

SUSTAIN-

ABILITY

REPORT

ABN AMRO Holding N.V.

2006



ABN·AMRO

Reader's guide

In 2006, as every year, the Sustainability Report and Annual Report have been published together, 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
 - 2006 Annual Report (printed or downloadable from www.abnamro.com/reports)
 - ABN AMRO Corporate Governance Supplement
 - Corporate Magazine (printed or downloadable from www.abnamro.com/reports)
 - 2006 Annual Report on Form 20-F (printed or downloadable from www.abnamro.com/reports)

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 section, in the following format:

 *Brief description of topic*

Our 2006 Sustainability Report has been prepared based on the Global Reporting Initiative (GRI) G3 Guidelines at A+ level. The GRI index on www.abnamro.com shows a comprehensive overview of how we registered and met these requirements.

 *GRI index*

		2002 in Accordance						
		C	C+	B	B+	A	A+	
Mandatory	Self Declared							
	Third Party Checked							
Optional	GRI Checked							

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ABN AMRO snapshot

Key facts and figures

	2006	2005	2004
Financial ¹			
Total operating income (in millions of euros)	22,658	18,946	16,286
Total taxes (in millions of euros)	858	1,120	709
Net profit (in millions of euros)	4,715	4,382	3,865
Group capital (in millions of euros)	45,108	43,224	33,239
Total assets (in millions of euros)	987,064	880,804	727,454
Efficiency ratio (in %)	69,6	68.3	77.9
Sustainable Assets under Management (in millions of euros)	1,982	1,777	1,443
Microfinance clients	351,500	186,300	74,300
Risk			
Transactions referred to Sustainable Risk Advisory	358	372	316
Sustainable Risk Advisory approved advices	242	242	194
Equator Principles advices	33	43	16
Equator Principles approved advices	16	11	4
Social			
Average number of employees (in FTEs)	105,433	93,014	93,776
Women (in %)	52	52	49
Women at managerial levels (in %)	18	17	19
Non-Dutch nationality in top executive group (in %) ²	54	52	59
Total costs of education (in millions of euros)	130.5	116.6	104.2
Community investment (in millions of euros)	27.1	24.2	14.5
Sponsorship (in millions of euros)	99.5	96.3	88.2
Number of volunteers	9,930	10,515	14,450
Environmental			
Energy (kWh per m ²)	360.3	360.7	378.8
Energy (kWh per workstation)	7,157	7,293	7,585
Energy (kWh per FTE)	9,684	9,388	8,691
Business air-travel (km per FTE)	6,432	6,184	5,398
CO ₂ emission (tonnes per FTE)	3.93	3.55	3.84
Paper consumption (tonnes per FTE)	0.11	0.13	0.12
Other			
Dow Jones Sustainability Index - World	Top three³	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
Global 100 Most Sustainable Corporations	Included	Included	Included

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

² In 2005 the definition of the top executive group changed causing incomparability of figures

³ DJSI does not disclose explicit rankings for 2006

ABN AMRO organisational structure

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. This structure enables our Business Units (BUs) to share expertise and operational excellence with greater impact.

ABN AMRO’s Group structure comprises:

- seven Client BUs
- three Product BUs
- two cross-BU Segments
- Group Functions
- Services

The seven *Client BUs* consist of five regional BUs (Netherlands, Europe including Antonveneta in Italy, North America, Latin America and Asia) and two global BUs (Private Clients and Global Clients).

The three *Product BUs* (Global Markets, Transaction Banking and Asset Management) support the Client BUs by developing and delivering products for all of our clients globally.

We bind all our BUs together through a cross-BU *Consumer Client Segment* and a

cross-BU *Commercial Client Segment*. These Segments drive winning formulas across our various geographies, and work with the Product BUs to deliver high-quality solutions to clients.

Group Functions delivers value-added support across the Group in areas ranging from Risk to Finance and from Human Resources to Sustainability, while always balancing global control with local flexibility and expertise.

Services continues to focus on increasing our operational efficiency through Group-wide consolidation and standardisation.

From January 2007, Sustainability at Group-level has become part of the newly formed Group Public Affairs within Group Functions.

Group Public Affairs will be responsible for the effective analysis of and engagement in the political, economical, social and environmental arenas globally, allowing its departments to leverage on each other’s expertise and scope. This will enable our bank to align and strengthen its external position, views and activities, thus creating more value for the bank and all our stakeholders.

Group organisation structure

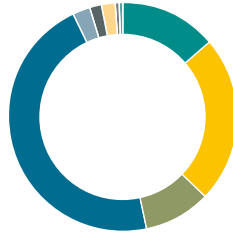


Profit before taxes 2006 per BU



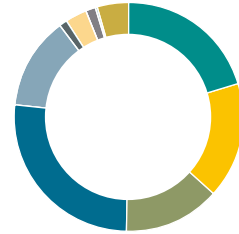
- Netherlands: 22.1%
- Europe: 9.7%
- North America: 18.7%
- Latin America: 22.1%
- Asia: 6.2%
- Global Clients: 3.8%
- Private Clients: 6.3%
- Asset Management: 4.4%
- Private Equity: 5.6%
- Group Functions/Services: 1.0%

Offices/branches 2006 per BU



- Netherlands: 13.9%
- Europe: 23.5%
- North America: 9.5%
- Latin America: 46.4%
- Asia: 2.5%
- Global Clients: 1.5%
- Private Clients: 2.1%
- Asset Management: 0.5%
- Private Equity: 0.2%
- Group Functions/Services: 0%

FTEs 2006 per BU



- Netherlands: 20.3%
- Europe: 16.4%
- North America: 13.8%
- Latin America: 26.3%
- Asia: 13%
- Global Clients: 1.1%
- Private Clients: 3.1%
- Asset Management: 1.5%
- Private Equity: 0.1%
- Group Functions/Services: 4.4%

Countries and territories where ABN AMRO has a presence

Europe

- Austria
- Belgium
- Channel Islands
- Czech Republic
- Denmark
- Finland
- France
- Germany
- Gibraltar
- Greece
- Ireland
- Italy
- Luxembourg
- The Netherlands
- Norway
- Poland
- Portugal

Romania

- Russian Federation
- Slovakia
- Spain
- Sweden
- Switzerland
- Turkey
- United Kingdom

North America

- Canada
- Mexico
- United States

Latin America

- Argentina
- Brazil
- Chile
- Colombia
- Ecuador
- Paraguay
- Uruguay
- Venezuela

Middle East and Africa

- Saudi Arabia
- South Africa
- United Arab Emirates

Asia

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

Dear stakeholder,

Most of us are familiar with the old saying 'actions speak louder than words'. Our awareness of how true this saying is, has driven our efforts in recent years to move from good intention to real substance in our commitment to sustainability. Only by integrating and embedding sustainability into our core business can we achieve our ambition – to meet the needs of our organisation while retaining and building the trust of our stakeholders, today and in the future.

Last year, ABN AMRO entered a new phase in our efforts to put our sustainability strategy into effect. Looking back on 2006, we are pleased to report that we made good progress in a number of important areas and will share these with you in this report. We are honoured to have received recognition in the form of prestigious corporate social responsibility awards and high rankings in various sustainability indices. Although a great deal of work remains ahead of us, this acknowledgement from our stakeholders confirms that we are heading in the right direction.

Over the next few years our focus will remain on 'mainstreaming' sustainability, encouraging and empowering our Business Units to take a prominent role in shaping sustainable business practices. While some coordination and oversight will remain centralised, we believe that sustainability should live and breathe at the local level, where we do business. Early in 2007, central responsibility for sustainability moved into the newly formed area of Group Public Affairs. This team is in charge of effective analysis of and engagement in the political, economic, social and environmental arenas globally, enabling ABN AMRO to be a responsible corporate citizen, creating competitive advantage and more value for all stakeholders.

Our world needs innovation to survive and progress. Through capital allocation and financial advice, banks enable others to realise their plans. The interaction with clients and business partners also enables banks to gain insight into many business practices, some of which have great potential to offer sustainable solutions to our changing world. It's exciting to provide our financial know-how and connections to enable businesses to forge ahead with new sustainable concepts and solutions for tomorrow's marketplace.

Given the scope of our operations and engagement, our business policies and practices have a far-reaching impact. Global companies such as ours must be mindful of the choices we make and the impact we create - sometimes unwittingly - within our sphere of influence. Dilemmas surface regularly and our various stakeholders may hold diverse and sometimes conflicting interests and objectives. These situations are rarely black and white, but rather various shades of grey. When confronted with difficult choices, it is crucial that we apply established business principles and values to arrive at responsible decisions. Client assessment is not always a matter of yes or no – sometimes it's 'yes, but...'. In such circumstances, working with a client to stimulate change from within can prove to be a more sustainable approach than declining their business.

We are encouraged by the fact that the sustainability agenda is commanding increasing levels of attention and response from the public and private sectors. Both sectors need to cooperate in addressing global issues such as climate change, energy and fresh water constraints,

poverty and supply chain responsibility. Stable regulation, transparency, and maintaining a level playing field through global reach are essential to these efforts.

It is with great pleasure that I present to you our Sustainability Report for 2006, published simultaneously with our Annual Report for 2006. I believe that by reading both reports, our stakeholders will be able to gain a full picture of our organisation.

This report has been prepared based on the Global Reporting Initiative G3 Guidelines at A+ level. We also continue to support the United Nations' Global Compact Principles and Millennium Development Goals. We refer to them throughout this report through the use of icons.

We all have a responsibility to do our fair share in addressing the sustainability issues the world is facing. This report, I hope, demonstrates that ABN AMRO takes this responsibility seriously.

I would like to thank our stakeholders for the trust they have shown in ABN AMRO, and in particular I want to thank our employees for their tireless contribution to the sustainable success of our organisation. I would also like to thank you, the reader, for taking an interest in our company. We welcome your feedback and suggestions, which you can e-mail to us at sustainable.development@nl.abnamro.com.



Rijkman Groenink
Chairman of the Managing Board

Amsterdam, 14 March 2007



“Our role is not just to safeguard the success of our banking operations in a highly competitive and complex environment, but to do so in a manner that is well balanced and recognises and responds to global sustainability challenges. Securing our future and the future of our children means that we must all play our part in addressing these challenges.”

Rijkman Groenink, Chairman of the Managing Board

Sustainability is now moving to the mainstream of our core objective as a business – which is to create and maximise sustainable value for our stakeholders. To build the trust necessary to achieve this, we need to behave with responsibility and integrity. And the trust we create depends increasingly on our ability to back up our commitment to sustainability with concrete actions. As we embed sustainability ever deeper into the business through our six focus areas, it is becoming an increasingly integral part of the bank's business actions and decisions. Our efforts also include global initiatives and partnerships and local actions making a difference to the communities involved. We have made combatting climate change and poverty alleviation two main themes in our work on sustainability.

What we stand for

'From risk to business and from niche to mainstream': We are moving ahead on our journey towards greater sustainability, making it a mainstream business issue rather than a risk issue. By integrating and embedding sustainability into everything we do, we want to broaden our impact while accelerating our pursuit of our overall business goals.

Our strategy is designed to deliver sustainable growth to benefit all our stakeholders – including clients, employees, shareholders, suppliers, society and the environment. That said, the strategic advantage provided by our particular combination of clients, products and geographical markets is at its greatest among mid-market clients.

Our commitment to sustainability underpins our business. Responsibility, integrity and transparency in the way we work, form the foundation of trust on which success in financial services is built.

We define six focus areas for our sustainability efforts, which will be explored in this report:

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

Our sphere of influence

As a financial institution we need to consider the diverse – sometimes conflicting – interests of our clients and other stakeholders. It also means taking environmental, social and ethical (ESE) issues into account and striving to look after the wellbeing of future generations in our business decisions. This involves balancing different interests and issues on a continuous basis, and benchmarking them against our Corporate Values, Business Principles and policy frameworks.

We are committed to setting our Group standards at the highest level in every country in which we operate, while also respecting local cultures and requirements. We do this in an engaged and proactive way, and aim to make awareness of sustainability issues an integral part of how we do business.

A wide range of global issues shapes our societal and business environment. These include climate change, energy and fresh water constraints, poverty, environmental degradation and human rights. Each of these issues creates both challenges and opportunities for our bank and our clients. While we seek to play a central role in addressing these issues, there are limits to what a financial institution can achieve.

Major awards and achievements received in 2006

The World Environment Center (WEC)

Dutch Association of Environmental Accountancy (VMA) and the Royal Netherlands Institute of Registered Accountants (NIVRA)

Financial Times Sustainable Banking Awards

Transparency Research by Dutch Ministry of Economic Affairs

Gold Medal for international corporate achievement in Sustainable Development

Accountancy Award for the best Sustainability Report

Banco Real named 'Emerging Markets Bank of the Year'

Most transparent in sustainability reporting

Focus areas

Being accountable and transparent

Protecting our assets

Providing responsible financial services

Being an employer of choice

Minimising our impact on the environment

Supporting local communities

This means we cannot always meet the wishes of all our diverse stakeholders. Sometimes we simply have to agree to disagree.

Although we are not responsible for our clients' and suppliers' actions, we are responsible for choosing to do business with them. We cannot – and will not – compromise on the client and transaction confidentiality that lies at the heart of our banking relationships. We acknowledge that there are boundaries to the role that we can or even want to play. And while we strongly recognise our responsibility to consider not only profit but also people and planet in our decisions, we are also clear about the fundamental reason for our existence: ABN AMRO is a profit-driven business.

This means that we must make choices about where and with whom to engage and where to contribute. ABN AMRO is closely involved

Our long term ambition

Clients, investors, non-governmental organisations (NGOs), regulators and the general public will all associate ABN AMRO with the qualities of integrity and sustainability. We will not be a 'missionary', but will have contributed significantly to the mainstream financial industry incorporating sustainability.

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.

The bank's commitment to sustainability will take a prominent position in shaping the markets and the buying behaviour of our clients. Clients view ABN AMRO as their preferred bank with which they can identify themselves with, not least because it offers the right products and services.

Top talents view ABN AMRO as an employer of choice, for several reasons including 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.

The bank pursues resource efficiency initiatives and responsible procurement activities throughout its organisation in a triple win-win-win approach: reducing resource usage and costs, building employee engagement and creating an enhanced reputation.

We are a valued local partner to the communities we serve.

in global initiatives and partnerships, which enable us to share ideas, expertise and resources. We have a business presence in more than 50 countries – and it is in these countries that we have chosen to focus most of our local sustainability efforts.

Corporate governance

The corporate governance at ABN AMRO is defined by the way we organise and conduct the relationship between the Managing Board, the Supervisory Board and our shareholders.

For ABN AMRO, good corporate governance is 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.

In order to achieve good corporate governance, we organise the company in a way that promotes first-class entrepreneurship by the Managing Board and effective supervision

Antonveneta

The integration of the Italian bank Antonveneta, which was acquired in 2006, into ABN AMRO Group was started early in 2006 and completed in December. Antonveneta's structure and governance have now been aligned with that of the Group. During 2006, Antonveneta and its subsidiaries continued to operate successfully in the consumer banking, commercial banking, merchant banking and asset management sectors.

In 2007 and onwards we will be working on aligning our sustainability agendas. This will be a gradual process, but progress is already being made. Under the governance arrangements for Antonveneta, larger exposures resulting from client engagements must be approved by Group Head Office in Amsterdam. This approval process includes an assessment of the ethical, social and environmental (ESE) risks involved.

by the Supervisory Board. Integrity, transparency and accountability are key elements of our corporate governance, as they are in our business as a whole. These key elements ensure that the controls and oversight necessary for effective risk management, proper compliance with regulations, and accurate and complete disclosure of information to the market are in place and functioning well. Our guiding compass in these matters is provided by our Corporate Values and Business Principles, which constitute ABN AMRO's 'code of ethics'.

 2006 Annual Report:

- Corporate governance and two-tier board
- Supervisory Board including committees
- Top management contracts and remuneration
- Dutch Corporate Governance Code and Sarbanes-Oxley Act
- Compliance
- Risk Management

 ABN AMRO Corporate Governance Supplement

Sustainability in the organisation

Further integration in our business

Sustainability is already integrated in our business, at Managing Board level and as a key responsibility of our management.

At Group level, our Sustainability department is responsible for defining and coordinating the groupwide sustainability strategy and for supporting its execution. In addition to setting a shared agenda, it also serves as a centre of expertise and as a catalyst for our business.

The Managing Board discusses sustainability bi-annually. Individual Managing Board members are encouraged to discuss the sustainability implementation process in their bi-monthly meetings with BU CEOs.

Sustainability continues to be a responsibility of BU CEOs. Since 2006, we have put a stronger focus on the implementation of sustainable development in the BUs. In each BU, dedicated teams help line management to implement sustainability initiatives and to raise awareness on environmental, social and ethical issues. The BU teams work in close collaboration with Sustainability at Head Office, sharing ideas and best practices via Communities of Practice (CoPs). A CoP has been put in place for each of our six focus areas. The members of our various CoPs are drawn from the sustainability functions and from the business.

Complementing this structure, we are also integrating sustainability activities further into the relevant Group functions – namely Group Communications, Group Human Resources, Group Finance and Group Risk Management.

Public Affairs

From January 2007, Sustainability at Group level has become part of the newly formed Group Public Affairs within Group Functions. Group Public Affairs will be responsible for the effective analysis of and engagement in the political, economical, social and environmental arenas globally, allowing its sub-departments to leverage on each other's expertise and scope. This will enable our bank to align and

strengthen its external position, views and activities, thus creating more value for the bank and all our stakeholders.

ABN AMRO and international initiatives

Sustainable development cannot be realised in isolation - international initiatives and partnerships are vital to contribute to a more sustainable world and marketplace. We believe in fostering 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.

ABN AMRO subscribes to the United Nations (UN) Global Compact, reflecting our firm belief that the business community has a crucial role to play in achieving its ten principles. We also endorse the UN Millennium Development Goals (MDGs). The MDGs define clear targets for eradicating poverty and related human and environmental deprivations.

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

ABN AMRO actively supports the Global Reporting Initiative G3 Guidelines, recognising their contribution to improving the quality and comparability of sustainability reporting. We clearly see the need to have a methodology and consistency in reporting, both within and across institutions. Our experience demonstrates the important role that good reporting can play in an institution's path towards greater sustainability. Through the process of measuring, monitoring, analysing and articulating our processes, we gain a better understanding of what we have achieved and of what we have left to do.

[🔗 Global Reporting Initiative](#)

The launch of the Equator Principles 2 (EP2) in July 2006 was an encouraging milestone, demonstrating our commitment to building and maintaining an international level playing

“Everything we do, every decision we take, leaves an imprint on the world around us. Today’s youth – tomorrow’s business leaders – are growing up in a world of turmoil, increasingly shaped by the twin challenges of global poverty and climate change. This new generation will judge us, the business leaders of today, by the way we respond to these and other global challenges.”

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

“Twenty years ago the World Commission on Environment and Development defined sustainable development as ‘a process of change in which the exploitation of resources, the direction of investments, the orientation of technological development and institutional change are made consistent with future as well as present needs’. The financial institutions have a huge impact on all these elements of sustainable development.”

Bjorn Stigson, President, World Business Council for Sustainable Development

field for financial institutions on environmental and social issues. Since the initial launch of the Equator Principles in 2003, considerable progress has been made in the way financial institutions address environmental and social issues in project finance. With its focus on transparency, smaller projects and advisory work, EP2 builds on the experience of the financial institutions and allows them to move on together to the next level of responsibility.

[🔗 Equator Principles](#)

ABN AMRO and poverty alleviation

Poverty is a global issue. We believe that the business community has a crucial role to play in addressing it. Raising the income of people living in poverty will in turn lead to economic and humanitarian benefits for local communities. Within our sphere of influence and our role as a global financial business, ABN AMRO wishes to contribute to efforts to alleviate poverty. In various chapters in this report we will report on our results:

1 Microfinance business and advisory

We provide microfinance in Brazil, India and the US. In 2006 we saw a further increase in the number of credits provided. ABN AMRO has also stepped up its support of microfinance capacity-building initiatives, including those in India.

2 Community investment activities

These are run by the ABN AMRO Foundation and the BUs. In 2006 the ABN AMRO Foundation made good progress in creating a global portfolio of community investments. We also carried out many community investment initiatives at a local level.

3 Contributions to the public debate

We participated in a number of initiatives addressing access to finance issues, such as a UN Advisory Council, Global Compact and a World Bank/Brookings Conference.

ABN AMRO and climate change

Climate change remains of the utmost importance and is one of ABN AMRO's major global sustainability themes. The way governments and societies choose to address this challenge today will have a profound impact on current and future generations. It is already affecting our business environment, creating both risks and opportunities for the bank, our clients and our suppliers; and also raising issues of responsibility.

Companies must show leadership on the issue of global warming. We aim to do this by linking our initiatives closely to our role as a financial institution and so making tangible contributions to our clients and the public debate. In various chapters in this report we describe the results of this year's focus on climate change such as for example:

1 Our own footprint

- Implementation of a global energy efficiency programme approved by the

Managing Board, targeting a reduction of 10% in Group-wide energy consumption by 2008 (compared with 2004) based on relative metrics (kWh per m², kWh per FTE); and a proportionate reduction in CO₂ emissions

- Examples of locations using green energy are our Dutch offices and Head Office locations, and ABN AMRO Zürich
- Innovative lake water cooling scheme launched at our global Head Office in Amsterdam to deliver further energy savings.

2 Business propositions

- Our activities in the trading of allowances under the EU Emissions Trading Scheme and carbon credits under the Kyoto Protocol
- Maintained a leading position in the listing of Carbon and Clean Energy businesses on the London Equity Markets
- Launch of innovative private investor products in clean energy
- Founding of the ABN AMRO CleanTech Community with the aim of generating more business related to clean technology developments.

3 Contributions to the public debate

- Continued our support of the Carbon Disclosure Project and remain ranked on the Climate Leadership Index with 60 companies worldwide
- Actively support the work of the Prince of Wales's Business and The Environment Programme run by Cambridge University and continue our involvement with its Corporate Leaders Group on Climate Change in the UK
- Co-sponsored the Dutch government's conferences 'Making Markets Work for Climate' in Seoul and Amsterdam
- Co-signed letters on climate change to the President of the European Commission and Prime Ministers of the UK and the Netherlands on climate change
- ABN AMRO signed the Clean Air Charter in Hong Kong.

“Antonveneta is proud to be part of ABN AMRO, and to share the same distinctive Corporate Values and Business Principles as the rest of the Group. By joining ABN AMRO and committing to the Group’s compliance standards, we can become a cornerstone not only in the market, but also in society. In 2006 we laid the groundwork. We’re now moving ahead with a programme to embed the Group’s key compliance processes in our business.”

Piero Montani, Chief Executive, Antonveneta

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

Throughout this report we aim to show our 2006 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.



BEING AC-
COUNT

BEING ACCOUNTABLE AND TRANSPARENT

ABLE AND

TRANS-

PARENT

Being accountable and transparent

Sustainable development results largely from companies being aware that they operate as part of a wider community and that they need to be accountable and transparent to all their stakeholders.

To build and sustain public trust, it is no longer enough just to meet legal requirements of disclosure and behaviour. More and more companies are coming to recognise this reality. Engaged consultation, moral compliance, doing the right things in the right way – all these attributes have become a 'sine qua non' in today's business environment. As a bank, particularly, we must behave responsibly.

The ability to listen and adapt is now a key strength of any business, and a readiness to engage openly and early with a range of stakeholders is critical to success. As a financial institution trying to engage openly with stakeholders, we inevitably come up against the 'transparency paradox'. Disclosure has its limits: Client and employee confidentiality - safeguarding of their respective rights and interests - are a fundamental part of our responsibilities, as well as often simply being required by law. Balancing the needs of openness and confidentiality represents a constant challenge.

Financial and non-financial reporting

Compared to financial reporting, sustainability – or non-financial – reporting is still new and developing. We are on a learning journey together with other businesses, governments and organisations, including the Global Reporting Initiative and NGOs, who are all committed to effective reporting on sustainability.

In our view, sustainability needs to be further integrated into the financial reporting process, thereby increasing the influence of sustainable development data in our corporate management objectives and business information systems. This will present the right balance of short and long-term scoping needed for both corporate strategy setting and presenting of a complete picture of the company for our stakeholders, including analysts and investors.

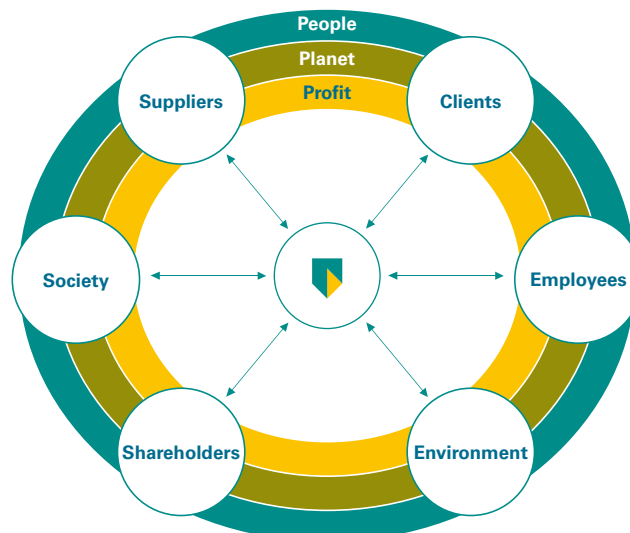
Sustainability ratings

We have been recognised by independent rating agencies for our sustainability performance, as illustrated in the table. ABN AMRO's position in the SRI universe is also illustrated in the accompanying 'spider' graph. This graph represents the results of research at the end of 2006 among the world's 125 largest commercial banks. The information is provided by Dutch Sustainability Research and is based on SiRi Pro, SiRi Company's web-based rating tool for sustainable information. The 'spider' graph compares ABN AMRO's performance with the average and maximum

Our responsibilities extend to all our stakeholders. With each group we are committed to maintaining open and transparent communications, as these represent the sustainable basis for trusting relationships. Last year we highlighted our increasing focus on the positive outcomes of these relationships, and in 2006 we maintained this focus on results, also across areas such as climate change and poverty alleviation. Throughout these efforts, we know that building and sustain public trust now requires much more than just meeting legal requirements.



ABN AMRO stakeholders



Sustainability indices ¹

	2006	2005
Dow Jones Sustainability Index – STOXX	Leader in banking sector	Leader in banking sector
Dow Jones Sustainability Index – World	Among the top three banks ²	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
Global 100 Most Sustainable Corporations	Included	Included

¹ For the credit ratings, see our 2006 Annual Report
² DJSI does not disclose explicit rankings for 2006

in our sector across seven sustainability themes. It shows that ABN AMRO is considered to be a top performing bank on four out of seven themes and is ranked second overall.

Engagement with shareholders

Our Investor Relations (IR) team is responsible for the bank's two-way financial and strategy communications with analysts, existing and potential shareholders – both retail and institutional – and with rating agencies. We

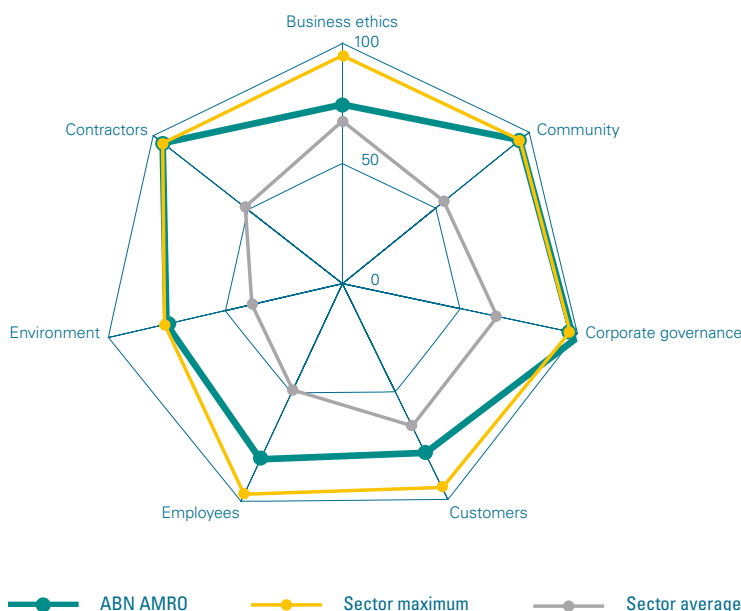
want to provide our analysts and investors with information that will enable them to truly understand our business. We also aim to offer all our analysts and investors to access to material information at the same time, in accordance with the 'fair disclosure' principle.

We publish quarterly results, organise investor roadshows worldwide, and conduct 'investor and analyst days' for professional investment analysts on both the buy- and sell-side. Interested parties worldwide can follow the meetings via live audio and video web-casts. In addition to our Annual Report, Sustainability Report, Form 20-F and Corporate Magazine, we publish a shareholder bulletin every quarter.

To increase socially responsible investors' holdings of our shares, we are working harder to engage with our investors on our sustainability objectives, issues and achievements. We organised an investor conference call after the launch of our 2005 Sustainability Report and continued the roadshows for Socially Responsible Investment (SRI) investors. The results of these roadshows – conducted jointly by IR and Sustainable Development – have been encouraging, and we are looking to hold them more frequently in 2007.

In April 2006, at the General Meeting of Shareholders, the Sustainability Report was on the agenda. The meeting also discussed our position on the Sakhalin II project.

ABN AMRO comparative analysis



Source: Dutch Sustainability Research

Proxy voting

In 2006, ABN AMRO Asset Management exercised its proxy voting rights for several Amsterdam and Luxembourg listed equity funds and voted at over 200 shareholder meetings worldwide. Most of these voting activities related to European companies (57%), although we also voted at meetings of North American companies (22%), Asian and Australian companies (13%) and companies in emerging markets (8%). In the fourth quarter of 2006, Asset Management Sweden and Norway started implementing proxy voting activities for their locally managed equity funds. In November 2006, Asset Management Amsterdam began to report its voting activities on our website within one month after the relevant shareholder meeting, as opposed to its previous practice of reporting on a quarterly basis.

[Our proxy voting: 'Voting on sustainability'](#)

Engagement with society

Partnerships aimed at raising industry standards

ABN AMRO participates actively in joint initiatives with local communities, business and organisational partners aimed at raising industry standards and establishing sound business practices. We engage in strategic partnerships and forums for multi-stakeholder dialogues to pursue these aims, and take an active stance in promoting and encouraging public-private partnerships (PPPs). We regularly contribute our insights on development issues or are invited to engage in policy dialogues with governments.

In the last decade there has been a rise in global awareness and commitment in the area of sustainable development. The number of organisations and partnerships active in this public domain has also grown accordingly. In the coming years, it is our aim to increasingly focus our efforts and resources:

- Around specific main sustainability themes
- By deepening our relationship with a smaller number of partnerships.

We believe this more structured approach will increase overall effectiveness and better leverage our knowledge and commitment as a bank. For an overview of our main partnerships, please refer to the table.

[More partnership activities](#)

Corporate lobbying and attention raising

Our external engagements are inevitably affected by the rapid and profound change currently taking place in the banking industry worldwide. In particular, 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 / Washington DC, 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.

Throughout all our dealings with national governments and the EU, we endeavour to act in a transparent and ethical way. Our core aim is to maintain an appropriate 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.

ABN AMRO is active in a number of organisations and forums. During 2006 we initiated and/or attended a significant number of meetings where we put forward our opinion on sustainability topics relevant to our business. These issues included:

- Global Reporting Initiative G3 Guidelines – Making it easier to compare different companies' sustainable business performance and support improved transparency through better reporting and regulation alignment

“The fundamentals of good governance are fairness, accountability, responsibility and transparency on a foundation of intellectual honesty. There is no better way to assist a board to practice good governance than to adopt the Global Reporting Initiatives Sustainability Reporting Guidelines. Using the GRI Guidelines not only results in more informed reporting but assists investors in making a more informed estimate about the value of the equity of a company.”

Mervyn King, Chairman, Global Reporting Initiative

Overview of main memberships

	Membership since
World Business Council for Sustainable Development	2000
Equator Principles	2003
Carbon Disclosure Project	2004
Global Reporting Initiative	2004
UN Environmental Programme Finance Initiative	2004
UN Global Compact	2004
Corporate Leaders Group on Climate Change	2004
Prince of Wales’s Business & the Environment Programme	2004
Extractive Industries Transparency Initiative	2006
Principles for Responsible Investment	2006

- The EU Emissions Trading Scheme – Ensuring long-term continuity in this market from 2012 onwards
- International Finance Corporation (IFC) – commenting on the revision of the IFC Performance Standards and Environment, Health and Safety Standards, both of which are utilised in the Equator Principles
- Development banks, public and private organisations and governmental bodies – Discussing the impact of the international financial architecture on the financial sector in developing countries. Our topics of concern include systems and guidelines to promote the transparency and accountability of payment systems and revenue transfers; lending practices that build local capacity for openness, competition, and risk management; crisis management mechanisms; and systems

and instruments that strengthen the internal practices of SMEs to support capital access in international markets

- World Bank Group, UNDP and developing countries – Stressing the benefits of using the Equator Principles as a framework for developing better environmental and social risk management practices and enhanced governance, and for establishing a level playing field. Focusing on how the private sector can help in making policies more effective and develop an enabling environment for access to finance
- Crisis Resolution and Crisis Prevention Working Group of the International Institute for Finance (IIF) – Calling for a standard rating system that could act as a Basel benchmark for sovereign ratings. Also in highlighting the potential for an industry standard to encourage debtor countries to meet strict criteria for responsible investor relations, such as debt statistics and policy actions, plus an annual report on debt management practices.

During 2006 we corresponded with several public sector representatives both at national and EU level in support of the issues mentioned above, and in relation to other topics. We also held discussions with government officials from emerging and developed markets about environmental and social issues, access to finance, human rights and conflicting local environmental regulations.

Non-governmental organisations

At ABN AMRO, experience has taught us that by actively seeking dialogue with non-governmental organisations (NGOs) at an early stage on relevant issues, we can both create opportunities to come up with new and better solutions, and also build better mutual understanding. The feedback obtained increases our understanding on a wide variety of topics. NGOs with expertise on sustainability issues such as climate change,

biodiversity, forestry management and the process of public consultation, for example, can make important contributions towards our ability to manage risk proactively and balance and reconcile the often conflicting interests we face in doing business. We continue to seek expert input from NGOs in developing policy positions, seeking feedback on business dilemmas, and in working together to jointly address global sustainability challenges.

NGOs themselves are experiencing a fundamental shift towards greater accountability and transparency, as increasingly demanded by companies, governments, multilateral organisations and the general public.

ABN AMRO's Group-level NGO Engagement supports our BUs in focusing their engagement with NGOs and managing key environmental, social and ethical issues in their geographical areas. NGO Engagement fulfils a networking, coordinating and facilitating role towards the BUs' sustainability practitioners, business operations and to the bank's country executives.

Direct meetings and discussions

In 2006 we increased the number and frequency of our engagements with NGOs, holding 577 meetings with 360 NGOs worldwide. For example, in the Netherlands, the World Conservation Union (IUCN) provided us with training on biodiversity. Similarly, our staff in Brazil participated in a working group on the topic of soy throughout 2006. These efforts have now led to the establishment of the Round Table on Responsible Soy.

Such engagements are only possible if they are conducted in a constructive and open manner, with all participants sharing mutual respect for each other's identity, objectives and responsibilities. ABN AMRO

ABN AMRO Asset Management joins EITI

In 2006, ABN AMRO Asset Management became one of the largest fund managers to date to sign the Extractive Industries Transparency Initiative (EITI). Endorsed by the G8 as part of its anti-corruption initiatives, EITI aims to improve governance in resource-rich developing countries by boosting disclosure of revenues earned by governments from natural resource contracts. In Europe and North America, payments such as taxes, royalties and signature bonuses are a matter of public record. However, in many developing countries these payments are kept confidential, leaving them vulnerable to misappropriation. Disclosure of payments and receipts can mitigate this risk. By signing up to EITI, all 39 investment institutions have publicly demonstrated their unambiguous support for EITI's objectives, and underlined their commitment to investing responsibly.

is a multinational corporation, not an NGO. By the same token, NGOs are not multinationals. By joining forces and exchanging views and expertise, these contrasting organisations can make a significant shared contribution towards doing the right business in the right way.

During 2006, other NGO engagements by the Group also included:

- Oxfam Novib on their assessment of the bank's Oil & Gas Policy in relation to a specific pipeline project

NGO engagements ¹

Topic	2006	2005
Issues	-	65 ²
Reactive issue management	40	-
Proactive issue management	85	-
Policy development consultation	20	65
Business development	180	85
Feedback Sustainability Report	2	15
Other	-	155 ³
Roundtables & panels	125	-
Non-commercial joint initiatives	125	-
Total	577	385

¹ Based upon scheduled meetings and local confirmation

² As of 2006, Issues have been split in Reactive and Proactive issue management

³ As of 2006, Other is split in Roundtables & panels and Non-commercial joint initiatives

Chinese walls

Banking regulations require ABN AMRO to implement and demonstrate effective internal 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, in order 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. They can be permanent or temporary, and can include separation both of physical office locations and/or different business processes and systems.

- Greenpeace Netherlands and Brazil, on the Amazon deforestation and related commodities issues such as soy
- India Committee of the Netherlands related to environmental and human rights issues connected to Mining & Metals operations in India
- Friends of the Earth the Netherlands and International, the International Fund for Animal Welfare, Sakhalin Environment Watch and Pacific Environment on environmental and biodiversity concerns in relation to the Sakhalin II project
- WWF UK, on BankTrack's 'Shaping the Future' report on ESE policies of banks
- Oxfam Novib, Friends of the Earth and Amnesty International (Netherlands) on the Equator Principles II. (The Equator Principle financial institutions consulted with some 25 NGOs during the process).
- Friends of the Earth Netherlands on our car lease arrangement and the Dutch NGOs' 'HIER campaign', which aims to increase climate change awareness in the Netherlands
- Amnesty International Netherlands on global human rights issues and the potential role of financial institutions in addressing the issue
- BankTrack, Greenpeace South East Asia and the Mineral Policy Institute (MPI) about their concerns on a Metals & Mining operation in the Philippines.

The Millennium Development Goals and Global Compact UN Global Compact Dutch chapter

ABN AMRO helped found the Netherlands National Chapter of the UN Global Compact in 2006, and went on to serve as the Chapter's interim administrative seat. This initiative followed a decision in 2005 by leaders of several Dutch multinationals to explore the possibility of working together on sustainability and international corporate social responsibility. ABN AMRO also helped to match the Millennium Development Goals with the principles of Global Compact for the chapter. This commitment distinguishes the Dutch chapter from those in other countries.

Public debate on access to finance for poverty alleviation

ABN AMRO engages in microfinance through its commercial activities and through charity. While the ABN AMRO Foundation actively supports capacity building of microfinance institutions, we believe that it is only through pursuing these activities commercially that they can be made truly sustainable.

United Nations

ABN AMRO participates in the UN Advisors Group on Inclusive Financial Sectors, established in 2006. Over the next two years, this group will build on the successful Year of Microcredit in 2005, by focusing on ways to broaden access to financial services. ABN AMRO is chairing the 'Engaging the Private Sector' working group, which will present business models to enable the private sector to create more inclusive financial markets. A platform of more than ten national and international banks is supporting these efforts.

Other activities

We have used our experience in discussions with the World Business Council on Sustainable Development (WBCSD), the OECD and the World Bank and the Brookings

Institution about access to finance initiatives, and with the Basel Committee on the capital charge requirements for microfinance loans. To better understand successful business models for microfinance, we undertook a study with the Center for Global Development 'Microfinance as Business', which was released in December 2006.

 [The study 'Microfinance as Business'](#)

The global climate change debate

We continued to participate actively in the debate on climate change during 2006. For the second time, we sponsored the launch in the Netherlands of the Carbon Disclosure Project (CDP), a survey report that is now in its fourth year and involves asset managers (including ABN AMRO Asset Management) representing total Assets under Management of some USD 31 trillion. In addition, Banco Real, in conjunction with the Brazilian Association of Pension Funds, was a sponsor of the first Brazilian report of the Carbon Disclosure Project. A request for information was sent to the 50 most actively-traded companies on the São Paulo Stock Exchange's IBrX Index, which generated a response rate of 66%.

 [Carbon Disclosure Project](#)

Also during 2006, ABN AMRO was included for the third year in the Climate Leadership Index as one of 60 recognised business leaders who address climate change.

ABN AMRO continued to actively support the Prince of Wales's Business and The Environment Programme run by Cambridge University focusing on executive education, and the related Corporate Leaders Group on Climate Change (CLG). The CLG brings together leaders from major companies who perceive the urgent need to develop new and longer-term policies for tackling climate change. The group's first output was a letter to the UK Prime Minister arguing its case in the run-up to the G8 Summit in Gleneagles in

"Historically, the financial services sector has been much slower than the others to grasp both the risks and the opportunities being created by the new 'sustainability' paradigm. Thankfully, this situation is now changing, and at dizzying speed. The winners, I expect, will be those with the longest and deepest understanding of these new competitive dynamics. Without question, ABN AMRO belongs in that category."

Matthew J. Kiernan, Founder and Chief Executive Innovest Strategic Value Advisors Inc.

"Transparency is the key element for the Investor Relations function, as it effectively is the 'checks and balances' for any investor. Being able to monitor developments in our bank, via open and transparent disclosure and communication is highly appreciated by our investors and analysts."

Richard Bruens, Head of Investor Relations, ABN AMRO

2005. The CLG was a UK-only grouping, but in 2006 it expanded across the EU. The CLG then wrote again to the UK Prime Minister and the European Commission President, offering support for bolder steps to tackle climate change. This encouraged the UK government to take action to stimulate investment in low carbon technology and use the negotiations on the EU Emissions Trading Scheme (ETS) as an opportunity to set challenging targets.

At the end of 2006, ABN AMRO Chairman Rijkman Groenink co-signed a letter to the Dutch government, initiated by IUCN Netherlands and CEOs of major Dutch companies, urging for more government action towards combatting climate change and pledging more corporate commitment.

In the autumn of 2006 ABN AMRO became a founding member of a new trade association called European Carbon Investors and Services (ECIS), launched to present the 'market' perspective on emissions trading and climate investments to policymakers worldwide. This body will share its best practices to help policymakers design more

Feedback on our 2005 Sustainability Report

After the publication of our 2005 Sustainability Report, we obtained feedback on the report via questionnaires, comments submitted by e-mail, and presentations to peers, SRI fund managers and NGOs. The overall stakeholder perceptions of sustainability at ABN AMRO, and of the Sustainability Report in particular, are positive. We received especially positive feedback about our risk and dilemmas section, the use of icons for the MDGs and Global Compact and the overall structure of the report. Possible areas for improvement included providing:

- More information on mainstreaming sustainability in the bank's operations
- Better and comprehensive environmental data
- More details on credit transactions (more numbers, more background), though we are considered leading in this field
- Data for three years instead of two
- Less text, reducing the number of pages by at least 30%.

This feedback has been a valuable source for improvement. We have sought to respond to most of the feedback in this 2006 Sustainability Report. In comparison to previous years, our 2005 report attracted far fewer comments. Our first report attracted over 400 responses (both positive and negative), whereas the 2005 report attracted only a handful.

effective market-based mechanisms for addressing climate change. ECIS's immediate concern is to ensure that Phase II of the EU Emissions Trading Scheme succeeds in tackling climate change while also contributing to a well-functioning market. Its long-term goal is to bring continuity to the carbon trading market from 2012 and to stimulate investment in emissions reducing technologies.

Furthermore, ABN AMRO signed the Clean Air Charter in Hong Kong, endorsed by close to 250 companies in the city.

In 2006, we co-hosted international conferences in Amsterdam and Seoul organised by the Netherlands Ministry of Housing, Spatial Planning and Environment (VROM), entitled 'Making Markets Work for Climate', focusing on mapping a new frontier in capital markets for energy investment and on the need for clarity on the long-term policy, stability and incentives to help unleash capital flows.

Ambitions and action plans 2006 status:

Being accountable and transparent

In 2006 we continued our approach of active stakeholder engagement, putting special emphasis on proactive dialogues. We also increased our focus on sustainability in our communication with investors for example, by conducting roadshows.

Ambitions and action plans 2007:

Being accountable and transparent

Going forward we will:

- Structure our engagements with society, NGOs, governments and multilateral organisations through Group Public Affairs
- Focus our expertise and actions more around specific themes; with for example, main themes being climate change and inclusive finance
- Transfer responsibility of the SRI roadshows and sustainability rating agency contacts to our Investor Relations department.

PROTECTING OUR ASSETS

PROTECT

ING OUR

ASSETS

As an international bank 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 towards sustainability. And while our clients are responsible for their own impacts, we are responsible for choosing our clients. We seek to take environmental, social and ethical (ESE) considerations into account in every decision we make. In 2006 we made further progress towards this goal, including closer integration of ESE issues into our mainstream risk management, client acceptance processes and BU-level decision-making. However, sustainability often requires us to tackle difficult dilemmas, as we seek to reconcile the sometimes conflicting interests of various stakeholders.



1-8,10

Protecting our assets

As a financial institution, we have both a responsibility and an opportunity to promote sustainability through our financial services. This is especially the case where these services may indirectly cause a significant environmental or social impact. While our clients are directly responsible for managing these impacts, we are responsible for selecting our clients and for deciding how and where to allocate our capital. In order to ensure that our client acceptance and capital allocation decisions are responsible, we include environmental, social and ethical (ESE) considerations in our client and transaction engagement decisions as a matter of policy.

This ESE approach allows us to gain a more informed and holistic understanding of risks within our selected client portfolios, and thereby helps us create more sustainable (and profitable) long-term business relationships. Every decision we make today should contribute to improving the future value of our business and enhancing relationships with all our stakeholders.

Risk governance

The bank's Group Risk Committee (GRC) is mandated to include ESE considerations in decision-making on client and transaction engagements. A dedicated team, called Sustainable Risk Advisory (SRA), assesses ESE risks and advises the GRC on the acceptability of ESE risks as part of both client acceptance and business engagement decisions. This SRA team works within Group Risk Management. Its primary focus is on clients and transactions in the BU Global Clients and BU Global Markets and specifically on those in sectors carrying increased ESE risk. SRA also acts as a centre of expertise assisting the various BUs with their decisions at a local level.

Similarly, in our non-lending activities, such as transaction engagement and underwriting, our committees decide on the acceptability of clients and on specific capital markets and transaction proposals. SRA is often called upon to provide an opinion on the desirability of such business.

Integrating ESE risk into mainstream risk

In line with ABN AMRO's Sustainability Strategy and Strategic Risk Agenda, SRA launched a project in April 2006 to integrate ESE risk assessment into the mainstream risk assessment processes within all the BUs across the bank. As a result, ESE risk assessments will be handled much more directly by our business, helping us to bring together ESE expertise and specific client knowledge to make better-informed risk decisions and to improve client service.

Working with dedicated risk professionals in each BU, SRA began by mapping the current ESE risk practices to identify any gaps in coverage and process against our policy requirements. Where gaps were found, SRA then helped the business in question prepare phased implementation plans to address them. ESE risk implementation focuses on:

- Determining decision escalation/delegation procedures
- Identifying the need for dedicated ESE risk management resources
- Addressing gaps in the application of our global policy
- Determining the appropriateness of BU-specific ESE policies and processes
- Outlining ESE training needs.

The key challenge is to balance the need for a consistent, robust ESE risk management framework across the entire bank, with the equally important need to allow each BU the

flexibility to design the specific ESE risk management processes and approaches best suited to its own client base and to the nature of its business.

It is expected that the governance, policy application, process development and training on ESE risk assessment will vary from BU to BU, depending on the nature of the business activities being carried out. SRA will continue to work closely with the BUs to support these implementation efforts and to provide appropriate assistance, guidance and training. We plan to finalise our BU client ESE risk management governance structures in 2007.

Incorporating ESE risk into client acceptance

In 2006, ABN AMRO revised its approach to general client acceptance as part of a consolidation of all 'Client Acceptance' and 'Know your Customer' activities and procedures across the bank. In 2007 we will finish incorporating the requirement for an ESE risk policy client assessment into the bank's new 'Client Take-on Process', and make this an integrated part of the 'Client Life Cycle' process. This will enable us to recognise potential ESE risks at an earlier stage, and to increase awareness throughout the bank. Given the mandatory requirement for all the bank's clients to be both assessed and reviewed, policy adherence will be readily realised and enforced.

Transaction banking and ESE risks

ABN AMRO has identified the potential for its transaction banking and processing activities to expose the bank to ESE risks. In the past, transactions that have been identified as requiring compliance with the Defence Policy, or involving countries highlighted by the Country Social and Ethical Risk Framework, have been referred to SRA for assessment and approval.

During 2006, ABN AMRO developed frameworks and tools for use by our transaction

Operational Risk Management Procedure

We have a procedure in place for assessing operational, legal and reputational risks in proposed new initiatives or changes to products, processes, activities, systems and organisational structures. This procedure focuses on identifying and assessing potential risks, and determining the measures needed to mitigate these to an acceptable level. The procedure is executed by line-management, and reviewed by operational risk management. Approval is performed through a committee structure with a higher risk profile requiring assessment by a more senior committee. The procedure includes consideration of environmental, social and ethical (ESE) risks.

banking professionals in undertaking these assessments and approvals. These included new decision matrices and a user manual that sets out the processes for screening transactions and identifying those requiring attention because of potential ESE risk issues. By the end of the year, teams in the transaction centres had taken greater responsibility for managing these processes and for determining our course of action for individual transactions. When this project is completed in the near future, our transaction banking activities will have taken full ownership of their ESE risk exposure.

ESE risk approach

Policies and tools

SRA uses a series of policies and tools, represented in the figure on page 26, to screen and assess ESE risks. These policies and tools enable the bank to adopt a more structured and consistent approach to risk assessments – and hence to decision-making – in sectors covered by specific policies, and also in other sectors that are regarded as less sensitive.

The responsibility for assessing clients and business engagements against the various ESE policies and tools rests first and foremost with our client relationship bankers and product bankers. SRA in turn evaluates these assessments and provides recommendations to the decision-making bodies on the acceptability of the client or transaction risks.

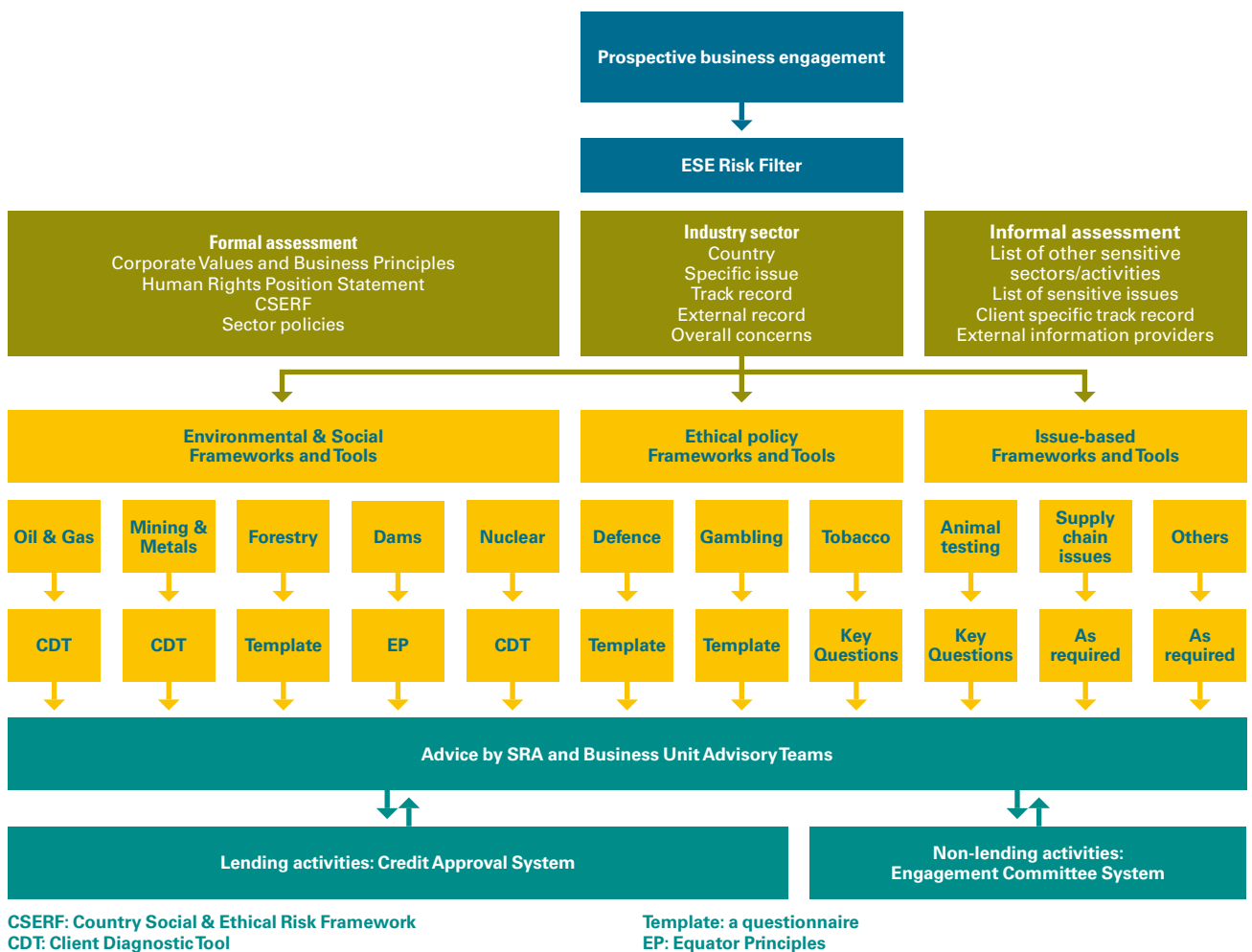
In particularly challenging cases, SRA staff and relationship bankers meet with the client to gain a deeper understanding of their approach to managing sustainability issues. In certain circumstances we seek opinions from external organisations, if we believe they can provide authoritative guidance and know that the confidentiality of our clients will not be compromised.

engagements decreased from 372 (2005) to 358 (2006). Within this, the proportion of negative advice increased from 5.4% (2005) to 9.2% (2006). This change runs counter to the prevailing trend seen in recent years, but is primarily due to the fact that the Gambling Policy came into force in 2006. Negative advice in the gambling sector represented 30% of all our negative responses in 2006.

The table on page 27 shows the number of times that SRA provided advice to a business engagement or credit approval committees during 2006. The instances of advice provided by SRA on client relationships and

Advice on specific trade transactions declined from 566 (2005) to 344 (2006), reflecting SRA's establishment of a new monitoring and decision-making

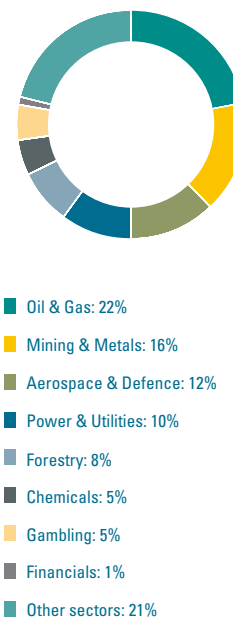
Environmental, Social and Ethical Risk Filter application process



SRA: total advices by industry and activity in 2006

	Number of advices	Approved	Approved with conditions	Declined
Oil & Gas	78	50	27	1
Mining & Metals	58	35	18	5
Aerospace & Defence	42	27	9	6
Power & Utilities	37	30	7	0
Forestry	27	20	4	3
Chemicals	19	16	2	1
Gambling	19	6	3	10
Financials	5	4	1	0
Other sectors	73	54	12	7
SRA advices by industry	358	242	83	33
Trade transactions advices	344	308	16	20
Total advices	702	550	99	53

SRA: advices by industry



framework for use by the bank’s team of trade advisers. The environmental and social policies covering the extractive sectors (oil & gas, mining & metals), and forestry continued to make up roughly half of advisory work (46%), with the ethical policies (defence and gambling) constituting a further 17%. Defence transactions in particular have seen a significant decline in recent years.

Policy adherence

We have continued to make progress in terms of the number of clients that have been approved against their respective sector policies. During 2006 we extended the application of our Oil & Gas and Mining & Metals policies beyond the priority and key clients that were the focus in earlier years, and towards our small and medium-sized enterprise (SME) clients. As a result, we increased the total number of clients assessed under the Oil & Gas policy by 27% and the Mining & Metals policy by 38%. Our activities during the year also resulted in a 8% rise in the number of clients assessed under our Forestry policy.

The integration of ESE risk policy criteria into our standard client acceptance approach

will allow for a further broadening of the application of our policies:

- The new processes will cover a greater number of clients across a broader range of client segments
- The assessment will be reviewed on an annual basis for those clients in ESE risk policy sectors.

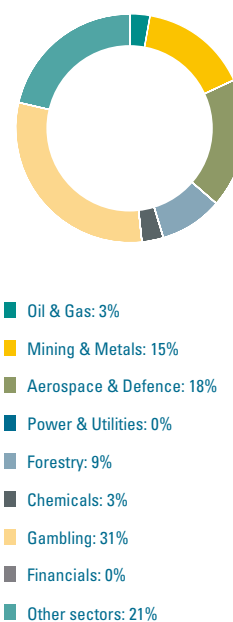
New policy development

Animal Testing Guideline

Developed in 2006, this guideline enables us to make informed and consistent decisions about clients that conduct research on animals. The key criterion of the guideline is that clients should be managing these activities prudently and responsibly. An involvement with organisations that engage in animal testing but fail to manage it responsibly could create reputational risk to the bank.

The guideline focuses primarily on evaluating the animal testing procedures of contract research organisations, for many of which research involving animals is a core business activity. As a matter of policy, ABN AMRO does not accept clients that perform research on great apes or animals officially listed as endangered.

SRA: advices declined by industry



The policy development process



Other policy papers

In 2006, we developed a Business and Energy Risk Paper. We did not develop our supply chain work beyond the coffee and soy sectors, but are playing an active role in both the Roundtable on Responsible Soy and the Roundtable for Responsible Palm Oil.

Training

Training and awareness are crucial in helping our client, credit structuring and risk professionals to incorporate ESE issues in their work. In 2006, SRA trained 226 employees whose roles involve applying the ESE Risk Filter and other tools.

ESE integration across BUs

BU Netherlands

In 2006 BU Netherlands (BU NL) completed its pilot of applying a 'Corporate Social Responsibility' scan to commercial clients on ESE risk issues. Having evaluated the results, BU NL decided to focus on commercial client lending relationships in the most ESE-sensitive sectors. The plan for 2007 is to apply the scan to lending relationships with companies that are in the top SME segment and which are operating in ESE-sensitive sectors. BU NL worked closely with a consultancy firm to define 18 ESE-sensitive sectors. For each of these sectors, the most significant ESE issues were identified and captured into a format. This information will help staff reach a better understanding and discuss ESE issues with their clients.

BU Europe

BU Europe has conducted a detailed assessment of the requirements for successfully implementing ESE risk policies, procedures and assessment tools in the region. ESE risk policies were specifically applied to the European client base of BU Global Clients, creating a need to extend these to the commercial and SME client base.

To drive and oversee the implementation of ESE risks within BU Europe, we have created a dedicated team that is working to:

- Advance due diligence procedures and assessment tools
- Improve ESE risk management control
- Develop policy guidance for sectors
- Provide ESE training and advisory.

BU North America

BU North America (BU NA) continues to work with Group Risk Management to develop and adopt appropriate ESE policies and tools for the US and Canadian middle-market portfolios. These are being designed to suitably assess credit transactions and determine client engagement strategies which take into account differing levels of ESE risk, regulatory environments and client capacities.

During 2007, under the guidance of Sustainable Risk Advisory in Amsterdam, work will continue on building the infrastructure and creating the processes for further implementation.

BU Latin America

BU Latin America continued to implement ESE risk procedures in the Latin American countries using the well-developed practices of the Brazilian operation. By the end of 2006, the vast majority of Latin American clients had been assessed against the bank's policies. In addition, all major financing proposals that must be approved at the São Paulo hub office now pass through a sustainability analysis.

The bank's operations in Paraguay and Uruguay began systematically analysing retail clients in a variety of sensitive sectors, while Chile also analysed a growing group of clients. In addition:

- Newly hired Brazilian risk analysts were trained in ESE risk issues and policies. Staff from all areas of the bank in Colombia and Venezuela received additional training
- A prototype eco-rating system in Brazil completed its first full year of use. Though still at a relatively basic level, this system has been applied successfully to hundreds of Brazilian commercial clients in a wide variety of industry sectors.

BU Asia

The responsibility for ESE risk management has been transferred from Head Office to BU Asia via the country's chief risk officers, with SRA Asia focusing on managing and advising on ESE risks in the region. BU Asia is developing a procedure to strengthen its ESE risk management around their growing business among consumer and SME clients.

SRA Asia will continue its work on sector-specific activities such as increasing commercial interest in biofuels across the region. This has prompted a further assessment of the sustainability issues within this sector, in particular for palm oil. The intention is to refine the bank's due diligence procedures further and enable the business to develop responsibly while seizing the commercial opportunities.

"Since we're in international trade, we always talk with clients about environmental issues in particular. We also consider social or ethical issues but there it's more difficult to say what's right or wrong."

Jasper van Geelen, BU Netherlands Corporate Clients, Rotterdam

"Since incorporation in 2004, Russian Copper Company has made it a goal to run a sustainable business, with respect for people and the environment. We have received constructive recommendations and advice in our discussions with ABN AMRO since first doing business with the bank in 2006. RCC is on the right track and the relationship with ABNAMRO is helping us to reach our targets."

Mr Maxim Shibrik, Vice President, CFO, RCC Group

Project finance assessments

We apply the Equator Principles to all our 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. In 2006, we advised on 33 projects and transactions, with a total project capital cost of over EUR 27.7 billion.

During 2006 we continued our review of the environmental and social aspects relating to the Sakhalin II Phase 2 integrated oil and gas project. This review has two objectives: to determine the project's compliance with the Equator Principles, and to establish whether the project is a 'responsible' engagement for the bank. Throughout our assessment we have maintained a dialogue - often involving robust discussion - with all stakeholders, including the NGOs opposing the project, the European Bank for Reconstruction and Development, and the independent environmental consultant. Our aim in this dialogue has been to understand and improve the environmental and social consequences of the project.

Equator Principles assessments by project category in 2006

	Number of assessments	Approved	Approved with conditions	Declined
Category A projects	10	2	5	3
Category B projects	19	10	8	1
Category C projects	4	4	0	0
Total	33	16	13	4

Equator Principles assessments by sector in 2006

	Number of assessments	Approved	Approved with conditions	Declined
Oil & Gas	12	4	7	1
Mining & Metals	5	2	1	2
Power & Utilities	12	7	5	0
Construction & Building Materials	1	1	0	0
Others	3	2	0	1
Total	33	16	13	4

Equator Principles assessments by transaction type and project capital cost in 2006

Transaction type	Number of assessments	Project capital cost 1 <i>(in US dollars)</i>	Number of assessments
Project finance	8	≥ 1 billion	8
Hybrid engagements 2	25	≥ 500 - < 1000 million	4
		≥ 250 - < 500 million	6
		≥ 50 - < 250 million	11
		< 50 million	4
Total	33	Total	33

1 Project capital cost is the total value of the project

2 Facilities which could not be categorised as pure project finance, but which are nevertheless linked to a particular project or asset

Equator Principles assessments by project location in 2006

Project location	Number of assessments
Europe	12
Brazil	4
Other Latin America	4
Australia	3
Middle East	1
North America	3
India	2
Other Asia	3
Africa	1
Total	33

Equator Principles Revision

In February 2006 it became clear that the Equator Principles needed to be revised. This revision was needed as the IFC had replaced its Safeguard Policies, which were the original basis of the Equator Principles. Given the requirement to amend the Principles to reflect this change, the Equator banks also took the opportunity to review them in the light of banks' implementation experience and comments from external stakeholders.

The revised Equator Principles were drafted by ABN AMRO and Citigroup, reflecting our involvement in the drafting of the original Principles and the leadership role both institutions play. The revision took into account comments from all the Equator institutions and consultation with clients, the IFC, Export Credit Agencies, NGOs and environmental consultants. The revised Principles incorporated, and are consistent with, the IFC's new environmental and social Performance Standards, ensuring a consistent standard for private sector project financings.

Some of our clients welcomed the revisions as providing further clarity to the requirements. In some areas, such as revenue transparency and human rights, they felt that they could go further. NGOs were critical of certain aspects of the Equator Principles, expecting the banks to have gone further in establishing true 'best practice'. This view was consistent, as the NGOs had already criticised the IFC for allegedly failing to promote best practice within the Performance Standards, and were looking to the Equator banks to take that further step. In our view, the Performance Standards and Equator Principles certainly do reflect best practice in many areas, and also encourage ongoing improvement. ABN AMRO intends to continue playing a role in supporting a broader implementation of the Equator Principles, also covering emerging economies.

"Banks are known as fierce competitors, but on improving environmental and social responsibility in the finance sector we have seen remarkable partnership and collaboration. It's been a trademark since the beginning in the Equator Principles Financial Institution (EPFI) network. In the updating process for the revised Equator Principles (the benchmark for responsible project finance), ABN AMRO and Citigroup played a leading role together."

Shawn Miller, Director, Environmental and Social Risk Management, Citigroup

Ambitions and action plans 2006 status:

Protecting our assets

We have achieved most of our ambitions for 2006. We reorientated our teams to support the new organisational structure. The businesses' knowledge of sustainability themes has been increasing, with Sustainability at Head Office playing a coordinating role. We made further progress in integrating ESE issues into our mainstream risk management and Client Acceptance processes. This revealed areas where we had not yet fully embedded our sustainability approach.

We continued to play an active role in industry-wide initiatives. We have developed a Business and Energy Risk Paper, but did not develop our supply chain work beyond the coffee and soy sectors.

Ambitions and action plans 2007:

Protecting our assets

In 2007, we will be dedicating a significant amount of time to ensuring that ESE Risk Integration and Client Acceptance projects are finalised, as well as conducting capacity building and training for each BU as responsibilities are transferred. Therefore the majority of time and effort in 2007 will be spent on:

- **Collecting and preserving know-how on ESE risks in client engagements**
- **Further reorientating our teams to support the bank's new organisational structure**
- **Ongoing implementation of the ESE Risk Integration project, including training other risk managers on ESE topics**
- **Completion of the Client Acceptance project**
- **Revision of the ESE filter into new transaction approval systems**
- **Training in the new Performance Standards and Equator Principles in early 2007. A revised Equator toolkit will be rolled out to project financiers to enable them to assess project ESE risks more effectively.**

Dilemmas

The dilemmas and case studies included in this section illustrate the complexity of the issues, processes and fact-finding activities that we encounter as a bank while doing business. They also reflect the absence of a simple right or wrong answer; we are often faced with divergent views and issues involving many stakeholders, interests and cross-border elements. We make our decisions with great care, often after extensive analysis and stakeholder dialogue, and always taking into account as many perspectives as possible – including our own. In addition, we cannot compromise on the client and transaction confidentiality that forms the heart of our banking relationships. This is why most of the dilemmas and case studies are kept anonymous, with the exception of those projects that have already been extensively covered in the public domain. For updates on dilemmas and case studies from our previous reports, please refer to the internet.

[🔗 Updates on 2004 and 2005 dilemmas and case studies](#)

1 Human rights in the supply chain

The situation

In early 2006 our Client Portfolio Management colleagues in Asia alerted the Sustainable Risk Advisory team to an NGO report alleging human and labour rights issues at an ABN AMRO client. The client is a major Asian manufacturer making toys for international brands. ABN AMRO provides general corporate services and financing facilities to the group.

The key allegations reported by the NGO were that the client was violating human rights and minimum legal standards through activities such as:

- Providing unacceptably cramped housing and sleeping quarters
- Not providing a safe working environment exposing workers to toxic fumes, and not taking out health & safety insurance as required
- Overcharging for food
- Employing under-aged workers
- Not allowing workers to have union representation.

Our considerations

Firstly, we needed to assess the validity of the reports and claims. Our due diligence revealed that the NGO making the detailed claims of

human rights abuses was a credible US-based organisation, and that the report was part of a wider campaign testing the commitment of US toy manufacturers and major retailers to voluntary codes for global manufacturing.

Our actions

Following our initial assessment, we decided to approach the client, who proved to be willing to engage with us on the report. This engagement took place at several meetings between the client and our Sustainable Risk Advisory team. The client showed understanding of human rights issues and invited the bank to a site visit, including the canteen, living quarters and a new factory under construction.

The overall impression was that the conditions were acceptable, a view confirmed by a reputable third party. We concluded that the client was aware of the importance of a safe and healthy working environment and of complying with labour regulations.

A sequence of events of this type exemplifies a key dilemma for an organisation like ours: the need to filter out the credible allegations in order to engage with clients when and where necessary.

2 Emerging markets mining project

The situation

In 2004, ABN AMRO was offered a transaction with a company operating a mine and processing facility in an emerging economy. Before making a decision, we conducted comprehensive due diligence including an assessment against the ABN AMRO Mining & Metals policy and the Equator Principles, and used our Client Diagnostic Tool to evaluate the client's capacity and commitment to manage environmental and social risk issues. We also ensured the lenders would retain an independent environmental consultant to assess the project's compliance with national and Equator Principles standards.

However, following our decision to proceed, the site reported two environmental emissions that breached regulatory standards and resulted in environmental contamination. As a result the mine was ordered to halt operations, pay a fine and introduce substantial operational improvements.

Several months later, after the required improvements had been made, the site was allowed to re-open temporarily to confirm that it could continue to operate while adequately protecting the local environment.

During this time, several external parties - both local and international - criticised the project, claiming that the mine could not be operated in a safe manner and was not supported by the local population. ABN AMRO and the other lenders were also targeted by NGOs for failing to adhere to our own policies. We sought to discuss the NGOs' concerns by establishing a dialogue with them.

Our considerations

Overall, the events described are a reminder that while our policies and approval processes help to manage risks, they cannot guarantee that the situation will not change while doing business.

How ABN AMRO should manage client engagements when an incident occurs after we have given our financial commitment is an important question. In such cases we base our judgement on several criteria, including the severity of the incident, the company's response and its ongoing capacity to operate the site responsibly going forward, our influence over the client's behaviour, and the bank's ability to improve management of non-financial risks at the site.

Our actions

Our review of this case led us to conclude that the incidents, while causing environmental impact, were relatively minor, temporary and localised. Our project visits and due diligence - including interviews with company officials, local regulators and community representatives - showed the company had responded by introducing operational improvements and upgrading its management of non-financial risks. We also responded by strengthening the project's environmental and social reporting requirements to highlight any additional potential risks going forward.

We decided to continue to support this client, but to monitor developments at the site and engage with the company and external stakeholders on an ongoing basis over its environmental and social impacts.

3 Courier company

The situation

ABN AMRO Brazil had a contract with a courier company to pick up and deliver parcels and documents. The bank discovered that one of the regular couriers was not, as we had believed, hired in accordance with the local labour laws. As a result he had been granted none of the usual welfare benefits, including social security for his family. In addition, further investigation revealed that the supplier had not yet raised its employees' wages in line with a collective labour agreement.

Our considerations

It is clearly stated in our Code of Conduct and in contracts with suppliers that they must comply with Brazilian labour law and collective labour agreements to ensure that employees are granted the rights and benefits due to them. So in this case, it was clear that the

courier company was neither aligned with the bank's beliefs nor in compliance with our policies.

Our actions

It remained our view that the courier company in question was not taking an ethical approach to its staff. We demanded that the company comply both with the labour laws and our standards, or face termination of its contract with us. In response the supplier argued that it would need to renegotiate the value of the contract and raise the prices of its services to meet our request.

We took the decision to terminate the contract and entered into negotiations with other suppliers to provide the same service, hiring employees from the original company. The social impact was minimised and the compliance with our standards was ensured.

4 Emerging markets extractive industry

The situation

In early 2006, ABN AMRO was asked to act as corporate advisor to a government in Asia regarding purchase of extra shares in a local copper-gold mine in which the government already had a majority stake. A private company was seeking to dispose of the remaining shares. We were asked to do a 'life-of-mine valuation analysis' before proceeding with a wider financial advisory role.

However, a number of issues had emerged relating to the mine, most notably the disposal of tailings into a river, resulting in large-scale environmental damage.

Our considerations

When ABN AMRO introduced its Mining & Metals policy in 2004, projects with a 'riverine

tailings' disposal were classified as not acceptable for financing.

In this case ABN AMRO was not asked to provide finance to the project but to act as an adviser. We analysed the case thoroughly, including considering the possibility that the government we had been asked to advise might have been in a better position to address the issues once it had full ownership of the mine.

Our actions

The result of our analysis was that the project was still in violation of a key part of our Mining & Metals policy. Despite the fact that the engagement offered us sufficient revenues, we decided not to become involved in facilitating this shareholder transaction.

5 Case study: Energy

Most energy is derived from natural resources such as coal, oil and gas, which between them provide the source for approximately 86% of the energy consumed worldwide. Alternatives such as hydro-electricity, biomass and waste, and other renewables provide around 8% of global energy, with the remaining 6% coming from nuclear sources. Against this background, the world is facing an expanding range of issues related to energy production and consumption. These are caused by four main drivers: security issues related to the control and supply of energy resources; emissions of CO₂ and other greenhouse gases; the use and depletion of finite fossil fuels; and the continuing growth in the world's energy consumption, especially in emerging markets.

As the global population continues to expand and the pace of economic development increases, society faces an increasingly urgent need to tackle the issue of potential energy shortages in the future. This involves looking into opportunities in areas such as more efficient usage of energy, carbon

capture and storage, renewables-based power generation (e.g wind, water, solar), nuclear power plants, and more efficient methods of generating electricity. While the amount of energy available from renewable sources is increasing, it will be insufficient and too slow coming to the market to bridge the gap between energy need and consumption over the coming 20 to 30 years. As a result, the likelihood is that attention will turn to nuclear power plants, which bring to the table a separate set of sustainability concerns. In many countries, energy from nuclear sources is a publicly-sensitive topic.

ABN AMRO is one of the world's leading financiers of energy projects. Given the wide diversity of opinions about nuclear energy, we believe that society now needs to have a full and open debate on it, not least because of the many developments that have taken place in this area in recent years. The construction of nuclear power plants in politically-stable democracies should no longer be excluded from consideration as a viable option for generating energy.

6 Case study: Soybeans

World demand for soybeans, a crop rich in proteins, is growing for several reasons. Rising incomes in Asia mean that people there eat more and richer foods, as well as consuming more meat. In turn, meat producers around the world are buying more soy to feed their livestock. And recently, soy has also become a viable biofuel option.

South America, especially Brazil, is the only remaining region in the world with large expanses of land suitable for new plantations for crops such as soy, cotton and sugar. While the expansion of soy plantations in this region contributes significantly to the economy, it could bring with it a number of negative impacts, such as deforestation, contamination

of rivers with pesticides, poor working conditions, expulsion of smallholder farmers, and the creation of roads and waterways through previously untouched rain forests.

In Argentina, Brazil, Paraguay, Uruguay and the US, ABN AMRO is a major financier of soy farmers and processors. The bank also finances soy imports through Rotterdam, Hong Kong and other key hubs. At the consuming end, our clients include major foods producers. These companies produce beverages, sauces, snacks and meat products.

Of all agricultural commodities, soy attracted the highest level of attention from NGOs and consumers in 2006. Soy production and

processing has many impacts, both positive and negative. With this in mind, ABN AMRO was the first bank to join an initiative called the Roundtable on Responsible Soy (the Soy Roundtable), a multi-stakeholder body that seeks a consensus on what constitutes responsible production of soy. Founded in November 2006, the Soy Roundtable is comprised of soy producers, traders, industry, commerce, finance and several NGOs. ABN AMRO is currently president of the Soy Roundtable board.

In all our dealings with the soy industry, we engage with our clients to understand their practices and assess whether they have the capacity and commitment to address the possible negative production impacts. Cutting loans is one way, but not the best. We feel that proactive dialogue, including among members of the Soy Roundtable, brings the best results, by raising awareness among our clients, and reducing both financial and reputational risk.

7 Case study: How to take on carbon and climate issues in project financing

NGOs often ask what banks are doing to measure the carbon intensity of their lending book. One particular area of focus is the impact that project financing has on the climate in terms of carbon emissions. This is a complex issue that requires assessment of the risks related to clients and their performance in this field.

The carbon intensity of projects we finance can give rise to risks in many areas. On one level, projects could face policy risk through action by international, national and regional governments. New policies – perhaps involving environmental protection or limitation on emissions – might be passed into law, affecting a project's ability or licence to operate. Other cash-flow risks can emerge around input cost rises, or output cost falls involving the price/opportunity cost of carbon. Similarly there may be a reduction in demand for carbon-inefficient goods and services. Physical risks are also present around weather events and adaptation to new climatic patterns.

Assessing these layers of risk is a complex task. Many of them are project-specific and require detailed analysis. To be effective, risk management needs to minimise the overall carbon footprint of the project-financing portfolio and to work in the context of the

newly-emerging carbon markets. This carbon risk also needs to be reflected throughout the overall lifecycle of the project.

However, this in turn raises the thorny issue of who has ownership of and therefore potential liability for that carbon. If we are funding a power plant, who holds responsibility for the carbon? Is it the equity owner of the plant, the fuel supplier, or the purchaser of the electricity who is responsible for the facility's greenhouse gas emissions? If we were to measure the carbon footprint of a project, what share would we as a lender be responsible for? Surely a bank's responsibility does not extend beyond managing the potential financial risks in the projects themselves?

Clearly, there is merit in developing systems and methodologies to measure and disclose the risks and opportunities associated with climate change and climate policy, including assessment of carbon and climate risk in greenhouse gas-intensive sectors. For project transactions, one approach might be to report the aggregate greenhouse gas emissions from the project book, quantify the financial cost of these emissions, and incorporate this into our financial analysis. The debate continues.

PROVIDING

RESPON-

PROVIDING RESPONSIBLE FINANCIAL SERVICES

SIBLE F-

NANCIAL

SERVICES

While we serve a vast range of clients, we know that our competitive edge is at its clearest among mid-market consumer and business clients. However, whether a client is a private individual or global multinational, they are all becoming both more demanding of our services and more engaged in the sustainability agenda. In 2006 our sustainability-related products and services continued to move strongly into the mainstream of our business and that of our clients, with expansion across areas such as carbon trading, Socially Responsible Investment-focused products, microfinance and Private Investor Products.



Providing responsible financial services

Our brand identity is a major asset of our business, and represents a label of quality for our clients and other stakeholders worldwide. This identity embodies trust and integrity blended with future potential, ambition and being a partner for all our clients. Sound and sustainable business performance depends on a company's ability to understand its clients' needs, spot important future developments, and incorporate these insights into its business proposition.

▲ Focusing on our 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. We also serve financial institutions and the public sector. 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 long-term client relationships is a key part of our mission to create long-term value. This requires active engagement with our clients, providing advice and assistance, and bringing added value to the relationship. By listening and talking to our clients, and engaging in their sustainability agenda, we aim to establish close relationship based on mutual respect and shared benefits.

▲ Client satisfaction

While our clients vary greatly in their needs and wishes, their satisfaction with us drives our success. We measure client satisfaction in our BUs on a regular basis and in various ways, including through qualitative and quantitative research, both in-house and using

respected market research agencies. Our complaint-handling procedures are a further valuable source of client information and interaction.

We conduct research in our major BUs more than once a year, with other BUs doing this once a year. Client satisfaction results in our main markets showed improved satisfaction levels for the Netherlands and the US, and a decline from 80% to 74% in Brazil.

[BU-specific information on client satisfaction](#)

▲ Client complaints

Whenever a BU receives a complaint from a client, it must apply the complaint handling procedure outlined in the Global Compliance Manual and Group Complaints Handling Policy. To help our BUs manage complaints in the optimal way, we have created global policy guidelines and put in place a complaints Community of Practice. Every BU has procedures and functions for handling customer complaints, reflecting the size and nature of its operations.

Our Corporate Loss Database (CLD) holds information on complaints, fines and sanctions that have resulted in monetary losses above EUR 5,000. In 2006, this database recorded 420 loss incidents. No incidents were recorded in which the bank was found in breach of environmental legislation or anti-competitive behaviour.

[BU-specific information on client complaints](#)

▲ Regulatory requirements

ABN AMRO is committed to keeping clients' personal information confidential. Client and transaction confidentiality is the basis of our banking relationships, and we cannot compromise on it.

As we are headquartered in the Netherlands; the Dutch Central Bank is our lead supervisor. As a financial institution, we are under supervision of the national Central Bank in every country where we operate. We also need to comply with local privacy laws and regulations, including marketing and communication, banking secrecy and data exchange laws.

With all our marketing and communication efforts, and throughout our products' 'lifecycle', we work to ensure that they meet the relevant regulatory requirements, including clear pricing and transparency on the conditions of purchase and use.

This is also in accordance with our Business Principles: we believe we have a responsibility to give our clients the information they need to make well-balanced financial choices and decisions. Whenever our products need to be adjusted to reflect local developments or debate, we act accordingly.

[!\[\]\(6605b201d6f14d9b3bcb8ab5f274d107_img.jpg\) BU-specific information on regulatory requirements](#)

Predatory lending

Many people have limited or no access to banking services, making them especially vulnerable to abusive financial practices. We are committed to applying responsible lending practices and providing high-quality loan services to all our clients. Aside from complying with legal and regulatory requirements, we regard predatory lending as being contrary to our Corporate Values and Business Principles.

[!\[\]\(17acf1afa8cdf0b67c53d4865a5ed469_img.jpg\) BU-specific information on predatory lending](#)

Main sustainability products and services overview

We believe sustainability is becoming a core element of every aspect of business – and that those who are acting now to seize the resulting opportunities will have prime-mover advantage. Markets will change with some entirely new markets emerging. Here are some of the main developments in 2006:

Carbon markets

EU Emissions Trading Scheme

The EU Emissions Trading Scheme (EU ETS) was launched on 1 January 2005, just before the Kyoto Protocol came into force. During 2006 we implemented a focused strategy that enabled us to take an early lead in the fast-growing carbon trading market that emerged around the EU ETS and Kyoto.

Approximately 820 million allowances were traded in 2006, more than three times the volume in 2005. Under the EU ETS, approximately 4,500 companies representing approximately 11,500 installations in the energy and industrial sector across the EU have capped their CO₂ emissions. If a company reduces its emissions below its allowed level, or receives more EU allowances than it needs, it can sell its surplus emission rights to companies that are short of these rights. ABN AMRO plays an important role as an intermediary in this market. In 2006, ABN AMRO also took on an Equity Analyst in London to focus on the renewables and carbon markets.

EU allowances can be traded on exchanges such as the European Climate Exchange (ECX), either directly or through a 'clearing member'. The majority of trading takes place in the bilateral or 'over-the-counter' (OTC) market, where ABN AMRO's Commodity Derivatives team acts as counterparty to companies that want to trade bilaterally instead of via an organised exchange.

Sustainable Assets under Management

<i>(in millions of euros)</i>	2006	2005
<i>ABN AMRO Groenfonds</i>	465	492
<i>SRI funds</i>	1,307	1,095
<i>SRI mandates</i>	210	190
Total sustainable Assets under Management	1,982	1,777
Total Assets under Management	187,700	176,000
Percentage of total assets	1.06%	1.01%

Carbon credit trades

ABN AMRO is also involved in the market for carbon credit trades under the Kyoto Protocol Scheme. We work with many companies to help them trade their carbon credits, and are well-positioned to assist them in generating carbon credits from Clean Development Mechanism (CDM) and Joint Implementation (JI) projects. We have dedicated staff in Amsterdam /London, Hong Kong and São Paulo.

In Brazil, our CDM efforts include offering financing at all stages of the process and working to raise awareness of the topic. For example, we recently brought together over 30 members of the ethanol sector to discuss opportunities. We conducted EUR 9.7 million in carbon credit trades in Brazil in 2006, and are analysing 18 further projects totalling over EUR 2.7 billion.

Outlook

The EU ETS represent the cornerstone of the EU's efforts to combat climate change.

However, we believe that the following elements can be improved:

- Current CO₂ emissions data is published once a year, creating a lack of timely information on total demand for CO₂ allowances. Monthly or quarterly reporting could improve this situation
- EU governments are allowed to auction up to 10% of allowances in Kyoto Phase II. Auctioning is an effective tool to increase liquidity, but governments have yet to embrace it fully as an allocation method.

In our view, the EU should be applauded for its efforts to create an efficient emissions trading scheme. We foresee that the EU ETS will mature in Kyoto Phase II, supporting a vibrant market in the EU and elsewhere.

Socially Responsible Investing

ABN AMRO Asset Management is committed to integrating environmental, social and governance factors into (non-SRI) investment processes. This voluntary 'ESG integration' process is promoted by the United Nations Principles for Responsible Investment, which we signed in May 2006.

In 2006, ABN AMRO Asset Management continued to broaden its sustainable products base with the launch of three new Socially Responsible Investment (SRI) Funds:

- Duurzame Donatie Fonds, which donates 1% of investments to four reputable charities

Performance figures of selected largest local ABN AMRO SRI funds

<i>(in %)</i>	Performance 2006	Performance 2005	Performance over 3 years to 31 December 2006
Brazil			
FIA ABN AMRO Ethical II (Brazilian equities)	34.9	26.6	132.0
Sweden			
Banco Ethic Sverige (Swedish equities)	22.4	30.4	82.9
Luxembourg			
ABN AMRO Funds Sustainable Global Equity Fund ¹	5.6	23.0	31.1

¹ In April 2006, the Socially Responsible Equity Fund was transformed into the Sustainable Global Equity Fund

- Brazil Equity Fund, the first emerging market SRI country fund available in Europe and Asia
- Sustainable Global Credit Fund, one of the first global SRI corporate bond funds.

As the accompanying tables show, our SRI Assets under Management rose from EUR 1,777 million in 2005 to EUR 1,982 million in 2006. Increasing awareness and interest among both retail and institutional investors means the future for sustainable investments is bright.

Private Investor Products

ABN AMRO's Private Investor Products business (PIP) creates innovative and transparent structured products across asset classes. PIP's clients include private investors as well as private banks, retail banks, insurance companies, independent financial advisors and retail-focused asset managers. PIP successfully launched a range of eco-related investment products in 2006. We expect further growth in 2007. The PIP portfolio now includes index-based products in water and global clean energy as well as sector-based solar and biofuels indices. With the success of these products, we will look to replicate these products in the institutional markets.

Equity Origination and syndication

Our Equity Origination business already has a significant presence in the carbon and clean energy arena. We consolidated this position in 2006 with deals including the listing of the Low Carbon Accelerator Fund, essentially an incubator for eco-technology companies. The five main areas of focus are carbon credits, solar energy, fuel cells, wind energy and biofuels.

Microfinance

Access to finance can enable millions of people to work their way out of poverty. A significant challenge remains extending the

"Emissions trading has proven to be a powerful policy tool to combat environmental problems. If governments design the right policy frameworks, then the private sector, with its unmatched capacity to provide resources and manpower, can deliver results."

Gerhard Mulder, Commodities Derivatives Marketer, ABN AMRO

"Our non-profit making company has been providing small loans for income generation to women living below the poverty line in Eastern Uttar Pradesh and Bihar for ten years. Over the past three years, loans from ABN AMRO have enabled us to significantly increase our outreach to the poor. The fact that our current on-time repayment rate has never dropped below 97% shows that clients see the benefits of credit and hence repay so faithfully."

Prof. David Gibbons, Chairman of Cashpor Micro Credit, Varanasi, India

reach and distribution capacity of microfinance activities. The private commercial sector can play an important role in meeting this challenge, in cooperation with NGOs. Private sector involvement requires new business models and long-term profitability, combined with a commitment to Millennium Development Goal 1, 'eradicating poverty'.

Our local operations drive microfinance forward. In the three countries where we currently have microfinance activities, we use different models customised to local needs and commercial operations.

Brazil

Real Microcredito, Banco Real's microfinance operation, has expanded its loan portfolio from EUR 0.2 million in 2003 to some EUR 5.8 mln in 2006. This means it has evolved from a pilot to a sizeable operation in nine Brazilian cities across Brazil.

Half of Real Microcredito's customers are under age 30, while 62% of all customers are women. Personal and group loans account respectively for about 80% and 20% of loans. The repeat customer rate remains at 60%.

Microfinance in emerging markets

	Brazil	India
Type of clients	Individuals or small enterprises who do not have access to credit through commercial financial institutions	Microfinance Institutions (MFIs), which lend on to mainly individual women
Number of loans	11,500 (2005: 8,300)	Loans to 26 client MFIs reaching out to 340,000 borrowers (2005: 178,000)
Size of loans	Between EUR 70 and EUR 7,000	EUR 1.3 million to MFIs which on an average lend EUR 75-250 to individual borrowers
Total portfolio	EUR 5.8 mln (2005: EUR 4.5 mln)	EUR 26.2 mln (2005: EUR 13.2 million)
Rate	Market pricing	Market pricing
Other	Offered in 14 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.

Our strategy is to expand into low-income areas that offer productive activities (commerce, manufacturing or services), and 2006 showed an increase in the number of partnerships, especially with our commercial clients. These partnerships are established with the regional representatives of these companies, who recommend small businesses that need credit to grow their operations and income. By the end of 2006, 78 microcredit agents were working out of 14 service facilities.

India

Our microfinance model in India involves providing credit to specialised financial intermediaries (MFIs), who then lend the money to economically disadvantaged borrowers. This approach combines the bank's financial strength with the MFIs' vast rural network. As at December 2006 our Indian microfinance portfolio had grown to EUR 26.2 million and 340,000 borrowers, mainly women, through partnerships with 26 MFIs across six states. Extending credit to women makes a positive contribution to the Millennium Development Goals on child education, health and gender empowerment.

Our Indian microfinance business achieved break-even within one year of start-up and

continues to operate profitably. We aim to reach one million borrowers by 2009 in a commercially viable manner. Central to our strategy is mentoring MFIs to help them expand their distribution capacity and provide training on process management. This is also stimulated by the annual Microfinance Process Excellence Awards (MPEA).

United States

In the US we work with MFIs to support start-up and micro businesses. MFIs provide services that banks cannot supply, such as technical and one-on-one support in targeted neighbourhoods, micro-loans to lift individuals out of poverty, and low-interest loans.

Because of the nature of the US economy, developing a small business to move someone out of poverty requires more than the provision of a few hundred dollars. Micro-loans in low-income communities are usually between USD 1,000 and USD 10,000 – amounts that are relatively small for ABN AMRO, but that are larger than loans in developing countries. This is why we use MFIs as intermediaries that provide low-interest loan capital.

Socio-environmental retail and commercial financing

The Netherlands

ABN AMRO Groenbank and ABN AMRO Groen Fonds finance 'green projects' in the Netherlands with special 'green loans'. These loans are based on the regulation 'Green Investing'. Projects with a potentially sustainable impact on the environment can apply for a 'Green Declaration' issued by the Dutch authorities. Key elements in gaining approval are the involvement of new sustainable technologies and inclusion on a list of specific types of environmentally friendly investment. Projects financed to date include biological agriculture, green warehouses and new clean technology projects.

ABN AMRO Groenbank B.V. is a 100%-owned subsidiary set up specifically to fund environmentally-friendly projects. It issues bonds for five and ten years. ABN AMRO Groen Fonds invests in guaranteed euro loans, at least 70% of which is invested in projects that support the environment in a positive way. Examples include wind energy projects, biological agriculture and sustainable house construction.

By the end of 2006 the ABN AMRO Groenbank and ABN AMRO Groen Fonds together had more than EUR 1 billion under management.

In 2006, BU Netherlands (BU NL) invested in building up expertise in the biomass and biofuels sector. As a result we financed the world's first bio-methanol production unit.

A consortium of Econcern, the NOM, Oakinvest and the founders provided the equity, and chose ABN AMRO to provide a EUR 25 million working capital facility. This transaction positions us to make further strides in the bio-energy market.

United States

BU North America (BU NA) has developed acknowledged expertise on the issue of green buildings. In 2006 we convened more than 50 developer clients and employees to present the newest and best research on green building and to determine what needs exist in this area. BU NA is financing Chicago's first residential Leadership in Energy and Environmental Design (LEED) certification standards. Our three main office buildings in the US are on track to be LEED certified in 2007.

Brazil

Our range of 13 socio-environmental financing retail products is divided into three groups:

- Environmental - Geared to improving consumption and management of natural resources by companies
- Educational - Encouraging professional improvement and training
- Social - Seeking to include socially disadvantaged people.

Our socio-environmental financing for commercial clients reached EUR 61 million in 2006, while consumer client financing reached EUR 5 million. The number of approved financing deals to reduce greenhouse gas emissions increased from 3,803 in 2005 to 3,915 in 2006.

Designed to assist small and mid-sized companies, we formed key partnerships with Ciesp (Center for Industries for the State of São Paulo) and Firjan (Federation of Industries for the State of Rio de Janeiro). These partnerships offer the cleaner production lending facility – a United Nations Environmental Program (UNEP) initiative – that helps prevent the generation of waste and to reduce the toxicity of products. During the pilot phase to date we have completed nine cleaner production lending contracts valued at EUR 231 million with small companies.

ECA-backed facilities

(in numbers)



- Asia Pacific: 131
- Central and Eastern Europe: 61
- Latin America and Caribbean: 87
- Middle East and Africa: 64
- OECD: 204

ECA-backed exposure

(in %)



- Asia Pacific: 22%
- Central and Eastern Europe: 7%
- Latin America and Caribbean: 18%
- Middle East and Africa: 6%
- OECD: 47%

International Finance Corporation credit line in Brazil

We added several new features to our International Finance Corporation (IFC) Socio-environmental Financing line in 2006. Early in the year, we expanded the credit facility to a total of USD 92 million and extended our scope beyond socio-environmental and corporate governance financing by funding value chain projects.

In late September, we responded to clients' concerns over exchange risk by creating a reais-denominated financing line valued at about USD 85 million. This is the first time that IFC has developed an average interest rates-indexed issue in reais. We have currently completed three contracts in reais with more in the pipeline.

After two years in operation we have now provided USD 108 million in credit and remain the only bank in Brazil with an IFC sustainability line. Examples of our successful financing deals promoting sustainability include a USD 5.6 million financing for a new technology that separates out and recovers the three components of Tetrapack packaging.

[More examples of sustainable financing](#)

Planned Giving programme for private clients

BU Private Clients has included SRI and Dow Jones Sustainability Index (DJSI) stock in the Investment Advisory Cycle, a tool used to advise clients on their investment portfolios.

Encouraged by an increased demand from clients for products that have a positive impact on society or the environment, Private Clients in the Netherlands has launched the 'Planned Giving' programme in the final quarter of 2006. This programme offers clients the opportunity to invest or save, to support good causes and making use of a Dutch tax facility at the same time:

- Charity Savings Deposit, donating the interest-earned to a charity selected by the client
- Charity Investing, where a client needs to invest a minimum of EUR 500,000 for a five-year period in a guarantee product and surrender the proceeds to a good cause of their choice. The selected organisation receives a guaranteed income every year, and the client is guaranteed the amount they initially invested after the five-year period has ended. The income that is donated qualifies as a 'periodic donation' for income tax purposes, allowing clients to gain a 'fiscal' return on their investment in the form of a lower tax assessment or a tax refund.

Development finance

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 2006, we financed 547 ECA-backed transactions in 76 countries, totalling EUR 17.4 billion. The accompanying charts show the regional spread of our facilities and their exposure values.

Our co-finance partner rankings are:

- International Finance Corporation: fifth
- European Bank of Reconstruction and Development: ninth.

“The success of the socio-environmental lending facility represents a significant step in realising value in sustainability. By not only strengthening the corporate governance structures of family-owned businesses in Brazil, but also providing enhanced access to credit for environment-related projects, Banco Real demonstrates the business case for sustainability as it expands and strengthens its loan portfolio.”

Rachel Kyte - Director, Environment and Social Development Department of IFC

Ambitions and action plans 2006 status:

Providing responsible financial services

In 2006, we made good progress in developing more ‘responsible financial services’ and further increasing the base of our current products and services.

Ambitions and action plans 2007:

Providing responsible financial services

Going forward we will:

- Further increase our sustainable product offerings and embed sustainable criteria more deeply into our mainstream products and services**
- Continue to build our SRI Assets under Management and to integrate environmental, social and governance factors into our investment processes**
- Increase our eco-related Private Investor Products in number and value**
- Expand our microfinance to at least three other countries and enabling further growth of our current microfinance activities**
- Increase our socio-environmental retail and commercial financing activities both in value and number.**

BEING AN EMPLOYER OF CHOICE

BEING AN

EMPLOYER

OF CHOICE

Being an employer of choice

We believe all our clients must receive excellent service from engaged employees. When 'engaged', our employees are motivated to play an active role in achieving our business objectives and building our future with us.

We respect and comply with local laws in every country where we do business, and our standard as an organisation is to treat our employees with respect. We aim to maintain a strong and open relationship with all members of staff to ensure good employee - employer relations at all levels.

ABN AMRO is a dynamic and growing business that employed an average of around 106,000 people during 2006 in more than 50 countries. This total is a snapshot in time, as there is a constant inflow and outflow of people caused by joiners, leavers, as well as acquisitions, divestures and restructuring programmes. In an ever-changing and increasingly competitive world, ABN AMRO has to adapt continuously to achieve its ambitions and maintain a clear focus on core activities. This requirement will continue to bring change for the entire organisation.

It is important to keep our employees aware of and live our Corporate Values and Business Principles, sustainability, diversity and inclusion and compliance. Our employees' actions need to exhibit our three corporate behaviours: collaboration, client intimacy and integrity. To this end, we have put in place robust policies and practices to support our employees and position us as a responsible employer in accordance with local regulation.

Human Resources update

The Human Resources (HR) organisation in ABN AMRO plays a central role in building a high level of engagement with our people. HR supports the implementation of the bank's

revised organisational structure and helps us put our three corporate behaviours into effect. HR has been moving to a new operating model to ensure a consistent and high level service to our managers and employees. This implementation was largely completed in 2006.

Health and safety

ABN AMRO is committed to the health, safety and welfare of all our employees in accordance with local law. For the first time, we have gathered Group-level data on absentee rates. The data have been drawn from local absence management systems, and have been submitted according to a common definition. The overall absentee rate during 2006 was recorded at 4.3%, currently representing approximately 65% of total average FTEs for the year.

The Health & Safety Policy is designed to maintain a safe and healthy work environment, and we want to cooperate with all employees in fostering safe and efficient working. This includes having safe and healthy buildings in which to work and providing safe working conditions. As a financial institution we have less risk of severe physical accidents than companies in many other sectors, but that does not make us any less committed. In our main markets we have staff prevention and education programmes in place relating to subjects such as 'repetitive strain injury' (RSI) and employee wellness. We also offer fitness facilities at many of our larger offices.

The assessment and management of risks to our staff are an integral part of our Business Continuity Management process. Examples include travel restrictions reflecting safety or health hazards in specific countries, calling procedures to reach staff at work or at home in case of emergency.

When our staff are fully engaged with us as an employer and our vision of the future, they deliver the excellent service that clients rightly expect. So we work hard to measure and improve staff engagement across our Group. These efforts include encouraging and supporting our people's involvement in sustainability initiatives, talent management and offering good employee rewards and benefits. Our aim as an organisation is to treat our employees with respect and to maintain a strong and open relationship with them, also in times of restructuring. In 2006 we made further strides towards being an employer of choice.



Average number of employees

(in FTE)	2006	2005
Netherlands	26,260	26,110
United States	15,790	16,148
Brazil	26,611	25,917
Italy	9,813	130
India	6,591	5,425
United Kingdom	4,578	4,813
Other countries	15,790	14,471
Average number of employees ¹	105,433	93,014
Private Equity Investments ²	29,945	22,201
Total average number of employees	135,378	115,215

¹ Increase mainly due to integration of Antonveneta

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

Restructuring the organisation

To realise our strategic ambition and execute our corporate strategy, we moved during 2006 to a matrix organisational structure. This new structure equips us to achieve and sustain our business objectives more fully. Alongside these necessary changes our BUs have continued to focus on their strategic core activities, making targeted investments and aligning their teams and departments to improve performance, while also divesting non-core activities and creating synergies by realigning their structures. In reaching these difficult decisions our Corporate Values and Business Principles serve as a compass.

ABN AMRO named employer of choice

ABN AMRO's employment practices have attracted external awards. Highlights in 2006 include being ranked in the Top 50 companies 'Where Women Want to Work' in the UK. Banco Real in Brazil won several awards relating to working women and being an employer of choice, including being ranked eighth among the top companies for women to work for. In the Netherlands we were ranked as the fourth-best company to work for in a study conducted by the Intelligence Group. In Singapore we received several work-life balance awards, including the Work-Life Achiever Award.

We conducted restructuring programmes in:

- BU NL, including outsourcing of the the mid-office mortgage activities
- BU Global Markets, with a merger of several departments and the divesture of our Futures activities in the UK and US
- Services, covering the full array of activities.

In the fourth quarter of 2006, we announced a restructuring of Group Functions involving a 500 reduction in FTEs.

 *BU restructuring activities*

Outsourcing and offshoring activities

Outsourcing and offshoring are tools that enable ABN AMRO to drive long-term profitable growth and to manage our costs effectively. In addition to offshoring to ABN AMRO's wholly-owned operations subsidiary ACES in India, ABN AMRO continues to explore opportunities to use other low-cost locations around the world where the criteria for high-quality, cost-efficient and compliant services can be met, such as Poland, Brazil and India.

Informing our employees

We strive to provide open and transparent communication with our employees, but especially when planning organisational changes. We aim to explain the business rationale for change, clarifying how we plan to implement it and of course outlining what the change means to the employees involved, both from a team and individual perspective. Although we have focused on this area, our Employee Engagement Survey shows we can improve further.

When making changes, we adhere to local labour regulations in our various countries and to agreements with unions or staff councils if these are in place. We aim to provide support to management and employees, for example through our 'Leading through Change' programme. We also often provide outplacement, redeployment or training

opportunities for staff affected by restructuring changes. Our Netherlands 'employability centre' is one example of such an initiative.

We work closely with employee representative bodies during times of change. Where these bodies are in place, they play an essential role in supporting employees and management. They challenge our plans, highlight potential consequences for our employees and the environment, and support us in achieving our objectives. Together we can make more balanced decisions and achieve greater support for organisational changes.

Employee complaint handling

Differences and friction between employees, or between employee and employer, inevitably arise in any organisation. However, we take such events seriously and seek to address the root causes wherever possible. We aim to resolve any complaints or grievances quickly and fairly, preferably through open dialogue. Every country is required to have formal procedures in place for dealing with complaints and grievances and to update these on regular intervals.

ABN AMRO also has a whistleblowing policy, which was updated in 2006 to improve employees' ability to raise concerns, including the option to do so anonymously if they choose. The policy is designed to ensure any legitimate concerns are handled fairly and are followed up appropriately, while at the same time protecting anyone reporting a concern in good faith from suffering any adverse consequences as a result.

Collective bargaining and employee representation

ABN AMRO respects employees' rights to collective bargaining and employee representation in accordance with local law. In many countries we participate in Collective

"At ABN AMRO we believe that delivering an excellent level of service for our clients depends upon having highly motivated and engaged people. To achieve our goals and build a sustainable future, we are committed to maintaining the highest standards in attracting, developing and retaining talent - and this is what makes us an Employer of Choice."

**Pauline van der Meer Mohr, Global Head of Human Resources,
ABN AMRO**

Labour Agreements (CLAs). Participation in CLAs is often required under local legislation. We have signed CLAs in mainly European and some non-European countries, though not for all our operations.

Where employee representative bodies have been established, we aim to support them in carrying out their responsibilities effectively. Where appropriate we provide facilities such as workspaces or intranet pages for union and employee works councils. In many countries we recognise formal trade union representation and consult the labour unions over issues such as CLA negotiations.

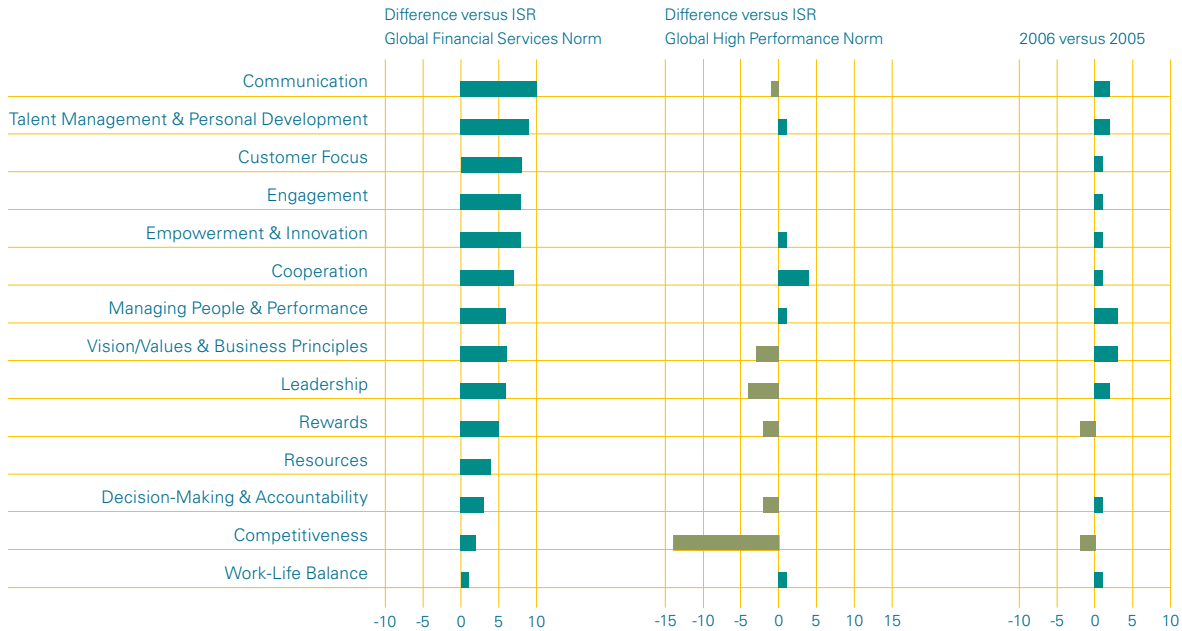
In countries with no formal labour representation we use mechanisms such as our Employee Engagement Survey (EES), to keep in touch with staff sentiment.

For example, ABN AMRO China does not have a CLA because this is not a common market practice for foreign banks in this country. ABN AMRO China does have a trade union however, of which the majority of local staff are members. In terms of compensation and benefits, we aim to align ourselves with local market practice and our high standards. Management regularly reviews planned actions to ensure that they maintain internal fairness and external competitiveness.

 *European Staff Council*

 *Dutch Central Works Council*

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 & gas to banking, pharmaceutical and technology.

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

Employee rewards and benefits

We offer good employee rewards and wider benefits as part of a local reward package.

We comply with and often exceed minimum legislative requirements including minimum wages and notice periods. As a matter of policy, we do not use child labour or forced labour.

Throughout the bank our strategy is to reward staff on the basis of their competence and performance, since these criteria do not discriminate on gender, ethnicity or otherwise. In the countries in which we are present, we offer a wide variety of employee benefits including pension plans, health insurance, disability insurance, childcare provisions and flexible work schemes. We do not necessarily provide all such benefits in local reward packages. This is determined with reference to the local market conditions. In some countries, but not Group-wide, we offer flexible benefit plans with more choices.

Diversity and Inclusion Index and Sustainability Index

Within our Employee Engagement Survey we measure ourselves on several indices. Our 'Diversity and Inclusion Index' is on par with the high-performance norm on this measure. Our 'Sustainability Index' shows progress with a score that is up by 3% over 2005, above the financial services norm, but slightly under the high-performance norm. In terms of our sustainability performance, 85% of employees say they are aware of the bank's commitment to sustainable development, an eight-point improvement over our 2005 score.

Employee engagement

To measure the level of engagement among all our employees, we conducted our second Group-wide employee engagement survey in 2006, achieving a response rate of 85%, ten percentage points above 2005. We monitor engagement over time to measure and track our progress. Compared

Gender mix in management ¹

(in numbers)	Supervisory Board and Managing Board		Senior Management		Management		Total	
	2006	2005	2006	2005 ²	2006	2005 ²	2006	2005
Female	2	2	29	23	967	883	998	908
Male	18	19	273	260	4,163	4,002	4,454	4,281
Total	20	21	302	283	5,130	4,885	5,452	5,189

¹ Excluding Antonveneta

² Definitions for (Senior) Management changed in 2006, 2005 data are adjusted accordingly

to the global norm for financial services companies, we outperform in every category.

Compared to the global high performance norm, we outperform in five categories, are up to par in three categories and underperform in six categories.

In 2006 we achieved improvements over the previous year in all but three categories: rewards, competitiveness and resources. Our two biggest improvements were in 'managing people & performance', and in 'vision/values & Business Principles'. These results demonstrate to us that employees increasingly feel that we act with integrity both internally and externally and that they are well-informed about our Corporate Values and Business Principles, their BU's performance and its results. This year's survey shows there is room to further improve the clarity of our objectives, competitive drive, prioritisation, decision making, as well as the two-way communication between senior management and employees.

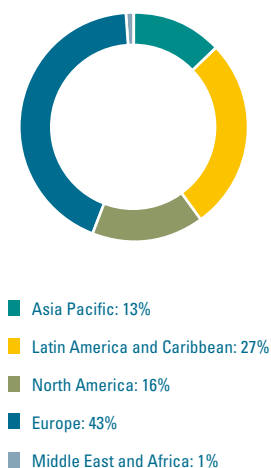
Gender mix in management ¹



¹ Excluding Antonveneta

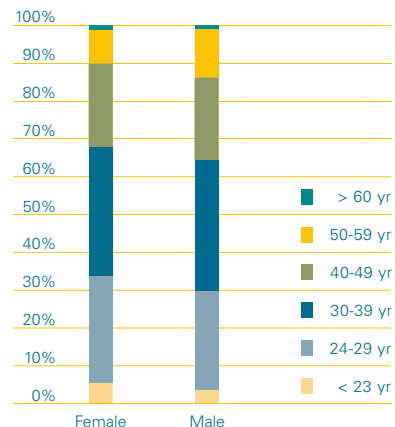
Diversity in workforce

(number of employees per region in %)



Diversity in workforce ¹

(gender and age)



¹ Excluding Antonveneta

Human rights

ABN AMRO recognises the importance of human rights and believes that businesses can make an important contribution in this respect. One of our Business Principles states that 'we respect human rights and the environment'.

Our Human Rights Position Statement explains what respecting human rights means in relation to our employees, clients, suppliers and other stakeholders. We also support

Full-time/Part-time distribution

	Full-time		Part-time		Average contract of part-timers	
	2006	2005	2006	2005	2006	2005
Female	75%	74%	25%	26%	0.72 FTE	0.71 FTE
Male	91%	91%	9%	9%	0.75 FTE	0.74 FTE
Total	83%	82%	17%	18%	0.72 FTE	0.71 FTE

Professional education

	2006	2005
Total costs of professional education (in euros)	130,539,000	116,578,000
Amount per FTE (in euros)	1,238	1,195

our Corporate Values and Business Principles. We aim to respect every individual and draw on their strengths and creativity. We regard diversity and inclusion as a key driver in achieving business goals and high performance.

international declarations and standards that foster human rights, including the Universal Declaration of Human Rights and the UN Global Compact.

We reflect our commitment to human rights in our work environment by seeking to integrate respect for them into relevant policies and training. In 2006 we published a Human Rights User Guide to inform managers and employees about ABN AMRO's human rights position and how it relates to our business. This guide was distributed to all managers bank-wide.

Diversity and inclusion

ABN AMRO is committed to having a diverse and inclusive workforce, and we place strong emphasis on these as a clear expression of

Our global presence is reflected in the diversity of our staff. For example, around 54% of our top executive group (TEG) is non-Dutch. The proportion of women in our bank is currently at 9.6% at senior management levels and 18.8% at management level.

In 2006, our main focus was on diversity, paying specific attention to gender, and ethnicity and nationality. For 2007, our main focus will be on inclusion.

All BUs have allocated staff, time and budget to diversity and inclusion, with a global team supporting them and setting a shared agenda. In 2006, a global campaign resulted in an increased participation in diversity and inclusion training efforts, conferences and other initiatives.

Staff training on environmental, social and ethical issues

	2006	2005 ¹
BU Netherlands	2,200	800
BU Europe	650	–
BU North America	1,250	230
BU Latin America	8,550	7,550
BU Asia	600	–
BU Private Clients	200	–
BU Asset Management	125	100
Group Functions/other BUs	1,750	740
Total	15,325	9,420

ABN AMRO seeks to promote a culture in which employees can integrate a productive work environment and a satisfying personal life. Various employee benefits and initiatives are in place to help employees combine work, home responsibilities and interests.

As a matter of policy, we do not tolerate discrimination. We encourage employees to bring forward any instances they come across of alleged discrimination, which are then investigated in accordance with our local policies and in compliance with local legislation.

Talent management and development

ABN AMRO focuses strongly on employee education and talent management. Our learning activities aim to develop staff at every level in our organisation. We are in the process of integrating key principles into all our learning activities. These learning principles include our mission, corporate behaviours, Corporate Values and Business Principles, as well as sustainable development, diversity and inclusion and compliance. These learning principles will also apply to our coaches and learning suppliers, helping to define and embed these aspects of our organisational culture over the longer term.

Managing performance

To meet our strategic ambitions, we must manage our performance at both an individual and organisational level. Our aim is for all our employees to have regular discussions about their performance.

Across ABN AMRO, performance management is a business process that uses dialogue to facilitate the translation of organisational strategy into individual contributions. This process helps us to set the right expectations for high performance while maintaining a fair and transparent link with the employee reward system. Examples of the tools we use to support this process include the sessions we hold to assist in:

- Effective cascading of objectives
- Increasing the consistency of appraisals using peer comparison as a benchmark
- Improving quality through so-called 360° feedback reports.

During 2006, ABN AMRO completed a benchmarking exercise with best-in-class organisations and used the results to amend our performance management strategy. The focus this year is on harmonising processes across the Group to ensure consistency and alignment, resulting in greater transparency globally.

“The Global Graduate Academy provides an excellent opportunity to meet your global peers, hone your skills in both markets and corporate finance, and learn about the various ABN AMRO businesses and products. Locally, under the policy of rotation, graduates benefit by experiencing the different sides of the business and working with the people who run those businesses.”

Jim Malone, Dealer, Derivative Sales, Global Markets, Australia

“In 2006, my team had the opportunity to participate in a Sustainability training course. The training really opened my eyes to all of the small things that I can do on a daily basis to preserve our environment. It makes me proud to work for a company that not only tells its employees what they should support, but also gives us the opportunity to understand why our support is so important.”

Lua Clark, Event Management, BU North America

Sustainability education

We have intensified our sustainability training and awareness programmes and global communication efforts. Our global bi-weekly e-newsletter on sustainable development covers the main news in every BU as well as global trends. It is aimed at sharing and deepening knowledge and reaches around 11,500 employees worldwide directly. The e-newsletter is also published on several ABN AMRO intranet sites and in BU e-newsletters.

In 2006, we developed a global sustainability programme designed to increase employee awareness of our global sustainability strategy and encourage staff to incorporate sustainable development into their daily work. The central theme of this programme is ‘Sustainable banking: Your business’ and it provides our BUs with a wide range of tools including awareness campaign materials, training sessions, e-mailed news alerts and an intranet library on sustainable development, templates, a DVD and ‘Chronos’ e-learning.

Chronos was developed by the University of Cambridge and the World Business Council

Ambitions and action plans 2006 status:

Being an employer of choice

We have realised almost all of our ambitions set out in last year's Sustainability Report and will continue to review our progress in 2007. With regard to further increasing employee awareness on compliance, we have included compliance as a mandatory part of our Group-wide performance management process.

Ambitions and action plans 2007:

Being an employer of choice

To become and remain an employer of choice, we need to focus on several key areas. Three important themes for 2007 and beyond are: leadership and talent, performance, and reward and culture.

Our ambitions for 2007 include:

- **Continuing to build leadership capability through assessment and development initiatives**
- **Cascading the talent review process deeper into the organisation**
- **Streamlining our global learning curricula**
- **Implementing our revised performance management policy and process**
- **Supporting the restructuring processes and further integration of Antonveneta**
- **Maintaining focus on the diversity and inclusion agenda**
- **Enhancing staff engagement through the creation of a high performance culture.**

for Sustainable Development (WBCSD) and we have adjusted the e-learning tool to meet our requirements. Chronos is available in three languages. Results show that more than 12,275 employees did a Chronos training to date. Follow-up programmes will be developed in 2007 onwards.

The ABN AMRO Executive Education Directory is a series of courses aimed at the top executive group. This directory now includes a sustainability section offering the Business & the Environment Programme of the University of Cambridge, and 'Corporate Social Responsibility: strategies to create business and social value' of the Harvard Business School.

We hosted several employee presentations by keynote speakers on emerging global trends. The 'Futurescope series' was launched in Amsterdam last year, featuring Professor Jeremy Rifkin and Dr. Ashok Khosla, attracting 300 employees. In Brazil, Bernardo Toro spoke to some 500 Banco Real employees, customers and suppliers about how education contributes to sustainable development. In Brazil and the Netherlands the bank organised viewings of the documentary 'An Inconvenient Truth'.

MINIMISING

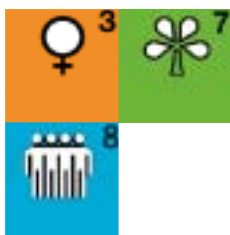
MINIMISING OUR IMPACT ON THE ENVIRONMENT

OUR IMPACT

ON THE ENVIRONMENT

ENVIRONMENT

We affect the environment in two ways. One is indirect, through our financing and investment activities. Our other impact is direct, through our global operations. During 2006 we continued our efforts to reduce this direct impact through a global strategy, aimed firstly at reducing the amount of resources we consume and waste we produce. And secondly at stimulating responsible procurement and encouraging our suppliers to behave in a more sustainable way. In terms of our own footprint, we continued our efforts to drive down our consumption of resources such as energy and paper. In terms of our supply chain, we further embedded sustainable selection criteria into our supplier management and selection processes.



Minimising our impact on the environment

While most of our overall environmental impact is indirect – resulting from our financing and investment activities – we also have a direct impact on the environment through our day-to-day business operations.

We strive to minimise our direct impact, both by optimising the environmental performance of our facilities and by influencing our suppliers' environmental and social behaviour.

Our environmental impact

During 2006 we made further progress in optimising our use of energy, paper and water, and reducing waste across the Group and in our deployment of remote energy and CO₂ monitoring and targeting solutions. As a financial institution we consider energy, CO₂ and paper as the key indicators for our environmental performance. Initiatives enabling more efficient use of resources were launched at both the macro- and micro-level, encouraging and engaging our employees to take part in such efforts.

Global property portfolio management

Our global property portfolio of some 4,700 facilities is managed by ABN AMRO Global Property and Facilities Management Services (GPFMS) in close cooperation with the regional Property and Facilities Management teams. The net effect of business growth, acquisitions (e.g. Antonveneta) and disposals during the course of 2006 was that our overall property portfolio increased by more than 10%. The portfolio is comprised of leased and owned properties, both sole- and multiple-occupancy, in more than 50 countries. There is a direct correlation between the total square metre area of our overall property portfolio, their operating costs and our direct environmental impact.

In 2006, we continued to build on our established programmes to optimise energy consumption and reduce waste, using the Global Reporting Initiative and VfU indicators (Verein für Umwelt) as guidelines. We pressed on with the roll-out and implementation of our 'City Plans', which we use to review our property portfolio against our business needs and agreed GPFMS space standards. This enables us to perform our core business activities within an optimised space, making more efficient use of resources by reducing our operating costs and our direct environmental impacts.

Sustainability reporting

To help us improve our environmental performance management, we have conducted a trial across BU Europe of a web-based Sustainability Reporting Solution (SoFi), which is also being used by several other leading financial institutions. As a result of this successful pilot, we will start rolling out SoFi Group-wide in 2007.

SoFi enables us to input our specific environmental data – including energy, paper, water and waste – in a standard format with automated workflow processes and reporting. A Key Performance Indicator system aligned with the Global Reporting Initiative guidelines and VfU indicators enables us to compare the environmental performance of individual facilities and establish improvement programmes and targets.

Energy and CO₂ reduction

One of the clearest demonstrations of ABN AMRO's position on climate change is our stated commitment to reducing our energy consumption and proportionate CO₂ emissions by a targeted 10% by the end of 2008 (compared to its 2004 level) based on relative metrics (kWh per m², kWh per FTE).

Key to achieving this target is thorough monitoring and understanding of the energy performance of, and resulting CO₂ emissions from our facilities.

Remote monitoring and targeting

In 2006 we focused on developing and deploying technology-based solutions to monitor and optimise the environmental performance of our facilities.

Working with an external consultant, we have deployed a web-based solution to provide remote energy and CO₂ monitoring and targeting of 35 major ABN AMRO facilities across the UK, continental Europe and Asia, covering 20% of our global electricity consumption. We are planning to roll-out 'Phase 2' of the solution during 2007.

This solution has given us a better insight in our energy consumption and CO₂ emissions across the 'Phase 1' facilities based on half-hourly data, 24 hours per day. As a result, we have been able to undertake ongoing fine tuning and optimisation of facilities' environmental performance.

Optimising our direct impact examples

A few examples of our efforts to improve our own footprint include our Dutch offices and Head Office locations using green energy; and ABN AMRO Zürich using green energy generated from hydropower as of October 2006.

In 2006, an innovative lake water cooling scheme was launched at our global Head Office in Amsterdam to deliver further energy and CO₂ emissions savings. Also solar panels were placed on the roof, generating electricity and helping to reduce CO₂ emissions.

In the Netherlands, we are working to roll out automated 'shutdown software' that will close down or 'hibernate' non-business-critical

"We have been working with Banco Real since 1999, and in that time have closely followed the Bank's efforts to develop its sustainability-based positioning. Along the way, we have learnt many things together, and my company has in fact ended up incorporating aspects of sustainability which are now part of our internal culture. Incredibly, adopting the same stance as the Bank has been reflected in our earnings, which continue to grow."

Fábio Betti, Director, Novacia / Cia de Vídeo

computers and monitors during the night, weekends and other periods of inactivity. This results not only in a reduction in direct energy consumption by the equipment itself, but also in a corresponding decline in energy usage on air-conditioning, due to the reduction in latent heat from the now-dormant IT equipment. A 'Wake-up-on-LAN' capability automatically brings the equipment out of hibernation or shutdown at the start of the business day.

Reporting on our 2006 performance

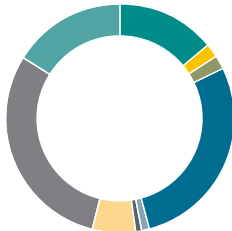
Energy

Globally, our overall 2006 energy consumption in kWh per square meter remained consistent with 2005, and decreased by 5% compared to 2004 baseline levels, while our energy consumption in kWh per workstation decreased by 2% compared to 2005, putting it 6% below 2004 baseline levels. These reductions are in line with our stated objectives, and we continue to seek further opportunities to maintain these downward trends.

However, our energy consumption per FTE is trending upwards over 2005 and also over the 2004 baseline levels. This increase in energy usage per FTE results mainly from the effect that contractors, consultants and other external parties have on our energy usage. Due to outsourcing activities the number of people working in our premises who are not employed by the bank (e.g. IT support) increased in 2006. Our energy consumption

kWh comparison

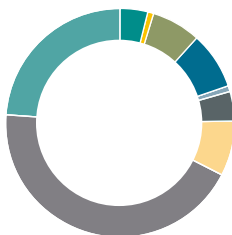
(relative kWh usage per FTE, as % of total)



■ Brazil: 14%
■ France: 2%
■ India: 2%
■ Netherlands: 28%
■ Singapore: 1%
■ Taiwan: 1%
■ UK: 6%
■ US: 30%
■ Other: 16%

CO₂ comparison

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



■ Brazil: 4%
■ France: 1%
■ India: 7%
■ Netherlands: 8%
■ Singapore: 1%
■ Taiwan: 4%
■ UK: 8%
■ US: 43%
■ Other: 24%

Energy and paper usage

	2006	2005	2004
– Electricity consumption in kWh ¹	837,695,572	699,302,119	705,241,555
– Energy consumption other sources in kWh ^{1, 2}	183,343,574	216,248,035	215,315,873
Total energy consumption	1,021,039,146	915,550,154	920,557,428
Total paper consumption in tonnes ³	11,571	12,401	12,254

¹ Based on measurement and calculation covering 71% of the consumption and extrapolated to the group, including Antonveneta

² Includes fossil fuels, district heating and district cooling

³ Paper: based on 82% of FTEs and extrapolated to the group, including Antonveneta

Business air-travel and related CO₂ emission

	2006	2005	2004
Business air-travel (km per FTE) ¹	6,432	6,184	5,398
– Short haul ²	489	478	446
– Long haul	5,943	5,706	4,952
CO ₂ emission (tonnes per FTE) ³	0.7418	0.7137	0.6250
– Short haul	0.0881	0.0860	0.0803
– Long haul	0.6537	0.6276	0.5447
CO ₂ emission (total tonnes) ⁴	78,206	69,602	66,194

¹ Based on coverage of 76% of FTEs

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 FTEs, including Antonveneta

CO₂ emission ¹

(in tonnes)	2006	2005	2004
– Electricity consumption	292,780	223,917	292,894
– Energy consumption other sources	43,734	52,940	47,746
Total energy consumption	336,514	276,857	340,640
Business air-travel	78,206	69,602	66,194
Total	414,720	346,459	406,834

¹ Based on the CO₂ calculation tool of the WRI/WBCSD GHG Protocol Initiative.

Environmental performance

	2006	2005	2004
Energy (kWh per m ²)	360.3	360.7	378.8
Energy (kWh per workstation)	7,157	7,293	7,585
Energy (kWh per FTE)	9,684	9,388	8,691
Business air-travel (km per FTE)	6,432	6,184	5,398
Total CO ₂ emission (tonnes per FTE)	3.93	3.55	3.84
Paper consumption (tonnes per FTE)	0.11	0.13	0.12

relates to the energy consumed through equipment in use for our business processes and the internal environment.

We therefore consider kWh per m² and kWh per workstation to be more accurate metrics for measuring and managing energy performance than kWh per FTE, and have also started to also report on these indicators.

CO₂ emissions

Our CO₂ emissions have gone up by 22% compared with 2005. This is mainly the result of increased business activity and expansion in a number of countries where the CO₂ emissions profile is slightly higher due to fossil fuel power generation infrastructure. Additionally, the WBCSD CO₂ index has also risen in terms of CO₂ per kWh, resulting in an increase in the subsequent calculations. The overall CO₂ trend, however, is down by 1% compared to the 2004 baseline, and we continue to seek improvements in this regard.

Wood and paper usage

Measures implemented to reduce paper consumption have translated to a reduction of 12% in total consumption worldwide over the previous year and 2004, despite the growth of our organisation. Paper usage has improved due to conservation efforts in main markets.

Following a successful pilot in 2006, we are currently rolling out the 'Paperchase' initiative, which aims to reduce our paper usage through a combination of monitoring and targeting, and awareness campaigns across the regions. The installation of 'print-tracking software' on a number of print servers is one option we are considering. This will enable us to identify paper usage by department and user, and to target the heaviest consumers in our awareness campaign.

Other measures taken by our main regions include programmes to switch to double-sided

"We could do much more to minimise the impact on our environment. Just a small proportion of colleagues are prepared to switch off lights and PC-screens, print documents double-sided (or not at all) and use coffee cups more than once. Changing this attitude is a cumbersome process, too slow for our urgent climate problems. That's why we as a bank need to take measures on a global level."

Chiel Bakkeren, Quantative Risk Analyst, ABN AMRO

printing for both printers and photocopiers, as well as increasing our use of FSC-certified and/or recycled paper.

The Netherlands

In the Netherlands, the proportion of our paper usage drawn from sustainable sources increased again in 2006, with 75% of our entire paper consumption in the Netherlands – including copy paper, envelopes and bank account statements – being FSC-certified, up from 60% in 2005.

BU Netherlands, BU Asset Management, Global Procurement and Group Sustainable Development have cooperated to redefine the copying paper policy for the Netherlands. With the help of the Rainforest Alliance, guidelines will be issued on what type of paper best suits our business requirements, while also minimising our environmental impact. The project will also identify initiatives to reduce paper demand in the Netherlands.

North America

BU North America launched a pilot at the ABN AMRO Plaza building in Chicago to reduce the amount of paper being printed. The first step was the installation of 165 multi-functional devices (MFDs) – each of which acts as a copier, printer and fax machine – enabling savings in energy costs and sharp reductions in paper usage through double-sided printing. The programme will be extended across the region in the coming years.

Using and financing natural cooling

On 16 August 2006, the Dutch utility company Nuon announced the official opening of its new cooling station, supplying renewable cooling to business and consumers in the Amsterdam Zuidas district. By generating the cooling from a natural resource, the system produces up to 65% less CO₂ than traditional cooling methods. ABN AMRO Groen Fonds in the Netherlands provided a EUR 16 million green loan to finance the cooling station. Also ABN AMRO signed a contract with Nuon for the cooling of its Head Office. The 'natural cooling' system now installed is delivering significant reductions in energy consumption and CO₂ emissions, as well as providing substantial cost savings compared to traditional mechanical refrigeration chillers and cooling towers.

Ambitions and action plan 2006 status:

Our environmental impact

In 2006 we have achieved most of the ambitions set out in last year's report. We will need to undertake further work in areas including CO₂, water and waste reduction.

Ambitions and action plan 2007:

Our environmental impact

Going forward we will:

- **Continue to develop and act on our 'City Plans' in a number of our principal locations**
- **Reduce and/or partially offset our carbon emissions wherever possible. We will continue to drive formal programmes to reduce our energy consumption and carbon emissions, targeting a 10% reduction by the end of 2008 based on the relative metrics of kWh per m² and kWh per workstation**
- **Further improve the transparency of our environmental data, and continue the roll-out of Remote Energy & CO₂ Monitoring & Targeting solutions for our key facilities worldwide**
- **Investigate opportunities to minimise our water consumption, including rainwater-harvesting techniques**
- **Deploy MFDs wherever possible, facilitating double-sided printing to reduce paper consumption**
- **Roll out SoFi Sustainability Reporting across all regions to track progress**
- **Continue to promote efficient use of resources across all areas of Facilities Management.**

Latin America

In Brasil, 75% of all paper currently used in the bank's operations comes from recycled sources. Also, in a joint initiative with the environmental NGO Imaflora and the Forest Stewardship Council (FSC), two workshops were conducted in 2006 with seven furniture suppliers to educate and mobilise them towards obtaining the FSC Chain of Custody certification by July 2007. Certification plans are now being implemented and followed up.

Asia

The sustainability and communication teams are to roll out guidelines for the use of recycled paper for printed stationery. Business cards on recycled paper have already been implemented in Hong Kong and Singapore, as has double-sided copying and printing. Also in Singapore, MFDs have been introduced to reduce the number of different types of office equipment and volume of paper printed.

Travel

The total amount of air-miles travelled globally by ABN AMRO employees on business trips increased slightly in 2006. This was mainly the result of higher travel in BU Asia (set up at the beginning of 2006) and our increased business activities requiring travel during the year. In the fourth quarter of 2006 the bank took steps to rationalise air-travel resulting in a decline in travel towards the end of the year.

Our efforts to reduce and rationalise commuting and other forms of travel include encouraging our employees to use public transport and – in the Netherlands – to cycle to work. We aim to locate our main office buildings close to train stations and, in the Netherlands, we provide a tax-free facility to help our employees buy seasonal public transport tickets or a bicycle. We continue to encourage the use of tele- and video-conferencing, both to reduce travel and enhance productivity.

Furthermore, in Brazil we revised the leasing and fuel control terms for the company car fleet, helping to shift fuel demand from gasoline to ethanol and generate environmental benefits. In the Netherlands we are currently revising our car lease policy, also aimed at improving fuel- and CO₂ emissions efficiency.

Other resource efficiency programmes

Awareness campaigns

In conjunction with various specifically-targeted initiatives, we continue to promote our overall resource efficiency and CO₂ reduction programmes through the Global Property Leadership Team and the Resource Efficiency Community of Practice, as well as by means of global and local awareness campaigns throughout our countries and regions.

By combining centralised, technical and software-based solutions in close cooperation with Services and the BUs, we will continue to champion resource efficiency throughout the Group.

Waste and water

As a financial services provider we consider waste and water less relevant indicators as these are mainly the result of our employees' consumption, and not from our business activities as such. We collect data on waste and water where available in our organisation, albeit at a lower level of accuracy.

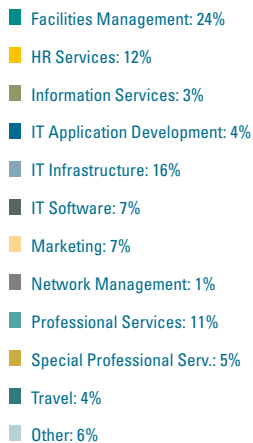
In 2006 waste amounts to 0.19 tonnes per FTE (2005: 0.24), These data indicate that the amount of waste we produce has trended downward in recent years, thanks to increased awareness among our employees and extensive recycling efforts in Brazil, which have made an important impact on our global figures. In addition, Brazil has increased the proportion of remanufactured print cartridges and toners it uses to 33% of its total

consumption. It has also introduced the concept of sustainability into its approach to building new branches, thereby reducing the environmental impact from construction waste.

Our water usage (m³ per FTE) in 2006 amounts to 22 m³ per FTE. Water usage per FTE rose by 4% compared to 2005, and by 16% compared to the 2004 baseline, whereas water consumption per workstation actually fell slightly. This was due to a combination of technical measures undertaken within our facilities and improved data analysis.

Procurement spending

(by category in %)



Our suppliers

In 2006, for the third successive year, ABN AMRO applied its Sustainable Procurement Policy to the management of its global external procurement spending of some EUR 7 billion. We use this policy as the basis for applying sustainability criteria in our standard selection process, and for our efforts to increase spend covered by a signed Supplier Code of Conduct. The result of this effort is that 427 Supplier Codes of Conduct have been signed globally to date, an increase of 36% compared to 2005.

Also in 2006, a Global Procurement Sustainable Development strategy was developed and signed off at a global level. The strategy provides a structure, phased actions and the basis for the regional procurement objectives on sustainability in the years up to 2009. It also incorporates an implementation model that monitors progress against objectives.

In addition, 14 sustainable development projects have been executed in all procurement regions, in close cooperation with our major client groups. These have all been aligned and signed off globally. The results of some of the biggest of these projects are summarised in the regional procurement sections.

In May 2006, representatives of all our procurement regions including Brazil, the Netherlands and UK, North America, Europe and Asia met to share their experiences in areas such as supplier diversity and supplier relationship management, and to create the Procurement Sustainable Development strategy.

The Netherlands and United Kingdom

In the Netherlands and the UK we continued to extend the application of our Sustainable Procurement Policy in 2006, by using

environmental and social selection criteria in our sourcing process and requiring selected suppliers to sign our supplier code of conduct. We have also conducted a risk assessment for all our procurement categories, enabling us to implement additional measures for high-risk and high-opportunity areas.

Other achievements in 2006 included the development of a methodology for quantifying the sustainable development impact – both social and environmental – of sourcing solutions per procurement sub-category. This methodology has been piloted in 2006 and will now be implemented for the majority of sourcing projects in 2007 in the Netherlands and UK. In 2006 we started distributing Utz Capeh sustainable coffee to the Dutch branches. The roll out will be finalised in the second quarter of 2007.

North America

In North America we continued to incorporate sustainability criteria into our sourcing processes through steps such as including questions about sustainable development in our 'requests for proposals'. We have also maintained our supplier diversity efforts in the US by spending more with diverse suppliers and building stronger relationships with our partners in this area.

The proportion of sustainable products in BU NA's office supply catalogue has increased from 35% to 39% against a total of more than 2,000 product items, thereby exceeding the goal of a 10% improvement. We plan to roll out more sustainable products in other catalogues in 2007.

Over USD 55 million of our procurement spending in North America was with minority and women-owned firms in 2006, representing over 200 businesses and 5% of the sourceable expense base.

Latin America

In 2006, Brazil continued its dialogue with suppliers over how to apply sustainability practices in its relationships and business with them. Our 2006 Suppliers Forum welcomed 78 suppliers and 33 of our own employees, including ABN AMRO Banco Real CEO Fabíó Barbosa. At the forum, our suppliers had the opportunity to share their sustainability action plans and results, and to listen to presentations delivered by specially invited guests about eco-economy and diversity.

Other major achievements in 2006 included the design and creation of a Supplier Management and Relationship model, based on the social and environmental selection criteria defined in our global Sustainable Procurement Policy. This model incorporates sustainability in the qualification and evaluation process for suppliers, and is currently being tested with 11 key suppliers. We also piloted a new qualification process that evaluates governance, social and environmental issues with 68 suppliers, enabling us to identify potential focus areas for improvement. Furthermore, we entered into a joint initiative with Integrare, an NGO that supports businesses owned by ethnic minorities and the disabled, to identify business opportunities in large corporations.

Asia

BU Asia Procurement was formed in late 2005. Since then, it has been actively involved in promoting and enhancing sustainable development awareness. One of the most important steps has been the incorporation of sustainability and compliance criteria in our supplier code of conduct and sourcing process across the region.

In 2006, ABN AMRO became a founding signatory to the Hong Kong Corporate Social Responsibility Charter. At the same time our Procurement team, part of the task force led by the country head of Services, is committed

Ambitions and action plans 2006 status:

Our suppliers

We continued to use our Sustainable Procurement Policy as the basis for applying sustainability criteria in our standard selection process, and to ensure that suppliers sign our supplier code of conduct. A Global Procurement Sustainable Development strategy was signed off globally. In addition, 14 sustainable development projects have been executed in all Procurement regions.

Ambitions and action plans 2007:

Our suppliers

For 2007 the following ambitions and objectives have been agreed upon:

- **Developing a global opportunity and risk methodology to determine the opportunities and/or risks associated with each of our procurement categories. The outcome of this assessment will be used to differentiate our approach to sustainable development**
- **Integrating the Chronos sustainable development e-learning system into the global e-learning curriculum for all 185 employees in Global Procurement worldwide**
- **Organising and conducting a suppliers' forum tailored to global supplier groups**
- **Aligning and embedding sustainable development into our Supplier Relationship Management roadmap and approach.**

to driving the ongoing integration of sustainable development into our working environment, business processes and payment advices. The aim is to reach our entire supplier base of approximately 2,300 suppliers with this message.

Going forward, we will continue to drive change in our supply chain through measures such as a systematic review of the paper supply across the region, with the aim of ensuring that all paper we buy complies with environmentally friendly standards.

**SUP-
PORTING
LOCAL
COMMUN-
NITIES**

SUPPORTING LOCAL COMMUNITIES

Supporting local communities

We believe that ABN AMRO can play a constructive role in society. In line with our commitment to sustainable development, we aim to contribute actively to the communities in which we operate around the world. Our community investments complement our business activities and help communities to achieve higher levels of sustainability. They also help to drive global progress towards achieving the UN Millennium Development Goals (MDGs) and the Global Compact and to stimulate closer cooperation with governments, NGOs and clients, together with stronger employee engagement. We demonstrate our commitment to realising all these benefits through our sponsorship and community investment programmes.

A Sponsorship Strategy

Sponsorship provides ABN AMRO with an excellent communication channel by connecting us to the interests of our clients and the wider community, while also making a positive contribution to a wide diversity of organisations and communities. We increasingly include sustainable elements in our sponsorships.

Local sponsorships should be in line with our Global Sponsorship Policy, which provides us with a framework for evaluating sponsorship proposals in terms of their alignment with our corporate objectives, 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.

Activities

In 2006, ABN AMRO sponsored two boats and crews in the Volvo Ocean Race. This

challenging round-the-world race was a sporting and marketing success. It also represented our first international sport sponsorship aimed at uniting the bank's territories worldwide, while at the same time raising our brand awareness and introducing our global tag line 'making more possible'. During the race, TEAM ABN AMRO worked closely with the ABN AMRO Foundation, which supported several projects during stop-overs in the race.

The ABN AMRO World Tennis Tournament led to us supporting the Daimler Chrysler Open wheelchair tennis tournament in the Netherlands in 2006.

In the US, LaSalle Bank has set up the LaSalle Bank Sports Charitable Fund. Grants from this fund will help protect a healthy environment and encourage children and adults to lead healthy lifestyles. The fund will raise contributions through the sporting events supported by the bank, such as The LaSalle Bank Chicago Marathon, The LaSalle Bank

Our community investment and sponsorship efforts aim not only to make a positive contribution to the communities in which we live and work, but also to benefit the sustainability of our business and build internal and external engagement. In 2006 we stepped up our community investment programme, taking sponsorship to a new level through our participation in the Volvo Ocean Race and associated initiatives. Also the ABN AMRO Foundation, formed in 2005, sharpened its focus on countries where we can have the greatest impact.



Community investment, sponsorship and employee volunteering

	2006	2005 ¹
Community investment (in millions of euros)	27.1	24.2
Sponsorship (in millions of euros) ²	99.5	96.3
Number of employees involved in community work initiated by ABN AMRO	9,930	10,515
BU Netherlands	2,150	1,000
BU Europe	600	180
BU North America	4,600	6,250
BU Latin America	1,750	1,600
BU Asia	650	1,370
BU Private Clients	150	100
BU Asset Management	30	15

¹ 2005 data have been allocated in accordance with the new organisational structure

² Definition of sponsorship changed in 2006, 2005 data have been adjusted accordingly

TEAM ABN AMRO in the Volvo Ocean Race

The Volvo Ocean Race (VOR) presented the ABN AMRO Foundation with a great opportunity to work with less privileged members of the communities in which ABN AMRO operates. As a mark of our commitment to sustainability, and to ensure the race would leave a lasting legacy, the Foundation made donations to local charities in the ports-of-call. In Cape Town and Rio de Janeiro the Foundation partnered with Oxfam Novib to make two major donations to community projects. The Foundation also made smaller donations at five of the other VOR ports, targeting projects that the bank has supported for some time.

 Information about TEAM ABN AMRO and Foundation donations

Shamrock Shuffle and the LaSalle Bank Open. The LaSalle Bank Chicago Marathon is working on a new multi-year plan to 'green' the marathon.

ABN AMRO's modern art collections in the Netherlands and Brazil and photo collections in the US and France make art accessible to a broad audience. During 2007, highlights from the Dutch collection will tour museums in the US and most likely Brazil. We also stimulate creativity and excellence by supporting art prizes around the world, such as the Emerging Art Award in Australia, the ABN AMRO Art Award in the Netherlands, the ABN AMRO Young Artist Award 2006 and the ABN AMRO Little Artist Charity 2006 in Taiwan. As we see it, art and culture go hand-in-hand. Through our art collections around the world we can be a part of various cultures.

Community investment Strategy

ABN AMRO has a structure and framework for community investment efforts, allowing our BUs independence to develop their own strategies, set budgets and manage programmes. At the same time, the ABN AMRO Foundation provides a community investment programme at Group level.

The bank's community investment focus is on 'sustainable livelihoods', aiming to provide

people with the means and opportunity to sustain their lives and build their futures. This focus reflects our aim to contribute to the MDGs, especially the first goal of eradicating poverty. This translates into projects that help to strengthen a community's ability to develop economically in areas including:

- 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
- Environmental protection: supporting among others reforestation, clean technologies and conservation projects.

Group Community Investment Policy

This policy governs and aligns our Group-wide activities and provides a common framework, defining shared areas of focus around sustainable livelihoods. It also sets out how Group-wide and local BU community investment activities can complement one another. At every level, community investment requires thorough and transparent assessment and decision-making processes which ensure fairness and apply the highest selection standards. Our policy provides for a project assessment process that includes:

- Compliance and reputation check
- Project requirement criteria
- Project exclusion criteria
- Decision-making process and authorities
- Monitoring and verification guidance.

 [ABN AMRO Foundation project requirement criteria](#)

The Community of Practice (CoP) on community investment is a centre of expertise and cross-BU representative forum for aligning and stimulating community activities. It puts the ABN AMRO community investment strategy into practice, overseeing the coordination, alignment and positioning of various community investment activities.

Employee volunteering

We support causes that align closely with our role in society and capitalise on the strengths, capabilities and infrastructure of ABN AMRO as a financial institution. That's why our contribution to community investment goes beyond financial support, involving us in deploying - where appropriate - our employees, knowledge and infrastructure. Engaging our staff to volunteer to benefit communities, encourages them to take greater pride in being part of ABN AMRO. We continue to encourage our employees to give their time and energy to community investment programmes.

In 2006, our employees' involvement in community work across our various BUs showed a diverse picture and an overall decline, mainly caused by BU North America and BU Asia. The introduction of several new initiatives in BU Netherlands during the year saw more of its employees take part in community work. And in Brazil, part of BU Latin America, employee volunteering remains very important.

ABN AMRO Foundation

Since 2005, the ABN AMRO Foundation has made substantial progress in creating a global portfolio of community investments.

“The cooperation between the ABN AMRO Foundation and Plan Netherlands in vocational training in Vietnam goes beyond financial support only. The fact that Plan can use the expertise of local ABN AMRO employees is very special for us. It’s fantastic that through the support of the Foundation about 1,200 Vietnamese youngsters will find a paid job.”

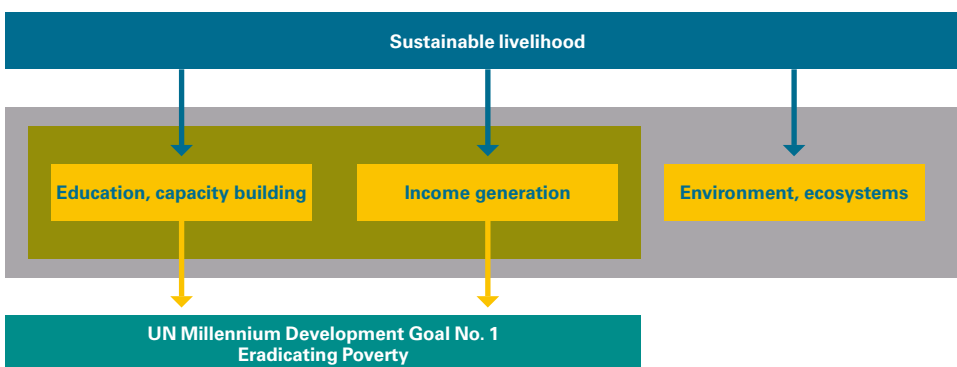
Maarten de Jongh, Account Manager Corporate Partnerships, Plan Netherlands

“The community involvement programme has given me the opportunity to help children with learning disabilities to learn English, participate in outdoor activities and painting workshops. As part of the ABN AMRO family I feel we have a responsibility to ‘serve’ the community. Through time I have witnessed how the children have significantly improved their English language. This has been a wonderful experience.”

Harald Wong, Manager, Portfolio Strategy & Execution, ABN AMRO, Asia Pacific

By using the GDP (gross domestic product) per capita index from the International Monetary Fund (IMF), and basing its strategy on the bank's presence, the Foundation has sharpened its focus on countries where projects can have the greatest potential impact in eradicating poverty and generating income. To maximise this impact, the

Community investment focus



- ABN AMRO Foundation
- ABN AMRO Community Investment Policy

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 such as 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

Foundation supports projects that:

- Stimulate entrepreneurship
- Offer vocational training
- Build the capacity of microfinance institutions
- Increase the business strength of small businesses (SME development)
- Expand the markets in which poorer people can do business.

In addition to providing financial capital, the Foundation adds value to partners and projects by contributing with our employees' specific technical knowledge and skills. The Foundation works in partnership with well-respected and well-governed NGOs that have a strong track record and local touch.

The Foundation is governed by a Board made up of senior ABN AMRO managers, a works council representative and an external member. The day-to-day activities are managed by a team of four ABN AMRO

employees. The Foundation receives an annual grant of EUR 5 million from ABN AMRO and is legally independent from the bank.

Examples of community investment projects

Group-wide projects:

- Java earthquake relief efforts
- Pakistan earthquake response
- Tsunami update.

Local projects:

- World Resources Institute New Ventures project in Mexico and Brazil
- Brazil's Schools Project
- Banco Real Universidade Solidária Award
- Livelihood Advancement Business School project with Plan in Vietnam
- Microfinance and Micro-enterprise Programme in India
- Workplace Giving programme in Australia
- City Gateway project in the UK
- Tree-planting project in Soweto, South Africa
- Kids in Bizz project in the Netherlands
- Money Smart Week in the US.

[More information about the Foundation](#)

[More information on the community investment 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

Ambitions and action plans 2006 status:

Supporting local communities

In 2006, we achieved the ambitions set out in last year's Sustainability Report. We have stepped up our community investment programmes through the Community Investment Policy and Community of Practice. We have continued to strengthen the positioning and operations of the ABN AMRO Foundation, specifically by increasing our employees' involvement through capacity-building and volunteering. Our employee volunteering numbers across our BUs however, showed a diverse picture and an overall decline.

Ambitions and actions plans 2007:

Supporting local communities

In 2007, we will continue 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:

- Increase community investment awareness in those countries which have been less involved until now, and translate this heightened awareness into specific community investment projects**
- Align our community investment activities more closely with our focus areas, and specifically work to increase knowledge-based employee volunteering**
- Build on our existing Foundation project portfolio and expand it to those countries where we have a presence, and where the need is greatest**
- Establish an ABN AMRO India Foundation, and build more partnerships with external parties to create easier access to financial services for millions of poor people currently outside the mainstream financial sector.**

Reporting principles

Scope

This report covers all activities performed under ABN AMRO Holding N.V. and its majority-owned subsidiaries in the field of sustainability. Antonveneta is out of scope, unless data gathering is done by central functions. This report covers the same entities as in the Annual Report. It includes quantitative and qualitative data about the calendar year 2006, running from January to December 2006. 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 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 2006. More details on a number of topics addressed in this report can be found in our 2006 Annual Report and Form 20-F.

We use the G3 Guidelines to ensure we cover relevant topics, identified by a broad range of stakeholders, which are generic to sustainability reporting. This report is at an A+ level. We also use GRI supplements 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. The GRI index is included in the pdf of the Sustainability Report.

 [GRI Index](#)

Reporting process

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 Global Data Warehouse and Peoplesoft (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.

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. 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 73-74.

Economic

ABN AMRO discloses economic performance information in alignment with the bank's Annual Report in compliance with financial accounting standards and corporate governance requirements.

Environment

ABN AMRO reports on the direct environmental footprint of our own organisation, mindful that certain G3 environmental performance indicators are less relevant to the financial services sector. Responsibility for reducing the amount of resources consumed by our own infrastructure belongs primarily to Facility Management Services. The Property Services Sustainability Policy gives guidelines to GPFMS staff worldwide for best environmental practices in our facilities. These guidelines address materials, energy, water, paper, biodiversity, and emissions. Air travel is measured centrally by Procurement Services.

The process for environmental performance reporting is described in a dedicated internal manual. Remote monitoring of energy and water use is increasingly used in the bank's main buildings to provide sufficient data to identify the opportunities to reduce consumption levels. (For further information refer to pages 56-61).

Labour practices

Sound employment conditions, enabling levels of training and education, labour/management relations and diversity and equal opportunity within the workforce are all responsibilities of Group Human Resources, which applies various internal policies to achieve these ends. The HR database, Peoplesoft, serves to report on many G3 labour indicators. (For further information refer to pages 47-54).

Human rights

Responsibility to track and address incidents of discrimination, to monitor that our operations are free of child labour and forced labour, and to ensure that freedom of association is not obstructed is all under the governance of Group Human Resources. A human rights position statement is in place. Our client engagement policies cover also

human rights issues. (For further information refer to pages 24-31, 51-52).

Sustainable procurement practices are the responsibility of Group Procurement Services, which has a sustainable procurement policy that applies to large suppliers (For further information refer to page 51-52).

Society

Group Compliance is responsible for ensuring that staff are adequately trained on anti-corruption policies that are in accordance with prevailing regulations and standards. Group Compliance also records any fines and sanctions for violations of laws and regulations. Since early 2007, public policy positions are centrally managed through Group Public Affairs (For further information refer to page 4).

Product responsibility

While the bank closely observes product information disclosure requirements and the codes and standards for marketing and communications to the public, customer health and safety is considered as less relevant to financial services sector. Group Compliance and Group Legal are responsible for the formulation of policies that enable us to adhere to laws and regulations which apply to the financial services business sector.

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.

Forward-looking statements

This report contains forward-looking statements with respect to ABN AMRO's financial condition, operational results and business, and some of the plans and objectives with respect to these items. By their nature, forward-looking statements involve risk and uncertainty because they relate to events, and depend on circumstances, that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.

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

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Assurance report

To the stakeholders of ABN AMRO

Engagement

We have performed an assurance engagement in accordance with Standard 3410 'Assurance Standard relating to Sustainability Reports'. Our assurance engagement is aimed at obtaining a reasonable level of assurance that the information on sustainability in the Sustainability Report 2006 of ABN AMRO Holding N.V. ('ABN AMRO') is, in all material respects, a reliable and adequate representation of the efforts made and performance achieved concerning all matters during 2006, except for data related to absentee rates (page 47) and ambitions and action plans 2007 as expressed in the respective sections. With regard to this information our assurance engagement is aimed at obtaining a limited level of assurance that the information is free of material misstatement. Procedures performed to obtain a limited 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 as part of our assurance engagement. The data provided in the Sustainability Report 2006 on energy usage and Human Resources also covers Antonveneta. We did not perform any procedures in relation to Antonveneta. With regard to the information on the ABN AMRO website that is linked to the Sustainability Report 2006 we did not perform procedures to obtain assurance.

Criteria

We assessed the Sustainability Report 2006 of ABN AMRO against the Sustainability Reporting Guidelines issued by the Global Reporting Initiative, the Guide to Sustainability Reporting issued by the Dutch Accounting Standards Board and the documented reporting policy of ABN AMRO. We believe that these criteria are suitable in view of the purpose of our assurance engagement.

The management's responsibility

The management of ABN AMRO is responsible for the information in the report and the preparation of the report in such a way that it properly reflects ABN AMRO's policy, measures and performance in the field of sustainability, in accordance with the criteria mentioned above. That responsibility comprises, among other things, the design, implementation and maintenance of an internal control system that helps ensure that the Sustainability Report 2006 does not contain any material inaccuracies, as well as the selection and use of acceptable principles for measuring and presenting sustainability performance results, and the making of estimates that, under the given circumstances, can be deemed to be reasonable. The choices made by the management, the scope of the report and the reporting principles, including the inherent specific limitations that might affect the reliability of the information included in the report, are explained on pages 70-72 of this report. The GRI Content Index is included in the PDF of the Sustainability Report 2006 as published on the ABN AMRO website.

The auditor's responsibility

It is our responsibility to formulate a conclusion with regard to the Sustainability Report 2006 of ABN AMRO on the basis of the engagement outlined above. We performed our procedures in accordance with Dutch law. This law requires amongst others that we comply with ethical requirements, which includes requirements with respect to independence.

Our principle procedures were the following:

For the Sustainability Report as a whole:

- Obtaining an understanding of the sector and the relevant social responsibility issues specific for the organisation
- Assessing the reporting principles used, and the significant estimates and calculations made in preparing the Sustainability Report for 2006 and
- Evaluating the overall presentation of the Sustainability Report 2006 of ABN AMRO, in part by evaluating its contents against the criteria mentioned above.

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 covered 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 limited level of assurance:

- Reviewing the plausibility of the qualitative and quantitative information in the Sustainability Report 2006 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

In relation to the information in the Sustainability Report 2006 of ABN AMRO for which we have performed procedures to obtain a reasonable level of assurance, we believe that this information is, in all material respects, a reliable and adequate representation of the efforts made and performance achieved concerning all matters during 2006, in accordance with the Sustainability Reporting Guidelines issued by the Global Reporting Initiative, the Guide to Sustainability Reporting issued by the Dutch Accounting Standards Board, and the documented reporting policy of ABN AMRO.

In relation to the information in the Sustainability Report 2006 of ABN AMRO for which we have performed procedures to obtain a limited level of assurance, nothing came to our attention that leads us not to believe that this information in the Sustainability Report 2006 of ABN AMRO is free of material misstatement.

Amsterdam, 14 March 2007

for Ernst & Young Accountants

D.A. de Waard

Glossary

Common concepts in this report

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 and social risks in project financing.

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 by non-US companies operating in the US, required by the US Securities and Exchange Commission.

Global Reporting Initiative (GRI)

A large multi-stakeholder network working to develop and continuously improve a Sustainability Reporting Framework, the core of which are the Sustainability Reporting Guidelines. Its latest de facto global standard guideline is G3. To-date, nearly 1000 organisations in over 60 countries have

declared their use of the GRI Reporting Framework. The GRI is a collaborating centre of the United Nations Environment Programme (UNEP).

Kyoto Protocol

An international agreement, reached in 1997 in Kyoto, Japan. This Protocol sets binding green house gas emissions targets for signatory countries and commits industrialised countries to achieve their respective reduction targets below their 1990 levels by 2008-2012.

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.

SRI funds

Socially Responsible Investment (SRI) funds that employ a wide range of ethical criteria, which may include or exclude certain investments from their portfolios for ethical reasons.

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.'

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 (MDGs)

Set of goals agreed by the UN member states in 2000 to meet the challenges of sustainable development by promoting poverty alleviation, education, maternal health, gender equality and combatting diseases. It focuses on coordinating global and local efforts to achieve the goals by 2015.

Common acronyms used in this report

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
FSC	Forest Stewardship Council
ETS	Emissions Trading Scheme
FTE	Full-time equivalent
GRI	Global Reporting Initiative
HR	Human Resources
IMF	International Monetary Fund
IFC	International Finance Corporation
IUCN	International Union for the Conservation of Nature and Natural Resources
KPI	Key Performance Indicator
MDG	UN Millennium Development Goals
MFI	Microfinance Institutions
NGOs	Non-governmental organisations
OECD	Organisation for Economic Cooperation and Development
OTC	Over-the-counter
SMART	Specific, measurable, agreed, realistic, time-bound
SME	Small and medium-sized Enterprises
SRI	Socially Responsible Investment
UN	United Nations
VfU	Verein für Umwelt, Association for Environmental Management in Banks and Insurance Companies
WBCSD	World Business Council for Sustainable Development
WEC	World Environment Center
WRI	World Resources Institute
WWF	World Wildlife Fund

ABN AMRO Terminology

ACES	ABN AMRO Central Enterprise Services
BU	Business Unit
CSERF	Country Social and Ethical Risk Framework
CDT	Client Diagnostic Tool
CoP	Community of Practice
EES	Employee Engagement Survey
ESC	European Staff Council
ESE (filter)	Environmental, Social and Ethical (filter)
GBC	Group Business Committee
GPFMS	Global Property and Facilities Management Services
GRC	Group Risk Committee
GRM	Group Risk Management
IR	Investor Relations
SRA	Sustainable Risk Advisory
TEG	Top executive group

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* = 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

BC = inside back cover

¹ Based on internal assessment also using 'Communicating Business Contributions to the Millenium Development Goals' by UNDP/IBLFGRI

² Based on internal assessment also using the draft GRI/UN Global Compact linking guidelines

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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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