainable Procurement policy.

Supporting local communities

- In 2005 we created the ABN AMRO Foundation and a Community Investment Policy. Our various initiatives during the year, such as our responses to the Asian tsunami, Pakistan earthquake and hurricane Katrina, provided local help and clearly sparked a sense of belonging and pride among our employees. These efforts also strengthened our relationship with a number of NGOs
- In the Volvo Ocean Race we embedded community investment in our participation through a partnership with Oxfam Novib. The Foundation made donations in the ports-of-call.

Special feature: Millennium Development Goals and Global Compact

ABN AMRO subscribes to the UN Global Compact, in line with our firm belief that the business community has a crucial role to play in achieving the UN Millennium Development Goals (MDGs). The MDGs create clear targets for eradicating poverty and related human and environmental deprivations. There are eight goals with their corresponding targets and a strong link exists between the Global Compact principles and the MDGs. Many of the principles underpin activities that contribute to the achievement of the MDGs. ABN AMRO wishes to contribute – within its sphere of influence – to attaining the MDGs. This does not mean that we have decided to become a development bank. What it does signify is that we recognise our role as a global financial institution in forging partnerships with governments and society

to create wealth, employment, markets, trade and investment, and to assist in establishing the institutional capacity required for fully-functioning financial markets in the developing world.

To this end, we participate in the Dutch public private partnership 'Netherlands Financial Sector Development Exchange ('NFX') with other private banks, development banks and the Ministries of Foreign Affairs, Development Cooperation, Economic Affairs and Finance.

Moreover we participate in a study conducted by Dutch Sustainability Research to measure our contribution to the MDGs. The results have proved encouraging. Of all MDGs, ABN AMRO achieves the highest score on MDG 7 (environmental sustainability). Compared to the other MDGs, we score relatively high on MDGs 1, 2, 3, and 8 (poverty and hunger; education; gender equality; global partnership). We score lower on the other MDGs (child mortality, maternal health and HIV/AIDS). This outcome is in line with the policy focus set out in our annual Sustainability Reports. A further step forward in measuring contributions could be to look at their efficiency and effectiveness. However, the tools for such an impact analysis have yet to be developed.

 *Report 'Measuring the contribution of civil society and the private sector to achieving the Millennium Development Goals'; Dutch Sustainability Research, commissioned by NCDO*

Special feature: ABN AMRO and climate change

A further initiative was the introduction of our first annual sustainability theme to catalyse business development and internal action planning. For 2005 we chose climate change: one of the greatest threats facing the planet. The way governments and societies choose to address this challenge will have a profound impact on current and future

"The world today faces many pressing social and environmental issues. These include the effects of climate change, geopolitical competition for access to oil, water and natural resources, and the grinding effects of global poverty, especially in Africa. Governments, business and civil society need to work in partnership to address these issues. The European Commission has put sustainability high up on its agenda, and businesses should do the same. This is particularly true of the financial sector, which – as a financial intermediary and provider of access to capital – plays a vital role in embedding sustainability in the world's businesses and processes. For this reason the entire financial sector, and not just a few banks, should become far more active in the field of sustainability."

Margot Wallström, Vice President EU Commission

generations. It is already affecting our business environment, creating both risks and opportunities for the bank and our clients, and also raising issues of responsibility and reputation.

We believe that companies must show leadership on this issue. It is important that we take a credible and substantive approach that reflects our international presence and particularly our strong position in the energy sector. We will link our initiatives closely to our role as a financial institution and to making a contribution both to society and our clients in particular, and to the bank itself. In various chapters in this report we will report on the results of this year's focus on climate change, mainly centred on three themes:

1 Business propositions

- ABN AMRO's activities in the trading and clearing of climate derivatives and carbon credits on the European exchanges
- Development of new lending products backed by emissions allowances
- Launch of a private equity fund for investments in renewable energy and clean technology in 2006.

2 Contributions to the public debate

- ABN AMRO published a study on energy, called 'Beyond Kyoto'
- We have been ranked on the Climate Leadership Index with 60 other companies worldwide
- We actively support the work of the Business and the Environment Programme run by Cambridge University
- We have joined the Corporate Leaders Group on Climate Change in the UK.

3 Minimising our impact on the environment

- All Dutch offices and head office locations use 100% green energy
- The Managing Board has approved the implementation of a global energy efficiency programme, targeting a reduction of 10% in Group-wide energy consumption by 2008 (compared with 2004), and with a proportionate reduction in CO₂ emissions.

[Our study 'Beyond Kyoto'](#)

[More information on the Business and the Environment Programme run by Cambridge University](#)

ABN AMRO's contribution to the MDGs and the UN Global Compact

Throughout this report we aim to show our 2005 contribution to the eight MDGs and the implementation of the ten Global Compact Principles by placing icons at the beginning of each chapter. The eight MDG icons are shown below. For the UN Global Compact we use the Global Compact logo and have added numbers referring to the relevant principles covered in a particular chapter. In the GRI Index we have also highlighted the indicators related to the MDGs and the Global Compact.

[Explanation of the MDGs and Global Compact](#)



Corporate governance

For ABN AMRO, sustainability means living our Corporate Values and Business Principles. These go to the very heart of our organisation. We consider good corporate governance to be critical to our ability to realise our strategic goal of creating sustainable long-term value for all our stakeholders. It is the foundation of our licence to operate.

Corporate governance model

Corporate governance at ABN AMRO is defined by the way we organise and conduct the relationship between the Managing Board, the Supervisory Board and the bank's stakeholders. In order to achieve good corporate governance, we organise the company in a way that promotes entrepreneurship by the Managing Board under the supervision of the Supervisory Board, on behalf of all shareholders. Integrity and transparency are key elements in our system of corporate governance, as they are in our business as a whole.

We adhere to the Dutch Corporate Governance Code. Also, as a company listed on the New York Stock Exchange, we are subject to US securities laws and some of the corporate governance rules imposed by the NYSE. We fully honour both the spirit and letter of the reforms introduced by the Sarbanes-Oxley Act. The integrity of management, auditors and employees is at the heart of Sarbanes-Oxley.

Following the new business structure as from 1 January 2006, we have adapted the governance model. As well as increasing the size of the Managing Board to eight members and reallocating some of their responsibilities, we have also created a Group Business Committee (GBC) to drive coordination across the Group. The GBC consists of the five Managing Board members with line-of-

business responsibility and the Senior Executive Vice Presidents (SEVPs) managing the various BUs.

 *2005 Annual Report: More information on*

- *Our corporate governance and two-tier board*
- *Supervisory Board including its committees*
- *Top management contracts and remuneration*
- *Dutch Corporate Governance Code and Sarbanes-Oxley Act*

 *ABN AMRO Corporate Governance Supplement*

Corporate governance and sustainability

Alongside good corporate governance, sustainability is an equally integral part of our business, having been defined as a key responsibility of our regular line management. In each BU, dedicated resources and teams headed by a Sustainable Development Leader help line management to implement sustainability initiatives and to raise awareness. All Sustainable Development leaders participate in the Group-wide Sustainable Development Value Team, deciding and acting on strategic and tactical sustainability topics. The Group Sustainable Development department is part of the Group Risk Management organisation and acts as a strategic driver, knowledge centre and catalyst for sustainability across all our BUs. In the new business structure, sustainability continues to be an integral line responsibility of all BU Heads. The Managing Board acts as the governing and strategic decision-making body for sustainability.

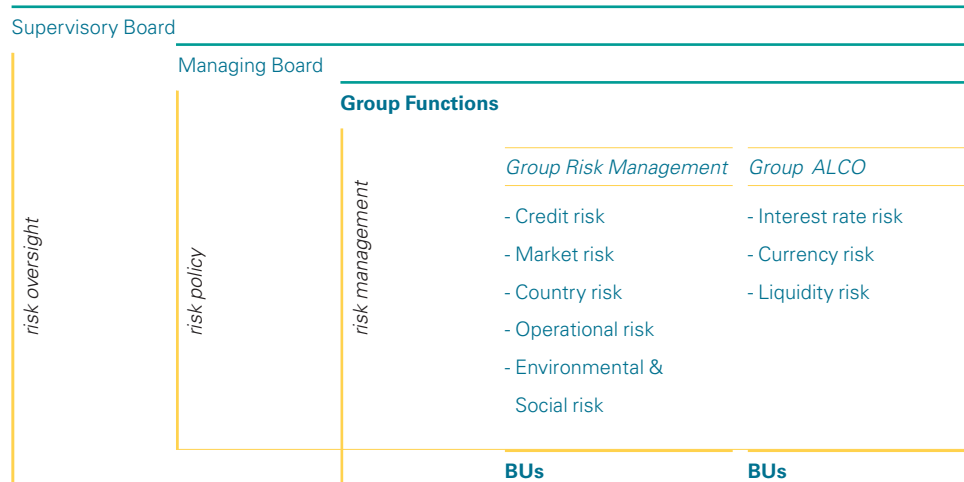
Control framework

Our control framework is based on robust policies and instructions set out in the ABN AMRO Instruction Manual (AIM). This manual brings together our global directives, organisational rules, procedures and guidelines for decision-making that guide us to run our BUs efficiently and effectively. AIM

We are fully committed to our organisation's Corporate Values and Business Principles and to preserving the bank's integrity and reputation. By working to comply in each of the markets in which we operate with the relevant laws and regulations, the bank safeguards its reputation, its licence to operate and its ability to create sustainable value for all stakeholders. Good corporate governance and rigorous compliance play a very important role. In 2005 we created closer alignment between responsibilities for business, compliance and sustainability. We also strengthened our compliance organisation to embed compliance more deeply into thinking and decision-making across our Group.



Risk governance organisational structure



policies and instructions are a reflection of general and industry-specific laws, regulations and related standards of business conduct. In 2005 we improved AIM by making the policies and procedures more transparent and accessible for our employees. We also conducted AIM awareness and training sessions for our staff.

Having policies and procedures in place is not enough. To make a difference, they have to be put into practice. We aim to achieve this through specific measures at individual staff level and through management controls. Our dedicated functions – Group Compliance, Group Risk Management, and Group Audit – continuously monitor our processes and progress. Our external auditors and several regulators monitor our activities. Our overall objective is that these measures and perspectives should positively enable our business, rather than acting as an obstacle or restrictive framework.

Group Risk Management

Group Risk Management operates independently of our commercial lines of business. Our risk framework combines centralised policy setting with broad oversight, supported by risk execution and monitoring across the Group's network. The Group Sustainable Development department is

incorporated into the bank's Group Risk Management organisation. This is with the aim of ensuring that sustainability plays a central role in the bank's assessment and decision-making processes, as well as ensuring that it functions independently of the bank's operational activities.

Group Compliance

The compliance function within the bank exercises independent oversight on behalf of senior management of core processes and related policies and procedures designed to ensure we conform with both the letter and spirit of industry-specific laws and regulations, thereby maintaining the bank's reputation. This includes – but is not limited to – sanctions, monitoring of compliance standards, client acceptance and anti-money laundering, good citizenship, and the protection of clients against the bank's position. This last responsibility manifests itself in areas such as personal account dealing, conflicts of interest and Chinese walls. Compliance has become crucial to our ability to navigate our way through an increasingly complex business environment. It is important that we work to comply with the laws and regulations of each market in which we operate. On 1 January 2005, Group Compliance adopted a new structure with enhanced reporting lines covering Group-wide

operations and major subsidiaries worldwide. 2005 also saw the creation of a new Supervisory Board Committee called the Compliance Oversight Committee.

Group Audit


Group Audit operates independently of our business and is represented across the Group. Its main role is to reinforce our Business Risk Control by providing professional audit services. The head of Group Audit reports to the Chairman of the Supervisory Board/Audit Committee and the Chairman of the Managing Board. Group Audit contributes to sustainability by monitoring our adherence to relevant standards, policies and procedures.

External auditors and supervisory authorities

As an internationally-active bank, ABN AMRO is reviewed both by external auditors and supervisory authorities in each country where we operate. We have strict policies and procedures in place to help us avoid potential conflicts of interest and ensure the integrity of our auditing process. These policies and procedures were reinforced following the implementation of the Sarbanes-Oxley Act.

 [2005 Annual Report: More information on](#)

- [Group Risk Management](#)
- [Group Compliance](#)
- [Group Audit and the Audit Committee](#)

 [2005 Form 20-F: More information on external auditors, supervisory authorities and principal audit fees and services spending](#)

Special feature: increased focus on compliance

Our Managing Board is fully committed to the bank's Corporate Values and Business Principles, and preserving the bank's integrity and reputation. Meeting the highest compliance standards is seen by us as the basis for true competitive advantage, and we strive to act as a benchmark for the entire financial industry.

Staff in dedicated Group Functions

(in FTE)	2005	2004
Group Risk Management	781 ¹	624
Group Compliance	810 ²	370
Group Audit	830	729
Total FTE	2,421	1,723

¹ Increase is due to internal transfer of departments

² Increase is due to transfers of local compliance departments and Group Security into Group Compliance and new hires

Unfortunately we faced some difficult compliance issues during the year. Since ABN AMRO signed a written agreement with the US bank regulators in 2004, it has been working actively with external experts to conduct a full review of the compliance area and to ensure that the bank adheres to best-in-class compliance standards in all jurisdictions in which it operates. Bank regulators in the US and the Netherlands were regularly informed about these actions. A complete review of the causes of the shortcomings in the internal supervision of the activities of the US dollar clearing centre in New York was undertaken, as well as disciplinary actions against employees involved. We have also introduced a comprehensive compliance programme across the bank based on the Basel principles, which describe the compliance activities that the Boards and compliance functions of banks must safeguard and implement. This programme includes training for all staff to instil a compliance mindset even more deeply and ensure our people have the required compliance skills.

Regulatory sanctions

Consent orders

In December 2005, ABN AMRO agreed to certain consent orders ('the Consent Orders') with the Dutch Central Bank and certain US regulators and agencies. This involved an agreement to pay an aggregate penalty of USD 75 million and a voluntary endowment of USD 5 million in connection with deficiencies in the US dollar clearing centre of our New

York branch and OFAC compliance procedures specifically in relation to certain US dollar payments originated by our branch in Dubai. The actions that are the subject of the Consent Orders predominantly took place before the 2004 written agreement, and most were discovered by investigations initiated by the bank and voluntarily reported to regulatory authorities. Based on the terms of the Consent Orders, ABN AMRO will further improve its oversight and compliance programmes. In such circumstances, the right way forward is to accept full responsibility, take corrective action, and embed a proactive culture of compliance and full reporting to the regulators. This is what we have done and will continue to do. For ABN AMRO, nothing short of the highest standards of compliance are acceptable.

Department of Housing and Urban Development settlement

On 4 January 2006, ABN AMRO Mortgage Group Inc. announced it had reached a settlement with three government agencies – the US Department of Justice, the Office of the Comptroller of the Currency (OCC) and the US Department of Housing and Urban Development (HUD) – regarding past actions in connection with Federal Housing Administration (FHA) insurance certifications administered by the company on

approximately 28,000 HUD-insured loans originated during the period 2000 to 2003. It is a civil settlement with a cash payment in the amount of USD 16.85 million, and represents a final resolution of a matter the company discovered, investigated and self-reported to the government in 2003.

In addition, ABN AMRO chose not to submit insurance claims on 783 defaulted loans that were originated during the period concerned, resulting in an increased cost to the company. This settlement resolves an issue that is now in the past, and ABN AMRO Mortgage Group is committed to an FHA loan programme that is in full compliance with all the relevant requirements. The company remains steadfast in monitoring its improved controls, and does not and will not tolerate misconduct.

Management's responsibility

In relation to the matters underlying the Consent Orders, the Managing Board has determined that the bank's efforts to ensure full compliance with local and international compliance standards were not up to the appropriate standards. The Managing Board regrets this and assumes full responsibility. To reflect this, the members of the Managing Board have decided to collectively pay back EUR 1 million out of their 2004 bonuses. The Chairman of the Board has returned 40% of his bonus and the Chief Financial Officer 30%, while the four other members have each returned 20% of their bonuses. The Supervisory Board has accepted this repayment as recognition of the responsibility that the Managing Board has taken upon itself to repair the shortcomings that have been identified.

Chinese walls

Banking regulations require ABN AMRO to implement and demonstrate controls ensuring that (confidential) information held in one area of the bank is not disclosed improperly to another. One method for doing this is to create internal 'Chinese walls' between relevant areas, to control the way information is treated and moved around. By restricting or preventing the movement of information within the bank, Chinese walls help us to manage conflicts of interest and protect the confidentiality of client information. Chinese walls can be permanent or put in place on a temporary basis, and can include separation both of physical office locations and/or different business processes and systems.

Worldwide compliance action programme

In 2005 we have further strengthened the compliance organisation. The total number of employees within Group Compliance rose to over 800 worldwide, thus ensuring that the compliance department can carry out its global responsibilities effectively. Other significant steps forward during the year:

- **Mindset programme:** in April 2005 we launched the 'Our values in action: acting with integrity' programme to increase awareness and build a global compliance mindset. The main messages include management's position as role models and each staff member's individual responsibility for compliance. The programme also includes special training and policy updates to support employees with day-to-day compliance issues
- **Client Acceptance & Anti-Money Laundering (CAAML):** the revised CAAML Policy was implemented worldwide in September 2005, taking into account the principles of the Wolfsberg Group, of which ABN AMRO is a member. To ensure compliance with the policy, we implemented mandatory Group-wide training for all staff on CAAML through computer-based training and regional workshops. In addition to CAAML training, we established a CAAML Advisory team for technical support and a Quality Assurance Programme
- **A bank wide Anti-Money Laundering Oversight Committee** was formed. Among other duties, this Committee will be responsible for advising on the CAAML Policy and reviewing instances of suspicious activity that are referred to it
- **Transaction filtering and monitoring:** ABN AMRO implemented a new transaction filtering process globally for USD cross-border payments. This includes filtering against not only the EU lists of identified persons, but also against the US OFAC list of Specially Designated Nationals for USD transaction payments.

"GRI is pleased that ABN AMRO has continued to build on its past use of the Sustainability Reporting Guidelines as the basis for reporting again this year. In recognition of the ongoing process of improving the GRI reporting framework for the bank and its stakeholders, ABN AMRO has actively supported GRI to ensure the continuous development of the Guidelines so that they will remain of high value to the bank, as well as to all reporting organisations and information seekers globally. GRI hopes that the Guidelines will continue to offer value for the bank and its stakeholders in the years to come."

Ernst Ligteringen, Chief Executive Global Reporting Initiative

Our challenges

Because we are present in many countries and conduct cross-border transactions, we have to adhere to many different rules and regulations. This raises significant challenges for our organisation, which employs almost 100,000 people across the world. We need to engrain our fundamental beliefs, which are embodied in our Corporate Values and Business Principles, into the hearts and minds of all our staff. This challenge is increased by the fact that thousands of people join – and leave – our organisation annually. This turnover is inevitable, given our size. We also realise that having the right fundamental beliefs and adequate procedures in place does not necessarily prevent potential misconduct due to the day-to-day pressure put on each individual to serve our clients to the best of their ability in a highly competitive marketplace.

So we continue to focus on instilling preventive measures such as making our staff think hard about what they are doing and what risks are involved, strong internal control mechanisms and a more global view on regulation. These measures can result in additional costs, so in certain client segments we need to weigh the benefits carefully against the costs involved.

enterprise



Being accountable and transparent

In 2005 we intensified our efforts to deepen and strengthen our links with various stakeholders. Clients, shareholders and employees are often regarded as the core stakeholders of any company. We believe this point of view still holds true, but the emphasis is gradually shifting. Suppliers, society and the environment become increasingly important stakeholders as well. More and more companies conclude that just meeting the legal requirements placed on them is no longer enough. Engaged consultation, moral compliance, doing the right things in the right way, is also vitally important in today's business environment.

The boundaries of moral compliance are hard to define. Perhaps the best illustration of this difficulty is the interesting but complex issue of supply chain responsibility. What can reasonably be expected from a financial institution seeking to act with responsibility and respect? These expectations seem fairly clear regarding our own staff and suppliers. However, responsibility vis-à-vis our clients is a more difficult matter. Do we need to encourage clients to go beyond legally

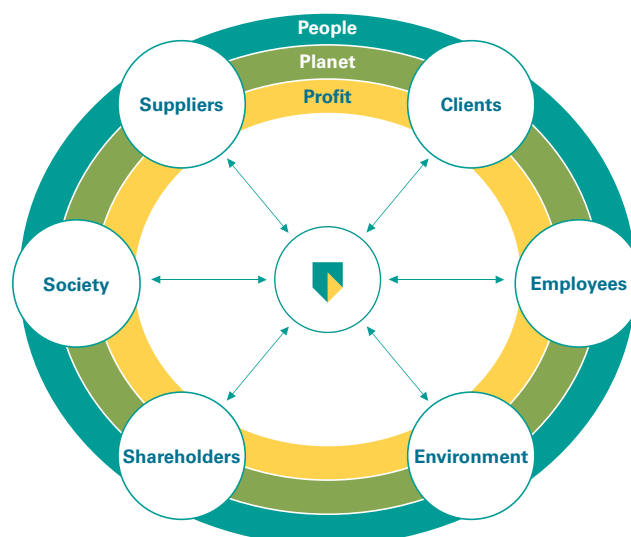
required standards? Do we take our clients' suppliers into consideration in our assessments? Should we take a different approach towards emerging markets than to developed countries? These questions demand deep and proper assessments, which do not always yield unambiguous answers.

Therefore, maintaining accountability and transparency about the way we conduct our business is of paramount importance. It enables our stakeholders to assess our actions and decisions and to provide their own views on how we are performing. We believe that actively seeking a dialogue at an early stage on the issues and challenges ahead of us, creates opportunities to come up with new and better solutions, and creates better mutual understanding. At the same time we are always facing the transparency paradox. This is created by the fact that the power of disclosure has its limits; client and employee confidentiality, and safeguarding their respective rights and interests, are of equal importance as well as often simply being required by law.

While open and transparent communications with clients, shareholders and employees remain key to our success, our links with other stakeholder groups, including suppliers, society and the environment, have become both more intense and more focused on results. To build and sustain public trust, it is no longer enough just to meet legal requirements of disclosure and behaviour. With this in mind, we are continually reviewing and improving our communications. All of this against the background of the transparency paradox facing all banks: the power of disclosure balanced against the importance of safeguarding our clients' confidentiality, rights and interests.



ABN AMRO stakeholders



We provide microfinance loans at fair market prices. Microfinance goes beyond just business loans, as it aims to alleviate poverty and create positive social impacts in health, education and empowerment of women and communities.

Sustainability indices*

	2005	2004
Dow Jones Sustainability Index - STOXX	Leader in banking sector	Leader in banking sector
Dow Jones Sustainability Index - World	Ranked 2 nd in banking sector	Ranked 2 nd in banking sector
FTSE4Good Europe 50	Included	Included
FTSE4Good World 100	Included	Included
Innovest Strategic Value Advisors	AAA	AAA
Oekom research	C+/Prime	C+/Prime
Climate Leadership Index	Included	Included

* For the credit ratings, see our 2005 Annual Report

Engagement with shareholders

Our Investor Relations (IR) team is responsible for the bank's financial communications with existing and potential shareholders – both retail and institutional – and with rating agencies. We want to provide our investors with access to information to enable them to understand our business. We also aim for all our investors have access to the same information, in accordance with the rules of fair disclosure. To achieve this, ABN AMRO publishes quarterly results, organises investor roadshows worldwide, and conducts 'investor and analyst days' for professional investment analysts on both the buy- and sell-side. Live audio and video webcasts of these meetings enable interested parties worldwide to join in. In addition to our Annual Report, Sustainability Report and Form 20-F, we publish a shareholder bulletin every six months.

We have been recognised by several independent rating agencies for our sustainability performance. In line with our ambition to increase SRI-orientated investors' holdings in ABN AMRO and our stepped-up sustainability strategy, we have intensified our efforts to engage with our investors on sustainability objectives, issues and achievements. We organised investor meetings after the launch of our 2004 Sustainability Report and recently started conducting roadshows for SRI investors. These roadshows are conducted jointly by representatives from our IR and Sustainable

Development teams. The results have been encouraging and we will hold them more frequently in 2006.

Compared to financial reporting, the field of sustainability reporting is still relatively new and subject to continuing development. We are on a learning journey together with other businesses, governments and organisations, including NGOs, committed to their sustainability reporting.

[More information on sustainability rating agencies](#)

[More information on ABN AMRO Investor Relations](#)

[2005 Annual Report: More information on credit rating agencies](#)

ABN AMRO included in the Socially Responsible Investment universe

The 'spider' graph represents the results of research among commercial banks in northern and western Europe on social and environmental criteria. The research was conducted by Triodos Bank in 2005. The 'spider' graph compares ABN AMRO's performance with the sector's average and maximum performance with regard to seven sustainability themes. It shows that ABN AMRO is considered a top performer on five out of seven themes and is above average overall. As a result of this study ABN AMRO was found eligible for the sustainable investment universe of Triodos Bank.

[More information on the Triodos Bank Research](#)

Engagement with society

Non-Governmental Organisations

To maintain moral consent and a licence to operate, companies operating in today's world need to extend their responsibility beyond their traditional inner circle of clients, shareholders and employees. Interaction with representatives of local communities, environmentalists, scientists and many other interested or affected parties has become a necessary condition for remaining in business. This process is being accelerated by the internet and the worldwide availability of extensive media coverage.

So our responsibilities no longer end at our own front door, and we are exploring the dynamics of the new rules of the game. As we do so, we are gradually shifting our approach from responding to outside stimuli – through actions such as meeting GRI requirements and reacting to concerns expressed by NGOs – to seeking to stimulate responses from outside.

Experience has shown that NGOs can make a positive contribution to our efforts to reconcile the often conflicting interests we face in doing business. Our interaction with NGOs has not only increased, but has also gradually changed from being reactive to proactive.

In 2005 we held close to 700 meetings with 385 NGOs worldwide. For example, in June 2005 we organised a meeting with a number of NGOs to elicit their views on India, enabling us to get an additional perspective on the continuing discussion about how to do business there responsibly. The meeting was very fruitful, and we are exploring ways to develop this approach further. Dialogues with NGOs in India also helped to increase our understanding.

This more balanced dialogue is only possible if conducted in a constructive and open manner, with all participants sharing mutual respect for

ABN AMRO comparative analyses



Number of NGOs engaged with

Topic	2005	2004
Issues	65	40
Policy Development	65	45
Feedback on Sustainability Report	15	10
Business Development	85	60
Other	155	70
Total	385	225

each other's identity, objectives and responsibilities. ABN AMRO is a multinational corporation and not an NGO. The same applies vice versa. By joining forces and exchanging views and expertise, these differing organisations can make a significant contribution to 'the triple bottom line' and doing the right business in the right way.

During the year we held several meetings on issues surrounding, and implementation of, our risk management policies. These included meetings on the:

Overview of main memberships and partnerships

	Since	Main purpose
Equator Principles	2003	Best practices setting and knowledge sharing
Carbon Disclosure Project	2004	Best practices setting and knowledge sharing
European Conference Board on SD Reporting	2004	Best practices setting and knowledge sharing
Global Reporting Initiative (GRI)	2004	Best practices setting and knowledge sharing
UNEP-FI	2004	Best practices setting and knowledge sharing
UN Global Compact	2004	Best practices setting and knowledge sharing
VBDO Nederland	2000	Best practices setting and knowledge sharing
WBCSD	2000	Best practices setting and knowledge sharing
IFC Biodiversity	2004	Issue assessment and policy development
IFC Supply Chain	2004	Issue assessment and policy development
MVO Nederland	2004	Learning Platform
Prince of Wales's Business & the Environment Programme	2004	Learning Platform

UN Summit: Clinton Global Initiative

In New York in September 2005 we took part in an event taking place at the same time as the UN Summit. This event was part of the 'Clinton Global Initiative' designed to bring together international leaders in industry, government and civil society to promote progress on issues of global concern: poverty, climate change, governance, and religion. ABN AMRO was invited to participate in a senior-level panel debate on climate change, drawing on our work in reducing greenhouse gas emissions both through our business activities and our housekeeping.

"Using the Global Compact's ten principles as a yardstick for reporting on environmental, social and governance issues demonstrates not only transparency and accountability to stakeholders. It is also an expression of a company's commitment to continuous improvement in the spirit of universal values."

Georg Kell, Executive Head, UN Global Compact

- Dams Policy with the World Resources Institute (WRI), World Wide Fund for Nature (WWF), International Rivers Network (IRN) and the International Union for the Conservation of Nature resources (IUCN) about development of a bank policy on dams
- Forestry Policy with ProForest on the redrafting of the bank's policy and questionnaire response; Forest Trends on the redevelopment of a multi-bank Forestry

Policy and the intended reassessment of our forestry portfolio against such a policy; and Milieudefensie/Friends of the Earth on their questionnaire regarding the reapplication of the policy

- Mining Policy with Landelijke India Werkgroep, Oxfam Novib, answering questions on our management of a client issue with respect to our application of the policy
- Oil and Gas Policy with Milieudefensie/Friends of the Earth and Urgewald on questions about the application of the policy in connection with a project financing assessment
- Defence Policy with Pax Christi answering questions on a refinancing of a client
- Animal Testing Position Statement discussion with the UK's Royal Society for the Prevention of Cruelty to Animals (RSPCA) and 'Respect voor Dieren' in the Netherlands
- All Policies with WWF on the re-application of existing policies and new policy development on the Equator Principles, palm oil plantations and human rights.

In 2005 we participated in more conferences and workshops organised by NGOs and multi-stakeholder groups than ever before. For example, we gave presentations on the

Organisation for Economic Co-operation and Development (OECD) Guidelines for multinational enterprises and on our views and experiences with NGO-interactions. We also headed a discussion on the financial sector's involvement in human rights. In the Netherlands we cooperate closely with the Dutch Association of Investors for Sustainable Development, VBDO. We regularly meet to work towards raising sustainability awareness among investors and improving corporate sustainability reporting in the Netherlands. We also hosted the launch of both the WRI report (The Wealth of the Poor: Managing Ecosystems to Fight Poverty) and the NCDO report (Measuring the contribution on civil society and the private sector to achieving the Millennium Development Goals) on the contribution made by ABN AMRO and Oxfam Novib to the MDGs. This was particularly aimed at reconciling MDG numbers 1 'eradicating poverty' and 7 'protection of the environment'.

[Links to WRI and NCDO reports](#)

Partnerships aimed at raising industry standards

We participate actively in joint initiatives with business and organisational partners aimed at raising standards and establishing sound business practices. For an overview of our main partnerships please refer to the table.

[More information on 2005 partnership activities:](#)

- Prince of Wales's Business & the Environment Programme
- UN Global Compact
- UN Round Tables
- UNEP FI
- WBCSD
- International Monetary Fund, World Bank and Center for Global Development
- G8: Gleneagles

Corporate lobbying

The banking industry is undergoing rapid and profound change. New regulatory frameworks and ongoing consolidation require constant interaction with regulators, including central banks and local governments. ABN AMRO has liaison offices in Brussels, Chicago, The Hague and São Paulo that help us navigate our way through the complex political landscape and ensure we remain well-informed and well-positioned to act on pending developments. We endeavour, in all our dealings with national governments and the EU, to act in a transparent and ethical way. Our aim is to maintain a favourable regulatory environment for our organisation by working constructively and proactively with European institutions and national governments in a spirit of partnership and mutual trust. ABN AMRO adheres to the European Parliament code of conduct on lobbying and our positions on various pieces of financial services legislation are publicly available.

As a major financial institution, we believe we have a role to play in furthering the discussion on sustainability, and in contributing to the debate by sharing our own views. For this



Feedback on our 2004 Sustainability Report

After the publication of the 2004 Sustainability Report, we obtained structured feedback from staff, SRI fund managers, NGOs, consultants, peers and academics. For this purpose we sent out a survey and presented the report on a number of occasions. The overall stakeholder perceptions of sustainability at ABN AMRO, and of the Sustainability Report in particular, are positive. Respondents value the degree of transparency provided, especially on the dilemmas we face. Another observation was that the report sounds 'too good to be true'. Our approach of publishing the Sustainability Report together with the Annual Report in advance of the annual shareholders' meeting is much appreciated.

Possible areas for improvement of our Sustainability Report suggested by respondents included:

- Incorporate more strategic information and longer term goals
- Address the key findings of our auditors in the verification statement
- Include dilemmas for which we do not have an answer
- Elaborate more fully on how ABN AMRO puts its memberships and lobbying activities into practice
- Elaborate on client engagement, and especially complaints handling
- Reduce the size of the printed version and put more information on internet
- The reader can get lost in the abundance of information displayed in various formats.

This feedback has been a valuable source for further improvement.

We have sought to respond to most of the feedback in this 2005 Sustainability Report.

reason we are active in a number of organisations and forums. During 2005 we attended a significant number of meetings during which we provided our opinion on sustainability topics relevant to us. We have argued in favour of:

- Enhancing the dialogue around sustainability by providing increased transparency through better reporting and alignment of regulation. The GRI Guidelines, which were prepared through a multi-stakeholder approach and are used by many reporting organisations, can be used as the basis for this
- Making the EU Emissions Trading Scheme more effective by lengthening the allocation

period to 20 years, so that it runs until 2025. This would increase market confidence and reduce the risks involved in investing in low carbon technology by linking the allocation period to the real economic life of the new assets

- Providing stimuli to the private sector to expand their investments in emerging markets. Examples include: a) expanding the protection given to private sector investment against political risks; b) encouraging the use of local currency financing for domestic infrastructure investments through such mechanisms as Export Credit Insurance Agencies which offer local currency coverage and hence absorb currency devaluation risks for domestic infrastructure investments; c) promoting the importance of community development programmes funded by soft loans or grants for major extractive industries and infrastructure projects; d) continued attention should be paid to the governance structures in emerging countries, focusing on fighting corruption, privatising state-owned banks, making bank supervision independent, adopting prudent bank policies and ensuring adequate supporting infrastructure is provided.

We corresponded with several public sector representatives both at national and EU level in support of the above issues. We also held discussions on environmental and social issues with government officials from emerging and emerged markets relating to human rights, Myanmar and conflicting local environmental regulations.

Consultations on the Millennium Development Goals at Dutch national level

ABN AMRO was one of a group of Netherlands-based multinational corporations and government representatives invited by Dutch Prime Minister Balkenende and Minister for Development Cooperation van Ardenne, for an informal exchange of views on

the contribution of business to the MDGs. The companies were represented by their CEOs, and the meeting contributed to a better understanding between the public and private sectors. The CEOs decided to increase transparency by incorporating the MDGs into their reporting cycles. This should help to make companies' contributions to the MDGs more visible, while at the same time raising awareness within the companies themselves. ABN AMRO has begun incorporating the MDGs in this report and also in the 2004 Sustainability Report of Banco Real in Brazil.

As a follow-up, ABN AMRO entered into a dialogue with the other participants to explore opportunities for closer cooperation in support of sustainability. One of the options under review is to create a national network of companies in the Netherlands subscribing to the Global Compact. A national Global Compact business network could act in partnership with the public sector, NGOs and researchers in jointly addressing sustainability issues.

Contributing to the global climate change debate

It is important that we participate actively in the debate on climate change. For the past two years ABN AMRO has been included in the Climate Leadership Index as one of 60 companies recognised as leaders in understanding and addressing climate change issues. We will continue to develop our thinking and lead the debate in this area via our membership of the United Nations Environment Programme Finance Initiative (UNEP FI) and the Climate Group. In 2005 we hosted the launch in the Netherlands of the Carbon Disclosure Project's (CDP) third annual report. A wide range of stakeholder groups participated in the meeting, with the speakers including representatives from the CDP, European Climate Exchange and ABN AMRO.

Ambitions and action plans 2005 status:

Being accountable and transparent

In 2005 we realised most of our ambitions outlined in our previous report. We developed a measurement tool for employee perception measurement (Employee Engagement Survey). Next, we analysed our existing client surveys and added some sustainability related questions. However, a cross country perception study cannot be implemented due to the differences in local markets. Furthermore, management has stepped up its communication on the bank's sustainability strategy. Embedding of sustainability into the bank's policies has our attention.

Ambitions and action plans 2006:

Being accountable and transparent

Going forward we will:

- **Maintain our approach of building active engagement with our stakeholders**
- **Increase our focus on sustainability in our communications with investors (both for socially responsible and mainstream investments).**

We are actively supporting the work of the Business and the Environment Programme run by Cambridge University with its focus on executive education. We have also joined the related Corporate Leaders Group on Climate Change in the UK. Business leaders from thirteen major UK and international companies are offering to support the UK Government in developing new, longer-term policies for tackling climate change. We will continue to work in partnership with governments and NGOs to help drive domestic and international progress towards reducing greenhouse gas emissions. We have also published a study on energy called 'Beyond Kyoto'.

 *Our study 'Beyond Kyoto'*

5,241 miles



Protecting our assets

Commercial financial institutions, through their role in allocating capital to businesses and individuals, have both responsibilities and opportunities to promote best corporate practice. As a key part of our commitment to sustainability, we strive to incorporate environmental, social and ethical considerations in our business decisions. The starting point is our Corporate Values and Business Principles, around which we have formulated our Environmental, Social and Ethical Risk Policies. Our approach is based on the fact that we take primary responsibility for our decision-making, and by building on our three year experience of managing these risks, we have begun to find opportunities where we can help to support and foster sustainability.

Our clients are the focal point of our efforts, as it is mainly through our client relationships that we have the channels necessary to effect change. In most situations we can rely on our clients' own ability to manage environmental, social and ethical issues. In others we recognise that our clients may still be in the process of building their own capacity. For us, a fundamental starting point is their commitment and readiness to take responsibility for their actions. If ultimately this does not exist or is not taken up, we will end our relationship with this client.

Biofuel means plant-based energy. Extracting, refining and consuming biodiesel from crops or seeds such as cole, sunflower or mustard seeds, and using this to replace diesel fuel used in engines, allows for a cleaner environment.

Our aim is that each of the decisions we take today will contribute to improving the future value of our business and enhance the relationships with our stakeholders. As we develop our experience in doing this, we also take account of their views. This approach means that we often have to reconcile conflicting interests. Also, decisions made today might be different from those made in the past or in the future, as circumstances change over time.

Sustainability anchored in risk management

We have incorporated the dedicated Group Sustainable Development department into the bank's Group Risk Management organisation. Thus sustainability is anchored in the bank's decision-making and risk assessment process. The Group Risk Committee (GRC), the pinnacle of Group Risk Management, is the most senior committee on risk policy and exposure approval for credit, market and country risk, as well as environmental, social and ethical risk.

Within Group Sustainable Development, we have established a dedicated department called Sustainable Business Advisory (SBA) to assess and advise the GRC on the appropriate management of environmental, social and ethical risk issues. While this started as an exercise in identifying and managing risks, it has developed into a range of services that can also help to identify best practice by:

- Providing advice internally and embedding similar approaches within other areas of the bank
- Developing and implementing new environmental, social and ethical risk policies
- Providing external advice and helping to strengthen relationships with our clients.

As a major international bank with a presence in many regions and industries, and constantly faced with complex decisions about where to lend and invest our capital, we have both responsibilities and opportunities to promote best corporate practice. To do this effectively, we aim for all our business decisions to incorporate environmental, social and ethical considerations. This means focusing on the client relationships through which we can drive real change, listening to stakeholders, and applying robust processes to our decision-making to ensure that we support activities that foster and support sustainability. Inevitably, this approach means we often have to reconcile conflicting interests – and the resulting dilemmas are often challenging.



Operational Risk Management Procedure

We have a Group-wide procedure in place for assessing the operational, legal and reputational risks in proposed new initiative or changes to products, processes, activities, systems and organisational structures. The procedure focuses on identification and assessment of the potential risks, and the measures needed to mitigate these to an acceptable level. The procedure is executed by line-management, and reviewed by operational risk management. Depending on the risk level Committee approval is required.

Sustainable Business Advisory process

Structure

SBA focuses on those transactions carrying the highest risk in terms of environmental, social and ethical issues. Located at our head office, and communicating internally with all parts of the bank and externally with organisations driving the sustainability agenda, SBA is best placed to take a global view on trends in the key sectors. The figures for SBA advices included in this chapter demonstrate its growing role in assessing those client engagements and transactions that involve the greatest sensitivity. However, the bank is also involved in many transactions where there may be a need to understand the sustainability issues without referring these to head office. Therefore we have put a layered authorisation process in place. A number of our regional operations have established dedicated resources and systems for assessing their clients, most notably in the Netherlands, North America and Brazil. We expect to develop these initiatives further in Asia and Europe following the restructuring of our organisation.

Filters

Our philosophy is that the primary responsibility for applying sustainability criteria to business selection and approval processes rests with our client-facing staff. Given the diversity of ABN AMRO's clients, locations, and the breadth of the bank's products, all business-related employees

need to be able to make judgements on sustainability issues confronting them. For this reason we have created filters to guide our staff. These filters ask questions such as:

- Does an existing ABN AMRO sustainability risk policy apply to the proposed client or business?
- Does the transaction involve a sensitive issue such as nuclear power, animal testing, adult entertainment or the processing of toxic or hazardous materials?
- Is there any involvement in a country of social or ethical concern (especially with respect to corruption and labour practices)?
- Has the client been recently subject to litigation, fines or environmental incidents, or been the target of an NGO campaign?

The most relevant filter is the Environmental, Social and Ethical Risk Filter (ESE Risk Filter) used in our Global Clients business. The BUs Netherlands, North America and Brazil have complementary filters in place. These processes are supported by our Country Social and Ethical Risk Framework (CSERF) which flags high-risk countries in which additional due diligence needs to be undertaken. It assesses countries for required compliance with sanctions and concerns over transparency and corruption as well as their political situation, military stability, human rights record and integration into the international community. These filters allow us to determine whether an engagement is sufficiently responsible or where a transaction might require further assessment. Where significant sustainability issues are identified, these are referred to SBA or its supporting teams for assessment and advice.

Assessment

Our internal environmental, social and ethical risk policies form the basis of SBA's assessment of specific sectors. We have developed these policies in consultation with our stakeholders. The aim of the policies is to help us maintain a structured and consistent

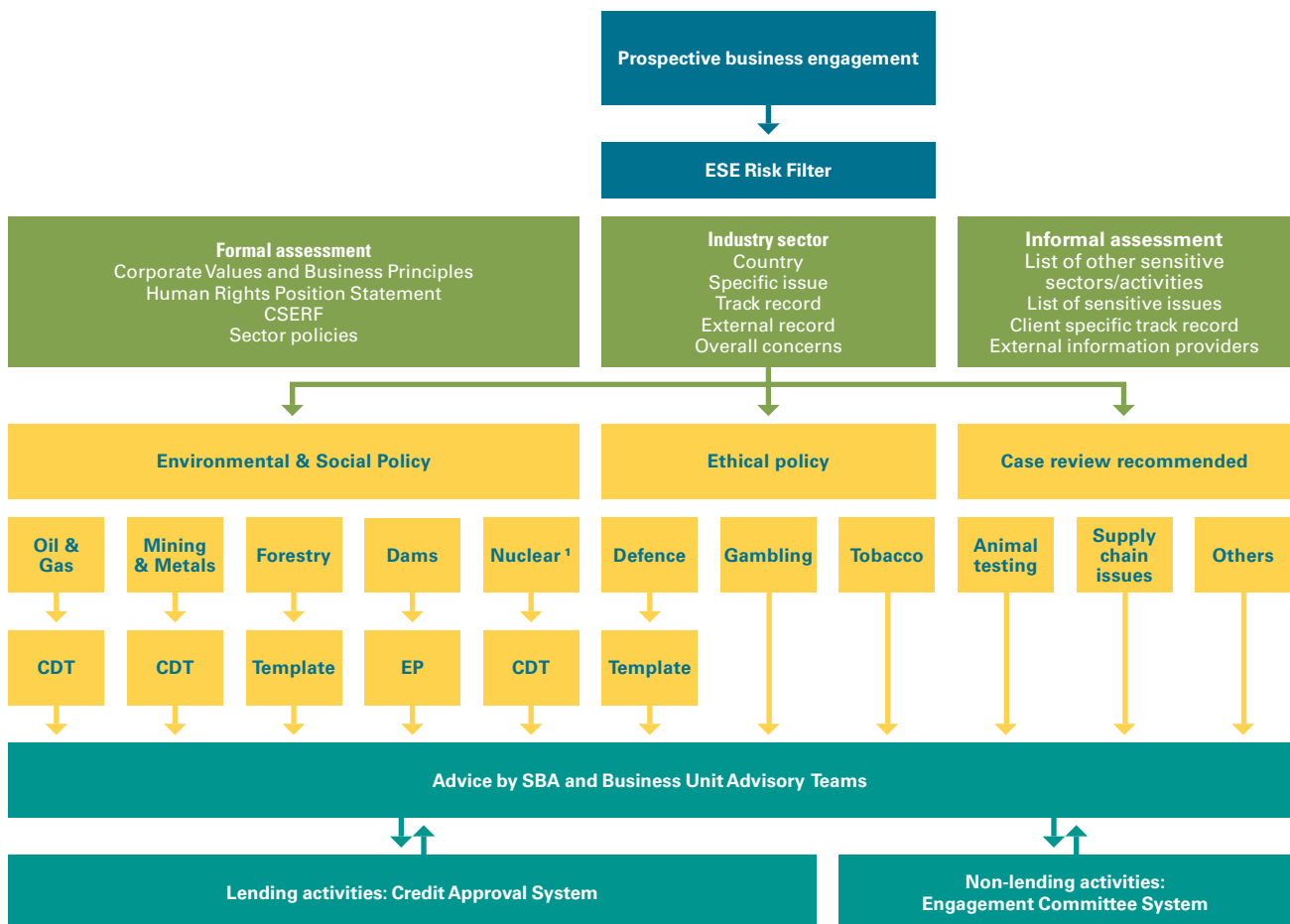
approach to our decisions in the sectors that we see as the most sensitive. Inevitably, issues arise beyond these policy areas and SBA's role also extends to understanding the complexity of issues presented by events in other business sectors.

Synopsis of our Environmental, Social and Ethical Policies

SBA undertakes its assessments on a case-by-case basis, since no two cases are ever the same. Assessments commonly adopt the following approach:

- Defining the sustainability issues at stake. We use a number of internal and external resources to identify specific concerns. These relate to the nature of the business activity and its location, the nature of our involvement, and macro level context concerns
- Weighing the pros and cons of arguments raised by external shareholders. We aim to take account of external comments and supporting evidence on either side of any issue. This may relate to the facts of the case, the materiality of the issue and the

Environmental, Social and Ethical Risk Filter application process



CSERF: Country Social & Ethical Risk Framework
CDT: Client Diagnostic Tool

Template: a questionnaire
EP: Equator Principles

¹ Although ABN AMRO does not have a formal policy for nuclear energy it does have an internal framework of guidelines and procedures covering engagements with this sector which has been in place for some years and is well-established practice

Environmental, social and ethical screening tools

	SBA:	C&CC	C&CC	C&CC
	Wholesale Clients	BU Netherlands	BU North America	BU Brazil
Dedicated staff	8	Incorporated by risk analysts	6	4
Screening and information tool applied	Environmental, Social and Ethical Filter Client & transaction assessment tools Innovest & other rating reports Equator Principles	SME Sustainability scan	Assessment of environmental issues US legal framework	Environmental & social risk questionnaire WB/IFC Guidelines Equator Principles

extent to which we are able to (or have to) rely on other parties to manage the sensitivities

- Referencing to previous ABN AMRO decisions. All of SBA's decisions and advices are recorded and retained, enabling us to align new business engagements with our previous decisions whenever possible
- Establishing the benchmark for responsible practice. We often refer to published work on environmental, social and ethical issues from industry associations and leading NGOs to establish what the benchmarks are
- Client capacity and commitment. To examine the client's ability to manage these issues effectively and responsibly, we use internal tools and client conversations.

In the extractive industries, our policies require that we use our Client Diagnostic Tool (CDT) to establish the degree to which clients have policies, governance structures and processes in place to manage their environmental, social and ethical risks. When necessary, the CDT is also applied to clients in other potentially high impact industries, such as waste management, chemicals and power and utilities. For the defence and forestry sectors, our policies include templates that help to establish the degree to which our clients follow business practices appropriate to their sector and the extent to which specific transactions follow these.

In undertaking an assessment, SBA seeks to involve the bank's client-facing staff in the discussion with the client. In some cases this extends to SBA staff undertaking client and site visits to improve our understanding of the client's approach to managing the issue. In some circumstances we will also seek additional opinions from external organisations, particularly if such an opinion can provide authoritative guidance and we can be sure of not compromising the confidentiality of our clients. Our experience is that in some cases it can be very difficult to identify the right path in terms of defining the specific issue, finding appropriate assessment criteria and establishing the extent of the client's influence and the limits on what we can do. These judgements can present challenging dilemmas. We refer to our Dilemmas section for a discussion of some cases involving such challenging decisions.

Decision-making

To review client transactions, ABN AMRO applies a well-established process under which decisions are escalated within the bank as the associated risks increase, progressively involving an increasing number of participants and more senior management. SBA's advisory role has been integrated into this process. In our lending operations, a number of risk committees approve the bank's acceptance of clients and the acceptability of specific

business proposals. Similarly, in our non-lending activities, our transaction, engagement and underwriting committees decide on the acceptability of clients and on specific capital markets and transaction proposals.

The table shows the number of advices that SBA provided to a business, engagement or credit approval committee during 2005. The effective use of the risk filters and policies has seen a significant increase in referrals. The number of advices provided by SBA on client relationships and engagements increased from 295 (2004) to 372 (2005). This increase represents the implementation of our policies and the broadening awareness of sustainability among staff. At the same time, the proportion of negative recommendations has declined from 14.2% (2004) to 5.4% (2005). We believe this trend reflects the fact that our client-facing teams are both more effective in selecting opportunities where the issues are appropriately managed and are proactively involving SBA at an earlier stage in order to provide corrective advice where needed. The proportion of final advices granted 'approved with conditions' status has increased from 24.1% (2004) to 29.6% (2005). Given that our aim is to delegate some

decision-making authority into the newly-formed regional BUs, we expect these figures to decline in future, freeing up resources at the centre for client engagement and other strategic projects.

The table also shows the number of times SBA advised on specific trade transactions highlighted by the ESE Risk Filter and the newly-introduced Country Social and Ethical Risk Framework (CSERF). The number of advices on specific trade transactions increased from 21 (2004) to 566 (2005). While this initially demanded significant involvement of SBA, by the middle of 2005 we had established a new monitoring and decision-making framework for use by the bank's team of trade advisors. As intended, the result has been a sharp reduction in the number of trade transactions referred to SBA.

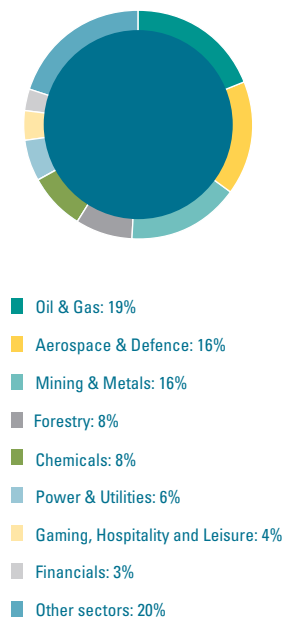
Embedding

This year we have made further progress in embedding sustainability decision-making across the bank. In 2005 we extended decision-making on sustainability issues across our wholesale businesses. Having started with our client lending activities we broadened these decisions to include our Corporate Finance, Mergers & Acquisitions

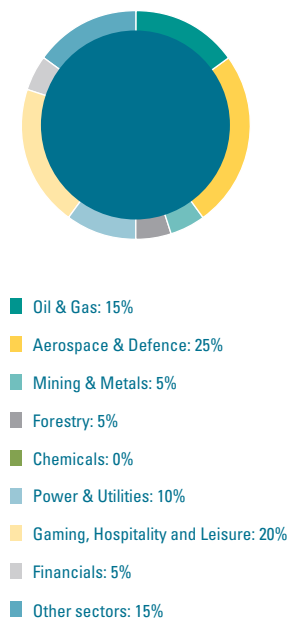
SBA: total advices by industry and activity

	Number of advices	Approved	Approved with conditions	Declined
Oil & Gas	69	38	28	3
Aerospace & Defence	61	46	10	5
Mining & Metals	60	33	26	1
Forestry	31	19	11	1
Chemicals	29	21	8	0
Power & Utilities	21	13	6	2
Gaming, Hospitality & Leisure	14	5	5	4
Financials	13	12	0	1
Other sectors	74	55	16	3
SBA advices by industry	372	242	110	20
Trade transactions advices	566	507	27	32
Total advices	938	749	137	52

SBA: advices by industry



SBA: advices declined by industry



and Equity Capital Markets engagements. Given the decentralised nature of our business, the stage of development varies between our BUs. However, the core elements of our approach remain consistent:

- Strengthening the sustainability mandate in risk management
- Implementing integrated filters, tools and training
- Creating robust review and reporting on policy adherence
- Proactive policy development
- Focusing on client engagement and advisory.

Training and awareness-raising are crucial in helping our internal client, credit structuring and risk professionals to incorporate environmental, social and ethical issues into their daily work. In 2005, SBA trained 240 staff whose role requires the application of the ESE Risk Filter and other tools.

Policy adherence

In our 2004 report we presented a table on policy adherence reflecting recent reviews of our forestry and tobacco portfolios. Although we did not undertake any formal sector reviews during 2005 we have updated the figures on the proportion clients that can be demonstrated as being compliant with three of our policies. By the end of 2005, 56% of our Oil & Gas clients and 45% of our Metals & Mining clients had been approved following the use of the CDT. While these present a measure of progress over the last year, it is disappointing to report a shortfall against our stated ambitions. Our most recent update of our Forestry client portfolio shows that 55% of these clients have been positively approved against policy requirements. These trends are a reflection of the difficulties of applying our policies to the smaller clients within our portfolio. Our efforts were also further constrained by the restructuring of the bank which led to the reclassification of many clients in these sectors.

New policy development

In the past three years, SBA has developed environmental, social and ethical risk policies covering our client selection and engagements for high risk sectors. These policies are based on applicable international industry norms and conventions and incorporate consultation with clients, NGOs, peers and our client-facing staff. The chart on the policy development process illustrates this approach. Following final approval by the bank's Group Risk Committee (GRC) and incorporation into the ABN AMRO Instruction Manual (AIM), these policies became effective across the bank.

In 2005, we developed policies on gambling and dam activities. We also undertook work that may lead to the development of policies in supply chain management, energy and agriculture.

The Gambling Policy

This policy applies to all of our engagements within this sector. It recognises that gambling – when appropriately regulated and responsibly conducted – represents a legitimate commercial activity, but that it is also an area where management of ethical, legal and compliance risks is of the highest importance. The policy aims to guide ABN AMRO engagements towards clients of reputable status, operating within strong regulatory frameworks, offering forms of gambling that are accepted in their respective societies, and who conduct their business according to the highest industry standards with respect to customer welfare.

The Dams Policy

This policy applies to direct lending and other forms of direct financial assistance, primarily in the form of project finance arranging and advisory, cross-border structured finance and corporate lending and financial support. The policy is informed by the guidelines of the International Hydropower Association and

The policy development process



World Commission on Dams, and expressly aims to support and achieve consistency with our commitment to the Equator Principles.

Sustainable supply chain management

ABN AMRO does significant business throughout the agriculture and food industry supply chain through its financing of upstream production and trading of commodities and downstream processing and manufacturing of food products, including soy, coffee, sugar, cotton and cocoa. In doing so we are involved in business engagements that have potentially significant environmental and social impacts at the production level as well as client sensitivity at the consumer end (notably in the case of genetically modified organisms). We endeavour to capture such issues through the use of the ESE Risk Filter but we recognise that providing the appropriate guidance for our business activities requires the development of clearer internal policy guidelines.

In our research we have become increasingly aware of the growing expectation that consumer-oriented companies bear some responsibility for the environmental, social and ethical impacts of their suppliers. During the year we investigated our role as financiers in the coffee supply chain, developing a better understanding of the issues facing our clients and focusing, in particular, on where we may be able to help to improve practices. These include such possible actions as developing specific financial products and services, identifying and encouraging best practice

approaches for our clients and participating in industry-wide stakeholder platforms. We recognise this as a first step in a broader examination of our role in providing finance to the agricultural production and food manufacturing sectors. It is our aim to build on this work by investigating our role in other agricultural supply chains during the current year.

Business & Risk Energy Policy development

We believe there is an opportunity for ABN AMRO to develop a vision governing our future involvement in the energy sector. This will help us better understand our role in the sector and allow us to work with our clients to improve the efficiency and sustainability of their core energy business.

As the impact of new technologies and energy efficiency requirements increases in many industries, the expected changes in global energy supply and demand will present ABN AMRO with significant new business and client engagement opportunities – enabling us to ‘win the oil end-game by thinking out of the barrel’. Investments in energy efficiency are especially significant, helping to save energy and reduce costs. We see an opportunity for ABN AMRO to help prepare for a sustainable and low carbon future.

Equator Principles assessments by project category

	Number of assessments	Approved	Approved with conditions	Declined
Category A projects	9	2	3	4
Category B projects	30	8	21	1
Category C projects	4	1	3	0
Total	43	11	27	5

Equator Principles assessments by sector

	Number of assessments	Approved	Approved with conditions	Declined
Oil & Gas	13	4	9	0
Mining & Metals	6	1	3	2
Power & Utilities	15	4	9	2
Construction & Building Materials	6	2	4	0
Public sector	3	0	2	1
Total	43	11	27	5

Equator Principles assessments by transaction type and project capital cost

Transaction type	Number of assessments	Project capital cost ¹ (in US dollars)	Number of assessments
		≥ 1 billion	12
Project finance	30	≥ 500 - < 1000 million	8
Corporate facilities	4	≥ 250 - < 500 million	9
Other	9	≥ 50 - < 250 million	13
		< 50 million	1
Total	43	Total	43

¹ Project capital cost is the total value of the project

Equator Principles ABN AMRO project finance assessments

We apply the Equator Principles to project finance engagements, irrespective of the capital cost. We also apply the spirit of the Equator Principles to corporate loans and other financial services products where these are connected to a particular asset.

We have worked with an external consultant to develop an assessment tool based on the Equator Principles. This tool will be used to provide our project finance professionals, and those involved in similar products, with a reference model for identifying environmental,

social and ethical risk and applying appropriate mitigation and management techniques within project engagements. We have closely aligned our decision-making structures to the requirements of the Equator Principles. Under this approach, we refer all Category A (high impact) and Category B (intermediate impact) projects to SBA to ensure both consistency of application and to provide final advice to the bank's decision-making authorities. In 2005, SBA advised on 28 projects and transactions and BU Brazil advised on 15 projects and transactions under the Equator Principles, with a total project capital cost of over EUR 47 billion. We provide further information in the tables.

Contributing to the Equator Principles

Since the creation of the Principles in June 2003, the number of banks adopting them has increased to 37 by December 2005.

ABN AMRO and other individual Equator Principles Financial Institutions ('EPFIs') took part in the IFC's consultation process relating to its redrafted Performance Standards, with the aim of helping to create a more effective set of social and environmental guidelines. These Performance Standards are an important further expression of the EPFI's commitment to sustainability and we are confident that they will result in improved environmental and social outcomes for projects. The Performance Standards will form the basis of a revised set of Equator Principles.

The redrafting of the Equator Principles presents an opportunity for the EPFIs to strengthen and broaden the Principles. It also creates an opportunity to address some of the concerns raised by other parties about the original version, especially about perceived weaknesses in terms of scoping, implementation and enforcement mechanisms.

ABN AMRO has taken a central role in the redrafting and subsequent discussions. Also, as one of the leaders in the creation of the Equator Principles, we remain firmly committed to their continual improvement and to broadening the base of adopting banks to establish a more level playing field for international as well as local banks.

In June 2005, BankTrack, a 'network of civil society organisations tracking the operations of the private financial sector and its effect on people and the planet,' published a report entitled 'Unproven Principles'. This report noted that banks have become better at communicating their implementation and application of the Equator Principles, but also pointed out that some banks still needed to

establish new procedures to implement the Equator Principles effectively. During the year an international corporate law firm published its own commentary on the Equator Principles covering governance issues, implementation procedures and accountability. We continue to work with other EPFIs on finding appropriate ways to put into effect some of these comments, including holding discussions on best practice, consistent categorisation and implementation, monitoring and reporting.

 BankTrack 2005 report 'Unproven Principles'

Beyond the Equator Principles

While the Equator Principles are a successful example of an industry-wide initiative aimed at fostering responsible financial services, we also recognise that their strength comes from the collective commitment of a number of financial institutions focused on a specific product area. ABN AMRO has also been considering how best to engage in discussions on areas beyond the specific requirements of the Equator Principles, including initiatives on transparency and disclosure and implementation for transactions below USD 50 million. We continue to encourage discussion with other financial institutions, and those organisations able to help shape consensus-building dialogue and further broadening the Principles' base and sphere of influence.

Equator Principles assessments by project location

Project location	Number of assessments
Brazil	12
Other Latin America	5
Australia	6
Europe	5
Middle East	5
North America	3
Asia	5
Africa	2
Total	43

BU Brazil: going further

Since August, BU Brazil has been committed, when analysing the placement of bonds in the financial market, to conducting checks that these bonds were not being used to prepay a company debt that had environmental strings attached. BU Brazil also continued to support our ABN AMRO offices in the region. The operations in Uruguay and Paraguay are setting up their policies. In Chile, ABN AMRO's staff were trained in 2004 and are engaging with clients on environmental issues. The Environmental Risk Unit also advised on several project finance deals in neighbouring countries. Furthermore, we are actively sharing practices for detecting environmental risk. Brazilian banks have visited Banco Real to learn the details of our procedures. And on behalf of the UNEP Financial Initiatives (UNEP FI) Latin American Task Force, our specialist went to Argentina in May to train other Argentine banks about sustainability. Banco Real also has an official representative in the GRI stakeholder representative council.

Special feature: extractive industries engagement

The extractive industries, the world's largest source of development funding, is also the client segment with the greatest exposure to managing environmental, social and ethical risks. Throughout 2005 we continued to implement both our Oil & Gas and Mining & Metals risk policies through the application of the Client Diagnostic Tool to our assessments of corporate clients in these sectors.

The information we have gained on our clients' capacity for and commitment to managing the sustainability of their business has now been developed into a comprehensive database. We will use this database to identify opportunities for working with these clients to improve their sustainability practices and help them manage their environmental and social footprint more effectively.

We differentiate between (1) clients with whom we share a common goal of responsible practice, (2) clients with whom we believe we can work as they improve their approach, and (3) clients where we have to take the decision to decline or end our relationship. Our experience is that none of

this is easy. We refer to our Dilemmas section for a discussion of some cases involving such challenging decisions.

One major challenge is the application of our policies and approaches to emerging markets, where clients generally do not communicate their existing commitment and capacity to manage environmental and social risks in the same way as some of their counterparts in more developed economies. Sustainability issues were accorded significant attention at the World Petroleum Congress 2005 in Johannesburg where ABN AMRO delivered presentations and chaired discussions relating to sustainability and transparency issues. During 2005, combined teams of SBA staff and client-facing colleagues visited existing and prospective extractive industry clients in Russia, Kazakhstan, India and the Philippines to discuss these issues. ABN AMRO was also invited to join the World Bank's Extractive Industries Advisory Group, created in response to the World Bank's Extractive Industries Review, to discuss industry best practice.

We face a particular challenge in differentiating between the practices of smaller companies in the extractive industries. On two occasions SBA was involved in discussions with clients who successfully reassured us of their commitment to best practice. On three other occasions, apparent shortfalls in this commitment were exacerbated by exposure to particularly sensitive areas of the world and on this basis SBA recommended not to pursue these business opportunities.

SBA was involved in supporting our commodity finance colleagues in establishing fuel oil commodities in the US. SBA led the discussion on responsible management in addition to helping undertake due diligence on likely existing and future liabilities arising out of the bank's role in the transaction.

Corporate credit assessment procedures in the retail markets

BU Netherlands

During 2005 BU NL introduced a sustainability scan and client credit assessment procedures. This 'Sustainability Scan' – an environmental, social and ethical risk filter – was introduced in all Corporate Client Units in the Netherlands and is applicable for both debit and credit purposes. By the end of the year the Sustainability Scan had been applied to 98% of our corporate lending clients, with the aim of reviewing all of our corporate lending clients every 12 months. This tool combines risk management with client engagement and business opportunities, and will produce data that can be analysed to help focus the implementation of our strategy. In 2006 we intend to roll out the Sustainability Scan in 78 branches, focusing on our main small and medium-sized enterprises (SMEs).

BU North America

In BU NA, LaSalle's Commercial Loan Policy requires environmental assessments for all real estate secured loans that exceed specific thresholds. When mandated by policy, such assessments from Environmental Risk Management are required before any such loan is advanced. Environmental risks are managed by our Environmental Risk Management Department, housed in the Risk Management Group. Its mission is to provide review and support services to LaSalle Bank's lending officers to protect the bank from environmental liabilities.

During its 12 years of existence it has developed considerable expertise. Environmental Risk Management focuses primarily on three main risks related to contamination of the environment: the risk that the bank could become directly liable for a borrower's environmental liabilities; the risk that a borrower's environmental liabilities could affect the borrower's ability to repay

a loan; and the risk that a borrower's environmental liabilities could impact the value of the borrower's collateral, especially real estate. Information on the nature and extent of contamination and status of clean-up is taken into consideration. During 2005 we assessed 2,117 transactions, compared with 2,078 in 2004.

BU Brazil

Banco Real's Environmental Risk Unit continued to expand its coverage and depth of analysis of large, medium-sized and small companies in Brazil and other South American countries. Thanks to improved screening procedures and credit growth in the Brazilian market, the number of companies analysed rose from 2,316 in 2004 to 3,620 in 2005.

As well as expanding its coverage, the unit began using two new tools on an experimental basis: an eco-rating system and a comparative analyses within certain industry sectors. The idea is to detect those clients that are leaders and laggards in their industries, which contain many medium-sized and some small companies. We aim to cover such a large number of clients by using a filter and a team



“We identify with ABN AMRO’s concerns with sustainability issues and have been putting in time and resources to address them. The Wilmar Group is committed to sustainable palm oil production. However, we are of the view that when addressing these issues, we should consider the interests of all stakeholders of the industry, including the commercial enterprises, the small farmers, the local governments and the NGOs.”

Chua Phuay Hee, Chief Financial Officer, Wilmar Trading Pte Ltd

“We welcome of course the participation of Banco Real in the soy round table, but I have yet to see what the actual policy on the ground does, when it comes to financing soy farming.”

Jan Kees Vis, Sustainable Agriculture Manager, Unilever

of four environmental specialists who work together with about 100 financial analysts. These analysts receive training on socio-environmental issues and new techniques for analysing companies. In 2005 the unit trained 36 financial analysts. Using the filter we were able to detect opportunities at 89 companies in a wide variety of sectors. In addition, we developed a methodology for assessing social aspects, with an emphasis on work relations, based on the SA 8000 certification.

Integration of sustainability factors in investment processes for BU Asset Management

Within BU AM we are working to integrate sustainability factors systematically into our investment processes as potential sources of financial risk and reward for our clients’ assets. We believe that this enables us to build a more holistic view of the companies in which we may choose to invest, thereby improving our ability to enhance the long-term performance of our clients’ assets. Our systematic framework incorporating companies’ exposure to sustainability issues has already been implemented for a selected number of industries. In putting this framework in place, we have

identified the relevant sustainability issues in consultation with our analysts and portfolio managers. We work with a combination of internal and external research resources to assess companies on their sustainability performance. By providing our investment professionals with the necessary information, we enable them to decide whether sustainability issues may give rise to a possible risk or reward in the investment portfolio. If significant sustainability risks are identified in one of our portfolio companies, we may launch an active engagement process with that company to reduce these risks. In 2005 presentations and workshops were held for more than 100 of our investment professionals to start raising awareness and to discuss the use of sustainability information in investment processes. These sessions will continue in 2006.

Ambitions and action plans 2005 status:

Protecting our assets

In last year's report we outlined a series of ambitions aimed at broadening our policy range. We partially achieved these by developing two new policies and by extending the use of our policies from corporate lending to include our Corporate Finance, Merger & Acquisitions and Equity Capital Markets advisory activities. In practice the team's attention was focused more on the embedding of existing policies than to extending their scope. As a consequence:

- Instead of updating our Oil & Gas Policy we focused on participating in sector leading initiatives, to both better inform ourselves of the macro level issues and to better understand the realities and challenges our clients face in this sector
- We developed a new Dams Policy, and supported an initiative by our client-facing colleagues resulting in a policy for business opportunities in Wind Power. We deferred the development of a formal policy on Nuclear Energy
- We launched both the CERF and our Human Rights Position Statement
- By the end of 2005, 56% of Oil & Gas clients and 45% of Metals & Mining clients had been approved following assessment using the CDT. We had also positively approved 55% of our Forestry clients against policy requirements
- We developed a new ethical policy on Gambling.

Ambitions and action plans 2006:

Protecting our assets

ABN AMRO's recent organisational alignment is presenting both challenges and opportunities for the bank's further development of risk approaches to environmental, social and ethical issues. Challenges in the sense that it is likely to reveal areas where we have not fully embedded our sustainability approaches yet; and opportunities where the new organisational structure will provide a channel for further distributing our better practices. Furthermore, the IFC's launch of its new Performance Standards will require the revision of the Equator Principles and, consequently, the way in which the Principles are applied to our project finance business. For 2006 we:

- Will re-orient our teams to support our new organisational structure
- Will broaden the application of the ESE Risk Filter and the risk assessment structure that it supports. We will be especially focused on the additional implementation of all of our environmental, social and ethical risk management processes
- Establish a knowledge centre that will provide up to date issues and context for key business sectors, in order to support our business colleagues
- Aim to expand our involvement in industry-wide environmental and social initiatives in order to identify areas where we can play an active role in furthering better sustainable practices and to support our clients
- Will build on our assessment of the coffee supply chain and investigate our role in other agricultural supply chains
- Aim to develop a Business & Risk Energy Policy in order to more proactively assess our engagements in the energy sector.

Dilemmas

The dilemmas and case studies included in this section illustrate the complexity of the issues, processes and fact-finding activities that we face as a bank while making assessments of client transactions. They also reflect the absence of a simple right or wrong; we are often faced with divergent views and issues with many stakeholders, interests and cross-border elements. We make our decisions with great care, often after extensive assessments and stakeholder dialogues, and always taking into account as many interests as possible – including of course our own. In addition, we cannot – and will not – compromise on the client and transaction confidentiality that forms the bedrock of our banking relationships. This is why most dilemmas and case studies are presented on an anonymous basis, with the exception of those projects that have already been covered extensively in the public domain. For updates on dilemmas and case studies from our previous reports, including the BTC pipeline and Chad-Cameroon, please refer to the internet.

[!\[\]\(3211b5d1d968fc1665909b34f9f16010_img.jpg\) Updates on 2003 and 2004 dilemmas and case studies](#)

1 Emerging markets extractive industry

One of our clients is an extractive industry company in an emerging economy. The client has previously been assessed under our extractive industries policies, using our Client Diagnostic Tool, which has identified a company with a commitment to managing its social and environmental exposure. This assessment has further established that the client has developed a central management system for these risks and that most of its subsidiaries have externally verified environmental management systems. We were, however, invited by a stakeholder to discuss the client's managing of some of the issues that it faces.

Discussion with the client's management team supported our view of the client's commitment to management of its social and environmental issues but also revealed areas of variance between its Group-wide aspirations and the performance of its subsidiary companies. In establishing the broader context to our client's activities we have looked into the experience of other extractive industries companies in the same country. Here we have observed broad tensions between the imperative for development and the need to ensure that management of projects is both socially and environmentally responsible. We have

particularly noted comments relating to conflicting interests between national and local politics, and bureaucracy unfamiliar with the requirements of international industrial companies. We also noted the existence of a broad cross-section of civil society organisations with various agendas and polarised in their views on the role of corporations and their support or opposition for the extractive industries sector. Next, we have seen that there is a lack of partners at a grassroots level to support stakeholder engagement between extractive industries companies and local communities.

Our dilemma is therefore how best to proceed on such uncertain ground. In these cases we rely on the capacity of our clients and our approach has been to engage with this client to understand better the extent to which its existing capacity matches up to the complexity of the issues that it faces. Our intent is to help to close any gaps that exist through training and through introducing our client to reliable partners with whom we have experience of managing similarly complex situations. Our view is that our willingness to help our client overcome their challenges may positively improve our relationship, especially as we have been informed that we are the only bank seeking to help our client in this way.

2 Myanmar and European wood traders

Several years ago, in response to the deteriorating human rights situation in Myanmar, Western governments imposed sanctions on Myanmar and some have written general policies of discouragement relating to commercial links with the country. In line with the position adopted by parts of the international community, ABN AMRO took the position not to be involved in financing projects or business in Myanmar. In doing so, the bank has sought to refrain from engaging with clients whose operations are based in Myanmar. In cases where we have identified client activity in the country, we have ring-fenced that part of the business.

Nevertheless, ABN AMRO has been criticised by some parties for its involvement with European timber trading companies that source their wood from various countries, including Myanmar. A number of NGOs have expressed concern that, by financing these companies, the bank is indirectly supporting the government of Myanmar. Our dialogue with a number of our wood trading clients has obtained insight on why they source from

Myanmar and that these companies are not in violation of sanctions, regulations or our internal policies.

Our dilemma has therefore been how to make an appropriate judgement on issues involving timber supplies at a time when our overall approach to such supply chain issues is still under development. In discussing how our clients are managing issues related to sustainability, human rights, and working conditions locally it has become clear that there are wide discrepancies in each company's level of commitment and ability to improve the situation on the ground in Myanmar. In this instance, the difficulty is exacerbated by the fact that some of our clients are themselves taking proactive steps towards realising improvements in environmental and social conditions in the forestry sector of Myanmar. Our involvement with such clients might therefore support an improvement of local conditions even if it could be perceived by some as a dilution of our continuing commitment towards isolating the current regime in Myanmar.

3 Online gambling

During 2005 our business colleagues identified two opportunities to participate in public flotations of internet gambling companies with the potential to generate substantial fees. Our considerations of whether or not to pursue these opportunities took into account views of not only Sustainable Business Advisory but also of our colleagues in Legal, Compliance and Group Security. Online gambling has developed enormously over the past five years. It is estimated that millions of people engage in online gambling in the United States alone. The online market is no longer run by anonymous and unregulated individuals, but is pursued as a business expansion opportunity by established,

well-known companies that traditionally offered land-based gambling services.

While the bank feels comfortable with certain forms of gambling, our view of online gambling is that this business occurs in a space where participation cannot be adequately monitored, and that this represents a significant barrier to responsible management. Such problems were confirmed through our assessment of the two companies' control policies. In each case the company had adopted an industry Code of Conduct which seeks to address such issues as limiting access to minors, controlling compulsive gambling, and banking and transaction processing.

However, such measures are voluntary and during our examination we concluded that the safeguards actually in place could not reliably screen for age verification or for the presence of an individual suffering from compulsive gambling disorder, a recognised addiction. Moreover, neither company was a certified member of its government's supported regulator.

We recognise that these two IPOs represented attractive opportunities for our business colleagues and potential foundations for a growth business. However, translating questions about effective access controls into tangible legal, compliance and ethical concerns made it difficult for us to ascertain whether this could be a responsible engagement. Consequently, ABN AMRO chose to forego this business.

4 Emerging markets hydro-electric power plant

ABN AMRO was awarded a leading role in an issue of debentures by a global client for its subsidiary in an emerging market country. The debenture issue was used to repay a loan from a multilateral agency connected to a hydro-electric power plant. Once the company had repaid this loan it became apparent that some environmental issues still had to be addressed, including the resettlement of families living near the dam. The issue resulted in a discussion between our client, the multilateral agency and the main civil society organisation. The major point of discussion was the actual number of families to be resettled. This was complicated by numbers put into the public domain that influenced the opinion of the population near the dam site. A further development was that ABN AMRO was targeted by an international NGO for a global campaign suggesting that the bank's involvement was a manoeuvre to undertake business that

got round its commitments to the Equator Principles. ABN AMRO was able to contact the parties involved and ended up playing a role in mediating the discussions and achieving a compromise under which our client agreed to consider additional families, as indicated by the multilateral agency.

For us, this case reinforced the value of appropriate management of our long-term commitment to sustainability alongside our relationship with our clients and civil society stakeholders. Being able to discuss the situation with the involved parties in a transparent way and being seen to follow through on our commitments strengthened the relationships that were ultimately key to resolving this situation. We also learned that however tough our environmental and social risks procedures are, situations change and new issues arise.

5 Palm oil based biomass electricity generation

ABN AMRO was asked to finance the construction of a biomass electricity power plant. The use of renewable energy sources is increasingly being considered to be a more environmentally friendly option compared to the burning of fossil fuels such as oil and coal. This is because the fuel source can be replaced (unlike in traditional extractive industries) and because it can also result in

lower carbon emissions. However, the biomass product proposed for the power plant was palm oil sourced from South East Asia. In areas like Indonesia and Malaysia, palm oil producers have sometimes resorted to clearing large areas of sensitive tropical forest in order to create the land for their plantations.

In assessing this transaction, we sought to ascertain whether the company involved employed due diligence procedures at the upstream end that would ensure the sourcing of responsibly grown palm oil. We also identified the potential impacts that the construction and operation of the downstream power plant would have on the local environment and community and the company's capacity to effectively manage those impacts.

Our assessment encompassed review of the relevant project impact documents and

discussions with company officials in order to understand in greater detail how it proposes to manage these impacts. These discussions confirmed that the company has established adequate policies and procedures to ensure that potentially adverse impacts associated with this project are mitigated appropriately. We approved the financing request for this project and continue an active and positive dialogue with the company on the sustainability related issues of this engagement.

6 Case study: Sakhalin II Phase 2

ABN AMRO acted as financial advisor to the agency lenders on the financial structure of the Sakhalin II Phase 2 project. This is a project which has been subject to significant scrutiny from the international NGO community. Given our commitment to the Equator Principles we

will, if required, evaluate the project's compliance by thoroughly assessing the environmental and social impacts, seeking commentary from others, and making a balanced decision based on all the available information.

CO₂ trading



Providing responsible financial services

Our brand is an asset, and represents a label of quality for our clients and other stakeholders worldwide. Our global brand displaying the green and yellow ABN AMRO shield, in combination with the 'Making more possible' tag line we introduced in February 2005, forms the basis of our corporate identity. In combination with our strong local brands, this identity aims to embody trust and integrity blended with future potential, ambition and being a partner for our clients. It is also about offering the right products and services to accommodate our clients' needs.

Focusing on our core clients

Our consumer clients range from microfinance and mass retail consumers to high net-worth private clients, while our corporate clients range from small businesses to the world's largest multinationals. All these client groups are core to our strategy. However, the strategic advantage provided by our particular combination of clients, products and geographical markets is at its greatest in the mid-market client segments. Building durable client relationships is a key part of our mission to create long-term value. This requires active engagement with our clients, focusing on aligning ourselves with their interests and concerns, providing advice and assistance, and bringing added value to the relationship. By listening and talking to our clients, including engaging in their sustainability agenda, we aim to establish a genuinely close relationship based on mutual respect and shared benefits.

 2005 Annual Report: Description of our client base

The EU Emissions Trading Scheme started in January 2005. During the year we successfully implemented a focused strategy to this new market. We are active in carbon emissions – CO₂-trading, for instance from methane.

Client satisfaction

Client satisfaction dictates our success, and our clients vary greatly in their needs and wishes. Consequently, we measure client satisfaction in our various BUs on a regular basis. By monitoring our performance, we not only learn but also engage in a dialogue with our clients. We measure client satisfaction in various ways in every BU across our Group. These include conducting qualitative and quantitative research, both in-house and through respected market research agencies. We also consider our complaint handling procedures to be a valuable source of information and interaction with the client.

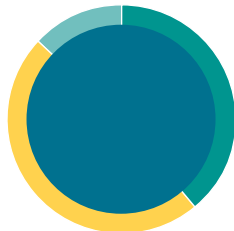
As an example, our BUs PC and NGM jointly embarked on an extensive client engagement measurement programme, involving more than 9,000 survey questionnaires. Both BUs also conducted an analysis aimed at identifying the correlation between the results of these client engagement surveys and the specific BU results of the Group-wide Employee Engagement Surveys. Following on from the results, all participating markets coordinated workshops and developed action plans aimed at increasing client focus. We also conducted a business impact analysis which provided clear evidence that high client engagement results in an increase in business with our clients. Based on the survey results, the BU NGM countries in Asia have begun a vigorous programme of customer-focused initiatives, including mapping a client experience cycle defining 'moments of truth' in a client's purchase and investment experiences. This programme also supports efforts to reducing waiting times at the counter in our branches and simplify the credit card application process. Both BUs will conduct a second survey in 2006.

Our unique combination of clients, products and geographical markets gives us a clear competitive edge among mid-market clients in both the consumer and business marketplaces. As demand for sustainability-related products continues to expand and becomes more mainstream, we are focusing increasingly on developing these products for our clients. Our highlights in 2005 included major advances in innovative climate change related products, the roll-out of our Socially Responsible Investment (SRI) concept in several new countries, and continued expansion in microfinance in India and Brazil.



Measuring our client satisfaction

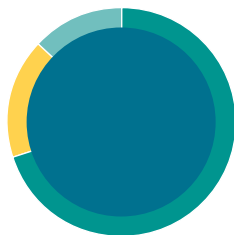
(% of clients globally)



- 4 times per year: 39%
- 2 times per year: 48%
- 1 time per year: 13%

Trends in client satisfaction

(% of clients globally)



- Positive: 70%
- Stable: 17%
- First measurements: 13%

As the charts on client satisfaction measurements show, we conduct research in our major BUs at least once a year. Client satisfaction has increased in 70% of cases and remained stable in 17%.

[More information on BU specific client satisfaction research and results](#)

Client complaints

We define a complaint from a client as being communication alleging one or more of the following:

- An action of misconduct or unsatisfactory/unprofessional conduct
- A (perceived) shortcoming in a new/existing service, product or piece of advice
- Breach of rules or guidance issued by any regulatory authority to which the bank is subject
- Failure to comply with a legal obligation
- Negligence leading to loss, inconvenience or distress to the client
- Misrepresentation, bad faith or other malpractice.

While we do not currently collect complaints on a global consolidated basis, we have established guidelines for a global complaint policy, whereby BUs have access to procedures and further guidance. We also have a Community of Practice on complaints in place. Every BU has procedures and functions for handling customer complaints, depending on the size of local operations. For example, our Dutch branch network has a central complaint handling unit staffed by 30 people. Units like this one inform our clients about how their complaints are being handled, manage the complaints handling process (including escalation to a higher level if needed), analyse complaints, and provide a structure to ensure that the department concerned responds to each complaint. They also provide a means to take rectifying actions and compensate clients who have suffered losses as a result of a weakness in the organisation.

While we track client complaints locally, our Corporate Loss Database (CLD) holds information on losses resulting from a client complaint above EUR 5,000, including losses directly resulting from a client complaint. In 2005, CLD recorded 541 loss incidents that were a direct result of a client complaint. The total amount of losses directly resulting from a client complaint was close to EUR 24 million.

Client privacy and regulatory requirements

ABN AMRO is committed to securing the confidentiality of our clients' personal information. We cannot compromise on the client and transaction confidentiality that represents the basis of our banking relationships. In addition, in all countries where we have a presence, we work to comply with local laws and regulations that protect client privacy. These include specific banking secrecy laws and data exchange laws.

Throughout our product 'lifecycle', from introduction to taking a product off the market, we work to ensure that all our products meet the relevant regulatory requirements. This includes providing clear prices and transparency on the conditions of purchase and use. We believe we have a responsibility to inform our clients fully, both via our staff and written communication, to enable them to make well-balanced financial choices and decisions. Whenever our product requirements or responsibilities need to be adjusted to reflect local developments or because they are becoming cause for debate, we will act accordingly.

The Netherlands Financial Services Act

In the Netherlands ABN AMRO, like all providers of financial services, is subject to the Financial Services Act (Wet financiële dienstverlening - Wfd). This Act lays down rules for providing, mediating in and advising on financial products for consumers and - in the case of insurance - for businesses. It sets out requirements that financial service

providers must meet in terms of integrity, expertise, sound business operations, financial security, transparency, and the duty to protect their clients' interests.

The Wfd provides for a wide range of rights for clients. For example, with complicated financial products, such as mortgages, the provider is obliged to supply the client with certain information before the agreement is made definite. Financial service providers are required to ask the client, before the transaction, about his or her financial position and level of knowledge and experience with the financial product in question. They are also required to find out what risks the client is prepared to take and what the client intends to do with the financial product.

Predatory lending

Many people across the world do not or have limited access to banking services, as a result of which they are especially vulnerable to abusive financial service practices.

ABN AMRO is committed to applying responsible lending practices and providing high quality loan services to all our clients. We also believe that our efforts to prevent predatory and abusive practices are essential to our continuing position as an industry leader.

Predatory lending can take various forms. For example, in the US it is prohibited to present difficult documents to an elderly person for signature, yet applying high fees and interest rates to loans is termed 'high cost' lending and is legal. As well as obeying legal and regulatory requirements, ABN AMRO considers predatory lending to be against our Corporate Values and Business Principles.

In BU NA, we do not make 'high cost loans' at retail level. We have also put filters and systems in place to avoid using predatory brokers. In recent years, we have dropped 60-70% of the brokers in a certain area because we found they were involved in predatory

"We receive an increasing number of requests from our consumer clients to invest in a sustainable manner. People are becoming more and more aware of social, environmental and ethical issues and they want this to be reflected in their investment portfolio. As part of an ABN AMRO sustainable funds campaign, we organised a presentation for our clients. The setting was one of the most modern and environmentally friendly coffee roasting plants in the world, and our guests were also taken on a plant visit. We received very positive feedback from our attending clients. Especially the combination of a presentation on sustainable investment and a display of how sustainability is actually put into practice in business processes was valued."

Chris Rasmussens, District Director Retail Clients, ABN AMRO Netherlands

lending. BU NA has led the fight against it, including supporting state-wide regulations to protect homeowners in Illinois, and using advertising, telephone hotlines and consumer outreach to help families to avoid predatory lending in Michigan. BU NL applies codes of conducts to our retail lending and we finance on cashflow, not on security. We select our intermediaries carefully and also have codes for them. In the Netherlands, we consider providing loans to youngsters to be an area worthy of increased attention, since borrowing by this segment is rising, and some young people have problems with their repayments. In BU Brazil we provide mainstream and microfinance loans at competitive market rates, in contrast to some other financing companies that charge twice the interest rate of ABN AMRO. Our BU NGM microfinance activities in India also follow market pricing and practices.

Main trends in sustainability products

In line with the rising demand for sustainability-related products, ABN AMRO is focusing increasingly on developing these products for both niche and mainstream customer segments across the Group. We will now highlight some of the main developments in 2005.

Climate change and emissions-related products and services

EU Emissions Trading Scheme

The EU Emissions Trading Scheme (EU ETS) started on 1 January 2005, and was closely followed by the ratification of the Kyoto Protocol. During the year we successfully implemented a focused strategy towards this new market, enabling us to take an early lead in the field. Under the EU ETS, approximately 4,500 companies in the energy and industrial sector in the EU have capped their emissions of CO₂. If a company reduces its emissions below its allowed level, or receives more EU allowances than needed, it can sell the emission rights to companies that are short of these rights. ABN AMRO has played an important role as an intermediary in this market.

There are two principal ways in which allowances are traded in the EU ETS:

- 1 EU allowances can be traded on exchanges such as the European Climate Exchange (ECX). Most companies do not trade directly on the ECX, instead, they clear their trades through a 'clearing member'. ABN AMRO Futures is one of the largest clearing

members on the ECX and cleared the first trade undertaken on the exchange

- 2 In the bilateral or Over-the-Counter (OTC) market, ABN AMRO's Commodity Derivatives team acts as counterparty to companies that want to trade bilaterally instead of via an organised exchange.

The market has developed rapidly. More than 321 million EU allowances are thought to have traded in 2005, the majority in the OTC market. Exchanges have increased their market share significantly since the inception of the EU ETS, with the ECX in particular attracting significant volume.

Carbon credit trades

ABN AMRO is also involved in the market for carbon credit trades under the Kyoto Protocol Scheme, and is well-positioned to generate carbon credits from Clean Development Mechanism (CDM) and Joint Implementation (JI) projects. We have the capability to advise companies on the CDM registration process, finance individual CDM and JI projects, and work with companies to trade their carbon credits. In July 2005, ABN AMRO sourced carbon credits from a project in the Fiji islands and sold these to a company in the UK, the first deal of its kind intermediated by a bank. ABN AMRO Rothschild and Hoare Govett, listed AgCert, the first 'carbon' business, on the London Stock Exchange (LSE), and subsequently successfully placed EcoSecurities on the LSE's Alternative Investment Market.

Outlook

The market for EU allowances and carbon credits is still in its infancy, but has the potential to become one of the largest commodity markets in the world. This reflects the general expectation that the market in emission reduction projects such as renewable energy and energy efficiency will grow. We are also working on the development of new lending products backed



by emissions allowances and carbon credits. At an average allowance price of EUR 20.0, the underlying value of the EU allowances that traded in 2005 is almost EUR 6.5 billion. ABN AMRO believes markets can help in achieving low-cost emissions reductions, but only if the incentives are right.

Socially Responsible Investment funds

In 2005, ABN AMRO Asset Management launched the roll-out of its SRI concept in France, Germany, the Netherlands and the UK. The accompanying tables show that in 2005, our SRI Assets under Management achieved good levels of performance but increased marginally from 2004. We do believe the future looks bright for sustainable investments, because both retail and institutional investors are becoming increasingly aware of the relevance of environmental, social and corporate governance factors to financial performance. According to a Mercer Oliver Wyman study commissioned by BU AM, European sustainable Assets under Management stood at EUR 93 billion in 2004 and are forecast to grow to EUR 173 billion by 2008.

To enhance our SRI offering in 2006, we plan to launch a number of new sustainable investment funds, whose fund managers will apply an extensive set of sustainability criteria to assess each individual company's risks in this area. In line with our efforts around

ABN AMRO Asset Management proxy voting

As per January 2005, ABN AMRO Asset Management exercised its proxy voting rights for the holdings of a selected number of Amsterdam and Luxembourg based investment funds in line with our new Corporate Governance Policy. This policy outlines our approach to voting at shareholder meetings of companies in which our equity investment funds hold a significant stake/ and or value. Our proxy voting agent casts votes on behalf of these funds - as indicated in the voting report we periodically place on our website. In 2005 the Dutch Association of Investors for Sustainable Development (VBDO) compared the shareholder voting behaviour of seven large, Netherlands-based institutional investors, including ABN AMRO Asset Management, reporting that we had a positive voting attitude with regard to corporate social responsibility and sustainability-related proposals.

[More information on our proxy voting and the VBDO report: 'Voting on sustainability'](#)

Sustainable Assets under Management

(in millions of euros)	2005	2004
ABN AMRO Groenfonds	492	465
SRI Funds	1,095	978
SRI Mandates	190	-
Total Sustainable Assets under Management	1,777	1,443
Total Assets under Management	176,000	161,000
Percentage of total Assets	1.01%	0.90%

Performance figures of selected largest local ABN AMRO SRI funds

(in %)	Performance 2005	Performance 2004	Performance over 3 years until 31 December 2005
Brazil			
FIA ABN AMRO Ethical (Brazilian equities)	21.7	32.7	162.8
Sweden			
Banco Ethic Sverige (Swedish equities)	30.4	17.1	97.7
Luxembourg			
ABN AMRO Socially Responsible Equity Fund ¹	23.0	1.0	7.6

¹ Merged with the 2004 reported ABN AMRO Duurzame Wereld Fonds, which therefore shows different performance figures

Microfinance

	Brazil	India
Type of clients	Individuals or small enterprises who do not have facilities to gain access to credit through commercial financial institutions	Microfinance Institutions (MFIs), which lend on to individual poor women
Number of loans	8,300 (2004: 4,348)	Loans to 18 client MFIs reaching out to 178,000 poor women borrowers (2004: 70,000)
Size of loans	Between EUR 70 and EUR 7,000	EUR 0.9 million to MFIs and EUR 75-100 to individual poor borrowers
Total portfolio	EUR 4.5 million (2004: EUR 1.1 million)	EUR 13.2 million (2004: EUR 4.1 million)
Rate	Market pricing	Market pricing
Other	Offered in 15 branches, including the cities of São Paulo, Campinas, Rio de Janeiro and Caruaru	In India, we aim to reach 1 million borrowers by the year 2009.

climate change, we will create a private equity fund for investments in renewable energy and clean technology in 2006. As founding sponsor of this fund, we will be able to leverage ABN AMRO's own funding contribution as a cornerstone investor with investments from our clients.

Microfinance

2005 was designated the Year of Microcredit by the UN. For ABN AMRO, this marked the third year of our microfinance activities in Brazil and the second year in India. Both programmes showed rapid acceleration during the year, more than doubling in size. Microfinance makes good business sense: 'for profit, not for philanthropy'. With this in mind, we strive to achieve balanced expansion in our credit portfolio while safeguarding its quality.

In Brazil, Real Microcredito, the microfinance operation of Banco Real expanded its portfolio from EUR 0.2 million and 579 clients in December 2003 to some EUR 4.5 million and 8,300 clients in December 2005. This means that both in terms of the number of clients and the portfolio it has evolved from a mere pilot to a sizeable operation over the course of the past two years, as well as spreading out to other regions in Brazil. This growth illustrates BU Brazil's serious and long term commitment

to developing sustainable microfinance operations across the country. The break-even point will be reached in the second quarter of 2006.

In India, microfinance involves providing credit to specialised financial intermediaries (MFIs), who then lend the money on to economically disadvantaged borrowers. This approach has enabled us to link the bank's financial strength with the MFIs' vast rural network. Our microfinance portfolio has grown to USD 13.2 million and 178,000 borrowers, all of them women, as of December 2005 by expanding its partnership to eighteen MFIs across six states. Our focus on women reflects our belief that extending credit to them makes a positive contribution to the MDGs (child education, health and gender empowerment).

While assessing risk, we look at each MFI in a holistic manner, closely examining its governance and management systems as well as its financial performance – a process for which we have developed an appraisal handbook. Overall, through regular communication and quarterly visits, we have been able to keep our finger on the clients' pulse, and respond quickly to any potential problems.

Central to our strategy is mentoring the MFIs to help them expand their retail distribution capacity. The 2005 launch of the Microfinance Process Excellence Awards (MPEA), carried out jointly with PlaNet Finance, saw 21 MFIs receive intensive training on process management and was well received by the microfinance sector. Alongside the MPEA, we continued to provide technical assistance by customising applications on the Simputer™, a locally-developed handheld computer, for use by partner MFIs in automating their field operations. We also strive to offer flexible loan products that match the needs of the MFIs.

During 2005, we expanded our product portfolio by offering back-to-back structures – with Oxfam Novib and Hivos Triodos Fund Foundation – that aid the flow of foreign funds into these organisations.

After achieving break-even within one year of starting up, 2005 will mark the first full year of profitability for our Indian microfinance business. The bank's ambition is to reach one million borrowers in India by the year 2009 in a commercially viable and profitable manner, helped by working closely with MFIs to enhance their capacities.

International Finance Corporation credit line in Brazil

In 2005 an additional USD 47 million was added to the initial USD 51 million received in 2004 from the IFC, giving Banco Real a total of USD 98 million with which to finance socio-environmental and corporate governance projects. BU Brazil also disbursed the first IFC socio-environmental loan from this credit line. These funds are an important tool for achieving our aim of promoting the development of this type of business.

In Brazil we are the only bank that has received this type of credit line from IFC, which was extended due to our strong socio-environmental risk policies and processes and

our capacity to provide loans involving these criteria. This IFC funding demonstrates that it is possible to be profitable and sustainable at the same time.

Development finance: building sustainability

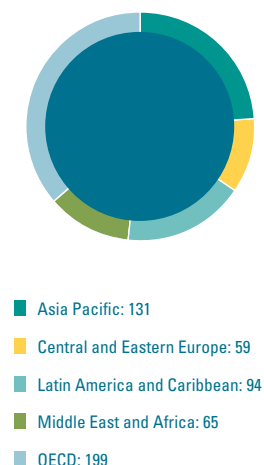
As one of the leading financiers in emerging markets, we work alongside various multilateral and national development banks. All projects financed by development banks are assessed against strict environmental, social and ethical criteria. Other official agencies – such as Export Credit Agencies (ECAs) – increasingly align their activities with the standards imposed by the development banks. During 2005, we financed 548 ECA-backed transactions in 80 countries, totalling EUR 15.8 billion. The accompanying charts show the regional spread of our facilities and their exposure values.

The co-finance partner league table rankings are:

- International Finance Corporation: 3rd
- European Bank of Reconstruction and Development: 9th
- Netherlands Development Finance Company: 1st

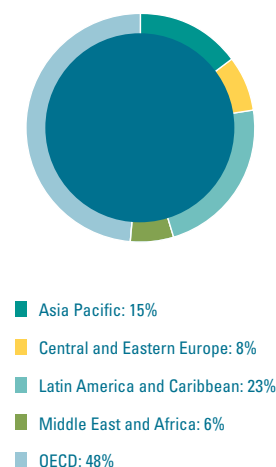
ECA-backed facilities

(in numbers)



ECA-backed exposure

(in %)



“For over 160 million people living in Pakistan, poverty represents hunger, lack of shelter, medical access, unemployment, lack of economic sustainability, education, mortality due to disease and lack of potable water. Access to credit is an enormous obstacle to poor people looking for a way forward. High administrative costs and lack of collateral resources have kept traditional financial institutions from supporting small businesses and self employment in poor areas. I would like to see ABN AMRO proactively address these concerns within the developing countries where we operate.”

Naeem Saigol, Commercial Clients, ABN AMRO Pakistan

Remittances

Access to finance is an important building block of the Global Compact, contributing to the objective of MDG1 'eradicating poverty'. We recognise that foreign workers' remittances are an important source of financing, especially for the people at the bottom of the pyramid.

ABN AMRO has become a partner of the World Bank in their 'Knowledge for Change Program' investigating the remittances flows, developing products and improving the financial conditions for those relying on this form of income. This includes working closely with the World Bank in developing household surveys for Brazil and India to chart the flows and identifying the different links in the chain. The study aims to lower transaction costs of remittances as well as enabling immigrant families to build a credit history and to gain access to conventional banks, thus improving their standard of living.

We believe in the educational development of people. Education is the means by which one can build a life, build a career, and build a future.

career



To build sustainable value, we need our staff to be engaged with our business and our vision of the future. This is especially challenging because of the dynamics of an ever changing organisation. In 2005 we measured staff engagement worldwide for the first time, creating the basis for several initiatives. The research also showed that there is a strong correlation between being favourable towards sustainability and feeling engaged with ABN AMRO. Advances were achieved in areas including Diversity & Inclusion. We also made progress on challenging long-term change programmes including restructuring initiatives and ongoing outsourcing and offshoring programmes.



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Being an employer of choice

We believe all our clients must receive excellent service from highly-motivated and engaged staff. To achieve these goals, we need to maintain high standards in recruiting, developing and retaining employees. Engaged staff means more than satisfied staff, since it signifies that they are motivated to play an active role in achieving our objectives and building our future with us.

In an ever-changing and increasingly competitive world, ABN AMRO has to adapt continuously to achieve its ambitions and to maintain focus on its core activities. This requirement has brought – and will continue to bring – change for the entire organisation. We can only be a sustainable ‘employer of choice’ if we keep our eyes on the ball and take the difficult decisions necessary to stay in the game. ABN AMRO is a dynamic organisation with employees working in 58 countries. In 2005, an average of around 98,000 employees worked for our company in terms of FTEs (FullTime Equivalent). This total is merely a snapshot taken at one point in time, as there is a constant influx and outflux of employees caused by joiners, leavers and restructuring programmes.

In this continuously changing environment, it is important to keep our employees engaged and up-to-date on important areas such as our Corporate Values and Business Principles, client service, sustainability and compliance. This brings specific challenges to our management, as well as to our leadership and employee learning programmes.

Human Resources strategy

The Human Resources (HR) organisation in ABN AMRO plays a central role in enabling us to build a high level of engagement with our people. HR supports the implementation of the revised ABN AMRO organisational

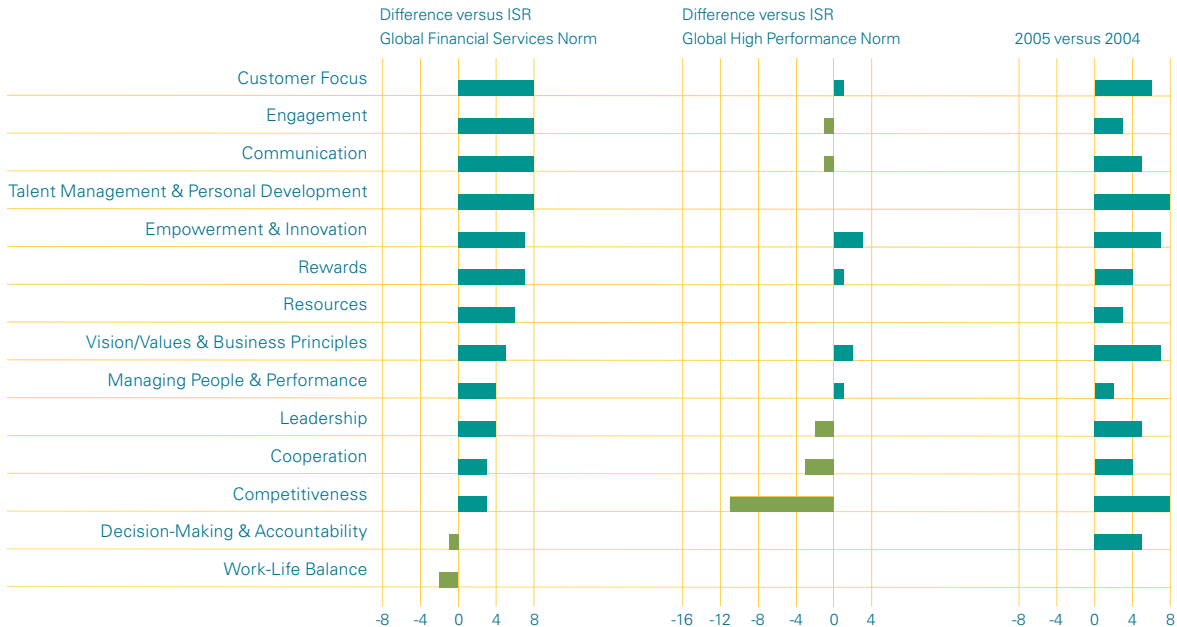
structure and in putting the Managing Board’s ‘People Strategy’ into effect. HR is working to increase its level of performance and service to the bank by implementing the HR target operating model. We have made progress over the past 15 months and have designed our processes to be underpinned by a common technology platform, PeopleSoft. To ensure consistency across the bank, we follow a Shared HR Agenda with seven themes: Leadership Development, HR Capability Building, Talent Management, Performance Management, Diversity & Inclusion, Reward, and HR Service Delivery.

Group-wide Employee Engagement Survey

To measure the level of engagement among all our employees, we launched our first Group-wide ‘Employee Engagement Survey’ (EES) in 2005. While these surveys have previously been conducted twice in various parts of the organisation with over 30,000 respondents giving their feedback, this year we broke new ground by sending out a questionnaire to our employees worldwide for the first time. More than 73,000 employees took part in the survey – a response rate of 75%.

Overall, our 2005 results showed a further improvement against our scores in 2004. The 2005 Group-level results revealed a mixed picture, which is presented in summary form in the accompanying table. Compared with the average scores achieved across the financial services industry as a whole, we do better than our peers in nearly all categories. But when we conduct a comparison with the average of high-performance companies, there are still a number of areas where we have room for improvement. The Managing Board has participated in two workshops to address the 2005 survey.

Employee engagement survey



ISR Financial Services Norm: includes global banks, other financial institutions and many of our peer group competitors.

ISR High Performance Norm: includes companies from a variety of industries ranging from oil and gas to banking, pharmaceutical and technology.

These companies are selected for inclusion based on both sustained financial performance and 'best-practice' human resource processes.

For 2006 they have decided to focus further attention on Leadership, Performance orientation and One Bank behaviour. In order to track progress and measure improvement, the Managing Board has set key performance indicators (KPIs) for the areas of Leadership and Vision, Corporate Values and Business Principles. Communication of the results will be cascaded through the organisation to help our employees understand and interpret the data, and to enable us to develop action plans in response. Departmental results will be transformed into concrete actions through 'Results to Action' workshops. To stimulate employee engagement, completion of the action plan will be included in line managers' objectives for 2006, and – like the Managing Board – BUs will set KPIs in their performance contracts for tracking and measurement purposes. Managing Board and organisational progress will be measured by assessing whether improvements are statistically significant both against an external benchmark and in comparison to the 2005 data.

Employee Engagement Sustainability Index reveals strong correlation between sustainability and engagement

Using a combination of questions from the Employee Engagement Survey, we have created a Sustainability Index to establish the extent to which our staff know, recognise and support our sustainability efforts, and to check whether there is a correlation between the degree of appreciation for sustainability and the level of employee engagement. Our initial analysis of the results for 2005 revealed several significant findings. For example, in the overall Sustainability Index we significantly increased our score. As a result we are now at the same level as a benchmark of high-performing companies and achieving higher scores than our peers in the financial services sector. Younger staff – those between 25 and 34 years old – are generally more favourable towards sustainability than their older colleagues between 35 and 54. The research also confirmed that there is a strong correlation between being favourable towards sustainability and feeling engaged with ABN AMRO.

Average number of employees

(in FTE)	2005	2004
Netherlands	27,996	29,852
United States	19,108	20,830
Brazil	25,917	26,566
India	5,425	3,675
United Kingdom	3,962	3,552
Other countries	15,115	21,443
Average number of employees ¹	97,523	105,918
Private Equity Investments ²	22,201	–
Total average number of employees	119,724	105,918

¹ Decrease mainly due to sale of LeasePlan Corporation

² In line with IFRS, investments in unlisted companies, both on ABN AMRO's own account and for third-party investors

Rights Day, we communicated our position statement to staff via intranet and other publications. Further communications and training activities will take place on this subject during 2006.

[More information on our Human Rights Position Statement](#)

Corporate Health and Safety Policy

It is our aim to provide and maintain a safe and healthy working environment. We inform and train our employees to enable them to work as safely and efficiently as possible. This approach is described in our Corporate Health and Safety Policy. This policy includes evacuation procedures and exercises that are often practised together with local authorities. Local management is responsible for implementing the policy, so its application can reflect different needs and priorities in the various countries.

Diversity & Inclusion

We are committed to promoting diversity and inclusion. This commitment goes beyond social responsibility, and is actually a clear expression of our Corporate Values and Business Principles. ABN AMRO aims to respect every single person and draw on the strengths and creativity of every individual. This reflects our view that Diversity & Inclusion is a key driver in achieving business goals. Studies show that a more diverse workforce correlates directly with superior corporate performance and enables a company to gain a better understanding of diverse market segments.

To be truly diverse you have to reflect your potential client base in terms of characteristics. An inclusive culture will optimise our investment in our most important asset – human capital – by increasing the productivity and motivation of our employees. Our global presence is reflected in the diversity of our staff. Around 52% of our top management is non-Dutch.

A safe place to work

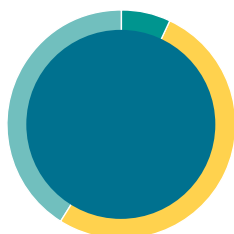
Human rights

ABN AMRO supports human rights and believes that business, as an integral part of society, can make an important contribution to furthering these rights. This commitment is expressed in our Business Principle which states that 'we respect Human Rights and the Environment'.

Our Human Rights Position Statement explains in greater detail what respecting human rights means in relation to our employees, clients, business partners, suppliers and other stakeholders. We also give our support to international declarations and standards that have been developed to foster human rights, including the UN Universal Declaration of Human Rights, the International Labour Declaration of Principles and UN Global Compact.

In 2005, our Human Rights Position Statement was communicated to our Top Executive Group and several departments and employee groups, as well as being shared with the Central Works Council in the Netherlands and the European Staff Council. We have engaged with a number of internal and external stakeholders to collect their views on how best to address the topic of human rights. On 10 December 2005, Human

Absentee rate trends*



■ Decreasing: 7%

■ Stable: 52%

■ Increasing: 41%

* Coverage 65% of FTE

Gender mix in management

(in numbers)	Supervisory Board and Managing Board		Top Executive Group ¹		Management ²		Total	
	2005	2004	2005	2004	2005	2004	2005	2004
Female	2	2	23	17	935	889	960	908
Male	19	16	255	245	3,630	3,704	3,904	3,965
Total	21	18	278	262	4,565	4,593	4,864	4,873

¹ Top Executive Group: Senior Executive Vice President, Executive Vice President and Managing Director

² Management: Senior Vice President and Vice President

Specific actions

We appointed a Global Head of Diversity & Inclusion in May 2005. Two international conferences were also held and specific BU action plans were drawn up in alignment with the Group-level plan. We also made additional efforts around communications and training. We measure Diversity & Inclusion through a bank-wide 'D&I index' as part of our Employee Engagement Survey, and in 2005 ABN AMRO scored one point above the norm for high-performance companies on this measure.

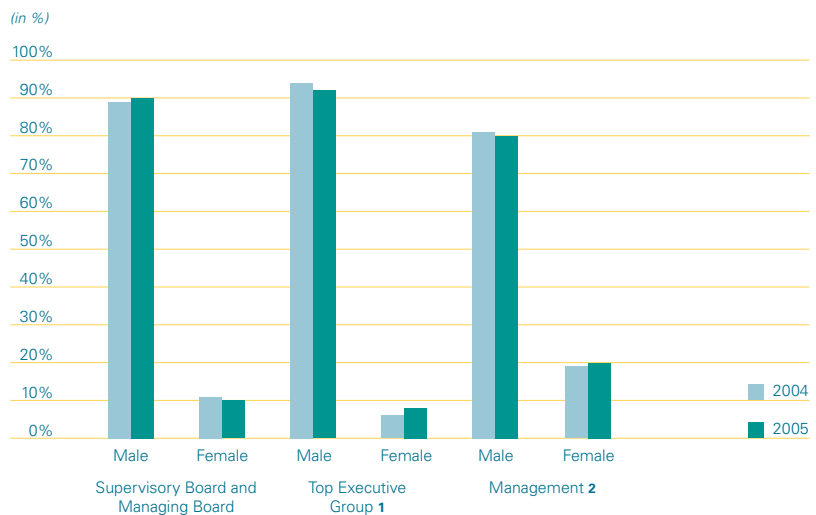
We hosted the Second Women and Leadership Conference in Amsterdam in September 2005. This event saw 150 senior female employees from around the world gather to discuss topics such as cultural awareness, leadership styles, the Group's strategy, Diversity & Inclusion and mentoring programmes. We also launched a global Leadership and Diversity Programme in 2005 with 80 participants. This programme is a medium-term modular programme focusing on gender and other diversity issues.

[More information on our Leadership and Diversity Programme](#)

Diversity objectives

Although diversity covers a broad spectrum of issues, the bank has decided to focus initially on two specific elements: gender and ethnicity & nationality. At present, gender is the only priority issue we can research statistically – and the findings show that we have room for improvement. For example, our

Gender mix in management

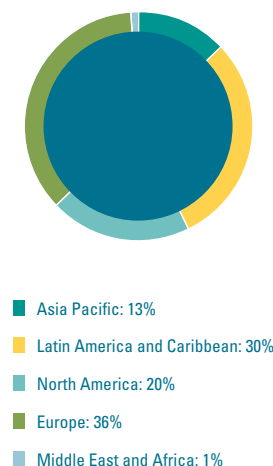


¹ Top Executive Group: Senior Executive Vice President, Executive Vice President and Managing Director

² Management: Senior Vice President and Vice President

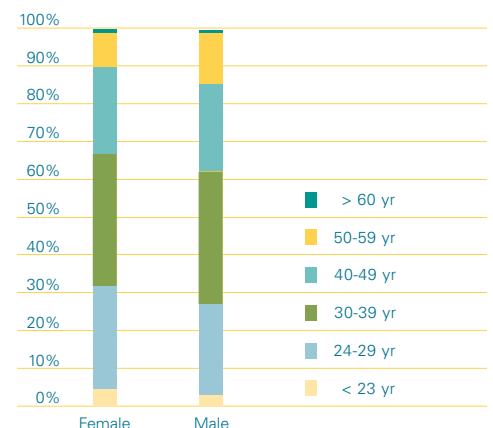
Diversity in workforce

(number of employees per region in %)



Diversity in workforce

(gender and age)



statistics show that the proportion of women at ABN AMRO senior management levels remains relatively low, with 8% at TEG level in 2005, although this does represent an increase from 6% in 2004. The percentage of women at management level has slightly increased compared to 2004, from 19% to 20%. Through this stronger focus on gender, ethnicity & nationality we intend to make a difference to our organisation and create a platform from which to address other elements of Diversity & Inclusion such as age and sexual orientation. Under the current programme, gender diversity will be strongly emphasised as an element of our leadership SMART objectives. Three diversity Key Performance Indicators form part of the performance contract:

1 Diversity in recruitment

- Females and other BU-specified target groups as % of total number of new graduate recruits.

2 Diversity in composition of talent pool

- Females and other BU-specified target groups as % of total number of high-potential people within ABN AMRO's talent pool
- Females and other BU-specified target groups as % of total number of key positions.

3 Diversity and employee engagement

- % favourable response – Diversity & Inclusion Index.

Employee representation

We respect and work to comply with the national laws in every country where we do business, and we recognise the rights of employees to enjoy freedom of association

and engage in collective bargaining. Trade unions and employee representative bodies exist in many countries in which we operate.

European Staff Council

The European Staff Council (ESC) conducted intensive discussions with management during 2005, which was another year of significant change. In the discussions with management the ESC raised several key concerns prevalent among staff. The ESC was involved at an early stage in the development and implementation of the Group alignment, the restructuring of the Wholesale Clients business model, the outsourcing and offshoring of the remaining parts of the IT function, compliance and many other initiatives.


Dutch Central Works Council

In the Netherlands, every BU has a works council representing employees. The Central Works Council (CWC) forms an overall, central employee representation body and looks after the concerns of the employees in the Netherlands while taking into account the concerns of the company as a whole. In view of the many and rapid changes taking place across ABN AMRO, the CWC aims to act more than ever as the Managing Board's sparring partner as well as offering employees a better understanding of the reasons for changes. This means that the CWC's role helps to increase the effectiveness of change programmes in the organisation. In 2005 the CWC issued advice on the outsourcing and offshoring of the remaining parts of the IT function, the new human resources model and corporate governance under the new Group structure. In addition, the CWC

Full-time/Part-time distribution

	Full-time		Part-time		Average contract of part-timers	
	2005	2004	2005	2004	2005	2004
Female	74%	74%	26%	26%	0.71 FTE	0.69 FTE
Male	91%	92%	9%	8%	0.74 FTE	0.72 FTE
Total	82%	82%	18%	18%	0.71 FTE	0.71 FTE

received several requests for advice or approval on various other subjects.

 [2005 Annual Report: More information on the ESC and CWC](#)

Collective Labour Agreements and other forms of employee representation

In many countries we are participating in Collective Labour Agreements (CLAs), which define minimum labour standards which we adhere to, and often exceed. Participation in CLAs are often a requirement under local legislation. Although they vary in nature, CLAs provide additional protection to our employees. We have signed CLAs in Europe and in various other countries elsewhere. For example, we have a CLA with the non-officers' union in India. In Brazil, the local Banks Federation, along with an official negotiation committee composed of representatives from the five largest financial institutions operating in the country, negotiates an agreement that applies to the whole Brazilian financial services industry. In cases where we have CLAs, our employee representative bodies typically act as the counter signatory.

In many countries, we recognise formal trade union representation and consult the labour unions over relevant issues such as the CLA negotiations. In the Netherlands, the main labour unions are granted publication space on the employee intranet site. Examples of collective representation of our staff include AAB Union France, AAB Union Germany, AAB Union Switzerland, AAB Shanghai Branch Trade Union and AAB Seoul Branch Labour Union. In Taiwan we have an employee representative body, and India has a trade union affiliated to the All India Bank Employees Association (AIBEA). In countries where there is no formal labour representation we aim to implement other mechanisms, such as employee surveys, to ensure that we remain closely in touch with collective sentiment of our staff.

Employee complaint handling procedures

Differences and friction between colleagues, or between employee and employer, will inevitably arise in our organisation as in any other. Every BU has 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 grievance procedures, conducting peer reviews and forming a management committee to handle specific cases.

In 2005 we established a community of practice on the subject of complaints to ensure we are sharing best practices. We have also devised and implemented a formal employee whistleblowing policy, designed to ensure that employee concerns are handled fairly and investigated appropriately. To further encourage employees to raise concerns at an early stage, the policy has been improved and is being relaunched in early 2006. The improvements include the implementation of special telephone lines in all regions and a secure email address.

 [More information on our whistleblowing policy](#)



“We must recognise that Diversity & Inclusion is fundamental to our Talent Management approach. For this to be embedded in our organisation, we each need to invest in building our own leadership capabilities, as well as understanding how, by doing so, we will be enabling others to perform to the best of their abilities.”

Hugh Scott-Barrett, Managing Board member and Chief Financial Officer

Professional education

	2005	2004
Total costs of professional education (in euros)	116,578,000	104,223,000
Average number of employees (in FTE)	97,523	105,918
Amount per FTE (in euros)	1,195	984

most talented people. In 2005, the Talent & Performance Management Centre of Expertise was created and two Talent Management platform meetings were held. A single global talent management system is currently being defined, focusing on five key areas during 2005 and 2006: Talent Requirements, Identification & Assessment, Succession Planning, Development Planning and Resource Planning. This will enable all business areas to meet the Key Performance Indicators for talent management as agreed with the Managing Board.

 [2005 Annual Report: More information on Talent Review](#)

Enabling our leadership

One of our high priority topics that came to the fore in the 2005 Employee Engagement Survey was the issue of leadership capabilities at ABN AMRO. The Talent Review programme of our Top Executive Group (TEG) is meant to develop and measure their leadership effectiveness. This year it was rolled out to the next layer of senior executives and to people identified as potential future top executives. Several other leadership development programmes were launched during 2005. These initiatives were aligned with our continuing efforts to integrate our leadership development programmes – many of which previously existed in an isolated fashion in a single business area – and make them part of a coherent offering available globally. During 2005 for example, we held 23 Business Performance and Leadership (BPL) workshops for the TEG in Chicago, London, Amsterdam, Hong Kong and São Paulo, extending the reach of this leadership development programme. Travel to these workshops was made carbon neutral.

Enabling our employees

Talent management

This has been given top priority, as we feel that in the past we should sometimes have focused more on attracting and retaining the

Employee education

Employee learning contributes to performance improvement and supports the realisation of short- and long-term company goals. We have a global employee learning strategy that aims to develop staff at all levels in our organisation. The implementation of this strategy is a local responsibility. We also shape our learning and development programmes to equip our employees with the capabilities they need to meet the changing business and organisational conditions they face. We recognise learning is a joint responsibility of employee, manager and organisation, and it should always be related to daily or future work. In addition, we believe learning should be fun and, above all, increase the motivation of our employees.

Sustainability e-learning

Virtually all our business processes are – in one way or another – linked to sustainability, reflecting the pervasive nature of the topic. As a result, it is not always easy to grasp its full implications. So we have customised and adopted the e-learning tool ‘Chronos’ to make all (new) ABN AMRO staff familiar with the concept of sustainability. We have opted for a three-layered approach based around three key questions:

- What does sustainability mean for the world?
- What does it mean for ABN AMRO?
- What does it mean for each employee personally?

With the support of the initiators of Chronos – the University of Cambridge and the WBCSD – we have adjusted the tool to suit ABN AMRO's requirements. The global implementation began with the large-scale roll-out programme of some 30,000 licences of the Brazilian Portuguese version in September 2005 at BU Brazil. This roll-out was accompanied by an intensive communication programme for our employees. The English and Dutch versions are being made available to the rest of the organisation by mid-2006. Various BUs are currently developing their own implementation plans. Altogether we have currently ordered 36,000 licences for the tool and expect to order 10,000 more in 2006.

Customised sustainability training

With support from Group level, our BUs conduct customised training sessions to build in-depth understanding of sustainability. In the past year we have developed several new training modules, varying from basic awareness trainings to more comprehensive workshops, enabling staff members to initiate their own action plan linked to their daily work. We have conducted sustainability training programmes in China and Pakistan among other places. For every module a training directory is made available on the intranet to support local training initiatives. We have also designed sustainability training modules on Asset Management, corporate governance and transaction processing, and developed a specific tool to familiarise staff with the implementation of the Equator Principles.

Figures on staff sustainability training are presented in the accompanying table. During 2005, 7,550 employees from BU Brazil participated in at least one sustainability

training. BU Brazil promoted several sustainability training programmes and retail trainings have been reviewed to include sustainability.

Other initiatives

Various enabling initiatives are under way across the organisation. For example, the Synergy Challenge, an initiative to improve the bank's overall performance by delivering ideas with a positive impact on the bank beyond one's own business unit, was won by a US staff member who suggested ways to reduce paper use under the tagline 'save trees, save money'. At the same time, our dynamic internal networks, such as the members of the Young Bankers' Association and the Change Community, frequently put sustainability on their agendas. Additional suggestions were made in various countries through our 'Ideamines' – employee suggestion boxes through which staff are invited to share their ideas.

Staff training on environmental, social and ethical aspects

	2005	2004
GSD and Wholesale Clients	740	2,062
BU Netherlands	800	– ¹
BU North America	230	246
BU Brazil	7,550	2,626
BU Asset Management	100	–
Total	9,420	4,934

¹ BU Netherlands in 2004 done by Group Sustainable Development and included in 2,062

Change in the number of employees in headcount

	2005
Staff December 2004	98,040
Outflow restructuring	3,050
Inflow restructuring	70
Leavers (e.g. retirement, termination of contract)	19,322
Joiners	21,737
Staff December 2005	97,475

ACES: our employees in India

ACES is an integral part of our business organisation and our corporate culture. It is important to us that our ACES staff act according to our Corporate Values and Business Principles and feel that they are part of ABN AMRO and are treated as valued members of the ABN AMRO family. In 2005 the Employee Engagement survey at ACES reflected a score of 61, well above the norm for financial services providers. Comments from the team reflected that among the factors contributing to the high engagement were the emphasis on diversity and sustainability through community and social development activities.


In addition to diversity of gender (42% female staff), ACES has a strong affirmative policy to recruit the disabled. Our ACES team includes individuals who are physically challenged, have hearing disabilities or are recovering from mental stress. Some of these people are among our star performers.

ACES staff are also active volunteers at the St Louis School of the Blind in Chennai and at SUPPORT, an NGO, working with HIV positive and drug addicted children in Mumbai. In addition to financial support through monthly pay deductions, several of our ACES teams spend their weekends with the children at these two institutions. The staff entertainment and celebrations teams called Club ACE also make it a point to involve the children in celebrations during Diwali (the Indian 'festival of lights'), Christmas and other festive occasions.

Our ACES centres in Chennai, Delhi and Mumbai are considered a pleasant working environment. Our facility in ACES Mumbai has the added distinction of being recognised for its preservation and restoration of a 150-year-old textile mill. ACES also displays artworks by local artists to share their talents with a wider audience.

Though each of these initiatives represents a small step in ABN AMRO's overall sustainability agenda, we see the direct benefits of these actions in heightened engagement not only with our employees but also with the larger community in which we live and work.

programme. Among other changes, this included refocusing our worldwide HR operations, WCS activities and IT Services. From 1 January 2006, we have aligned our organisational structure. In addition, we completed major outsourcing and offshoring projects. We will continue to review and optimise our operations in this respect.

 *2005 Annual Report: More information on the alignment of our organisation*

Outsourcing of IT Infrastructure Services

In November 2005, we successfully finalised the outsourcing of our IT Infrastructure Services. This project involved the transfer of approximately 2,000 ABN AMRO employees to external suppliers. We recognise that this has a distinct impact on the employees involved, yet outsourcing enables the bank to concentrate on its core business while revitalising the delivery of IT services, as well as harnessing existing talent and skills. ABN AMRO will continue to focus on identifying and exploiting opportunities to achieve higher operational efficiency through further consolidation and standardisation. As part of this, we will also continue to investigate and implement new market solutions, including outsourcing, in order to ensure all BUs get the support and flexibility they need to serve our clients in the best and most efficient way.

Building on our offshoring expertise

Since 2001, we have offshored processes to ABN AMRO Central Enterprise Services (ACES), our wholly-owned global service delivery centre in India. Offshoring appropriate business processes to locations offering lower cost and high quality is one of the sourcing techniques driving ABN AMRO's ability to optimise the delivery of services to clients. Processes have moved from the Operations, Finance, HR and Equity Research functions across multiple regions and BUs. Choosing India as the preferred offshore location reflects its large pool of high-quality, English-

Restructuring of our organisation

To focus our Group more effectively on our core strengths, we continued to sell off a number of non-core activities in 2005. We also continued to make targeted investments aimed at strengthening our core business and market positions. In early 2005, ABN AMRO accelerated a major Group-wide synergies

speaking resources and relative maturity as an offshore location, in addition to our long-established domestic banking presence.

In 2005 we made significant progress in our offshoring initiatives. All offshoring programmes are on track and several new pilot programmes are underway. An Offshoring Centre of Expertise (COE) has been established to ensure knowledge is shared and that specialist HR, Communications, Legal and Compliance advice is applied consistently. Feedback from the BUs shows that ACES has successfully improved quality, service levels and productivity. ACES adds agility to our operations through its flexible and rapidly expanding workforce in India, now 3,000 FTEs strong. In 2006, ABN AMRO will continue its planned offshoring activities and look for new opportunities throughout the bank.

Impact on our employees in affected countries

In taking each of the actions described above, we know that there is a significant impact on our ABN AMRO community. We also know that we risk losing the level of trust with our employees if we cannot explain why decisions are necessary, or if we show a lack of respect and integrity to the people involved.

Therefore, we always strive to communicate in a proactive, open and honest way to our employees about sale, restructuring, outsourcing and offshoring programmes. This means communicating the right information at the right time, although we realise that this is not always easy, since there is often a conflict between the two that needs to be addressed carefully. With this in mind, we make every effort to keep managers and staff affected by the change informed of progress in a timely and transparent manner. We also provide programmes to engage and support them through the change process. All these efforts help our employees to anticipate and manage

Ambitions and action plans 2005 status:

Being an employer of choice

We have realised almost all the ambitions we set out in last year's Sustainability Report and will continue to review our progress in 2006. We will need to undertake further work in areas including developing a global grading yardstick, and implementing the HR Target Operating Model.

Ambitions and actions plans 2006:

Being an employer of choice

In order to achieve and sustain our role as an employer of choice, we need to focus on the seven key areas: Leadership Development, HR Capability Building, Talent Management, Performance Management, Diversity & Inclusion, Reward, and HR Service Delivery.

Some of our ambitions for 2006 include:

- **Expand global operation to ensure cross-BU and cross-region synergies in our HR operations**
- **Pilot and implement a uniform bank-wide process for performance management and grading positions**
- **Conduct a second Group-wide Employee Engagement Survey**
- **Repeat the Leadership Review for our Top Executive Group**
- **Extend the Leadership Review and 'Leading Through Others' programme to all SVP staff**
- **Build and formalise a global learning policy**
- **Live up to targets on Diversity & Inclusion for each BU, supported by their dedicated action plans**
- **Compliance Principles training to be completed by most of our employees**
- **Initiate further communications and training on human rights.**

change. These processes also include proactive engagement with employee representative bodies and with local HR representatives. Although involuntary redundancies are sometimes the only option, we seek to mitigate the impact of these reductions where possible by providing coaching, training, redeployment and other support programmes and outplacement to other companies.

toy



Minimising impact on the environment

A Our environmental impact

Our global property portfolio of more than 4,000 facilities is comprised of leased and owned properties, both sole and multiple occupancy, across 58 countries. There is a direct correlation between the total square metre area of our overall property portfolio, the operating costs of those facilities, and our direct environmental impacts. Throughout 2005, we developed and introduced a series of 'City Plans' based on reviews of our overall property portfolio within a particular region against our business needs and agreed Space Standards. These enable us to perform our core business activities within an optimised space, thereby reducing our operating costs and direct environmental impacts. We also continued to build on our established programmes to reduce waste and optimise our energy consumption across all regions, using the Global Reporting Initiative and VfU Indicators (Verein für Umwelt) as guidelines.

Targeted energy and CO₂ reduction programmes

An important element in ABN AMRO's position on climate change is our drive to reduce our own energy use. In 2005 we renewed our energy contract in the Netherlands. All Dutch offices and head office locations use 100% green electricity and we will look to do so elsewhere, depending on feasibility. We have also run pilot studies to test opportunities for energy efficiency and CO₂ reduction, including:

Plastic items such as cups for example can be recycled. Manufacturing companies buy pallets of plastics to recycle these into new products like toys. This helps to minimise the environmental impact from business operations.

- A technical pilot study in our top 31 buildings which indicated how our energy consumption could be reduced through basic technical improvements involving fine-tuning equipment and investment in improved technologies
- A behavioural benchmark pilot named 'Kill-a-Watt' at our head office. This revealed significant potential for further reduction. A particularly encouraging sign is that we are still seeing markedly lower levels of energy consumption in those areas that took part in the pilot study.

Based on the results of these pilot projects, the Managing Board has approved the implementation of a global energy efficiency programme, targeting a reduction of 10% in Group-wide energy consumption by 2008 (compared to its 2004 level) based on relative metrics (kWh/m², kWh/FTE), and with a proportionate reduction in CO₂ emissions.

The knowledge gained from these studies has now been applied to the bank's top 31 office facilities, which represent some 60% of the total m² area of the global office portfolio. The programme combines both technical improvements and behavioural change initiatives, including, for example, shutting down certain elements of our Dutch-based network during the night and at weekends, and encouraging people to switch off non-essential equipment and lighting as they leave the premises. Across the ABN AMRO managed buildings portfolio that we incorporated in the pilot studies, we estimate that the targeted energy reduction programme through to 2008 would equate to around EUR 3.5 million of annual cost reduction and would lead to a related reduction of CO₂ emissions.

While the majority of our overall environmental impacts are indirect – through our financing and investment activities – we also have a direct impact on the environment. We strive to minimise our direct impact in two ways: firstly by reducing the consumption of resources and the waste produced by our operations worldwide, and secondly by influencing our suppliers' sustainability behaviour. During 2005 we made further progress in optimising our use of resources such as energy and paper across the Group. We also continued to manage our external procurement in line with our sustainability strategy, embedding sustainable selection criteria more deeply into our procurement processes.



1-10

“LaSalle Bank has always demonstrated a strong commitment to the health and vitality of Chicago. This commitment is reinforced by the bank’s role within the business community as a leading proponent of sustainable development. Thanks to LaSalle’s efforts to address community needs, the City is well on its way of achieving our mission of making Chicago the most environmentally friendly city in the world.”

Richard M. Daley, Chicago Mayor

Head office pilots on energy and paper reduction

During July 2005 we ran a pilot on energy reduction on a selected set of floors in the head office in Amsterdam, with surprisingly positive results: electricity consumption in the targeted floors gradually decreased by up to 22% compared to the other floors used as benchmarks. The vast majority of participants believed it was a very important initiative, and expressed their pride over ABN AMRO’s decision to conduct the exercise, indicating that they enjoyed making a positive contribution while doing their normal job. We ran a similar pilot in November 2005 to change behaviour with regard to paper usage. Staff enthusiastically took to double-sided printing and copying, printing two pages per sheet and refraining from printing at all where possible. Indicators showed a 20% drop in paper consumption. The attention generated by these pilots also raised staff awareness about sustainability issues, and triggered many additional ideas and initiatives.

In our 2004 Sustainability Report we described an innovative ‘natural cooling’ system that we have installed in our Netherlands headquarters building. To increase opportunities for further significant reductions in energy consumption and CO₂ emissions, we have broadened our partnership with our energy supplier NUON and are currently undertaking a feasibility study to develop this technology to provide ‘natural cooling’ for our back office facilities in the south of Amsterdam. We are also looking to offer access to the ‘District Cooling’ system to other corporate occupiers in the region, thereby enabling them to join us in reducing their energy consumption and CO₂ emissions.

During 2005 our total air-travel distance flown increased by 5% compared with 2004. This was mainly the result of the increase in activities resulting from our business growth and also reflects the global economic recovery.

In 2005 BU Brazil managed to achieve a reduction of 3.4% in water consumption and 7.0% in energy consumption in its administrative buildings, compared to 2004.

Wood and paper usage

All the wood used in building and renovation projects within BU NL office premises is of Forest Stewardship Council (FSC) certified origin. Bouwfonds has committed to build 20% of its houses and offices with FSC certified timber and intends to increase this share in the coming years. In the Netherlands, paper waste is collected separately for recycling purposes since a long time.

BU NA is working to reduce its own environmental footprint in ways that include energy use reduction and stepping-up existing recycling programmes. In 2005, the bank’s recycling programme was expanded to include batteries, aluminium and glass. BU NA has committed to reducing energy use at facilities in Illinois and Michigan by 8% by the year 2008. To meet or exceed this goal, our Facilities Management department will change heating and cooling system start and stop times and continue to install motion sensors in offices and conference rooms to ensure that lights are on only when a room is occupied. In addition, employees in Michigan can recycle out-of-date mobile phones at the office. The bank’s and personal mobile phones are collected and donated to NGOs.

BU Brazil’s pioneering efforts in using recycled paper on a large scale is achieving major success with its stakeholders. In July 2005, we became the first bank in Brazil to use recycled paper in chequebooks and on

Environmental performance

	2005	2004
– Electricity consumption in kWh ¹	699,302,119	705,241,555
– Energy consumption other sources in kWh ^{1, 2}	216,248,035	215,315,873 ³
Total energy consumption	915,550,154	920,557,428
Total water use in m ³ ⁴	2,099,398	2,039,200 ³
Total paper consumption in tonnes ⁴	12,401	12,254
Total waste in tonnes ⁴	31,426	28,878

- ¹ Based on measurement covering 91% of the FTE and extrapolated to the group total FTE
² Includes fossil fuels, district heating and district cooling
³ Recalculated because of comparability, see our Restatement 2004
⁴ Water: based on 90% of the FTE. Paper: based on 58% of the FTE. Waste: based on 64% of the FTE

Business air-travel and CO₂ emission

	2005	2004
Business air-travel (km per FTE) ¹	6,184	5,398
– Short haul ²	478	446
– Long haul	5,706	4,952
CO ₂ emission (tonnes per FTE) ³	0.7137	0.6250
– Short haul	0.0860	0.0803
– Long haul	0.6276	0.5447
Average number of employees (FTE)	97,523	105,918
CO ₂ emission (total tonnes) ⁴	69,602	66,194

- ¹ Based on coverage of 84% of FTE
² Short haul: up to 500 km
³ Based on the emission factors for business air-travel as stated in the WRI/WBCSD GHG Protocol Initiative
⁴ Extrapolated to the group total FTE

CO₂ emission

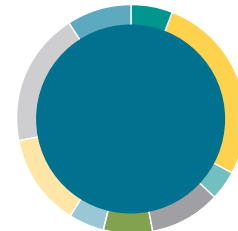
(in tonnes)	2005	2004
– Electricity consumption	223,917	292,894 ¹
– Energy consumption other sources	52,940	47,746 ²
Total energy consumption	276,857	340,640
Business air-travel	69,602	66,194
Total	346,459	406,834

- ¹ In 2005 we used the CO₂ calculation tool of the WRI/WBCSD GHG Protocol Initiative. For comparability, the 2004 figures were recalculated
² See our Restatement 2004

outdoor advertising billboards. Our committed support for eco-efficiency, combined with projects such as the concerted move to recycled paper, has strengthened our ability to embed sustainability in our day-to-day business. Currently, in Brazil 82% of our paper for internal use is from recycled sources.

kWh comparison

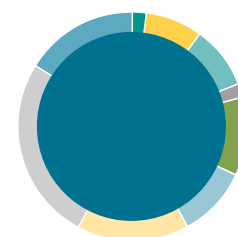
(relative kWh usage per FTE, as % of total)



- Brazil: 6%
- France: 28%
- India: 3%
- Netherlands: 10%
- Singapore: 7%
- Taiwan: 5%
- UK: 13%
- US: 19%
- Other: 9%

CO₂ comparison

(relative CO₂ emission per FTE, as % of total)



- Brazil: 2%
- France: 8%
- India: 9%
- Netherlands: 2%
- Singapore: 11%
- Taiwan: 10%
- UK: 16%
- US: 26%
- Other: 16%

Ambitions and action plans 2005 status:

Our environmental impact

In 2005, we continued to improve the transparency of the indicators we use to measure electricity, waste, heating consumption and paper usage. In addition, we agreed a contract for our Dutch offices to use 100% green electricity as from 1 January 2005.

Ambitions and action plans 2006:

Our environmental impact

Going forward we will:

- Continue to develop and act on the 'City Plans' in a number of our principal locations following the introduction of GREFM Space Standards
- Reduce our energy usage by 10% between 2006 and 2008 and reduce/ partially offset our carbon emissions with formal reduction programmes
- Improve the transparency of our overall environmental data, including examining the potential for remote energy monitoring of key facilities worldwide
- Expand employee awareness programmes on paper, energy, waste and travel reduction
- Investigate opportunities to minimise our water consumption, including the use of rainwater harvesting techniques
- Continue to champion sustainability among our peer group.



Our suppliers

In 2005, ABN AMRO continued to manage its global external procurement spend of around EUR 5-5.5 billion in line with our sustainability strategy, which includes:

- The application of a transparent and fact-based sourcing process
- The inclusion of sustainability selection criteria in the standard sourcing process
- Asking major suppliers to sign our procurement code of conduct.

The last of these three practices was developed in 2004 and put into effect in 2005.

To support its implementation, almost all of our professional purchasers – approximately 100 staff in the Netherlands, Brazil, UK, and North America and the 'Rest of World' procurement region – have been trained in the bank's sustainability strategy in general, and in the application of the procurement policy.

The Procurement Sustainability Policy is now an integral part of our sourcing process, and the policy's main elements – namely the selection criteria and supplier code of conduct – have been implemented in the bank's global e-sourcing system. This e-sourcing system, which went live in September 2005, contains standard sustainability selection criteria to be applied in the bank's requests for proposal. The supplier codes of conduct are administered centrally in the system. The key challenge we experienced in embedding sustainability in our supplier chain is in aligning and customising our Procurement Sustainability Policy to specific products and services.

The Netherlands and United Kingdom

About 65 important suppliers based in the Netherlands and UK have already signed our code of conduct and their feedback was very positive. We will continue to apply our principles to the paper supplier market. We only make use of suppliers who have the highest level of Sustainability Certificates (FSC/ PEFC, ISO 14001/EMAS and Chain of Custody).

In the Netherlands, we take into account the entire process of producing paper. When purchasing paper, Procurement looks not only at its processing qualities but also at whether it has been produced in a sustainable manner. All the paper we buy is at least TCF or ECF (Total/Elemental Chlorine Free) and meets the statutory requirements. Procurement constantly encourages suppliers to contribute to sustainability.

Approximately 60% of the office paper used at ABN AMRO in the Netherlands is now FSC certified. Our most important suppliers of printed matter and paper are FSC certified, including the printers. FSC Chain of Custody ensures that certified wood can be traced from its forest of origin, through the various production and distribution stages, to the eventual sale and the end user. FSC forests meet stringent environmental, social and economic standards. This gives the consumer and the user the assurance that products with the FSC label do actually come from forests certified in accordance with FSC guidelines.

It is our aim to increase the share of raw materials from sustainably managed forests. The current availability of FSC pulp in the market is still limited. We expect the share to increase in the coming years, particularly due to the demand from businesses.

With tenders, suppliers have to complete the social and environmental questionnaire. This is in accordance with the code of conduct and almost all paper and printing suppliers have now filled this in. We have, for example,

decided with our photocopying paper supplier at an early stage to follow a certification process for the copying paper currently in use. This will soon result in a full FSC Chain of Custody certification from the forest to the wholesaler. In mid 2006 our photocopy paper, as a product as well as the production chain, will be FSC certified.

BU North America

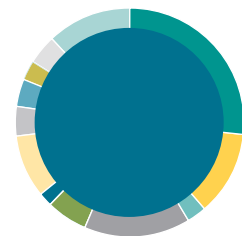
We have incorporated sustainability criteria into the sourcing process, with codes of conduct put in place for products and services sourced in 2005. We have also implemented an organisation-wide Vendor Diversity Target for North America. In the US we have continued to play a major role in the move towards sustainable procurement.

Some of our recent achievements include:

- Over USD 75 million in procurement spend with minority and women-owned firms in 2005, representing over 200 businesses and 7% of our sourceable expense base. This compares with 150 business and 6.4% of the sourceable expense base in 2004
- Winning the 2005 Corporation of the Year Award from The Michigan Minority Business Development Council. This award was in recognition of our active participation and involvement in the minority business community, particularly through our procurement expenditure with minority and women-owned businesses. We also participate in business training and development workshops to support these companies.

Procurement spending*

(by category in %)



- Facilities Management: 26%
- HR Services: 12%
- Information Services: 3%
- Information Technology: 15%
- Marketing: 6%
- Network Management: 2%
- Professional Services: 9%
- IT Professional Serv.: 4%
- Special Prof. Serv.: 4%
- Travel: 3%
- Voice & Data: 4%
- Other: 12%

* Spending in main regions covering almost 80% of FTE

Application of sustainability criteria

	Netherlands/UK	North America	Brazil
Number of suppliers who have signed code of conduct	65	8	241
Number of requests for proposal in which sustainability criteria are used	10	7	5

"We were concerned about our business and its effect on the environment, so we sought socio-environmental financing from ABN AMRO Banco Real to purchase equipment for treating and re-using water. This investment reduced our water consumption by 90%, increased our productivity by 35%, allowed us to meet environmental standards and made our business more sustainable."

Marcos Mendes, manager of Nutriz, a frozen foods company in Brazil

Ambitions and action plans 2005 status:

Our suppliers

A global sustainable procurement training programme was conducted for about 100 purchasers from the Netherlands, Brazil, UK, North America and the 'Rest of World' region. The e-sourcing system went live in September 2005. It contains standard sustainable development selection criteria to be applied in the bank's requests for proposal. The supplier codes of conduct are administered centrally in the system. We continued the Brazilian supplier mobilisation initiative, adding a new group of 150 suppliers.

Ambitions and action plans 2006:

Our suppliers

Going forward we will:

- Continue to have the supplier code of conduct agreed with and signed by new and existing suppliers**
- Continue to apply the standard sourcing criteria in our standard selection process**
- Set up a project to drive a tangible step-change in the sustainability of our supply chain**
- In the Netherlands, build on our efforts to increase the share of FSC certified paper as a product as well as the production chain.**

BU Brazil

BU Brazil continued to press ahead with the supplier mobilisation initiative that began in 2001. Our 2005 Suppliers' Forum, held with the objective of mobilising the participants to implement sustainability practices in their own business, welcomed 114 suppliers and 65 employees. We presented on sustainability both in a general sense and as practised by the bank. This was followed by sustainability 'success stories' from suppliers and an active invitation to take part in this movement, including conducting a self-evaluation through a questionnaire. A second meeting with these suppliers is scheduled for April 2006. At that meeting, the suppliers will have the opportunity to discuss their self-evaluation and the progress they are making on the action plans based on the results of the evaluation.

In 2005, we developed a supplier website to be launched in the first half of 2006. This website will offer suppliers online information on their proposals, contracts, and payments as well the opportunity to give suggestions and complaints. Furthermore we launched the supplier ombudsman pilot project, created to help suppliers provide feedback, suggestions and complaints about the bank's behaviour towards them. The supplier ombudsman will also make recommendations about possible improvements.

We support the redevelopment of Brownfields (contaminated land), allowing for economic and community development, as well as a better environment for children to play.

playground



We are committed to building close links with the local communities and support them around the globe in many ways, with the primary methods being sponsorship and community investment. These efforts not only help communities to achieve higher levels of sustainability, but also complement our business activities and build engagement among our staff, clients and society at large. A particular feature of 2005 was our staff's tremendous response to various natural disasters. Furthermore, our newly established ABN AMRO Foundation got off to a flying start, making donations to disaster-stricken areas around the world, as well as to projects in Volvo Ocean Race ports-of-call.



Supporting local communities

We believe that social and economic goals are connected rather than conflicting, and that an organisation should function in an integrated way with its local communities. Although our primary mission as a commercial institution remains the creation of value for our shareholders and other stakeholders, as part of that mission we envision a role for ourselves in helping to create an equitable and environmentally sustainable world. Community investments complement our business activities and help communities to achieve higher levels of sustainability, and as such play an important role in achieving the MDGs and Global Compact. They also stimulate closer cooperation with governments, NGOs and clients, and higher engagement among our employees. For all these reasons, we support local communities in many ways. This chapter describes our main sponsorship and community investment activities.

Sponsorships

Many initiatives in society can only be put into effect with external financial support. When this is provided it can give a welcome boost to

organisations and communities. As a major international financial services provider we are frequently asked to sponsor projects across the globe. The bank carefully selects projects that will contribute to our brand and demonstrate our involvement in the interests of our stakeholders as a 'good corporate citizen'. A successful sponsorship can show our brand in action, offer a commercial platform and increase our employees' engagement and motivation.

ABN AMRO has an especially strong and long-established relationship with spectator sports and the arts. Our high-profile and long-running sponsored sports projects include the LaSalle Bank Chicago Marathon, AJAX Football Club and the ABN AMRO World Tennis Tournament. The bank also sponsors the Australian Chamber Orchestra and the Sydney Theatre and regularly teams up with reputable museums for visual arts exhibitions. We own some wonderful art collections, including a modern art collection in the Netherlands, which includes works from famous artists such as Karel Appel and Donald Judd, and photo-collections in Paris and Chicago including works from the famous photographer Rineke Dijkstra.

In a new global sponsorship initiative, we have entered two boats and crews in the Volvo Ocean Race, the biggest and most challenging round-the-world sailing competition. This race presents an excellent opportunity for ABN AMRO to carry our brand and shield around the world, as the race sails to many of the bank's key markets. The sailors on board ABN AMRO TWO also come from key markets, and symbolise ABN AMRO's commitment to performing in a competitive global marketplace.

Community investment, sponsorship and employee volunteering

	2005	2004
Community investment (in millions of euros)	24.2	14.5
Sponsorship (in millions of euros)	47.2	46.6
Number of employees involved in community work initiated by ABN AMRO	10,515	14,450
BU Netherlands	1,000	2,700
BU North America	6,250	5,900
BU Brazil	1,600	4,200
BU New Growth Markets	1,150	650
Wholesale Clients	400	300
BU Private Clients	100	700
BU Asset Management	15	–

The BUs are best-placed to identify and assess sponsorship opportunities in their local markets. These local sponsorships should be in line with the Group Sponsorship Policy, which provides a framework for evaluating sponsorship proposals according to the bank's objectives and principles. The policy also includes assessment and measurement criteria together with procedures on consultation and approval. Under the policy, all sponsorships should be in line with our Corporate Values and Business Principles. As a matter of policy, ABN AMRO does not sponsor projects of a political or religious nature, study trips or celebrations, individuals, or projects that harm the environment or could potentially harm our reputation.

[More information on our main sponsorships](#)

Our community investment focus

In line with our tag line of 'Making More Possible', the community investment focus for the bank is on 'sustainable livelihoods': providing people with the means and opportunity to sustain their lives and build a future. The bank aims to contribute to the MDGs, especially to the first goal of eradicating poverty. This translates into projects on income generation, environmental protection and education that help to

strengthen a community's ability to earn a living and develop economically.

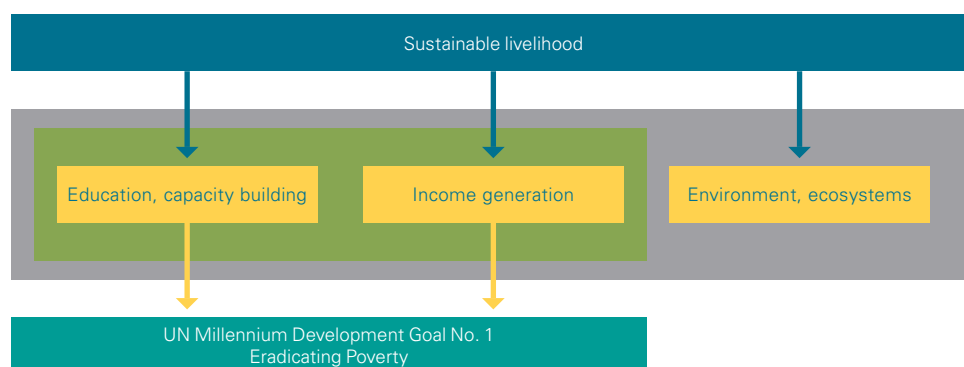
- Education, capacity building: providing knowledge and skills to communities, organisations and professionals
- Income generation: providing structure, skills, material, tools and/or financial capital to enable communities, organisations and institutions to earn a sustainable living
- Environment, ecosystems: supporting environmental upgrading such as reforestation, the use of Brownfields, clean technologies, conservation.

Our community investment strategy

In 2005, ABN AMRO made substantial progress in creating a new structure for our community investment efforts. In addition to the well-established local programmes, we felt we lacked a consistent and visible community investment profile for the ABN AMRO Group as a whole. To set our priorities, take decisions and explain these decisions to external stakeholders, we have now built a framework that includes the:

- ABN AMRO Foundation
- Group Community Investment Policy
- Community of Practice (CoP) on Community Investment.

Community investment focus



- ABN AMRO Foundation
- ABN AMRO Community Investment Policy

“Personally, I am proud that the Bank offers the opportunities for our employees to do their bit for the community. This together with the bank’s comprehensive work life programmes and career management systems enable our staff to enjoy fulfillment of family/personal, career and society needs under one roof. All in all, we want to offer a holistic work experience.”

Molly Yeo, Head of HR Singapore, member of the Singapore Sustainable Development Steering Committee

Within this framework, the BUs have independence to outline their strategy, set budgets and manage their programmes. The ABN AMRO Group approach is complementary to BU-level activities, with the newly founded ABN AMRO Foundation and the new Community Investment Policy governing and aligning our Group-wide activities. BUs are also supported through an ongoing exchange of best practices.

ABN AMRO Foundation

We established the ABN AMRO Foundation in 2005. In line with our community investment focus, its aim is to contribute to eradicating poverty and to tackle related issues. It focuses on supporting and stimulating

entrepreneurship in poor regions, thereby helping to foster sustainable livelihoods. This is achieved by helping people to get the skills and education they need to support themselves and contribute to their communities.

The Foundation receives an annual grant of EUR 5 million from ABN AMRO. It is structured as a ‘Stichting’ (‘Foundation’) under Dutch Law, and as such is legally independent from the bank. An international group of senior ABN AMRO managers, a works council representative and, in due course, external Board members will govern the ABN AMRO Foundation. Its day-to-day activities are conducted by a team of four ABN AMRO employees. As well as providing funds, the Foundation adds value to selected partnerships and projects by using its expertise in structuring projects and by involving employees. Partnerships with reputable NGOs form the backbone of our efforts.

Group Community Investment Policy

This policy outlines the bank’s view on its role in society, and addresses how Group-wide and local BU community investment activities can complement one another. It also provides a common Group framework defining the shared focal areas based on the concept of sustainable livelihoods.

Community investment requires a thorough and transparent assessment and decision-making process. The process by which we identify projects that we will support needs to be fair and to meet the highest selection standards. This is why we have developed strict qualification and exclusion criteria, which are explained in the table. Deviations from these exclusion criteria can only be considered in specific circumstances and when approved by the responsible BU Head or, for the ABN AMRO Foundation, by the Foundation Board.



Project qualification criteria for community investment

Counterparty risk assessment	Alignment with bank's mission and capabilities	Operational risk assessment of social benefit and sustainability
Reputation incidents	Fit to the defined focus area for community investment	Significance of envisaged social impact
Performance track record	Leverage we can provide through the bank's capabilities	Medium and long-term sustainability of impacts
Governance & transparency track record	Involvement of other stakeholders like clients or suppliers	Alignment of project with local stakeholders
Compliance check on potential anti-money laundering and terrorist links	Benefit to defined target audiences	Quality of project plan, identification of other potential risks that may harm project outcome

Appropriate project management and reporting are a further prerequisite. This implies high standards of governance and a solid track record from the counterparties, and in turn requires that the actual benefits of the community investments are measured, evaluated and reported on. To this end our policy provides for a project assessment process containing:

- project requirement criteria
- decision-making process and authorities
- monitoring, procedural and verification guidance.

Community of Practice on Community Investment

The CoP on Community Investment is a cross-BU representation responsible for governing the Community Investment Policy and strategy development. It is also overseeing and coordinating community activities, acting as an Advisory Board to the Foundation and ultimately serves as a centre of expertise.

In 2005, the number of employees involved in community work as reported by the various BUs shows a mixed picture. In some BUs the number showed an increase or they remained stable. The BUs NL, Brazil and PC showed a decline. BU NL performed a special action in 2004 called "Hartplannen" which resulted in many employees offering their voluntary support. In 2005 BU NL shifted towards a more structured approach to voluntary work instead of doing one-off projects. This caused a significant decline in employee volunteering.

In BU Brazil, employee volunteering remains very important. Starting in 2005, BU Brazil implemented a stricter registration procedure that requires a more detailed way of registering to guarantee effective control of volunteers' participation. This has also caused a decline in numbers. Overall the bank continues to encourage employees to give their time to community investment programmes.

Main forms of community investment

We invest in local communities via financial donations, in-kind contributions (including advice and expertise) and employee volunteering. Our focus lies on building deep, long-term relationships by forming close local partnerships, taking part in advisory programmes and supporting respected community projects.

Project exclusion criteria for community investment

Political appeals designed specifically for lobbying
Specific religious appeals
Veteran, fraternal and labour organisations
Not in line with our Corporate Values and Business Principles
Harmful to the environment
Individuals
Study trips or celebrations

“As we work to support children’s rights to live and develop in a positive and nurturing environment, we need to find ways to influence behaviour within the corporate sector. Sustainable investment is an important tool for doing this, and Banco has built up substantial credibility in the corporate and financial communities. This has created a real opportunity to influence major businesses through active development of sustainable investment criteria, ongoing dialogues with corporations on sustainable themes, and an extensive knowledge-base created in cooperation with over 100 Non-Governmental Organisations.”

Charlotte Petri Gornitzka, CEO Save the Children, Sweden

Examples of strong local BU community projects include:

- The Amigo Real Programme in Brazil, designed to allow clients and staff members to allocate part of their income tax to the Fund for Children and Teenagers. Employees are involved in assessing, visiting and selecting social projects to be supported
- ABN AMRO India’s long term relation with SUPPORT, an NGO active in drug abuse prevention, HIV/AIDS awareness, health and accommodating and educating of street children.

Examples of close partnerships are:

- Oxfam Novib in the Netherlands, involving an ongoing dialogue and consultation on various business issues and advice on and support of various community investment projects
- The Sharing Programme, a partnership between Banco Real and its suppliers, contributes to the personal and professional growth of the organisations’ outsourced staff. They are offered the opportunity to become literate and complete elementary school.

Examples of our community advisory and expertise services include:

- LaSalle Bank’s participation in Money Smart Week, hosted by the Federal Reserve Bank, which is designed to help consumers better manage their finances and raise their awareness of financial education programmes on areas such as budgeting and using credit wisely. The bank hosted 15 events and educated over 900 people, in an effort involving more than 50 employee volunteers
- The BU NL Mentoring Programme, in which students from secondary schools are coupled with an ABN AMRO mentor who helps and supports them in educational and personal development.

Specific Group-wide projects

Tsunami update

In 2005 almost all the EUR 4 million raised for tsunami relief was allocated to 15 projects in the stricken areas of Indonesia, India, Sri Lanka, Thailand and Somalia. The funds were allocated by country based on need and the scale of devastation, and then distributed within each country to projects benefiting health, education, income generation, environment and infrastructure. A small amount has been kept as a buffer for the possible expansion of these projects.

In allocating these funds, we partnered with well-established organisations – UNICEF, Oxfam Novib, Terre des Hommes, IUCN, Hivos, INA and Dhan. All have a good track record and strong local ties and partners. We also participated in a partnership with the Dutch Government, a project with our client Arcadis, and a smaller project with Friends Indeed as suggested by one of our employees. ABN AMRO will continue to provide reports on the progress of each project and will ensure proper verification that the projects actually deliver the expected results. We expect most of the projects to be concluded by the end of 2006.

[!\[\]\(eabd9f9ababee93effadc3b380fe65fd_img.jpg\) List of Tsunami relief projects and funds allocation](#)

Other disaster relief projects

In 2005, other parts of the world have also been struck by natural disasters. Several relief efforts have been undertaken across the bank, with many employees offering their help in a variety of ways.

Pakistan earthquake relief

Following the earthquake in Pakistan in October 2005, our employees in Pakistan contributed one day's salary, with many donating more and acting as volunteers in several locations. Other employee efforts have been taking place across the bank, including a global fund-raising effort via the Group intranet site and a clothing drive at Amsterdam head office. The ABN AMRO Foundation has donated EUR 400,000 for structural rehabilitation efforts in Pakistan, in line with its mandate, adding to the EUR 100,000 donated for emergency relief by ABN AMRO Group through the Managing Board.

The LaSalle Bank Hurricane Relief Fund

In September 2005, the US Gulf Coast was struck by two devastating hurricanes – Katrina and Rita. To provide support for those affected, the bank established the LaSalle Bank Hurricane Relief Fund. This fund, managed by The Chicago Community Trust, the third largest non-profit community foundation in the US, supported hurricane-related humanitarian and reconstruction efforts. Locally, employees donated a total of EUR 230,000 and EUR 200,000 was matched by the bank. Employees also volunteered to take part in local events and efforts to collect supplies for Gulf Coast residents affected by the hurricanes.

TEAM ABN AMRO in the Volvo Ocean Race

As an integral part of our participation in the Volvo Ocean Race, we sought to include community involvement projects in the ports-of-call. So the ABN AMRO Foundation will be making two EUR 250,000 donations – one in Cape Town and one in Rio de Janeiro – to local

community projects coordinated by Oxfam Novib. In other ports-of-call smaller donations of EUR 15,000 will be made to local community involvement projects. In addition, TEAM ABN AMRO has agreed to sponsor Oxfam Novib during the race, with proceeds to be donated to a project in Indonesia.

Ambitions and action plans 2005 status:

Supporting local communities

We have realised almost all our ambitions as stated in last year's Sustainability Report by introducing a Community Investment Policy and establishing the ABN AMRO Foundation. We have also intensified our cooperation with stakeholders, often in connection with specific and tangible projects such as the Tsunami relief initiatives. The number of employee volunteers decreased compared with 2004.

Ambitions and action plans 2006:

Supporting local communities

We will maintain our commitment to community investment as one of the key drivers of our sustainability strategy through Group-wide and BU activities and the ABN AMRO Foundation. In 2006, we will:

- **Step up community investment programmes through further endorsement of the Community Investment Policy and increased Community of Practice governance and involvement**
- **Further establish the positioning and operations of the ABN AMRO Foundation**
- **Specifically build on employee involvement in ABN AMRO Foundation activities through capacity building and volunteering**
- **Complement the efforts around the ABN AMRO Volvo Ocean Race participation, with the ABN AMRO Foundation making donations in the ports-of-call.**

BU Netherlands



What we stand for

ABN AMRO is one of the leading banks in the Netherlands, with a total of almost five million consumer, small to medium-sized enterprise and corporate clients.

In the Netherlands we want sustainable development to become a natural part of our thinking and working processes. Therefore we are focusing our attention on internal dialogue and on integrating sustainability over time into our products, services and processes.

Sustainability will contribute to our high-performance culture. Through communication, internal meetings and training sessions we aim to spread our sustainability strategy and objectives through our branch network. Although we succeeded in reaching a significant number of employees last year, we aim to accelerate our efforts in 2006. We recognise that line management has to contribute to this effort by setting an example in their daily work and behaviour.

We have developed a Sustainability Scan for our corporate and small to medium-sized enterprise (SME) clients. This is a useful risk assessment tool and assures that we include sustainability into our credit decisions. We aim to use the results in the discussions with our clients to reinforce our ambition to be a sustainable bank and partner. This objective takes conversations to a higher level and contributes to the quality of the relationship. On top of this, our development of the tool has contributed to our internal awareness process.

We are bringing all our valuable corporate and individual efforts and initiatives into closer alignment by adopting a focus called 'Use your Talents'. This programme is designed to stimulate entrepreneurship and innovative thinking by bringing together talent and knowledge. We do this in four main ways:

- 1 A wide range of educational activities to help introduce young people to entrepreneurship*
- 2 Development of innovative products to enable talented young people to become entrepreneurs*
- 3 Activating our network of employees, clients and other stakeholders to participate*
- 4 Using our position in the community to create an entrepreneurial environment.*

Further embedding sustainable development in the core business of BU NL will be the main challenge ahead. Together with our clients and other stakeholders, we have a great opportunity to make a contribution to a sustainable environment. This is truly 'making more possible'.

Jan Peter Schmittmann - Chief Executive Officer BU Netherlands

Sustainable products and services

During the 'Haaglanden' project we trained eight SMEs in how to recognise and realise the benefits of sustainable enterprising. We also introduced a Sustainability Scan applicable to all Dutch Corporate Clients. This is being used in the credit process as an important tool for identifying risks and business opportunities. The Sustainability Scan covers environmental, social and ethical issues, the risk of negative publicity or litigation which may harm the client's and bank's reputation; and other issues which may give rise to reputation risk.

Since its launch in June 2005, the Master Loan has helped 262 students to start a university study in the Netherlands or abroad. We also launched a 'Starters Coach Krediet' pilot to improve the financial accessibility of lending products to new entrepreneurs. The year also saw the introduction of new sustainability investment products including the Green Discovery Note and a special promotion for Triodos products, the results of which exceeded our targets. To increase awareness of the attractiveness of SRI funds, we ran a sustainable investment simulation game. The online game attracted 1,680 participants, and the winning one month return was 8.6 %.

Supporting local communities

Through a partnership with Foundation LaLuz, our Management Trainees gave advice to three NGOs during the year. Several trainee programmes were held to improve talent and quality, focusing on stimulating modern leadership. In 2003, BU NL launched the volunteer project 'Star of the North' in a district of Amsterdam. Since then the project has been extended to other socially and economically disadvantaged districts. BU NL cooperates with four youth organisations to uncover the talents of young children. Every year around 35 bank staff and 150 children participate in the project.

 [Link to website ABN AMRO the Netherlands](#)

Sustainability highlight in 2005

In 2005, we worked closely together with interest groups to improve the accessibility and usability of our financial services. In cooperation with the National Accessibility Bureau (LBT), one of our branches was awarded the International Accessibility Symbol (IAS) in July 2005. This quality mark, issued by the LBT on behalf of the Chronically Ill and Disabled Council (CZGR), guarantees that all public facilities can be used by the elderly and the disabled. ABN AMRO is the first bank in Europe to receive this quality mark. It is our aim to obtain this symbol for 150 of our 556 Dutch branches.

Main actions of 2005

- Further development of 'Use your Talents'
- Launch of Master Loan (Masterlening) and 'Starters Coach Krediet' pilot
- Introduction of the 'Sustainability Scan' in all our Corporate Client Units
- Sustainable components in management and staff performance contracts have raised the level of awareness and led to clear results
- Sustainability sessions were organised for 30 business managers in Multi Channel Business Services to increase awareness. As a result we added sustainability as a focus area to our company Project Proposal format.
- Overall client satisfaction scores have increased significantly in the past couple of years, outperforming our targets
- We have a special department working on solving issues that cause dissatisfaction among customers. We have improved our processes in areas including claims payment and client acceptance
- We benchmarked our employee engagement results against several leading Netherlands-based companies. Our BU NL index was slightly below the average of this group. We have put a lot of effort into improving the results, and the latest internal surveys show better results
- ABN AMRO was selected in 2005 as one of the best Dutch employers.

Main ambitions for 2006

- Ensure that sustainability components continue to form part of the strategic implementation agenda
- Launch and promote a new SRI Fund
- Continue to highlight the Master Loan and roll out the Starters Coach Krediet
- Further improve the accessibility and security of cash dispensers
- Build on the introduction of Kids in Bizz to teach 11-12 year-old schoolchildren the basics of doing business. Stimulate student entrepreneurship by setting up projects with universities and colleges
- Roll out the Sustainability Scan in the 78 corporate units, focusing on the upper end of our SME client segment. Identify front-runners who can set an example to other corporate clients
- Extend the sustainability awareness sessions to all BU NL staff
- Participate in the 10% energy reduction programme over three years being coordinated by Services, involving 24 main buildings and 16,000 employees.

BU North America



What we stand for

ABN AMRO is one of the largest foreign banks in the United States (US). The core of BU North America (BU NA) is LaSalle Bank, headquartered in Chicago, Illinois. BU NA reaches beyond the Midwest through an expanding network of regional commercial lending offices and a number of national operations.

At BU NA we believe that our success depends on the health of the community in which we live and work; when the community thrives, the bank thrives. We recognise and embrace our role in creating and maintaining a healthy environment in the workplace, in the marketplace, and in the community at large. Acting on that responsibility helps to bolster the community and enhance the quality of life. The more we give, the stronger our company becomes, and consequently we are able to allocate even more resources toward community efforts.

LaSalle Bank has a strong and lengthy history of contributing to the health and sustainability of its local community. We hope to effect positive change through various initiatives, including helping residents revive struggling neighbourhoods, providing free tax return preparation for low-income families, and introducing reading programmes for underserved students. For example, in the past five years, the bank has financed over USD 1 billion in community development loans with a focus on housing and retail development in low-income communities. Each year more than 1,500 people attend our highly-respected financial education classes. We host over 115 workshops annually (in English and Spanish), with topics ranging from buying a home to repairing credit and retirement savings.

In addition to our global support of sustainability, we are also working to address local sustainability issues and challenges by providing seed capital to local NGOs working on these issues. For example, the LaSalle Bank Community Development Corporation made an equity equivalent investment in the Delta Institute, a Chicago-based NGO whose mission is to improve environmental quality and promote economic development in the US Midwest. The bank's loan is helping the Delta Institute to pilot a programme preventing pollution and promoting energy efficiency at manufacturing and municipal facilities in Michigan.

We feel it is critical to encourage the public to share in our concern for environmental issues. And our efforts to promote sustainability are being noticed. This year the Peggy Notebaert Nature Museum awarded LaSalle Bank its 2005 Environmental Leadership Award, recognising us for our integration of environmental stewardship into everyday business practices.

Being sustainable is good for business. Consider our growing involvement in socially responsible investments (SRIs). The bank's investment in the Dana Social Investment Fund has grown from USD 5 million in 2004 to more than USD 28 million in 2005.

In summary, BU NA weaves social, ethical and environmental considerations into all of our business decisions and actions. It is the right thing to do, and it is the wise thing to do – as a business, as a member of the community, and as a beneficiary and steward of vital resources. Together, corporations, communities and governments can ensure the protection and availability of resources today and for future generations.

Sustainable products and services

The bank's expertise in environmental risk has allowed LaSalle to pursue transactions that have significant and complex environmental considerations. Fear of environmental liability has resulted in many old industrial properties lying abandoned. Putting these 'Brownfields' back into productive use helps slow further development on pristine 'greenfields' and can serve as a catalyst for local economic revitalisation. These projects also represent business opportunities for BU NA and our clients.

Home ownership helps build stable families and sustainable neighbourhoods. Although home ownership is at an all-time high, there are wide disparities between the ownership rates of whites and minorities and between affluent and low-to-moderate-income neighbourhoods. We developed the LaSalle Community New Start Program to help narrow that gap. The Bank made a USD 100 million commitment to provide mortgages in low- and moderate-income communities, with an additional USD 1 million going toward providing assistance with closing costs and down payments, and flexibility in credit-scoring.

Supporting local communities

More than 600 BU NA employees serve on the boards of some 700 non-profit organisations, while thousands more contribute to countless other groups. Our retail branch network rewards sustainability in every community where we open a new branch. We provide a USD 10,000 gift to the community where the branch is located, as well as a USD 5,000 gift to a local business or individual to support their community and sustainability work. We are also targeting specific communities for sustainable investments. In 2005 the Residences of Carriage Creek opened an independent living facility for seniors. This community has affordable housing for seniors that

Sustainability highlight 2005

To engage the larger community, we are committed to helping Chicago in its quest to become the most environmentally friendly city in the world by advocating more green buildings in our neighbourhoods and skyline. As a leader in Commercial Real Estate financing, our bankers work closely with Chicago's largest developers to overcome the challenges they face when trying to 'build green'. The new ABN AMRO Plaza building serves as a model for healthy sustainability, and our commitment to providing our own employees with a green work environment sets an example for our peers and our clients.

Main actions of 2005

- Expansion of our environmental grant-making programme to support NGOs committed to sustainable development. Recipients included the Environmental Law and Policy Center, Illinois Environmental Council, Illinois Institute of Technology and the Illinois Stewardship Alliance
- The bank was instrumental in expanding the I-GO, car sharing programme which offers an alternative transportation option for those who do not have access to a car or who prefer not to own one. Launched by the Center for Neighborhood Technology as a pilot programme in 2002, I-GO was given a boost when LaSalle provided a loan through the Community Development Corporation, as well as marketing and technical assistance. I-GO's fleet of cars has grown to 35 in 18 Chicago neighbourhoods, and the organisation is working on purchasing more hybrid vehicles
- The Michigan Minority Business Development Council named LaSalle Bank 'Midwest Corporation of the Year – Financial Institution.' LaSalle was honoured particularly for procuring funds to support Minority Business Enterprises and Women Business Enterprises.

Main ambitions for 2006

- Increase energy efficiencies in our offices and branches, reduce our greenhouse gas emissions, and incorporate sustainable design and materials into our bank branch designs
- Seek out ways to further reduce our environmental footprint through the purchase of environmentally-friendly products and/or a reduction in the usage of certain paper-based products
- Strengthen our existing efforts to make our communities more sustainable, by working with our NGO partners, making strategic investments in sustainable activities, and creating new sustainable products and services
- Continue our support of dialogue and education through sponsorships and thought-provoking events.

allows them to stay in their community.

As a contributing member of this public-private partnership, BU NA provided USD 1.2 million in financing.

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BU Brazil



What we stand for

ABN AMRO has been present in Brazil since 1917 and is one of the leading players in Brazilian retail and commercial banking. Today, BU Brazil operates as a universal bank offering financial services on a nationwide basis, servicing over 12 million clients in the country.

In 1998, when we began our programme of building 'a better bank, a better market and a better country', we never imagined how extensive this movement would become in such a short time. Looking back on our journey, it is rewarding to see the scope and importance of our projects, and how much they have become integral to our way of being. As sustainable practices become increasingly deep-rooted, new opportunities to innovate in terms of products, services, process management and relationships continue to arise – and these in turn increase our responsibility to engage our 28,000 employees and our stakeholders in undertaking this journey with us. This positioning has created a visible impact on society; competitors are launching sustainability-related products and campaigns, while research has shown that our attractiveness as an employer is on the rise, as we are now regarded as one of the best Brazilian companies to work for. Furthermore, customers are placing an increasing value on our products and services.

These already considerable efforts are continuing. We are now helping to create new standards of business practices and measurement by building a management and evaluation culture that redefines how we achieve success. To meet these challenges, we concentrated our efforts throughout 2005 on training our teams and on developing socio-environmental businesses opportunities. About 2,000 staff members, including leaders and their teams from the Retail, WCS, Products and back office areas, have taken part in training sessions to equip them to seek out socio-environmental business opportunities. All this work has been done in tandem with our ambitious goal of attracting a million new customers in one year. That means that we will have the opportunity to disseminate the concept to one million more people. We ended 2005 with 12.1 million clients, up 31.5% from 2004. We also continued to invest in the quality of our services. Recent studies show that the proportion of consumer clients who feel 'satisfied' and 'totally satisfied' with the bank (rating us 4 and 5 on a scale of 1 to 5) rose from 68% in July 2002 to 80% by November 2005.

In 2006, we plan to implement sustainability more fully in our back office areas, to secure even greater involvement with our clients, and to increase the numbers of women in leadership positions and of employees with impairments or disabilities. Our greatest challenge now is to go even further in capitalising on opportunities in our sustainable business operations.

All these efforts to integrate sustainability within the bank are rewarded by the feedback we receive from customers, employees and suppliers who recognise the value we add to their businesses and lives. We want to build a 'win-win-win' relationship, which can be translated into a saying I often use: 'We want to succeed by doing the right thing, the right way.'

Fabio C. Barbosa - Chief Executive Officer BU Latin America

Sustainable products and services

During 2005, we introduced the socio-environmental Working Capital Line and conducted Brazil's first Carbon Credit operation. We also oversaw the first IFC socio-environmental loan. In 2005, USD 51 million in fresh funding from the IFC gave Banco Real a total of USD 98 million with which to finance socio-environmental and corporate governance projects.

In the area of SRI funds, Assets under Administration grew to EUR 74 million up from EUR 14 million in 2004, while investment performance also increased over the same period. ABN AMRO Asset Management Brazil represented ANBID (National Association of Investment Banks) in the development of the São Paulo Stock Exchange's Corporate Sustainability Index.

In microfinance, the active loan portfolio increased from 3,260 loans in 2004 to 8,300 in 2005, while the portfolio amount grew from EUR 1.1 million in 2004 to EUR 4.5 million.

Supporting local communities

The fourth edition of the Amigo Real Programme mobilised 7,400 clients and 11,000 staff members together with financial resources from the bank itself, which allocated EUR 1.45 million for 40 education projects for youngsters and teens. These projects were developed by institutions in partnership with the Councils for Child and Adolescent Rights. The Brazil School project is designed to improve education in public schools, and relies on 1,590 volunteers who help out at 148 schools. We also launched the Real Community website, which encourages interaction between stakeholders. The seventh edition of the Banco Real Seniors' Talent Award received 21,100 submissions. This annual competition encourages cultural participation and expression from Brazil's senior citizens.

 [Link to website Banco Real](#)

Sustainability highlight in 2005

We conducted two major education projects aimed at integrating sustainability in our core business. The first involved ten Sustainable Business Workshops which were held in six cities. As part of the workshops, the 710 key staff members from Retail and WCS analysed case studies to identify sustainability risks and opportunities. With the support of specialist colleagues from areas such as microfinance, climate change, socio-environmental financing and SRI funds, participants developed proposals which were presented to bank executives playing the role of clients. The second project was the 'Sustainable Business Opportunities Training' to create an understanding of how sustainability generates business opportunities. Conducted by Brazilian consultants, these sessions were attended by 1,250 managers between August and December 2005.

Main actions of 2005

- New sustainable products and services have been integrated into the bank's daily business operations. Major developments are described elsewhere on this page
- We have integrated sustainability into our regular training programmes, launched the sustainability e-learning tool Chronos, and held lectures presented by internationally renowned sustainability specialists
- For the second consecutive year we were selected by the Great Place to Work Institute as one of the 100 Best Companies to Work For in Latin America. We were also ranked fifth among Brazil's Best Companies for Women to Work For, as chosen by Você S.A. and Exame magazines, which for the fourth consecutive year also named the bank as one of Brazil's 150 'Best Companies to Work For'
- Publication of BU Brazil's bi-annual Sustainability Report in accordance with GRI
- We created a team to promote the inclusion of African-Brazilians, employees with impairments or disabilities, and junior apprentices. This same attention was extended to clients, for whom we installed 70 specially-adapted ATMs
- Supporting exhibitions in the Rio de Janeiro Museum of Modern Art and the 'Simply Droog' exhibit in Curitiba's Oscar Niemeyer Museum, as well as helping maintain the Bandepe Cultural Institute in Recife.

Main ambitions for 2006

- To consolidate sustainability in our back office areas
- To increase the engagement of clients in areas related to sustainability, through the development of sustainable business activities – enabling us to grow the socio-environmental financing portfolio by 30% by year-end and increase the size of SRI funds in Brazil by 70% over the same period
- To achieve the following increases: numbers of women in leadership and management positions (26%), workers aged over 45 (22%), junior apprentices (13%), African-Brazilians (11%) and employees with impairments or disabilities (1.9%).

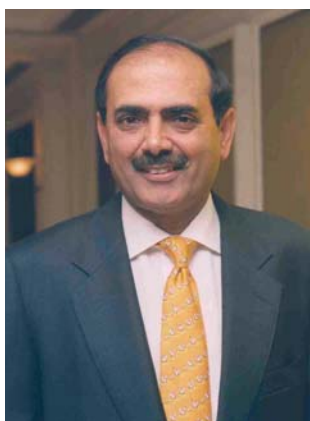
BU New Growth Markets



What we stand for

BU New Growth Markets (BU NGM) provides a growing range of banking services for consumers in countries ranging from the Asia Pacific, via the Middle East to Europe – a geographical footprint that includes large, fast-expanding and profitable markets such as India, the United Arab Emirates (UAE), the People's Republic of China (PRC), Taiwan and Hong Kong.

For BU NGM, sustainability is set within the context of the bank as a whole, and is then customised from market to market and country to country. We believe sustainability is the dedication to promoting well-being at every opportunity, and the commitment to seeking opportunities to do so even when the path is not so clear. It is part of our value proposition and looks beyond profits, reflecting our determination to help build a more sustainable future. The main challenges lie in formalising our commitment to various causes, becoming more actively involved with external partners, and keeping our key focus areas constantly in view.



Sustainability increases employee pride and motivation, while also encouraging personal growth and the ability to give more personally, including one's time. It is about being an organisation that employees are proud simply to be associated with. This in turn creates more client engagement as our employees apply our values to promote clients' well-being. Client engagement is a key driver for our business. This is why BU PC and NGM have jointly embarked on a client engagement programme involving Gallup surveys and staff training programmes.

For BU NGM, the value of sustainability is that it helps us to build sustainable businesses and alleviate poverty through close engagement with local communities. For example, microfinance not only makes good business sense as a regular banking business, but also has the added power to address poverty and strengthen the fabric of society. To achieve more outreach we plan to make mentoring services available to our partner Microfinance Institutions (MFIs). Another example is our growing focus on Islamic Banking, representing a viable business opportunity while at the same time servicing an important client group in line with their needs and values.

The restructuring of the bank as of 1 January 2006 has seen the creation of BUs Asia and Europe, with most countries from BU NGM joining BU Asia. This alignment is a very positive move for BU NGM as it allows us to accelerate our growth plans still further through greater focus on our respective clients and markets. Our sustainability efforts will remain an integral part of the next step in our ongoing evolution. It is about building a community of solid values that represent the building blocks of our identity. How we apply these values will vary according to the differing market realities. In the long run, the totality of these values will help the bank bond with the diverse communities in which we operate.

Lex Kloosterman - Chief Executive Officer BU Europe

Romesh Sobti - Head of ABN AMRO India

Sustainable products and services

BU PC and BU NGM jointly embarked on an extensive client engagement measurement programme, involving more than 9,000 interviews. To capitalise on the results, all participating markets coordinated workshops and developed business impact analyses and action plans aimed at increasing client focus. Based on the survey findings, the NGM countries in Asia have begun a vigorous programme of 15 customer-focused initiatives. Both BUs also conducted an analysis aimed at identifying the correlation between the results of these client engagement surveys and the specific BU results of the Group-wide Employee Engagement Surveys.

Microfinance in India involves providing wholesale credit to specialised financial intermediaries (MFIs). During 2005, we expanded our flexible loan portfolio by offering back-to-back structures – with Oxfam Novib and Hivos Triodos Fund Foundation – that aided the flow of foreign funds into these organisations. We regularly facilitate meetings between clients and relevant NGOs to address sustainability issues.

Supporting local communities

ABN AMRO India strives to make its employees 'Connect with Nature' and become involved with conservation. Initiatives include supporting publication of a book entitled 'India's Natural Treasury' which highlights India's biodiversity. About 25% of employees make regular donations to SUPPORT, a charity that works with drug-using and HIV/AIDS-affected street children of Mumbai. The bank matches the contribution made by employees.

Taiwan launched the '2005 Little Van Gogh' campaign to help develop the talent of budding artists from underprivileged families. We gave 70 highly talented children the chance to participate in a four-weekend summer camp with classes taught by Taiwan's leading art teachers. The five most promising

Sustainability highlight in 2005

In April 2005, the first Microfinance Process Excellence Awards (MPEA) were presented to three MFIs at a gala ceremony in Delhi. The awards, co-sponsored by ABN AMRO Bank N.V and PlaNet Finance India, were presented in recognition of the best practices developed and followed by Indian MFIs. The MPEA initiative helps to train the participant MFIs in how to map and document the processes for which they were nominated. It also provides hands-on guidance to assist them in implementing best practices. The success of the MPEA has encouraged us to make it an annual affair, and to increase the number of awards in 2006 to 18.

Main actions of 2005

- Conducting employee and client engagement surveys, resulting in a comprehensive client and business action plan
- Launch of a Diversity & Inclusion plan with a toolkit to explain and develop the concept further. Related initiatives include management-level workshops worldwide to raise awareness and define practical steps. In dialogue with our female employees, the experience of women in senior positions is also being assessed to help shape the bank's future policy
- India doubled its MFI partners to 18 and tripled the outstanding loan portfolio to EUR 13 million, with 178,000 customers
- The Conservation Action Trust - ABN AMRO Environmental Education Programme was launched to stimulate teaching of environmental issues in schools and 'green thinking' among young people in India.

Main ambitions for 2006

- Conduct new and extensive Client Engagement Surveys
- Enforce our sustainability organisation in BU Asia and Europe and align with the new business structure
- Build the key drivers of employee engagement based on the annual Employee Engagement results and continue to link with our client engagement survey results
- Implement and further develop the Diversity & Inclusion strategy and targets
- Increase the penetration of microfinance in emerging and mature markets through product innovation
- In India, make around EUR 23 million of microfinance accessible to at least 225,000 women
- In India, promote the livelihood of the resettled tribal community through microfinance. This effort is aimed at conserving wildlife in general, and tiger habitats in particular
- In India, set up a foundation to consolidate and align all the bank's sustainability activities and funds.

students were each awarded a EUR 750 scholarship and a trip to the Netherlands to visit the Van Gogh Museum.

 [Link to website ABN AMRO Group, BU Asia section](#)

BU Bouwfonds



What we stand for

BU Bouwfonds (Bouwfonds) is the Netherlands' largest real estate project developer in terms of volume. It is also a property financing company with international reach, an asset manager and a major provider of residential mortgages. Its activities in residential mortgages have been transferred to BU NL as per 1 January 2006.

We believe that corporate sustainability is basically about being a good entrepreneur. This involves being a good corporate citizen, which obviously includes working towards complying with the rules and regulations established by regulatory authorities and governments at a global, European, national and local level. But it is also about keeping promises and being sensitive to the social context in which your business operates. Integrity is key. Corporate sustainability comes down to the way you do business, and with whom. It is always our intention to build long-term partnerships.

Bouwfonds is a commercial business with a deeply-rooted commitment to society. We were originally established in 1946 to help alleviate the acute post-war housing shortage, so an understanding of the social context in which we operate has always been second nature to us. Real estate should contribute to social prosperity – and high-quality, affordable housing is a basic human need. So the environment in which people gain access to housing should not be based on a short-term vision, but rather on long-term potential. Giving priority to such long-term value means choosing quality over quantity, sustainability over quick profit, and a preference for integrated solutions and solid results – for investors, end-users and society at large. For Bouwfonds, being a good entrepreneur equals being a good corporate citizen.

This commitment is also shown by Bouwfonds Fondsenbeheer, which dedicates professional services and facilities to non-commercial, government-affiliated funds relating to the conservation of historic monuments, public housing, and culture. Efficiency in combination with social commitment – that's what good corporate citizenship is all about.

Henk Rutgers - Chief Executive Officer Bouwfonds

Sustainable products and services

2005 marked the establishment of the SVn Plusfonds. This fund, drawn from SVn's own assets, provides low-interest loans to municipalities for projects enhancing the quality of life in redevelopment districts or village centres. These loans fulfil a clear need, since municipal budgets are often insufficient to fund such initiatives.

Conscious of the effects of air quality on housing projects, Bouwfonds actively participated in the public debate about this issue in 2005, both in terms of content and policy. We were also actively involved in the debate about the new laws and regulations in the pipeline regarding household energy efficiency and soil remediation.

Supporting local communities

Bouwfonds is offering its expertise and resources to support the redevelopment of the Duncan Village settlement in South Africa. In the initiative, Bouwfonds is working in partnership with Intervolve (formerly Van der Leij Foundation) and local authorities to create a community where people can live and work. Two project plans were developed in 2005, and new activities are already under way.

Bouwfonds Cultuurfonds sponsors several cultural activities at the municipal level, underlining the traditionally strong partnership Bouwfonds enjoys with municipalities and their residents. By funding a number of 'municipal' cultural activities, Bouwfonds Cultuurfonds helps make a wide range of cultural and artistic activities accessible to a larger public.

We are also involved in a wide range of other sponsorship activities and donations relating to the housing environment and culture. For the past 19 years, Bouwfonds has been the main sponsor of the Dutch Monument Heritage Day (Open Monumentendag).

Sustainability highlight of 2005

In 2005 we presented the Bouwfonds Vital Monuments Award for the second successive year. With this award, Bouwfonds expresses its appreciation for projects committed to reviving monuments and opening them up to a wider public on a permanent basis. The monuments in question were relocated after being restored, renovated or otherwise altered, thereby improving their overall accessibility. The Bouwfonds Award was introduced to reward such initiatives, with the winning monument receiving a cash prize.

Main actions of 2005

- Groenfonds (National Green Fund) and Bouwfonds Property Development commissioned a survey to identify opportunities for using limited urban development to finance nature development in the Dutch Greenbelt. Both organisations hope to use the findings to give added momentum to the integrated investment strategy for the Greenbelt
- Achieved a 42% increase in start-up loans from the level in 2004. The Foundation Incentive Fund for Public Housing in Dutch Municipalities (SVn) introduced the start-up loan in 2002 as a means of accommodating first-time homebuyers. In 2005, the number of municipalities participating in this start-up scheme increased by 24 to a total of 73. SVn was established in 1996 at the initiative of Bouwfonds and its shareholders to provide financial solutions for bottlenecks in public housing in the broadest sense of the word. SVn currently manages revolving funds for 185 municipalities
- Contributed actively to the public debate on spatial planning in the Netherlands.

Main ambitions for 2006

- Expansion of the FSC (Forest Stewardship Council) agreement on the use of sustainably produced wood in new housing developments. In 2004, Bouwfonds was the first major developer to sign an agreement with the FSC establishing that Bouwfonds would use sustainably produced wood (carrying the FSC quality mark) in 20 per cent of its new homes in the Netherlands. The intention is to increase this rate considerably
- Celebrating Bouwfonds' 60th Anniversary by organising a range of community activities with employees.

By giving out the Bouwfonds Award each year, we help promote the contemporary use of cultural heritage. And the Bouwfonds MAB design competition provides a high-profile platform for the talents of up-and-coming young designers.

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Wholesale Clients



What we stand for

Wholesale Clients (WCS), the unit which incorporated ABN AMRO's corporate and investment banking activities, operated in over 50 countries with large hubs in London, Amsterdam, New York, Chicago, Hong Kong, Singapore and Sydney. WCS focused on creating and delivering products for the bank's target corporate and institutional clients. As from 1 January 2006, the activities of WCS have been moved into new BUs.

Sustainability, a key element of WCS's strategy in ABN AMRO, is not just about policies on social and environmental risk. It is very much about business, about knowing and understanding the sustainability issues that our clients face and developing business in new areas that generate revenue. It opens up new business opportunities and supports our dialogue with clients.

This is why we view sustainability as a key value driver and source of competitive advantage. With this in mind, we have continued to embed thinking around sustainability issues across our organisation. In dealing with our clients we need to understand and assess the way in which they manage environmental and social risk issues, and then factor this awareness into our thinking when we are engaging with them. In many industry sectors these issues are now critical factors in generating sustainable earnings growth.

We undertake environmental and social risk analysis on our lending and investment activities, particularly in 'sensitive' industry sectors. In early 2005 we introduced a revised policy in the mining sector and are now using our own Client Diagnostic Tool to assess companies in both the oil & gas and mining sectors. This is part of a process to ensure that our client-facing staff are familiar with the strategic sustainability issues that affect these industries from a risk and business development perspective. Our internal staff awareness raising programme continued through the year.

One of the most exciting developments during the year was our involvement in the burgeoning carbon market that is already creating revenues across the bank. The bank has established a capability to trade EU allowances in the rapidly-developing EU emission trading system.

As part of the alignment process, WCS's client portfolios have been transferred to the five regional BUs and the BU Global Clients. A new BU Global Markets retains key product responsibility. This means that our 2006 ambitions will be reallocated to other parts of the organisation for action. The drive for sustainability will carry on, across the entire organisation.

Piero Overmars - Managing Board member

Sustainable products and services

The launch and expansion of the Client Diagnostic Tool into the Oil & Gas and Metals & Mining sectors have been successful. The tool is used as the starting point for all activities in the Integrated Energy Oil & Gas and Metals & Mining sectors, by enabling us to engage with clients and evaluate their environmental, social and ethical impact. With Oil & Gas companies we are now making our risk decisions based on the way the market is going to change over the next ten to 15 years.

On the European Climate Exchange we have started trading EU allowances on an over-the-counter (OTC) basis and cleared the very first deal traded on the European Climate Exchange. In June 2005 WCS arranged the world's first bank-intermediated carbon credit transaction between two private sector organisations. ABN AMRO is now active in all key carbon markets. The Commodity Derivatives team is executing a healthy stream of OTC trades in EU Allowances, and is making progress in sourcing 'carbon credits' from emissions reduction projects in developing countries. ABN AMRO Futures has been at the forefront of marketing and promoting the Futures Carbon Market. It is now offering a wide range of services to clients, including broker execution, clearing and advisory, as well as overall position management and financing of EU Allowances.

Supporting local communities

Employees from ABN AMRO France travelled to Tajikistan in May 2005 to help set up a microfinance structure in partnership with the French NGO ACTED. ACTED specialises in development programmes worldwide, with a particular focus on the Middle East, but lacked the financial knowledge and experience needed to establish the scheme. Our French team was able to help ACTED develop a business plan and set up the legal aspects as well as an IT system for Central Asia

Sustainability highlight 2005

During the year, ABN AMRO signed Hong Kong's first ever Corporate Social Responsibility Charter. Supported by Community Business, a non-profit organisation that promotes corporate and social responsibility, WCS reinforced ABN AMRO's leadership in sustainability by publicly demonstrating its commitment to incorporating CSR practices into its organisational strategies, and in relation to the workplace, marketplace and wider community in Hong Kong.

Main actions of 2005

- Expanded the Client Diagnostic Tool coverage to the oil & gas and mining portfolios
- Commenced trading in both the EU ETS and the Kyoto carbon markets
- Finalised a revised policy on financing the fast-growing wind power sector
- Expanded community investment activities.

Main ambitions for 2006 in the new business structure

- Expand our carbon-related trading activities and develop carbon-related financing products
- Develop our lending and investment activities in the clean technology and renewable energy sectors. Meeting the growing demand for energy efficiency, conservation and clean technology requires significant investment in new applications. We will try to find new investment models to respond to this new opportunity
- Roll out the e-learning platform globally.

(Tajikistan, Uzbekistan and Kirghizstan). They also set up a microfinance holding company in Paris, Oxus Development Network.

In Korea, ABN AMRO Seoul Tulip Charity was founded in March 2005. Ten staff members had volunteered for 'The House of Sharing,' a shelter for elderly or handicapped women and handicapped children without a home. This was run by a single woman without any financial support from the government. Now, with its 'own' charity, ABN AMRO Korea has expanded its support by adding another shelter for handicapped people to its scope. Local staff are encouraged to participate through various donations and take part into the bi-annual visits to the shelters.

[Link to website ABN AMRO Group,](#)

BU Global Clients section

BU Private Clients



What we stand for

BU Private Clients (BU PC) is one of the top ten private banks worldwide and the fifth biggest in Europe in terms of assets under administration. We offer private banking services to wealthy individuals and families with investable assets of EUR 1 million or more.

For BU PC sustainability means living and realising our mission statement – ‘growing wealth and well-being.’ In BU PC, we aim to grow the well-being of our employees, our clients and the communities in which we live and work. This means constantly challenging ourselves to go the extra mile and find ways to achieve this mission. For example, within our framework of a clear fiduciary responsibility to our clients, we have taken a strongly proactive approach to making Socially Responsible Investment (SRI) funds part of our Investment Advisory Cycle and making them available to our clients.

Trust is a key word in our business and in many ways. We seek to maintain our clients’ strong confidence. Client satisfaction is instrumental to our success, and our clients vary greatly in their needs. Consequently, we have built a segmented private banking offering based on servicing client needs best. Client engagement is a fundamental guiding principle for our business. This is why BU PC and NGM have jointly embarked on a client engagement programme involving Gallup surveys and staff training programmes. BU PC has also achieved impressive results through the Client Intimacy Model and best practices that we first implemented in the Netherlands, and that we are now transferring to other markets worldwide.

Sustainability increases employee engagement, pride and motivation, while also encouraging personal growth and the ability to give more personally, including one’s time. It is about being an organisation that employees are proud simply to be associated with. This in turn creates more client engagement as our employees take greater pride in our brand and apply our values to promote clients’ well-being.

The alignment of the bank as of 1 January 2006 has seen the creation of PC as a separate and dedicated BU. This alignment is a very positive move for both BUs PC and NGM as it allows us to accelerate our growth plans still further through greater focus on our respective clients and markets.

Jos ter Avest - Global Head of Private Clients

Sustainable products and services

Trust and credibility are the pillars of our business, so we apply the highest Know-Your-Client and compliance principles in every country in which we have a presence. Our Client Intimacy Model and best practices enable us to create alignment between our clients' various business partners within ABN AMRO, and between our internal processes and requirements of the individual client and/or client group.

Our Investment Advisory Cycle (IAC) focuses on offering sustainable investments to our clients through a best-in-class methodology which combines research, investment advisory recommendations and product distribution. This tool includes the Dow Jones Sustainable Index (DJSI).

BU PC and BU NGM jointly embarked on an extensive client engagement measurement programme, involving more than 9,000 interviews. To capitalise on the results, all participating markets coordinated workshops and developed action plans aimed at increasing client focus. In addition to the survey, we also conducted a business impact analysis which provided clear evidence that high client engagement results in an increase in business with our clients. To conclude, both BUs also conducted an analysis aimed at identifying the correlation between the results of these client engagement surveys and the specific BU results of the Group-wide Employee Engagement Surveys.

Supporting local communities

BU PC remains dedicated to supporting the local communities in which our employees and clients live. These initiatives include community projects focused on a variety of activities ranging from benefiting disadvantaged children to addressing local environmental concerns. Examples from 2005 include an employee-led initiative in Switzerland in which employees from both

Sustainability highlight in 2005

We launched a global mission for BU PC to 'grow wealth and well-being', placing this at the centre of what we do every day. We also implemented workshops and action plans based on Customer and Employee Engagement Programmes, leading to increased levels of engagement in specific regions of BU PC.

Main actions of 2005

- Successful Client Intimacy Model developed and implemented in the Netherlands
- Employee and client engagement survey conducted resulting in a comprehensive client and business action plan
- Launch of a Diversity & Inclusion plan with a toolkit to explain and further develop the concept. Related initiatives include management-level workshops worldwide to raise awareness and define practical steps. In dialogue with our female employees, the experience of women in senior positions is also being assessed to help shape the bank's future policy
- Hong Kong staff charity taskforce was formed, with an ongoing 'reward platform' for charity activities.

Main ambitions for 2006:

- Step up the use of our Client Intimacy Model in other countries
- Build the key drivers of employee engagement based on the annual Employee Engagement results and continue to link with our client engagement survey results
- Enhance our Investment Advisory Cycle tool. We are in discussions with Ethical Investment Research Service (EIRIS) and ABN AMRO advisors to offer sustainable portfolios based on Mutual Funds. These portfolios will include recommending specific funds which meet sustainability requirements, are listed on the DJSI and outperform their peers
- Conduct new Client Engagement Surveys in 21 countries and share best practices between our markets as a means to accelerate growth
- Enforce and re-align our sustainability organisation at BU PC worldwide
- Implement and further develop the Diversity & Inclusion strategy and targets.

Basel and Zurich participated. During the celebrations for ABN AMRO's 50th anniversary in Switzerland, the Swiss team invited 50 children undergoing treatment for cancer or other diseases in Zurich's Children's Hospital to a musical and movie event.

[!\[\]\(b4eeff342f60cc7bcd67d869b4fedca2_img.jpg\) Link to website ABN AMRO Group, BU Private Clients section](#)

BU Asset Management



What we stand for

ABN AMRO Asset Management (BU AM) is ABN AMRO's global asset management business, managing EUR 176 billion in specialist mandates and mutual funds. We operate in more than 20 countries and our global portfolio management centres are concentrated in six locations worldwide. We offer investment products in all major regions and asset classes, using an active investment style.

In BU AM we function in an integrated way with our environment, and recognise that social and economic goals are not inherently in conflict, but integrally connected with one another. Although our primary mission as a private institution remains the creation of value for our clients, employees and shareholders, as part of that mission we envision a role for ourselves in helping to create an equitable and environmentally-sustainable world in partnership with stakeholders in civil society. We believe that our sustainability ambitions and actions should reinforce our focus on clients, innovation and – not least – our employees. This means that our initiatives in this field are evaluated against their perceived value for our stakeholders.

Our goal in BU AM is to be a client-focused, global provider of solutions for institutional, private and retail clients by being a leading innovator within the industry. We offer a full range of equity and fixed income products driven by our clients' needs, and are actively building on 'new' growth areas such as Socially Responsible Investment (SRI). The future looks bright for sustainable investments, because both retail and institutional investors are becoming increasingly aware of the relevance of environmental, social and corporate governance factors to financial performance. According to a Mercer Oliver Wyman study commissioned by BU AM, European sustainable assets under management stood at EUR 93 billion in 2004 and are forecast to grow to EUR 173 billion by 2008.

Our SRI concept simultaneously delivers two major benefits. On the one hand, it enables us to meet the needs of our clients more fully and innovatively in a changing social and regulatory environment. On the other hand, it presents tangible proof of how we are living our Corporate Values and Business Principles. This creates a clear win-win situation for all stakeholders involved. In 2005 we put a lot of effort into further shaping our SRI offering. Already market leader in Sweden and Brazil in SRI, we are now rolling out our concept and plan to launch several new sustainable investment funds over the next two years.

In 2005, we achieved most of our ambitions and targets, including developing a framework for integrating companies' sustainability features into our investment processes and starting to educate our investment professionals about this issue. On top of this, we started voting-by-proxy for a selection of our Amsterdam- and Luxembourg-listed equity funds. In 2005 we submitted our votes for around 300 shareholder meetings in more than 20 countries.

In 2006 we are planning to build upon our accomplishments. To ensure the success of further sustainability actions within BU AM itself, we feel it is very important to have the support and involvement of our employees. BU AM has recently conducted a survey to ask employees what they think we should be doing to improve our sustainability efforts. The outcomes will play an important role as we define our actions for 2006.

Sustainable products and services

Alongside our activities around corporate governance, we are working to integrate sustainability factors into our investment processes. We have developed a systematic framework incorporating companies' exposure to sustainability issues, and this has already been implemented for a selected number of industries. In 2005 presentations and workshops were held for more than 100 of our investment professionals to start raising awareness and to discuss the use of sustainability information in investment processes. For our sustainable investment funds, the fund managers apply an extensive set of sustainability criteria – environmental, social, ethical and corporate governance – to individual companies in order to assess each company's risk in these areas.

Supporting local communities

Banco Fonder launched its first charity investment fund in 1990. A charity fund is an investment fund that distributes an annual dividend to support charity work. Clients who invest their money in a charity fund give a certain amount of it to support a charity/NGO of their own choice, such as the Red Cross, Amnesty International or Save the Children. Banco Fonder co-operates with over 100 different NGOs in Sweden and, between 1992 and 2004, distributed about EUR 56 million to charities. In 2005 alone it distributed EUR 4.7 million. One of the NGOs that Banco is cooperating with is Diakonia. This is a charity organisation that works in cooperation with local partners in Africa, Latin America and Asia to bring about sustainable change for people in need all over the world. When the Indian Ocean tsunami hit Sri Lanka, Diakonia was able to spring into action with emergency help that same evening – thanks to Banco Fonder's clients, among others. In 2005 Diakonia was high up the list of the favoured NGOs among our clients, with EUR 116,000 of dividends.

 [Link to website ABN AMRO Asset Management](#)

Sustainability highlight 2005

In 2005, BU AM launched the roll-out of its Socially Responsible Investing concept in France, Germany, the Netherlands and the UK. An important aspect of our SRI concept is using our investments actively to engage companies and influence their business philosophy and activities in a more sustainable direction. This not only reduces the level of risk for our current investments, but also helps to drive wider change in society.

Main actions of 2005

- Reviewed our strategy and organisation in relation to our SRI offering, including a plan to launch new sustainable funds
- Began exercising voting rights for a number of our equity funds. Every quarter our voting behaviour is published on our ABN AMRO Asset Management website
- Raised employee awareness about sustainability through presentations and workshops on sustainability issues within investment processes and by conducting a sustainable development survey.

Main ambitions for 2006

- Further expand the Assets under Management in our sustainable investment funds product range, both by launching new products and entering new markets. New launches include the Sustainable Global Credit Fund, a new Sustainable Global Equity Fund, a new emerging markets fund and a private equity fund for investments in renewable energy and clean technology
- Expand our framework to monitor the sustainability features of companies whose securities we may invest in, in order to cover the majority of sectors. This includes staff training sessions
- Develop further sustainability actions on the basis of the findings from a special employee survey
- Banco Fonder, BU AM's Swedish subsidiary, currently has five different community investment funds
- We are exploring opportunities to expand this NGO partnership model into other markets.

Reporting principles

Scope

This report covers ABN AMRO's global activities and performance in the field of sustainability. It includes quantitative and qualitative data about the calendar year 2005, running from January to December 2005. However, the environmental indicators used in the report are based on a limited coverage as disclosed under the relevant headings.

Selection of topics

Most topics in this report are based upon a structured dialogue with our stakeholders on what they feel is of importance to form an opinion on our sustainability behaviour. We also received ample feedback on our previous report, and this has been incorporated where relevant in this year's report. We have sought to report on those issues and dilemmas that have been illustrative for the financial sector – and for ABN AMRO in particular – in 2005. More details on a number of topics addressed in this report can be found in our 2005 Annual Report and Form 20-F.

We use the GRI guidelines to ensure we cover relevant topics, identified by a broad range of stakeholders, which are generic to sustainability reporting. This report is in accordance with the GRI's Guidelines 2002 and its supplement for the financial services sector. The guidelines are comprised of several sections, of which the two most important are the reporting principles and sustainability indicators.

 [GRI Index](#)

Reporting process

In line with financial reporting practices, we follow the International Financial Reporting Standards (IFRS).

We have no overall information system in place for sustainability comparable to the systems used for obtaining financial

information for the Annual Report.

Nevertheless, whenever possible we used corporate information systems for gathering data. These include the General Ledger (Finance), RAPID and CIDAR (Risk Management), and CHRISP (Human Resources). Where appropriate, we have rounded numbers.

Only for those indicators that we considered to be relevant, but that were not covered in an existing system, did we use local information systems and questionnaires to aggregate the information. We stayed in close contact with the representatives of our BUs to test and double-check the data. This was done both via one-to-one conversations and in meetings of the sustainability team, both via teleconferencing and face-to-face.

Although we are confident of the overall reliability of the data reported, we recognise that some of this information was subject to a degree of uncertainty because of limitations associated with measuring, calculating or estimating it. Where these uncertainties are material, they are described in the report. Where 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. Ernst & Young has reviewed the reliability of this report. Its assurance report can be found on page 98.

Restatements 2004

In preparing our 2005 Sustainability Report, we learned that the 2004 energy consumption 'other sources' in one BU was understated. Consequently, the CO₂ figures have been recalculated. Furthermore, the water usage in one BU was overstated. This resulted in adjustments of the 2004 figures.

Third party quotes

Instead of limiting this report to our own statements, we have chosen to invite some external parties to give an opinion about our institution or cooperation. 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. For a more complete picture we refer to our Annual Report, Form 20-F and our website: www.abnamro.com/annualreport.

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 sustainability 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, statements, 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,

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Assurance report

To the stakeholders of ABN AMRO

Engagement and responsibilities:

We received the assurance engagement from ABN AMRO Holding N.V. ('ABN AMRO') to issue an independent conclusion on the Sustainability Report 2005 of ABN AMRO. The scope of the report and the reporting principles, including the specific inherent limitations that could affect the reliability of the information contained therein, is set out on pages 96 and 97 of the report. The report is the responsibility of the management of ABN AMRO. Our responsibility is to express an independent conclusion on the accuracy and adequacy of the report.

Scope of the procedures performed:

We performed our procedures in accordance with the standards 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) for engagements other than for the audit or review of historical financial information.

Our procedures focused on:

- Obtaining a reasonable level of assurance that the information on sustainability of ABN AMRO provides and properly reflects, in all material aspects, the efforts made and performance achieved concerning all matters during 2005
- Obtaining a moderate level of assurance that the following information in the Sustainability Report 2005 of ABN AMRO is free of material misstatement:
 - Data related to Absentee rates (page 58)
 - Data related to Environmental Performance and CO₂ emission (page 69)
 - Ambitions and action plans 2006 as expressed in the respective sections.

Procedures performed to obtain a moderate level of assurance are aimed at determining the plausibility of information and are less extensive than those performed to obtain a reasonable level of assurance.

With regard to the information on the ABN AMRO website that is linked to the Sustainability Report 2005 we did not perform procedures to obtain assurance.

Our principal procedures were:

For the Sustainability Report as a whole:

- Obtaining an understanding of the sector and the relevant social responsibility issues specific for the organization
- Assessing the reporting principles used, and the significant estimates and calculations made in preparing the Sustainability Report for 2005; and
- Evaluating the overall presentation of the Sustainability Report 2005 of ABN AMRO, in part by evaluating its contents against the guidelines for sustainability reporting issued by the Dutch Accounting Standards Board and the guidelines issued by the Global Reporting Initiative
- Establishing that the data in the report are accurate and adequate, by a combination of interviews with the company officers responsible for their measurement and recording, quantitative analyses, reconciliations, and detailed checks of the data themselves partly for the purpose of testing the substantiation of the information provided. We conducted these

detailed checks on a test basis at the Group, Business Unit and sub-Business Unit level, using internal and external sources of information.

For the information used to obtain a reasonable level of assurance:

- Identifying the inherent risks relating to the reliability of the information and investigating the extent to which these risks are limited by internal controls
- Assessing the internal controls for their effectiveness during the reporting year, insofar as this was relevant for our assurance engagement; and
- Establishing that the data in the report are accurate and adequate, by a combination of interviews with the company officers responsible for their measurement and recording, quantitative analyses, reconciliations, and detailed checks of the data themselves partly for the purpose of testing the substantiation of the information provided. We conducted these detailed checks on a test basis at the group, business unit and sub-business unit level, using internal and external sources of information.

For the information used to obtain a moderate level of assurance:

- Reviewing the plausibility of the qualitative and quantitative information in the Sustainability Report 2005 of ABN AMRO by performing analytical procedures at the Group, Business Unit and sub-Business Unit level, conducting interviews with responsible company officers, and checking the substantiation of this information on a test basis.

Conclusion

Based on our procedures performed to obtain a reasonable level of assurance, we believe that the information in the Sustainability Report 2005 of ABN AMRO provides and properly reflects, in all material aspects, the efforts made and performance achieved concerning all matters during 2005, in accordance with the guidelines for sustainability reporting issued by the Dutch Accounting Standards Board, the guidelines issued by the Global Reporting Initiative, and the documented reporting policy of ABN AMRO. Based on the procedures performed to obtain a moderate level of assurance, nothing came to our attention that leads us not to believe that the following information in the Sustainability Report 2005 of ABN AMRO is free of material misstatement:

- Data related to Absentee rates (page 58)
- Data related to Environmental Performance and CO₂ emission (page 69)
- Ambitions and action plans 2006 as expressed in the respective sections.

Amsterdam, 23 March 2006

for Ernst & Young Accountants

I.A.B.M. Verhoeven

D.A. de Waard

Glossary

Common concepts in this report

Carbon Neutral

A combination of reduction of energy consumption and offsetting of remaining emissions, in order to achieve net zero CO₂ emissions.

Community of Practice (CoP)

CoPs are groups of individuals within ABN AMRO with similar expertise who organise themselves around a certain theme and whose goal is to share knowledge and experience across BUs and countries.

Equator Principles (EP)

A financial industry benchmark for determining, assessing and managing environmental & social risk in project financing.

Ethical Funds

Investments (also called Socially Responsible Investments – SRI) administered in accordance with a wide range of ethical criteria, mainly using ‘negative’ selection to avoid investing in companies associated with certain areas.

Export Credit Agencies (ECAs)

ECAs are public agencies that provide government-backed loans, guarantees, credits and insurance to private organisations from their home country to do business abroad.

Form 20-F

An annual filing required of non-US companies operating in the USA, by the Securities and Exchange Commission.

Kyoto Protocol

An international agreement, reached in 1997 in Kyoto, Japan, which extends the commitments of the United Nations Framework Convention on Climate Change. In particular, it sets targets for future emissions by each developed country to be reduced to their 1990 levels between 2008 and 2012.

Sarbanes-Oxley Act

US law passed in 2002 to strengthen corporate governance. It establishes new or enhanced standards for all US public company Boards, Management, and public accounting firms.

Sustainability

For ABN AMRO, Sustainability means ‘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.’

Tabaksblatt Code

Dutch Corporate Governance Code, comprised of 21 Principles and 113 Best Practices.

Triple Bottom-line

Expanded baseline for measuring performance, adding social and environmental dimensions to the traditional monetary benchmark: People, Planet, Profit.

UN Global Compact

Initiative launched by the Secretary General of the United Nations to encourage businesses worldwide to adopt sustainable and socially responsible policies and practices, and to report on them.

UN Millennium Development Goals

Set of time-bound targets to alleviate extreme poverty, agreed by the UN member states in 2000. They represent a global consensus on priorities for development policy, and provide a compass for actions by developing countries and multi- and bi-lateral donors.

Common acronyms used in this report

ABN AMRO Terminology

AAB	ABN AMRO Bank
ACES	ABN AMRO Central Enterprise Services
AIM	ABN AMRO Instruction Manual
BU	Business Unit
CAAML	Client Acceptance & Anti-Money Laundering (ABN AMRO policy)
CSERF	Country Social and Ethical Risk Framework
CDT	Client Diagnostic Tool
CoE	Centre of Expertise
CoP	Community of Practice
CWC	Central Works Council
EES	Employee Engagement Survey
ESC	European Staff Council
ESE (filter)	Environmental, Social and Ethical (filter)
EVP	Executive Vice-President
GBC	Group Business Committee
GRC	Group Risk Committee
GREFM	Group Real Estate & Facilities Management
GRM	Group Risk Management
GSD	Group Sustainable Development
IR	Investor Relations
MB	Managing Board
NGM	New Growth Markets
PC	Private Clients
SB	Supervisory Board
SBA	Sustainable Business Advisory
SEVP	Senior Executive Vice President
SVP	Senior Vice President
TEG	Top Executive Group
VP	Vice President
WCS	Wholesale Clients

Market Terminology

CDM	Clean Development Mechanism
CDP	Carbon Disclosure Project
CER	Certified Emission Reductions
DJSI	Dow Jones Sustainability Index
ECA	Export Credit Agency
ECX	European Climate Exchange
EPFI	Equator Principles Financial Institutions
EUR	Euro
FSC	Forest Stewardship Council
ETS	Emissions Trading Scheme
FTE	Full-Time Equivalent

GRI	Global Reporting Initiative
HR	Human Resources
IAC	Investment Advisory Cycle
IAIA	International Association for Impact Assessment
IMF	International Monetary Fund
IFC	International Finance Corporation
IRN	International Rivers Network
IUCN	International Union for the Conservation of Nature and Natural Resources
KPI	Key Performance Indicator
LSE	London Stock Exchange
MDG	Millennium Development Goals
MFI	Micro Finance Institutions
MPEA	Microfinance Process Excellence Awards
NFX	Netherlands Financial Sector Development Exchange
NGOs	Non-Governmental Organisations
NYSE	New York Stock Exchange
OECD	Organization for Economic Co-operation and Development
OFAC	US Office of Foreign Assets Control
OTC	Over-The-Counter
RSPCA	Royal Society for the Prevention of Cruelty to Animals
SD	Sustainable Development
SMART	Specific, Measurable, Agreed, Realistic, Timebound
SME	Small-Medium Enterprise
SRI	Socially Responsible Investment
UN	United Nations
UNICEF	United Nations International Children's Emergency Fund
USD	US Dollars
VfU	Verein für Umwelt
WBCSD	World Business Council for Sustainable Development
WEC	World Environment Center
WRI	World Resources Institute
WWF	World Wide Fund for Nature

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F 13	Value of portfolio	*	MDG7	GC7, GC8, GC9

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

More information can be found at www.globalreporting.org.

* = See our Annual Report and Form 20-F at www.abnamro.com/reports.

NR = Not reported as data is considered not relevant since ABN AMRO is a financial institution.

IC = Inside Cover (profile).

1 Assessment based on 'Communicating Business Contributions to the Milenium Development Goals' by UNDP/IBLF/GRI

2 Assessment based on 'A Practical Guide to Communication on Progress' by UNGC

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

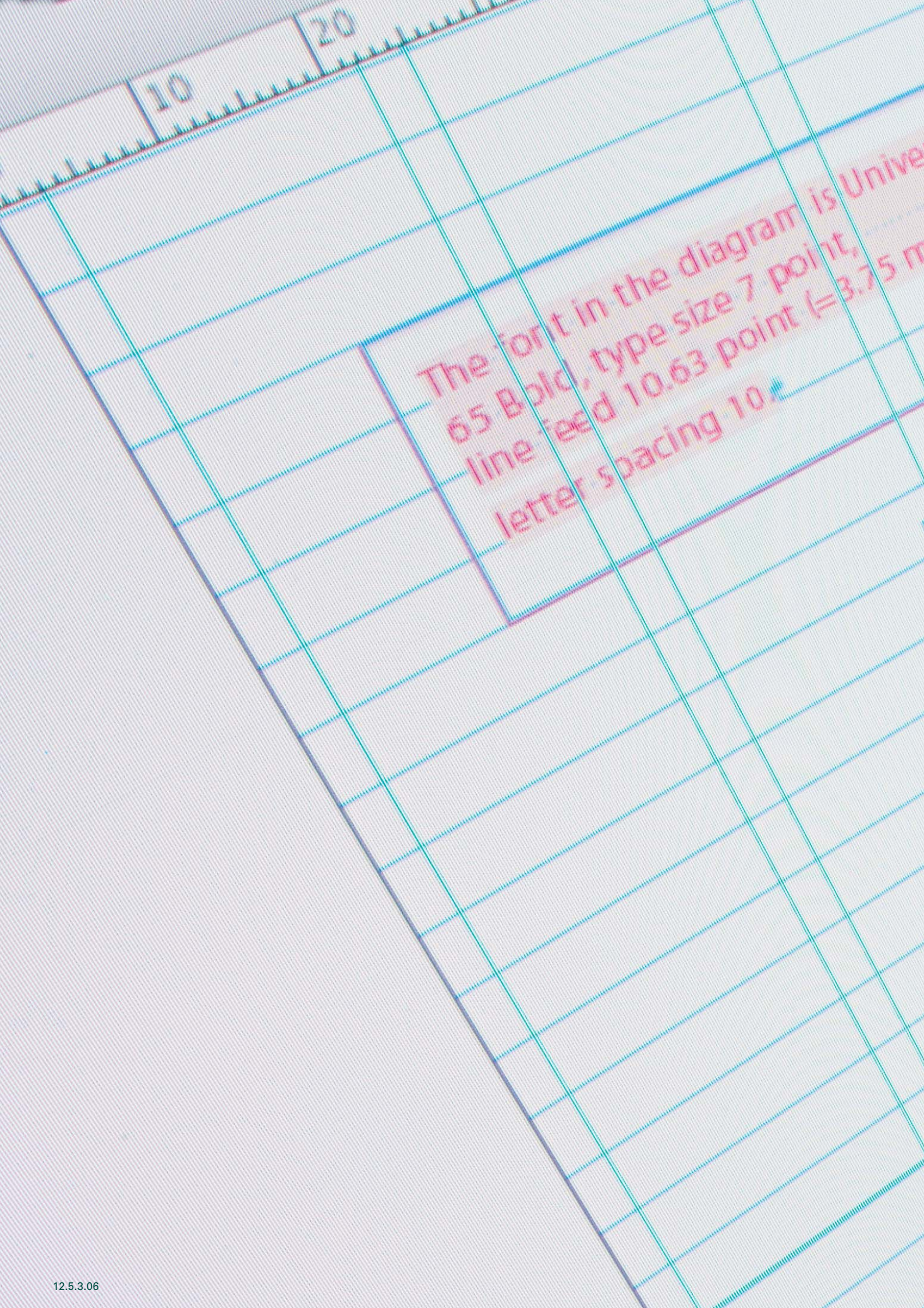
The bank consists of the listed company ABN AMRO Holding N.V., which conducts its business almost entirely through its wholly-owned subsidiary ABN AMRO Bank N.V. or this company's many subsidiaries.

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