

sustainability report 2011

A better bank for
a better world

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chairman's statement 1

I am proud to present to you this report on our sustainability efforts in 2011. My sense of pride stems not just from the impressive progress ABN AMRO made in this area in 2011, but also from the fact that much of it has been above and beyond the activities planned by the Managing Board, in the form of individual staff members responding to customers' suggestions. These actions have illustrated just how responsive our staff are to their customers' needs.

The European debt crisis placed the financial markets under tremendous pressure in 2011, prompting the market regulators to come up with a raft of changes and tougher demands. We believe that we can help contain the crisis by focusing on sustainability. We also believe that companies such as ABN AMRO have a responsibility to pursue carefully thought-out policies on sustainability. Moreover, a heightened awareness of the demands of sustainability will enable us to respond better to the opportunities presented to us. Sustainability is key to our long-term success.

For ABN AMRO, sustainability begins with putting our customers' interests first. In 2011, we launched a consumer campaign involving specially trained financial advisors who help customers organise their household budgets in these financially demanding times. The campaign demonstrates our commitment to forging long-term relationships with our customers.

We are also a major source of volunteer coaches for Qredits, a supplier of microcredits. This is one of the activities performed by ABN AMRO Foundation, which encourages staff to perform voluntary work in the community. The rate of staff participation in this

type of community work exceeded 50% in the Netherlands in 2011, and we were awarded a prize for the best employee engagement programme in the country.

In our view, sustainability also means running a tight ship in which neither manpower nor other resources are wasted and in which costs are kept as low as possible. Last year saw the launch of a Customer Excellence programme that has already generated considerable savings and speeded up many of our internal processes. We are planning to use the same methods in 2012 and subsequent years to make the bank even more efficient and sustainable. We also wish to adopt certain standards on sustainability, such as ISO 26000, a benchmark for corporate social responsibility produced by the International Standards Organisation.

As in previous years, our stakeholders were closely involved in shaping the bank's policy on corporate social responsibility in 2011. The Sustainability Advisory Board is a group of wise men and women whose critical comments help keep the bank's sustainability policy fully up to date. Their input keeps us sharp and helps us innovate and produce a constant stream of good news for our customers. Our aim for 2012 and beyond is to involve our stakeholders even more closely in securing the sustainability of our operations.

Needless to say, ABN AMRO promotes the sustainability of its operations in different ways. For example, we mount energy-saving projects and projects for generating energy from sustainable sources. We also support sustainable business practices, for example by funding the *Amulet*, a prize-winning eco-tanker. We are one of the members of the Sustainable Shipping Initiative, which sees leading players in the shipping industry join forces with non-governmental organisations to promote sustainable shipping practices.

ABN AMRO's commitment to sustainability is not a one-off project with a clearly defined goal; it is a continuous process. All our staff are doing their very best to turn ABN AMRO into a more sustainable bank. The progress we are making may not always be readily apparent to outsiders, or indeed easily measurable, and this is something we would like to change in the years to come. I am fully confident that we will succeed in this aim, by working together with our stakeholders.



I hope that you enjoy reading this report and invite you to keep us informed of your thoughts and suggestions.

Gerrit Zalm

strategy 2

ABN AMRO wants to be a better bank working towards a better world – which is why the bank takes its responsibility seriously to support projects that help make the world a better place for all its stakeholders and customers. The bank pursues its sustainability policy based on three core principles: we put customers' interests first, we are alert to social developments and needs, and we take responsibility in the supply chain (from supplier to customer).



A sustainable bank...

ABN AMRO is seeking to regain its customers' trust. More than ever, the bank wants to be seen as thoroughly reliable and transparent; a bank with passionate professionals who always put customers' interests first.

>> Offering sustainable financial solutions and services that strengthen our customers' trust

ABN AMRO offers a clear range of products described in plain language, a humane policy for people in financial need, a sound approach to complaints, financial education, sustainable asset management and advice, social sponsorship and the active commitment of staff to the community through the ABN AMRO Foundation.

...for a sustainable world

To promote sustainability throughout the supply chain, ABN AMRO first and foremost needs to put its own house in order, minimising its ecological footprint. Sustainability has to be embedded in the bank's internal organisation and corporate culture. ABN AMRO feels it has an added responsibility as the bank has the potential clout to play a significant role in improving the sustainability of the whole supply chain, from the beginning (suppliers) to the end (customers).

ABN AMRO aims to play a role in which it can make a real difference. As an office organisation, the bank's ecological footprint is fairly small. Although ABN AMRO believes its footprint can be further reduced, the bank can make a bigger difference elsewhere.

Sustainable impact – how?

ABN AMRO's sustainability policy governs those areas in which the bank can make a meaningful and logical contribution to a sustainable society.

ABN AMRO's primary role in society is as a financier. As such, the bank pursues a high-quality risk management policy, allowing it to safeguard and use its own policy to promote sustainability among its customers. The bank also acts as a facilitator, contributing to a better society by promoting sustainable initiatives. ABN AMRO also aims to serve as a knowledge centre for customers and partners in the sustainability industry.

ABN AMRO does not promote sustainability solely for philanthropic reasons, but because it makes good business sense – and that is something that can be expected of a bank. ABN AMRO puts its sustainability policy to work every day, in the knowledge that there is a long way to go in this ongoing process.

Three core principles

1. **We put our customers' interests first.** This concept is at the heart of how we define our actions;
2. **We respond to society's needs.** We need to listen carefully to customers – and to the society in which customers and ABN AMRO operate. The signals we pick up from society shape our ideas and actions;
3. **We take responsibility in the supply chain, from supplier to customer.** As a large financial institution, ABN AMRO can play an important role in promoting sustainability.

Below is a description of the main activities the bank performs in implementing these core principles.

Putting customers' interests first

The bank has started simplifying its product offering, trimming down the number of savings accounts from twenty to three, and has re-written its product conditions in plain language, resulting in a huge reduction in the number of complaints. The bank will continue to pursue this policy in 2012 and is using its complaints reports – which the Managing Board reviews – to tackle problems systematically.

In today's adverse economic climate, an increasing number of people are finding it difficult to make ends meet. ABN AMRO helps people get their finances in order by offering the assistance of financial coaches trained by NIBUD, the Dutch national institute for family finance education, and operates a Mortgage Care Team for people who are having trouble paying their mortgages. These are just two ways in which ABN AMRO helps people in financial need.

Responding to society's needs

ABN AMRO has relationships with numerous stakeholders in society, including customers, employees, regulatory authorities, trade unions, industry associations, non-governmental organisations and local communities. The key ingredients in these relationships are openness and a commitment to dialogue. ABN AMRO always puts its customers centre stage, focusing primarily on confidentiality of customer relationships

and transactions. The bank engages in an ongoing dialogue with customers and employees alike by means of customer panels and internal discussion forums. ABN AMRO has identified other stakeholders as well and has drawn up a targeted action plan to help the bank engage in a more intensive dialogue with all stakeholders to involve them in its sustainability efforts.

ABN AMRO offers primary and secondary school pupils various forms of financial education in an effort to address financial problems, which often arise at an early age. ABN AMRO's sponsorship policy allows the bank to make a positive contribution to society, and the bank encourages staff to give back to society through the ABN AMRO Foundation.

Taking responsibility in the supply chain, from supplier to customer

ABN AMRO is a founding partner of FIRA, an independent party that issues sustainability ratings for suppliers. Many of the bank's suppliers have signed up to FIRA for a sustainability rating based on ISO 26000, an international guideline for corporate social responsibility designed to ensure that suppliers gradually improve their sustainability performance.

ABN AMRO wants to be a business partner that helps customers boost the sustainability of their companies. The bank uses its experience and portfolio to develop financial products and services that promote energy conservation and sustainable energy. ABN AMRO intends to include sustainability in its sector advisory services, based on its commitment to promoting sustainability within the financial scope of each individual customer.

In its lending operations, ABN AMRO weighs the *improvement* of sustainability on the one hand against exclusion on the other. If the bank has any doubt about a customer's sustainability performance, it will only grant a loan subject to additional conditions. This allows the bank to expand its influence in this area and to take more responsibility than if it were to terminate the relationship with the customer. The bank ends the relationship if the customer fails to make sufficient improvements.

ABN AMRO has limited influence on how its wealthy customers use their capital. It can, however, use its expertise in investing and sustainability to help customers make well-founded decisions. The extent to which businesses are sustainable influences investment risks and opportunities. By giving customers more insight into how this

works, ABN AMRO helps them take sustainability issues into account and to make better investments. ABN AMRO does not do business with companies in a number of sectors and areas.

Summary

ABN AMRO aims to be a sustainable bank in a sustainable world. Just as ABN AMRO's success relies on its customers' success, so there is a close link between the bank's role as a sustainable partner and the logical role it can play in creating a more sustainable world.

A sustainable bank...: Sustainability is essential to ABN AMRO's position and gives the bank its licence to operate – now and in the future.

...for a sustainable world: A sustainable approach to its core business will lead to a more sustainable world and long-term, profitable relationships with customers.

Next steps

- ▶ Continue to take responsibility in the supply chain and in society;
- ▶ Pick up signals from stakeholders and society and integrate them into the bank's sustainability policy;
- ▶ Continue to enhance the transparency of the bank's products.

as a citizen of the world 3

Under ABN AMRO's finance and investment policy, customers and transactions are screened based on environmental, social and ethical (ESE) considerations. Where applicable, the bank expects customers to take appropriate measures to minimise sustainability risks. ABN AMRO's stakeholder dialogue focuses on issues that involve the bank, and has a direct effect on the bank's actions.



case

sustainable and profitable business practices

As part of its commitment to responsible governance, ABN AMRO offers financial expertise and services to Ecom Agroindustrial Corporation Ltd. This international trader in coffee, cocoa and cotton supports farmers in developing countries by boosting their profitability and making them more resilient.

> **Ecom is in the agribusiness market.**

What are the problems facing this particular industry at present?

Ecom's sustainability officer David Rosenberg: "The global demand for food and fibres is on the rise. Moreover, many of our customers want to buy higher-quality, traceable products. Small farmers in developing countries find these demands hard to meet on their own. They're having to contend with problems such as the changing climate, constant fluctuations in the availability of water, and the declining fertility of their land. They need access to both information and funding, so that they become more

profitable and more resilient, and so that their products are better in quality and more distinctive. That's why we've formed a team of some 200 agronomists scattered all over the world who work together with farmers to get their businesses on to a higher rung. That's an investment we're willing to make, because we believe we stand to gain from sustainable, higher-



Rick Torken (l) and David Rosenberg

quality production, with good long-term prospects for the farmers. The same applies to ABN AMRO, one of our main suppliers of funding: they, too, see the long-term benefits."

> **That said, what's your take on the bank's sustainability policy?**

David Rosenberg: "The bank's lending policy is logical, prudent and consistent. At the end of the day, though, its value will depend on whether the bank is able to acquire enough expertise on sustainability issues affecting specific industries such as our own. Which we believe the bank will indeed be able to do, by the way."
Rick Torken, head of Agri-commodities at ABN AMRO, adds: "Like Ecom, we believe that agriculture is in dire need of sustainable solutions that centre on human rights and responsible governance. We're working together with Ecom to try and find out how best to ensure that projects such as this, which are the fruits of our sustainability policy, become part and parcel of our core business."

> **What do you expect from the bank in terms of sustainable solutions?**

David Rosenberg: "We think ABN AMRO is capable of understanding our industry and our corporate strategy, and sees that sustainability is a source of value creation rather than simply an obligation and a source of paperwork. So we expect the bank to help us to develop sustainable and

profitable business practices, for example by providing some of the pre-funding that farmers need. We'd also like to see the bank incorporate sustainability into its operational management systems, and not assign it to separate project boxes. We're not going to make any progress if that happens. Agriculture is a seasonal business and farmers are naturally conservative people, so it takes time to bring about change. That's why applying sustainable business practices in this industry and in these countries is all about patience and perseverance."

Rick Torken: "We're enthusiastic about the potential progress we can make together with Ecom – an organisation that, like us, is committed to helping create a sustainable society. We acknowledge that change takes time, but we believe that by placing our financial expertise and services at the disposal of our customers' projects, we can form the vital link in the chain of sustainable solutions."

3.1 Management structure

ABN AMRO is organised in a manner that guarantees a high standard of operational management by the Managing Board, coupled with effective supervision by the Supervisory Board. For the bank and its business activities, integrity, transparency and accountability are the key elements of good corporate governance. Together, they enable the bank to pursue an effective system of risk management, to comply with rules and regulations and to offer complete transparency to all relevant stakeholders and market players.

The Supervisory Boards, Supervisory Board committees and Managing Boards at ABN AMRO Group N.V. and ABN AMRO Bank N.V. are composed of the same members. Please see the website, www.abnamro.com, for more information on the bank's organisational structure, operating methods and the qualifications and expertise of the members of the Managing Board and Supervisory Board. The Annual Report published on the website also contains details on the remuneration of and outside posts held by the members of the Managing Board and Supervisory Board.

The European Commission recently redefined 'corporate social responsibility' as meaning 'the responsibility of enterprises for their impacts on society'. Respect for applicable legislation, and for collective agreements between social partners, is a prerequisite for meeting that responsibility. To fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders.

3.2 Compliance and regulatory requirements

ABN AMRO regularly takes measures designed to prevent its actions from having negative consequences for the local communities in which it operates. In its drive to put customers' interests first, for example, the bank has trimmed the number of savings products it offers, improved the information it provides to customers and accelerated and enhanced its response to complaints.

ABN AMRO devotes attention to ethical business operations and has put its values into practice by strengthening its anti-bribery and anti-corruption policies. The bank also pursues customer acceptance procedures and a gifts regulation policy, the latter of

which states that employees may not accept or give gifts on behalf of the bank. In enforcing this policy, ABN AMRO may be required to report violations to the authorities, impose internal sanctions or terminate the relationship with the customer. ABN AMRO did not have to take any disciplinary action in this respect in 2011.

ABN AMRO participates in various public policy development committees, such as the Dutch Banking Association (NVB), and has a government affairs department in The Hague which closely monitors political developments.

The bank does not offer financial contributions or payment in kind to political parties, politicians or any related institutions, unless management has given its explicit approval.

As part of its efforts to guarantee customer confidence, ABN AMRO pursues an anti-restrictive trade policy which includes a series of environmental, social and ethical aspects and is incorporated into its customer acceptance policy.

ABN AMRO has standard procedures in place enabling it to supervise compliance with laws, standards and industry codes in its marketing and communications, including advertisements, promotions and sponsorship activities. The procedures are communicated bank-wide in training courses focusing on areas such as compliance, credit acceptance and commercial activities.

ABN AMRO did not incur any penalties from financial supervisors for non-compliance with laws and regulations in 2011.

3.3 Financial and investment policies

Environmental, social and ethical risk management: policy and practice

ABN AMRO accepts its social responsibility as a member of society whose activities have a direct impact on people and planet. It also accepts its responsibility as a supplier of financial services which, indirectly through its customers' businesses and investments, also affect society. ABN AMRO helps create sustainable solutions by incorporating environmental, social and ethical (ESE) standards in its risk management policies.

Policy review: policy, customer acceptance and country risk management

Last year, ABN AMRO adopted the best policy documents previously drawn up by its legal predecessors, the former ABN AMRO and FBN. These have now been incorporated as temporary components of the new risk framework on sustainability. Formulating the bank's risk appetite in relation to ESE risks was the first step in the review process, which is due to be completed in 2012.

In 2011, ABN AMRO's Group Risk Committee approved the revised versions of ten selected policy documents on ESE risks. These documents set out the (temporary) standards, rules and guidelines applied by ABN AMRO in supplying finance to a range of industries. The policy documents will apply on a temporary basis until such time as the bank has adopted a new policy framework.

The old policy was geared primarily towards lending. ABN AMRO has also tightened up the ESE aspects of the due diligence studies performed as part of its customer acceptance procedures, particularly in relation to international customers who also use other services such as payments and deposits. The business units involved here are Private Banking International, Third Party Banking, Trade Finance Transactions, Corporate Banking, Large Corporates & Merchant Banking and the International Diamond & Jewelry Group.

ABN AMRO has compiled a sustainability index for countries which is used to factor environmental, social and ethical criteria into country risk assessments. Countries are

Approved policies

- ▶ Tobacco industry policy
- ▶ Agri-commodity industry policy
- ▶ Guidelines on social and environmental risks
- ▶ Defence industry policy
- ▶ Project finance and the application of the Equator Principles
- ▶ Policy on forestry and plantations
- ▶ Mining and metal industry policy
- ▶ Oil and gas industry policy
- ▶ Sustainable shipping industry policy
- ▶ Declaration on human rights

now allocated a 'high', 'average' or 'low' risk score. The index combines various aspects of sustainability, such as human rights, security, good governance, transparency, prosperity, environmental protection and compliance with international treaties on social and environmental standards.

ESE risk governance

ABN AMRO's account managers are responsible for applying the ESE standards in practice, i.e. for implementing the policies on individual industries. Using specially designed guidelines and questionnaires, they identify the potential risks associated with a particular customer or transaction. These risks depend on the industry and the country in which the customer in question operates. Where transactions in high-risk industries and countries are concerned, the account manager performs a risk analysis in conjunction with the customer that makes clear whether the customer complies with the relevant standards or whether the risks associated with the transaction in question are sufficiently offset by the action taken by the customer to mitigate them. The findings of this assessment are incorporated in the credit risk analysis that is performed for the customer in question.

"ABN AMRO's sustainability experts send us comprehensive, well-researched reports which we discuss with customers on a regular basis. The vast majority of our customers are pleased with the information. They are cooperative, and value the fact that such aspects are taken into account in our decisions."

Rusty Kayser, Senior Banker, Commercial & Merchant Banking

ABN AMRO's sustainability experts are responsible for formulating the bank's corporate policies on environmental, social and ethical risk management, and for assessing the guidelines and questionnaires used throughout the company. They examine the bank's industry-specific policies, for example on the mining, forestry and agricultural industries, and on issues such as human rights. They also monitor the extent to which individual business units comply with these guidelines. They advise on business activities where there is a high environmental, social or ethical risk, acting both on their own initiative and in response to requests from colleagues. The experts monitor the progress made in implementing these policies in various parts of the bank and report on the main

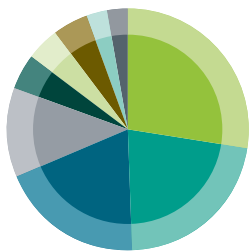
outstanding issues in the form of Enterprise Risk Management Reports prepared on a monthly basis for the Managing Board.

Compliance

The sustainability experts from ABN AMRO's head-office Sustainability Department performed a number of more detailed due diligence studies in 2011. They carried out detailed assessments of 109 customers' intentions, practices, management and past experience in terms of taking appropriate action to contain potential ESE risks.

Reports on sustainability risks associated with individual industries in 2011

	Number of reports issued	Approvals	Qualified approvals	Rejections
Mining & metals	30	25	1	4
Oil & gas	24	23	1	0
Agricultural commodities	21	16	5	0
Defence	13	11	1	1
Chemical	5	4	0	1
Forestry	5	4	1	0
Energy & utilities	5	4	0	1
Processing industry	3	3	0	0
Others	3	3	0	0
Total number of reports	109	93	9	7



Reports on sustainability risks associated with individual industries in 2011

Focus on Large Corporates & Merchant Banking

ABN AMRO's specialist unit for lending to companies in the Energy, Commodities & Transportation (ECT) industry places particular emphasis on sustainability, and expects all departments to use specific sustainability guidelines and the relevant questionnaires. The idea is to find out how customers address the environmental, social and ethical impact of their business activities.

In 2011, 50 customers from the ECT industry agreed to be interviewed on the new-style questionnaires. The bank is using the interview findings to refine its guidelines on sustainability. All ECT sustainability questionnaires should be ready by the first quarter of 2012.

In April 2011, ECT began undertaking a series of assessments to explore the sustainability performance of all customers, whether new or already existing. The results of these assessments are shown in the table below.

ECT Industry	Process		
	Customer acceptance	Loan	Total
Agricultural commodities	46	60	106
Energy commodities	82	67	149
Metal commodities	58	52	110
Energy	12	39	51
Transportation	38	8	46
Total	236	226	462

Equator Principles

The Equator Principles once again constituted a binding condition for all project finance supplied by ABN AMRO. A total of 19 new project finance deals in emerging markets were screened for their compliance with the Equator Principles. Of these, eight were category A projects, i.e. projects with potential significant adverse social or environmental impacts that are diverse, irreversible or unprecedented, while 11 were classified as category B projects, i.e. projects with potential limited adverse social or environmental impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures.

A total of 39 projects from high-income/OECD countries were assessed.

Country classification	Category			Total
	A	B	C	
Emerging markets	8	11		19
High-income /OECD	1	33	5	39
Total	9	44	5	58



ABN AMRO always verifies the customer's strategic course before entering into any transaction involving large human and environmental risks.

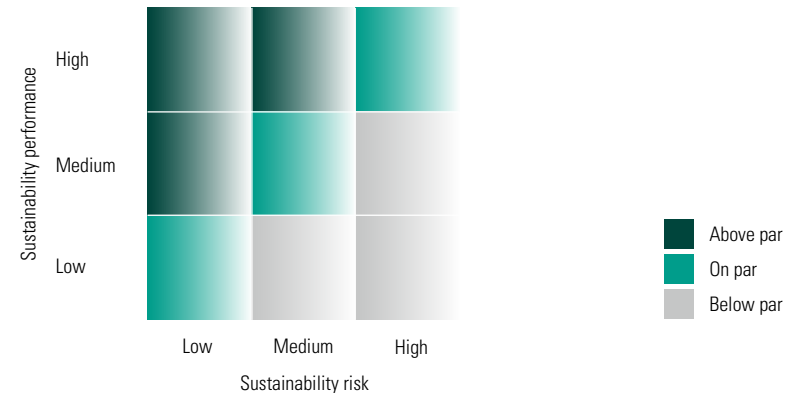
Managing ESE risks

The bank has formulated a set of principles in order to ensure that ESE risks are managed in a consistent and coherent manner, and that customers and transactions are required to meet a uniform set of standards. These principles are a logical consequence of the bank's strategic objectives in relation to sustainability, the key elements of which are the adoption of an open approach and the importance of improvement and cooperation. The basic principles for ESE risk are defined as follows:

- ▶ **The management of sustainability risks is an incentive for quality improvement.** Systematically embedding ESE risk management in its decision-making process will improve the quality of the bank's services and of its decisions;
- ▶ **The bank is responsible both for its own activities and for the activities undertaken by its customers.** ABN AMRO is exposed, both directly and indirectly, to the effects of and risks associated with the activities performed by its customers, and accepts full responsibility for the consequences of any decision to either commence or discontinue a business relationship with a customer;
- ▶ **The bank seeks to adopt an inclusive approach and to pursue a dialogue with its customers.** Rather than excluding people and companies who lag behind in terms of sustainability, ABN AMRO encourages them to make improvements, provided that such improvements are adequately resourced and supported;
- ▶ **The bank is not involved in activities that do not meet its ESE standards.** Where ESE risks cannot be mitigated to a sufficient degree, and the customer in question takes insufficient action, the bank refrains from doing business with the customer. ABN AMRO does not do business with companies performing activities that ABN AMRO would not perform itself;
- ▶ **The bank seeks the active and open participation of stakeholders in discussions on sustainability risks.**

These principles have been discussed at length, both with the staff of the bank and with external stakeholders. Thirty external stakeholders, consisting of representatives of other banks, customers, experts and non-governmental organisations were asked to comment on them.

Sustainability risk management



ABN AMRO has a policy of identifying the ESE risk associated with every single transaction. The main prompts in this respect are the industry and country in which the customer operates. The risk category in which the deal is classified, i.e. low, medium or high, has the following consequence: the higher the level of risk associated with the deal, the better the customer's social and environmental performance is expected to be. If the customer's policy is not adequate, or if the customer does have an appropriate policy but fails to implement it adequately in practice, and hence fails to comply with our standards, we expect the customer to present us with a credible action plan stating precisely how and when it is planning to meet our standards.

Human rights

ABN AMRO wishes to play a leading role in promoting sustainable business development. Respect for human rights is an integral part of good corporate behaviour, built on the bank's common values of 'trusted, professional and ambitious'. ABN AMRO expects all its customers and suppliers to treat their staff, local residents and other stakeholders with dignity and respect. A desire not to be involved in human rights violations is also a characteristic of good business practice, as considerable damage may otherwise be caused in terms of reputation damage or financial loss (discounting any personal damage caused to those concerned).

ABN AMRO has always recognised the importance of human rights, and issued its first declaration on human rights in 2005. That said, the new UN Framework for Business and Human Rights has alerted the bank – more than ever before – to the fact that, for a business, respecting human rights means doing the right things. This equates with making a constant effort to ensure that day-to-day business decisions stand up in the ‘court of social debate’.

Against this background, ABN AMRO is focusing increasingly on the human rights aspects of due diligence. Among the issues examined when the bank is looking at prospective deals, for example, are child labour, employee rights, sovereign rights and national rights. The key questions addressed in 2011 were:

- ▶ In what ways and in which areas does the operational management pursued by ABN AMRO and its customers affect human rights, either directly or indirectly?
- ▶ In what ways and in which areas can ABN AMRO effectively contribute to solutions?

Acknowledging that respect for human rights requires an active, inquiring attitude, ABN AMRO formulated an action plan in 2011 with the following objectives:

- ▶ To review company policy on human rights, including ABN AMRO’s declaration on human rights;
- ▶ To produce a ‘human rights risk map’;
- ▶ To foster an environment in which people are aware of the risks pertaining to human rights violations. ABN AMRO should recognise, prevent and, where necessary, mitigate these risks;
- ▶ To publish an annual report on human rights for ABN AMRO’s stakeholders.

ABN AMRO also continues to contribute actively to the debate on human rights both in the Netherlands and in the international arena, as in the framework of the UN Global Compact.

In 2010, we wrote about the dilemma facing us in relation to customers whose supply chains involved child labour. In the end, the bank opted for a policy of improvement rather than of exclusion. The same issue raised its head in 2011. Working together with customers and other stakeholders, ABN AMRO continued to bring its influence to bear in order to improve the situation.

Aware that its activities affect the human rights of its suppliers and their staff, ABN AMRO accepts its responsibility when signing contracts with suppliers. We signed new contracts with cleaning contractors in 2011. There is currently a great deal of unrest in the cleaning industry, as more and more contractors seek to cut the prices on which their contracts are based.

Our contract negotiations were based on the following three principles:

1. Cleaning contractors must be able to guarantee proper working conditions for their staff, including an acceptable level of pressure and rates of pay that are in line with current market rates;
2. The contract must leave a healthy margin for the contractor’s business;
3. ABN AMRO believes that the quality of the cleaning services provided should be the prime consideration and for this reason did not press bidders to lower their prices. In the first round of the tender procedure, the bank returned all the bids it had received and asked the suppliers to quote a more realistic price for their services. This resulted in the signing of three contracts that stipulate, among other things, that ABN AMRO will apply the pay rises agreed under the collective bargaining agreement for its own staff. The contracts also state that ABN AMRO will pay a performance bonus to those contractors who supply high-quality cleaning services, and that this bonus should be passed on in full to the contractors’ staff.

3.4 Stakeholders

The role played by ABN AMRO’s customers and staff as the bank’s prime stakeholders is discussed elsewhere in this report. This section looks at another important group of stakeholders: non-governmental organisations, regulatory authorities and so on. ABN AMRO is keen to pursue a dialogue with these actors on social trends and problems. The interaction between the bank and these stakeholders often has a direct impact on the bank’s activities, both in the marketplace and in its dealings with its own staff.

Materiality principle

We receive a tremendously wide variety of queries about the issue of sustainability. The ‘materiality principle’ is one of the main considerations in deciding on whether or not to engage in a dialogue with our stakeholders. In other words, there is only any point in starting a dialogue if the issue in question is relevant to the bank, and also if the bank can actually do anything about it. The bank’s policy is to focus on those issues that customers, staff, shareholder(s) and other key stakeholders (see the stakeholder analysis) regard as being important.

Sustainable dialogue

ABN AMRO's sustainability policy has been debated at considerable length, both within the bank and in a dialogue with external stakeholders. Among the bodies involved in this debate are the Works Council, the board of the ABN AMRO Foundation, relevant civil-society organisations that are active in the field of ecology and society, and the Sustainability Advisory Board. The latter board meets three times a year with the Managing Board to discuss topical issues in relation to sustainability.

ABN AMRO is involved in a variety of national and international initiatives, including the Global Compact, the United Nations Guiding Principles for Business and Human Rights and various round-table conferences on industry-specific sustainability issues. ABN AMRO is also actively engaging with the Sustainable Finance Lab and is a member of various sustainability-related organisations. Finally, ABN AMRO is in constant dialogue with its owner, the State of the Netherlands, on the question of its own sustainable development. These are the most relevant organisations of which ABN AMRO is a member:

IIF	Sustainable Shipping Initiative
NVB	PRIME Finance Conferences
Duisenberg School of Finance	Holland Financial Centre
Kifid	NIVE
Dutch Green Building Council	VNO NCW

Active stakeholder management

The global financial crisis has had a huge impact on the credibility of the banking industry in recent years. ABN AMRO is fully aware of the situation and accepts that a systematic form of proactive stakeholder management is absolutely vital for a bank that wishes to respond to relevant social trends. This is not simply a matter of risk management; it is also a critical route to identifying and seizing business opportunities. See Appendix 5 for an outline of the bank's stakeholder dialogue.

ABN AMRO performed a comprehensive stakeholder analysis and also prepared a stakeholder management plan in 2011. The latter is based on a method developed by Aubrey L. Mendelow (Kent State University, Ohio, 1991). We are keen to pursue a proactive dialogue with the main stakeholders identified in the analysis (see the outline in Appendix 5), ensuring at the same time that we retain the initiative. We hope that this will enable us to respond to these stakeholders' needs and wishes in terms of sustainability, and to do so in a timely and systematic manner.

No bank in today's world
can operate without
structured, proactive
stakeholder management.

Sustainability Risk Management Framework: the latest news

The new Sustainability Risk Management Framework produced by the bank in 2011 is a good example of the way in which ABN AMRO would like to involve its stakeholders in the formulation of its sustainability policy. Input for the process was collected in two stages from NGOs (6), industry bodies (3), consultants (3), banks (4) and customers (19), all of whom are keen to promote sustainable banking (see the stakeholder table in Appendix 5).

The idea behind the Framework is to submit new policies to external scrutiny and hence improve their quality, and also to get the stakeholders themselves on board. ABN AMRO wishes to maintain close relations with its key stakeholders, and believes that engaging with them in a substantive dialogue is a vital part in achieving this.

The Sustainability Risk Management Framework and the five principles for managing sustainability risks (see also the previous sections on ESE risk) were first submitted to a group of ABN AMRO's customers. They were invited to comment on the completeness of the bank's basic approach, and the principles underlying it. In the second stage of the consultation process, stakeholders were asked to comment on a specific lending policy. The participants were invited to comment on the bank's strategy on sustainability risks in relation to lending, and also on the criteria for exclusion. We are planning to proceed along similar lines in 2012, submitting a large number of more industry-specific policies to our stakeholders for comment.

Pursuing a sustainable dialogue with customers

One of our customers is a leading player in the global tuna trade, an industry involving sustainability risks. In the light of its market share, ABN AMRO decided to enter into a dialogue with the customer in question, and expressed the hope that it would play a pioneering role in promoting a more sustainable tuna trade. ABN AMRO needs no convincing of the problems caused by over-fishing, the fact that certain tuna species are endangered, the problem of excessive by-catch due to the use of certain fishing methods, and the reputation of tuna traders.

Although, on the face of it, the easiest solution is simply to refuse the company's custom, this would not solve the problem. While ABN AMRO opts for improvement rather than exclusion, this is on condition that the improvement in question is practicable. Based on our talks with the customer and the information available to us, we expect the company to be able to act as a trend-setter in promoting a sustainable tuna trade.

Another customer with whom ABN AMRO is engaging in a dialogue on sustainable business practices is a large company that is planning to start major trading in palm oil. ABN AMRO has raised the issue of sustainability with this particular customer on a number of occasions. At first, the customer took the view that we were asking too much. Following a number of further meetings about the value of and the need for sustainability, and in the light of extensive desk research, we were ultimately prepared to issue a positive recommendation in relation to the customer's application, subject to the following conditions:

- ▶ The company should apply for membership of the Round Table on Sustainable Palm Oil (RSPO) in the near future. The company should become an 'active follower', pushing for progress in the industry;
- ▶ The company's aim should be to arrive at a situation, within two years, in which it sources 100% of its palm oil supplies either from RSPO members or from suppliers who meet comparable criteria formulated by the company;
- ▶ The company should provide ABN AMRO with a list of its palm oil suppliers every six months.

The company in question remains a good customer of ours.

Looking ahead

As already indicated, ABN AMRO is planning to do more to involve its stakeholders in the process of becoming a sustainable bank, for example by offering customers and staff an opportunity to have a real say in the formulation of its policy on corporate social responsibility. Also, sustainability and sustainable issues are among the topics of discussion on Arena, the bank's internal debating forum. ABN AMRO would like to see its stakeholders play an active role in the creation of a more sustainable bank. It seeks to achieve this aim by intensifying the dialogue with external stakeholders, by sending them copies of policy documents, and by guaranteeing fully transparent decision-making on ABN AMRO's responsibility for all activities throughout the supply chain.

3.5 Next steps

- ▶ Further integrate environmental, social and ethical considerations into the bank's risk management;
- ▶ Continue to promote stakeholder dialogue and involvement;
- ▶ Work with stakeholders to update the Sustainability Risk Management Framework;
- ▶ Make an ongoing contribution to the international human rights debate.

as a customer bank 4

ABN AMRO strives to help its customers enhance the sustainability of their business operations. All levels of the bank work to achieve this goal, actively supporting customers by offering responsible financial products and services.



case

sticking your neck out



Renzo Deurloo (l) and Eric Zwaard

ABN AMRO is keen to participate in innovative, green initiatives that help customers boost the efficiency and sustainability of their operations. In this spirit, the bank finances GreenFox, which helps building managers reduce energy consumption by making existing strip lighting more energy efficient. What's more, GreenFox employs staff from sheltered workshops. In the words of Renzo Deurloo, co-founder of GreenFox, and Eric Zwaard, who's in charge of the Government, Educational and Institutional Sector at ABN AMRO Public Banking, the GreenFox method is a 'complete no-brainer'.

> OK, so you're planning to supply sustainable lighting and create new jobs, at no net cost. Where's the catch?

Renzo Deurloo: "There is no catch. With the aid of the staff of sheltered workshops throughout the country, GreenFox adapts old-fashioned strip-light fittings, making them ready for a new generation of low-energy lights. Did you know that lighting

accounts for around a quarter of the energy bill in an average office building? So that can easily mean a huge saving. Moreover, as we're helping people who are not easily employable at the same time, we really are creating the ultimate win-win situation!"

> Sounds amazingly simple. And yet you did have a bit of trouble getting funders on board. Why did ABN AMRO sign up?

Eric Zwaard: "The idea behind GreenFox is to use some of the future savings to fund energy-efficient lighting, subject to a maximum pay-back period of four years. This method of pre-funding investments is actually quite novel for the Dutch banks. Even at ABN AMRO, not everyone was immediately convinced that lending to GreenFox on this basis would actually be a good idea. But that's precisely the point of ABN AMRO's Dialogues Incubator, where the idea for partnering with GreenFox was generated: it's all about thinking

outside the box. It's about co-creation, looking for solutions that tie in with the bank's thinking on sustainability and are capable of truly adding value."

Renzo Deurloo: "You've got to be willing to stick your neck out. It's not about playing safe. It's about fostering innovation precisely by getting away from the beaten track."

> ABN AMRO is doing its best to find customers in the public sector for GreenFox. Why the public sector in particular?

Eric Zwaard: "The GreenFox method is ideally suited for institutions like hospitals, schools and local authorities, all of which are being given all sorts of new tasks but need to cut their spending at the same time. This makes it hard for them to invest in energy conservation. Moreover, local authorities in particular have the additional problem of a mismatch on the job market: unemployment is on the rise, but it'll soon be difficult to find the right staff."

Renzo Deurloo: "The public sector is a brilliant showcase for GreenFox. We work

for Rotterdam Zoo, the Gemeentemuseum in The Hague, the Amsterdam RAI Exhibition Centre, the cities of Utrecht, Rotterdam and Eindhoven, and the Amsterdam Music Theatre."

Eric Zwaard: "Naturally, GreenFox will also be targeting our own buildings. First up was our Dordrecht branch, which got the treatment at the start of the year. Zoetermeer and Leeuwarden are due to follow suit shortly."

> It all sounds too good to be true. Is it?

Renzo Deurloo: "No! Certainly not since we've partnered up with ABN AMRO and we can count on the support of people like Gerrit Zalm and the city executives in places like Amsterdam, Utrecht, Rotterdam and Eindhoven. In the early days, I often noticed how amazed people were, when they checked the figures, to see that everything really did add up, that there weren't any hidden catches."

Eric Zwaard: "The GreenFox method is a unique combination of solutions in which all the parties come out as winners."

4.1 Retail & Private Banking

ABN AMRO Retail & Private Banking is aiming for sustainability in all aspects of its operational management, from its marketing practices to the development of products and services in accordance with sustainability goals and based on a broad social engagement. Sustainability is being incorporated more and more into the bank's day-to-day business operations and staff throughout the bank are playing an active role in all manner of community support programmes. The bank also welcomes suggestions from individual members of staff. The aim is to ensure that sustainability and sustainable business practices become ingrained in the bank's DNA, so that customers, staff and society at large all profit from them.

Customer focus

Sustainability lies at the heart of ABN AMRO's services. This applies both to our dealings with customers who already bank with us and to the importance we attach to later generations. Recognising that customers are the focal point of all the bank's activities, ABN AMRO Retail & Private Banking revised its approval procedures in 2011. We now use a set of 'ethical criteria' to perform a systematic assessment of both the short-term and the long-term aspects of all our products, existing and future, examining all relevant aspects from the customer's viewpoint. Our savings products are a good example of how this works: we have reviewed our product offering, paring it down to a clear, transparent range.

The better informed customers are, the more likely they are to be satisfied. Retail Banking systematically rewrites its information and publicity materials in plain language in order to foster transparency, so that each and every customer fully understands the bank's products and services. These efforts have had an immediate effect, resulting in a decline in the number of queries about savings products. Customers have also commented favourably, through social media for example, on the clarity of the bank's mortgage product range.

Information and training bring vital benefits for future customers as well as current account-holders. During the National Money Week last November, for example, some 500 volunteers from ABN AMRO visited a large number of primary schools in the Netherlands, giving 300 lessons to a total of 10,000 children on how best to manage their money. This was the result of a joint initiative by the ABN AMRO Foundation and the Dutch national institute for family finance education (Nibud). In France,

Banque Neuflyze OBC, the local branch of ABN AMRO Private Banking, helps underprivileged children by awarding scholarships and helping young business owners in deprived areas set up their own companies.

Retail & Private Banking seeks actively to engage customers in the improvement of its services. ABN AMRO obtains a clear idea of its customers' current needs by engaging in an ongoing dialogue with them. Retail Banking has formed a community of several hundreds of customers with whom it discusses a variety of service-related issues. The bank also uses a 10,000-strong customer panel as a sounding board. Getting up close to its customers helps the bank to gauge whether the products and services it offers actually meet a genuine market need.

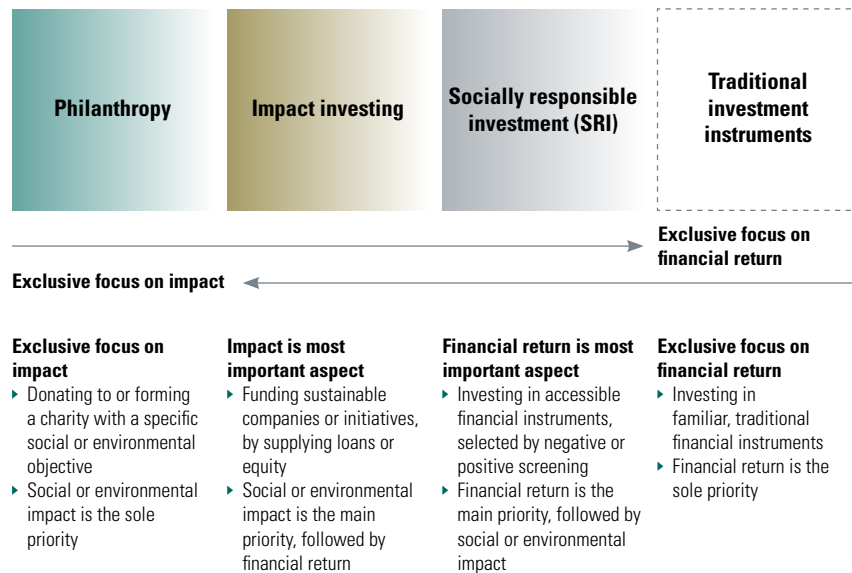
Customised services are another way of getting up close to customers. In the present economic climate, more and more customers are contemplating an uncertain financial future, for example because of the possibility of losing their jobs or as a result of other changes in their personal situation. ABN AMRO supports these customers proactively with a team of committed and qualified financial coaches. These coaches help and advise customers in organising or rearranging their financial affairs so as to prevent them from ending up in financial difficulties at a later stage. Customers highly appreciate this service.

Products

Just as ABN AMRO seeks constantly to improve its operating processes and minimise its environmental impact, so a growing number of customers wish to see all or part of their capital invested in ethical or socially responsible investment instruments. This is why ABN AMRO MeesPierson offers a raft of sustainable investment products: equities, funds and special mandates, including customised investment portfolios managed in accordance with socially responsible principles. Despite the current state of the financial market, ABN AMRO's socially responsible investment mandates are proving ever more popular.

In Germany, Bethmann Bank, the local branch of ABN AMRO Private Banking, created two socially responsible investment funds for its Private Banking customers in 2011: 'Bethmann Nachhaltigkeit' and 'Bethmann Stiftungsfonds'. The companies, countries and organisations in which these two funds invest are required to meet certain specific environmental, social and ethical investment criteria. In France, Banque Neuflyze OBC offers mandates for socially responsible investment (SRI).

ABN AMRO launched a campaign called *Capital4Change* in 2011 as a means of spotlighting social responsibility in relation to private banking. The focus of the campaign is on the bank's range of socially responsible investments, as well as on philanthropy-related services and 'impact investing'. The latter is a new and growing market, and may be defined as 'investing in solutions to social and environmental problems that offer a potential financial return'.



ABN AMRO supports the development of impact investing. As the bank sees it, it has a responsibility to raise awareness and foster a close relationship between investment experts, investors and potential beneficiaries. In order to highlight its commitment to socially responsible business practices, ABN AMRO sponsored the first SOCAP (Social Capital Markets) Europe conference in 2011. SOCAP is a leading global platform bringing together socially responsible businesses and ethical investors, who together ensure that the capital supplied by investors and fund managers is channelled to the appropriate community projects. ABN AMRO's involvement in SOCAP is the first of what is set to become a series of promising partnerships with other actors that seek to identify social impact investment opportunities and match these with suppliers of capital.

ABN AMRO was one of the founders of Toniic Europe, a network of impact investors, in 2011. The bank regularly promotes impact investing, both internally among its staff and at externally organised events, such as during the international Next Generation seminars organised for the children of high net-worth customers. The focus in 2012 will be on refining, implementing and integrating the *Capital4Change* strategy. Among our aims will be to raise the involvement of customers and staff, and to offer specific impact investment opportunities, both directly and indirectly through investment funds. In terms of socially responsible investments, the focus in 2012 will be on screening the bank's investment products.

2011 was also the International Year of the Forest. In France, Banque Neufilze OBC launched a Wood and Forest action plan, managed by 12 volunteer staff, for assisting customers who own large areas of forest in managing their property in a sustainable way. With the aim of encouraging local businesses, NOBC also maintains close contacts with small and medium-sized timber firms. Engagement is an aspect of sustainability in which ABN AMRO is taking an increasing interest, both in communications throughout the bank and at an individual level. In Germany, an independent Sustainability Advisory Board was recently formed, consisting of professionals from a range of industries. The board will be monitoring socially responsible investment processes and ethical investments for the purpose of discretionary portfolio management (DPM).

ABN AMRO Private Banking has formed dedicated teams for the 'institutions and charities' market in various countries. These combine thorough knowledge of the requirements applying to this particular segment with a specific mission – that of helping charities and other civil-society organisations in the widest possible sense to achieve their stated objectives. Against this background, Private Banking regularly arranges introductions for Private Banking customers who wish to become actively involved in charity work and also grants charitable institutions access to its network of Private Banking customers.

The Annual Institutions & Charities Day is a valuable meeting point and debating platform for directors and managers of civil-society organisations. The share issue organised to mark the 125th anniversary of the founding of the Concertgebouw concert hall in Amsterdam is a good example of an activity generated by this type of interaction. In keeping with its much-lauded tradition for raising private finance, the Concertgebouw issued anniversary shares in September 2011 to raise funds for maintenance and training. ABN AMRO was the lead bank for this issue, the slogan for which was: 'Your share in the future of the Concertgebouw'.

ABN AMRO is the first Dutch bank to respond to the demand from organisations in the arts sector for private funds. Now that the government has decided to cut the amount of financial support provided to arts organisations, the Concertgebouw share issue should attract the attention of other institutions who need help in arranging alternative forms of finance.

Encouraging personal involvement

Many ABN AMRO staff are ready to help personally in obtaining a sustainable future. The bank supports their efforts through the work of the ABN AMRO Foundation (see Chapter 7). ABN AMRO's French branch, Banque Neuflyze OBC, has also firmly embraced sustainable development. Here, think-tanks made up of volunteers from all corners of the organisation work on issues such as financial sustainability, microcredits and a wide variety of social and environmental issues. Some 12% of the bank's staff are actively involved.

The management team of ABN AMRO Private Banking International helped set up a special bank for street children in Mumbai, India. The aim of the 'children's bank' is to provide a safe depository for the savings of homeless children, teach them how to manage their money and encourage them to get back into mainstream education. The bank is run by child volunteers acting under adult supervision. The children's bank has attracted over 200 customers since opening in March 2011. Apart from attracting deposits, the bank also began granting loans and providing training courses for over-18s at the end of the year.

By recycling the old range of staff uniforms, Retail Banking is responding to the desire expressed by staff to incorporate sustainable practices in their day-to-day work. Staff were asked for suggestions for ways and means of reusing materials. We have selected a number for which we are planning to draw up more detailed plans in 2012, based also on input from customer and staff panels.

4.2 Commercial & Merchant Banking

ABN AMRO's aspiration is to be known as the best commercial bank in the country, with the most satisfied customers and staffed by the best professionals. Customer satisfaction is the common denominator in all the bank's business decisions and is also why Commercial & Merchant Banking (C&MB) regularly asks various independent market

research agencies to perform customer satisfaction surveys in all segments of the corporate market. We were given higher ratings in all segments of the business markets in 2011.

Apart from measuring customer satisfaction, C&MB also examines staff satisfaction levels several times a year. Staff satisfaction in all C&MB units rose in 2011 compared with previous years.

C&MB undertook various sustainability-related activities in 2011, some examples of which are given below. C&MB is planning to further expand its range of sustainable products and services in 2012.

Customer focus

ABN AMRO is responding to the increasing value attached by corporate customers to sustainable business practices. The bank designs innovative solutions to help customers kill two birds with one stone, by raising their efficiency and boosting their competitiveness in one fell swoop. Many of these are sustainable solutions, offering a combination of energy conservation and a response to the increasing demand for sustainable suppliers.

Our in-depth knowledge of our customers' markets has given us a clearer idea of the threats and opportunities in relation to sustainability in many disparate markets. We are keen to share our knowledge with customers seeking the ideal vehicles for funding their sustainable investments.

ABN AMRO offers its corporate customers loans and leasing arrangements that meet their sustainable needs, their future plans and their financial circumstances. At the same time, ABN AMRO can suggest techniques for energy conservation (developed in collaboration with engineering firms) and advise on how to make optimum use of subsidy schemes.

Creating smarter customer processes

C&MB is constantly looking for ways of making its customer processes more efficient and more effective. The overriding aim in all cases is to raise the standard of its customer services.



Children who learn to handle money responsibly have the future in their own hands.

ABN AMRO's corporate customers want to conduct their financial transactions quickly and easily, wherever and whenever they wish. To meet this need, C&MB is expanding its online and mobile services, for example by linking customers' online accounting systems with Internet Banking, the bank's mobile banking app, and the 'Open a bank account online' service for YourBusiness Banking customers.

ABN AMRO halved the time required to open a corporate account outside the Netherlands in 2011, reducing the lead time from 50 to 21 days. We also cut the time required to process applications for loans of up to one million euros. Corporate applicants can now elect to receive their quotation for a business loan by email, in the form of a PDF file, rather than as a print-out by post. Owners of business start-ups can open an account online and account-holders can also elect to receive their bank statements in digital form rather than as hard copy by post.

The *Electronic Customer File* – and the increasing popularity of digital communication in more general terms – is helping to produce paperless operating processes. Less paper means less need for physical space (in the form of archives) combined with lower transport costs, thus helping the bank to meet its sustainability objectives.

In the wake of the excellent results at Retail & Private Banking, C&MB launched its own Plain Language project in 2011. We are currently rewriting all our customer information in plain Dutch: in clear language, spelling out exactly what customers want to know. The project should generate the first tangible results for the bank's corporate customers during the course of 2012.

Over 350,000 people in the Netherlands are either blind or have some form of visual impairment. In conjunction with three national charities for the blind and visually impaired, ABN AMRO is looking at ways and means of improving banking services for this particular group of customers. The main areas we are examining are Internet Banking, the bank's website, the iDEAL service for web-based payments, the Mobile Banking app, cash dispensers and the development of course materials for Internet Banking for the visually impaired. C&MB is hoping that the first results of this partnership will come on stream in 2012.

Products

C&MB has developed various sustainable solutions for its customers, a number of which are described on the next page.

Energy-Saving Loans

ABN AMRO launched its Energy-Saving Loans in 2011. Customers wishing to stage a sustainable project or 'green' their businesses can apply for a loan from ABN AMRO with which to fund their investment, the cost of which is paid for by the savings it generates. By working with leading consultant engineers, ABN AMRO can offer a comprehensive energy-saving solution, from a fact-finding survey of potential solution to the technical implementation of the selected technique and funding of the investment.

Take a customer with high energy costs, such as a supermarket. ABN AMRO brings this customer into contact with suppliers of energy-efficient cooling or heating systems. The customer borrows from ABN AMRO the money it needs to buy one of these systems. The cost of the loan, including both interest and principal, is fully recouped from the lower energy bill. On balance, the customer either pays nothing or makes a profit.

Turning waste into value

ABN AMRO offers local authorities new products and co-creations with which to take on the challenges facing them. One of these involves devising a sustainable method for collecting and processing household waste. Apart from representing a source of steadily increasing income for local authorities, such an approach also helps them meet other policy objectives, such as better waste separation, reusing waste materials, reducing CO₂ emissions, raising public awareness and engagement, and creating new jobs with the aid of reintegration projects.

ABN AMRO has partnered up with Modulo Beton Milieustraten to offer local authorities, from 2012, an innovative waste-processing system that they can fund on a net cost-free basis. This is an internationally patented system for collecting and separating waste efficiently and safely. The unit consists of a series of prefabricated concrete elements, is both long-lasting and flexible, complies with all relevant rules and regulations, and is designed to meet tomorrow's demands.

Sustainable energy

ABN AMRO takes a close interest in the sustainable energy market, seeing itself as a long-term partner offering solutions and industry expertise in the field of sustainable energy. For example, ABN AMRO supplies complete financial packages for onshore and offshore wind farms, solar energy and the collection and storage of CO₂.

ABN AMRO is proud
to finance an increasing
number of investments
in a better world.

These are turbulent times for the wind and solar energy industries. A combination of cutbacks in government subsidies and fiercer competition on the solar panels markets have made banks more reluctant to lend to companies in this industry. Despite this, ABN AMRO again funded a number of international offshore wind energy projects in 2011, and was selected as the banker of choice by a number of major Dutch suppliers.

ABN AMRO contributed to funding packages for a number of UK wind farms in the third quarter of 2011. Granted by trustworthy lenders, these loans allow the bank's customers to invest in the development of new wind farms. The deal illustrates the bank's commitment to sustainable energy markets and underpins the bank's desire to position itself as a long-term partner for firms operating in this market.

ABN AMRO acquired a stake in Pfixx Solar Holding BV, a property developer and designer of solar energy farms, in 2011. Pfixx Solar designs, builds and manages large-scale, industrial rooftop and free-field solar power systems in western Europe, and supplies the green power generated by such systems to firms and households. The firm recently completed building work on the first solar power farm in the Netherlands, located on the site of a former rubbish tip in the east of the country. The company is planning to construct more solar power farms on former landfill sites.

ABN AMRO is the financial partner of a non-profit foundation called 'Wij Willen Zon' ('We Want Sun'). The foundation's aim is to encourage consumers to use clean solar power by forming purchasers' collectives to group-buy solar panels. Thus, subscribers were able to negotiate a 35% discount on a group order for 20,000 solar panels in 2011. Thanks to the website, word-of-mouth advertising and the use of social media, the campaign sparked a sudden surge in the popularity of solar power.

Agricultural industry

ABN AMRO takes a close interest in Dutch farmers through its 11 regional agricultural teams. And with some success, as is confirmed by a recent customer satisfaction survey.

In order to help customers in the farming industry, ABN AMRO regularly publishes news and views on specific agricultural topics and market segments. In November 2011, for example, the bank published a special report on the poultry industry. Animal welfare and environmental impact are both highly topical issues for Dutch poultry farmers – and are issues that inevitably impinge directly on each other. ABN AMRO also produces a

quarterly newsletter for the agricultural sector, presenting the latest news and trends and highlighting topical issues.

The bank is proud to see that farmers are ready to invest heavily in sustainability, i.e. in environmental protection, animal welfare, efficiency, health and energy. In doing so, Dutch farmers are setting the trend to the rest of the world in terms of innovation and sustainable agricultural production techniques.

Transport

Sustainability is becoming an increasingly prominent issue in the shipping industry. Manufacturers all over the world are seeking to produce vessels that are more environment-friendly, for example by fitting them with new, more efficient engines and fuel systems, by embracing new techniques for cleaner exhaust emissions, and by adopting new designs.

Keen as it is to build on its reputation as a sustainable bank for the shipping industry, ABN AMRO was the first bank in the country to be formally named a Green Award Incentive Provider. Ships with the Green Award mark meet the highest standards in terms of environmental protection and safety. There are various benefits, both financial and otherwise, to be gained from certification, including discounts on maritime services and port dues. ABN AMRO offers customers a partial refund of the annual certification fee.

ABN AMRO is also a member of the Sustainable Shipping Initiative, an alliance of leading players in the international shipping industry. The alliance has launched a number of initiatives aimed at producing a sustainable shipping industry in the long term.

A new sustainability report was presented during the award ceremony held in The Hague in November 2011 to mark the presentation of the 'Lean and Green Awards'. Compiled for the second time by the publishers of an industry newsletter working in conjunction with ABN AMRO, Connekt and MAN Trucks, the report summarises the sustainability initiatives in the industry.

Property market

The big Dutch property lenders signed a sustainability covenant during the PROVADA property development fair, held in Amsterdam in June 2011. Apart from underscoring the importance of sustainability in the property market, the signatories expressed a desire to do their utmost, in their roles as lenders, to foster sustainability. ABN AMRO is one of the driving forces behind the covenant.

4.3 Customer Excellence: sustainable change

Customer Excellence – a combination of Customer Focus and Operational Excellence – is a new working method based on the principles of 'lean management'. Customer Excellence represents an entire organisational transformation: the bank acknowledges that everything revolves around its customers, and seeks to structure its organisation in such a way that customers receive first-rate service as quickly and as efficiently as possible. Customer Excellence is not a project or programme, but a series of constant improvements.

Customers are critical: they want their financial service-provider to place them centre stage, and they want them to be reliable and engaged. Above all else, though, they want value for money. This is why ABN AMRO gives highest priority to meeting its customers' needs and why every process starts with the question: What do customers want? The bank wants to offer products and services that customers want, and to be flexible at the same time. In order to answer the above question, we look at our operating methods through five different lenses (see figure).

The five lenses



Reducing waste

The Lean method is aimed at reducing waste. This can be taken literally as meaning that ABN AMRO wants to get things right the first time. The bank listens better to its customers, so that it has a clearer idea of the nature of their requirements. ABN AMRO designs its processes to meet customer needs in the best possible way and thus reduces wastage. The following two examples show how this works:

- ▶ The bank has halved the volume of documentation on consumer loans, and the number of forms customers need to complete in order to apply for a loan;
- ▶ The introduction of an electronic form and the use of email rather than post have cut the time required to process securities transactions by 75% and reduced paper consumption by 50%.

Customer Excellence leads to sustainable change. This is something we achieve by involving staff throughout the bank in change plans from the very outset. Everyone is encouraged to suggest improvements. ABN AMRO's 'change teams' are a valuable means of fostering staff engagement and making lasting changes that have the full support of our staff.

For example, looking through the 'mindsets & behaviours' lens, the bank reduces wastage. Looking through the 'capabilities & organisation' lens, the bank seeks to raise its own organisational efficiency, deploying staff to their maximum potential.

ABN AMRO invests heavily in coaching and training its staff, the idea being to create a company culture of continuous improvement. The result should also be a higher standard of customer service and more highly motivated staff, leading in turn to greater productivity and less absence due to illness.

4.4 Complaints procedures

'Every complaint is an opportunity' runs the old adage. While this is absolutely true from the viewpoint of customer satisfaction, we are not particularly interested in receiving a constant flow of complaints from our customers. Instead, prevention rather than cure is the policy here. We can prevent complaints by supplying our staff with legal and technical advice on a proactive basis.

The success of our approach is shown by the decline in the overall number of complaints in 2011. Whereas a total of 16,500 complaints were received in January of last year, this figure had fallen to 13,500 by December. The number of complaints about savings-related issues declined by as much as 40%, partly thanks to the use of plain language in our terms and conditions and sales literature. Employees now find the material easier to explain to their customers, and the customers themselves have a clearer idea of what it is they are actually buying.

As a further improvement, customers submitting a complaint are now immediately put through to a single member of staff who deals personally with their complaint. The customer in question receives a letter confirming that the complaint has been received, identifying the responsible member of staff and stating a date by which the complaint should have been resolved. In other words, customers know exactly where they stand.

Customer satisfaction about the bank's complaints procedures, i.e. the percentage of customers awarding a score of at least 8 to the bank's complaints procedures, rose in 2011 from 33% in the first quarter to 44% in the final quarter.

4.5 Next steps

- ▶ Continue to roll out Capital4Change strategy (impact investing);
- ▶ Expand advisory role in philanthropy and socially responsible investment;
- ▶ Promote recycling bank-wide with customer and employee panels;
- ▶ Continue Plain Language project and improve Internet Banking for the blind and visually impaired;
- ▶ Remain involved in platforms such as the Sustainable Shipping Initiative;
- ▶ Pursue implementation of Customer Excellence.

as an employer 5

Sustainable growth cannot be achieved without a sustainable workforce. ABN AMRO aspires to be a flourishing, dynamic organisation that promotes diversity and self-development, now and in the future. The bank is committed to promoting employability and offers staff an extensive range of training courses, a differentiated performance management system and opportunities to attain a healthy work/life balance. The goal is to become a sustainable preferred employer.



case

sustainability as a social responsibility

ABN AMRO wants to give corporate social responsibility a structural and prominent position in the organisation and among stakeholders.

Sustainable growth goes hand-in-hand with a sustainable workforce: diverse, flexible and constantly developing. Mariken Segeren, representing ABN AMRO's Central Works Council, and Henk Timmermans from the Works Council for Operations & Support Services, welcome the bank's ambition to stand out from the crowd as a socially responsible employer. "Sustainability isn't simply a question of idealism – it's also a matter of being realistic."

> ABN AMRO wants to promote sustainable buying practices and is also planning to offer sustainable investment products. But can the bank also claim to be a sustainable employer?

Mariken Segeren: "Sustainability is a key component of the bank's HR policy. Staff get loads of opportunities to explore and develop their talents. Our Next Generation Professionals programme was even named

best traineeship in the Netherlands in 2011. The same goes for ABN AMRO's diversity efforts in the context of the Talent to the Top charter, which we hope will ensure that our workforce forms a closer reflection of society at large. That means having staff of disparate ages and ethnic backgrounds, and of course from both sexes. This includes having more women in senior and middle management positions, though ABN AMRO has a long way to go."

Henk Timmermans: "It's not simply a question of idealism, by the way. It's also a matter of being realistic. Young people these days want to work for sustainable organisations. Once the economy starts to pick up again, we'll soon find that we're operating in a tight labour market in which it's hard to recruit suitably qualified staff. Retaining staff – and holding their interest – is going to become increasingly important. ABN AMRO does this by recognising performance and talent and encouraging staff to develop personally and professionally."

Mariken Segeren: "Sustainability in the broadest sense of the word definitely plays a role in a prospective employee's choice of employer. What we're seeing is that new entrants on the job market are increasingly interested in finding an employer who shares their values and priorities. People want to be proud of the company they work for."

> Banks don't always readily spring to mind when you talk about sustainability and corporate social responsibility. How can ABN AMRO stand out from the crowd?

Henk Timmermans: "ABN AMRO is well on the way to incorporating sustainability into its core business. Customers really appreciate us helping them improve their business models. Mind you, I also see it as a social responsibility of ours. Our aim must be to finance the sustainability movement in the Netherlands."

Mariken Segeren: "Sustainability is a hot issue at the bank these days. In a recent survey, a majority of staff said they'd like to see the bank become a trendsetter in sustainability by 2017. People reckoned that the main priority for the coming years was the need to place the customer at the core of our business – that means establishing lasting, sustainable relationships with both corporate and private customers. The challenge is to make sustainability 'sexy', to raise consciousness without being preachy. That's where the Works Council comes in – we have a great network we can use, allowing us to identify local initiatives and encourage their adoption throughout the bank. ABN AMRO has set the wheels in motion. It's now our job to keep them rolling."



Mariken Segeren (l) and Henk Timmermans

5.1 Workforce strategy

ABN AMRO's aim is to be a sustainable employer, which means not simply offering staff good pay and fringe benefits, but also encouraging them constantly to develop their talents and skills. Training and personal and professional development are a continuous process for which the company bears a joint responsibility together with its employees. It's all about ensuring that staff continuously seek to maximise their potential, that they can be deployed in a variety of different posts and are mobile.

People strategy

ABN AMRO is ambitious in terms of its desire to go for long-term, sustainable growth. To this end, the bank has adopted a 'people strategy' that is designed to achieve the following objectives:

- ▶ Ingrain our core values of 'trusted, professional and ambitious' in our company culture;
- ▶ Strengthen the bank's reputation as an employer of choice. Project an image as a dynamic organisation that can adapt to the constantly changing demands of its setting, for example by using technology, by encouraging staff to strike the right work-life balance and by setting appropriate training requirements;
- ▶ Boost staff engagement and dedication, for example by using differentiated performance management.

How can ABN AMRO raise staff awareness of sustainability issues?

ABN AMRO's senior managers have a key role to play in promoting awareness of, trust in and engagement with the bank's sustainability policy. It was against this background that, in 2010 and 2011, the bank decided to give an extra impetus to its leadership programmes. These programmes revolve around seven leadership competencies, four of which have a direct bearing on sustainability:

- ▶ Seek to build a long-term relationship with customers;
- ▶ Be aware of your role as a 'steward';
- ▶ Inspire others; infuse them with enthusiasm;
- ▶ Connect with others by working together.

Monitoring corporate culture

ABN AMRO commissioned a wide range of staff surveys in 2011 to monitor changes in its corporate culture and to enable it to take appropriate action where necessary. The findings of the Mood Monitor in December 2011 pointed to a general improvement in comparison with a similar survey held the previous June. There was a rising trend in

engagement, as well as better scores for retention, pride and satisfaction with the bank. The staff also felt more confident, about both the corporate culture and the bank's future. Staff appreciate the bank's unswerving commitment to engaging its staff in an ongoing dialogue; indeed, this sense of appreciation is one of the reasons for the improvement in staff morale.

Diversity

The diversity of its staff complement helps the bank make a difference and achieve the best results for its customers. For this reason, ABN AMRO is keen to build an organisation that recognises a wide range of talents and deploys them to their maximum value, and in which all sorts of talented people feel at home, irrespective of any differences in gender, ethnic background, age, sexual preference and physical disability. We support attitudes and behaviour that favour diversity and inclusion.

ABN AMRO formed a Diversity Board in 2010 in order to raise awareness of the need for diversity. This board is made up of seven members from different business units and is chaired by a member of the Managing Board. The board monitors and evaluates the progress made by the bank in implementing its diversity policy.

In 2011, an independent committee (formed as part of a government campaign for monitoring the gender-diversity policies in the private sector) acclaimed the bank's successful diversity policy as 'a good example for the industry as a whole'. This conclusion was supported by the following findings:

- ▶ One member of the Managing Board, and two members of the Supervisory Board, are women;
- ▶ ABN AMRO runs a range of mentoring programmes: one cross-company programme, one in-company programme and one for members of the Managing Board;
- ▶ The bank adopted a new policy in 2011 requiring the presence of at least two women in every Management Development Committee;
- ▶ A number of business units have adopted their own programmes on gender diversity to make it easier for ambitious women in middle and senior managerial posts to gain promotion to executive posts;
- ▶ Although there was a slight decline in 2011 in the number of women in middle and senior managerial posts, the bank is adhering to its ambitious gender-diversity targets, i.e. that 20% of senior managerial posts should be held by women in 2014 (2011: 15%), and that 25% of middle management posts should be held by women in 2014 (2011: 20%).

Disputes

Any disputes between ABN AMRO and its staff are settled in accordance with the bank's corporate values. Where human rights are involved, the bank handles any complaints in accordance with the terms of its Human Rights Position Statement. ABN AMRO has set up a disputes committee to adjudicate on any disputes between the bank and its staff. The committee consists of an independent chairman and a number of members appointed by the bank and the trade unions.

A total of 76 complaints were submitted to the committee in 2011. Of these, 18 were withdrawn, six were upheld and 16 were rejected. The remainder are either still under investigation, have been postponed or have been declared inadmissible.

Confidential counsellors

If there is any problem affecting the relationship between members of staff, or between a member of staff and his or her superior, the person in question is free to seek the advice of a confidential counsellor. The bank's confidential counsellors dealt with 293 cases in 2011. Almost half of these related to working conditions; 90 members of staff asked for advice; there were 41 conflicts relating to performance appraisals; and 14 cases involved an alleged instance of sexual harassment.

Whistleblowing policy

In the firm belief that all cases of abuse should be reported so that it can take appropriate action, limit or prevent any damage and learn lessons for the future, ABN AMRO has adopted a whistleblowing policy.

Staff representative bodies

ABN AMRO believes in the importance of a constructive dialogue between management and staff. Good, constructive discussions with trades unions and works councils are absolutely vital in this respect. ABN AMRO puts this policy into practice in the Netherlands by ensuring, for example, that staff who are also trade union officials can combine their jobs with the demands of active trade union membership. As one of the ways of achieving this, the collective labour agreement contains a clause under which staff who are active union members are entitled to up to ten days leave a year to attend union meetings. Ordinary union members are entitled to a maximum of four days leave for this purpose.

Employer of choice

The bank seeks to boost its reputation as an attractive employer by means of coaching and by offering staff a wide range of courses, using a variety learning methods as well as on-the-job training. ABN AMRO made a particularly vigorous effort in 2011 to help find new jobs for staff who had been made redundant, and to improve the bank's brand image as an employer in relevant markets.

New traineeship programme: Next Generation Professionals

ABN AMRO's 'Next Generation Professionals' traineeship programme (named the 'best traineeship programme in the country' in 2011) is unique in offering candidates a choice from 22 different options, as well as the opportunity to design their own programme. A total of 3,000 applications were received in 2011 for 100 trainee vacancies. The idea behind the programme is to help selected trainees develop to their full potential, socially as well as professionally. The programme incorporates a number of innovative tools that are designed to help position the bank as an attractive employer for generation Y.

Teleworking

ABN AMRO adopted new teleworking practices early in 2010 which it hopes will do more to satisfy the wishes of the new generation of customers and staff, and will also meet the needs of today's productive knowledge economy. The bank expects the adoption of the new practices to lead to a rise not just in customer and staff satisfaction, but also in productivity and efficiency. Staff can look forward to a healthier work-life balance, less travel and a more productive use of their time.

Some 4,800 staff began converting to teleworking practices in 2011. Of these, 1,000 have now completed the process. All conversions have proved successful, in terms of both staff satisfaction and the work-life balance. We are planning to extend the scheme in 2012.

Working conditions

The bank aims to offer its staff good working conditions, so as to guarantee their health and safety and foster a greater sense of well-being. Its policy is based on domestic and international rules and regulations, where necessary supplemented by internal rules and standards.

Most of our staff have sedentary jobs, work hard and now need to work for longer than anticipated before reaching retirement age. In short, they run a relatively high risk of exposure to health problems. The bank helps them in their quest to remain fit, offering them in-house

gym facilities and the services of a physiotherapist at a number of our offices, and also organises a wide range of sporting activities for staff.

The bank's policy on health and safety at work includes special provisions on a raft of high-priority issues: smoking, sexual harassment, job-related risks and safety. Risk assessments are carried out on a regular basis to analyse the risks associated with specific jobs. These assessments are sometimes supplemented by occupational health medical examinations.

Staff are invited to undergo a health check once every three years. The end-product is a personal health report, plus dietary advice, tips on a healthy lifestyle and how to cope with pressure at work, etc. A total of 1,886 members of staff underwent health checks in 2011.

ABN AMRO's supplier of occupational health and safety services reported a slight rise in the rate of absence due to illness during the year under review. At 4.19% at the end of the year, the figure is comparable with that for other Dutch banks.

ABN AMRO adopts suitable technical precautions to protect people, information and property throughout the company. Apart from wanting all its staff, as well as visitors to its premises, to feel fully confident about their physical safety and protection, ABN AMRO is bound by countless national and international agreements relating to workplace safety.

ABN AMRO believes that its staff should remain fully employable throughout their careers. The bank performs 'strategic workforce planning' to identify its long-term staffing needs and to enable it to respond quickly to any changes. Strategic workforce planning gives the bank:

- ▶ A clearer idea of the composition of the labour force in terms of both quantity and quality, now and in the future;
- ▶ The resources and processes it needs for strategic staff planning (including a forecasting model, for example);
- ▶ Intervention tools that can if necessary be used on a cross-business basis.

Performance management

ABN AMRO has adopted an integrated approach to performance management and remuneration. Our policy is to link performance management to talent management, training and development, thus closely gearing our corporate strategy to individual strategies. The system is based on a staff appraisal philosophy that assumes that all

members of staff are appraised in accordance with the same model and by following the same process.

The guidelines for performance management set clearly formulated, specific objectives that take account not just of individual targets, but also of the targets set for the employee's business unit and those applying to the company as a whole. These objectives are then translated into financial and non-financial performance targets, both quantitative and qualitative. Customer satisfaction is one of the factors involved here, and is weighted appropriately.

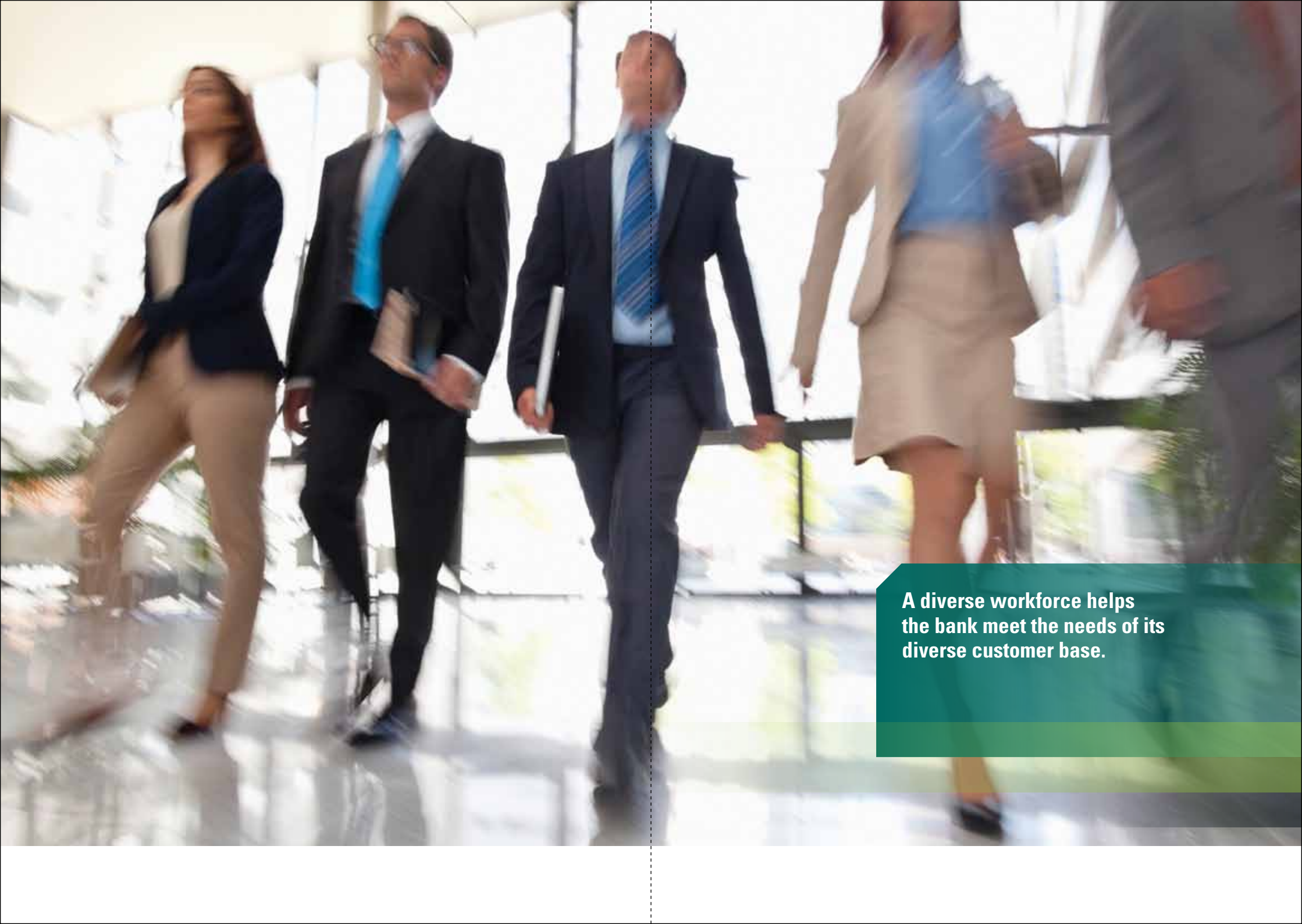
The appraisal procedure applying to members of the Management Group and other 'Identified Staff Members' also involves what is known as a gatekeeper procedure. The Risk, Compliance and Audit departments assess each year whether the subject's individual behaviour, including types of behaviour that are in the customer's interest, are in line with the bank's guidelines.

Variable pay components

Staff pay may include a variable component, in which case the bank adheres to the relevant guidelines, i.e. European regulations such as the revised Capital Requirements Directive (CRD III) and national guidelines, such as the Restrained Remuneration Policy Regulations (Financial Supervision Act) adopted by the Dutch central bank, and the Dutch Banking Code. The bank's Annual Report contains a detailed remuneration report.

5.2 Next steps

- ▶ Continue to implement the people strategy (embed core values of Trusted, Professional and Ambitious in the corporate culture, strengthen reputation as preferred employer, etc.);
- ▶ Raise awareness of sustainability within the organisation;
- ▶ Roll out The New World of Work;
- ▶ Continue to pursue diversity targets (Talent to the Top).



**A diverse workforce helps
the bank meet the needs of its
diverse customer base.**

as a business facilitator 6

ABN AMRO strives to make its operations sustainable across the board by taking responsibility for the supply chain. The bank does this by encouraging suppliers to conduct socially responsible business practices and by minimising its own impact on the environment, in part by conserving energy, paper and other resources.



case

Creating a sustainable supply chain

Acknowledging that any organisation is no more sustainable than its suppliers, ABN AMRO launched FIRA, a platform which rates suppliers' CSR performances and helps buyers select sustainable suppliers. "FIRA is the cornerstone of a procurement chain in which organisations join forces to produce a sustainable supply chain", explains Peter Potters, responsible for ABN AMRO Procurement Development.

> **ABN AMRO asked its suppliers to register with FIRA in 2011 to shed light on their CSR performances. But how does ABN AMRO itself score in the FIRA Rating System?**

"Obviously, we want to live up to the same standards we expect our suppliers to meet. At present, we're rated at entry level, which is bronze in FIRA terms. This means that we've committed ourselves to the principles of sustainability and that our current sustainability record and future plans have been assessed. We want to move up in the coming years,

by identifying our core themes in relation to sustainability and refining our stakeholder analysis. We believe that it's incredibly important for us to make this journey towards a more sustainable organisation in concert with our suppliers. We want to engage in a constant process of dialogue with our suppliers about the latest developments rather than exclude them. By doing so, we can ensure that customers and suppliers inspire each other and that sustainability retains a prominent place on the business agenda."

> **There are already loads of quality marks and certification schemes for sustainability and corporate social responsibility out there.**

What's FIRA got that the others haven't?

"FIRA performs professional assessments of companies' sustainability performances, thus allowing purchasers to find their way through the maze of certification schemes that have mushroomed in all sorts of different countries, industrial sectors and markets. The rating system gives a clear



Peter Potters

indication of how a company scores in areas such as good governance, the environment and human rights. The assessment takes into account the certificates already awarded to the supplier, and produces both a rating and a score. Obviously, different criteria apply to different industries. Environmental protection is likely to be a core theme for a car leasing company, whereas the emphasis for a producer of industrial clothing with production facilities in Asia is more likely to lie on human rights and working conditions. Suppliers can opt to give other buyers access to their sustainability data, so that they only need to note their sustainability record just once rather than having to complete different sustainability questionnaires every time they're asked for a quote."

> **An initiative like FIRA has to be endorsed in order to succeed. Have many companies registered with the FIRA Rating System?**

"FIRA is an independent sustainability broker founded jointly by ABN AMRO, Achmea, Rabobank and the NEVI buyers'

organisation. These are big organisations that have the clout to influence the supply chain, as witnessed by the increasing number of buyers registering with FIRA, including UVIT health insurer, Utrecht University and Unilever. What we want to do is to use FIRA to gradually build a sustainable purchasing network in the coming years. Our aim is for ABN AMRO Netherlands to order half its purchases from FIRA-rated suppliers by the end of this year. This gives us an assurance that these suppliers recognise the value of corporate social responsibility and are keen to join us in improving their CSR record."

6.1 ABN AMRO's environmental impact

ABN AMRO wishes to minimise the impact of its business activities on the environment and believes that an efficient, cost-effective organisation is critical to achieving this object. The bank's motto is: 'consume less, operate sustainably and accept responsibility'.

Against this background, the bank pursues an active policy of reducing its energy consumption. The bank's aim is to cut its overall energy consumption by 20% in 2012 (compared with 2009). The bank is also keen to promote sustainable energy use.

Apart from reducing its consumption of energy, ABN AMRO is also planning to cut paper consumption by 20% in 2012.

6.2 Energy consumption

These are some of the campaigns launched by ABN AMRO in relation to energy-saving and energy consumption:

- ▶ ABN AMRO uses low-energy LED and strip lighting fitted with daylight detection. As part of the merger operation, some 60 branches with an average power consumption of 80,000 kWh were closed down, thus producing additional energy savings of approximately 5 GWh.;
- ▶ ABN AMRO has been successful in meeting the targets set out in the MJA3 long-term energy consumption covenant. The bank easily achieved its aim of improving the energy efficiency at two of its head-office buildings in Amsterdam by 2% per annum;
- ▶ ABN AMRO launched an Energy Care System in 2011. This generates management information on the current status of the bank's energy objectives;
- ▶ ABN AMRO signed the CIO covenant on a more energy-efficient IT operation in 2011. The other signatories are large IT service-providers and consultancies; the common objective is to cut energy consumption for IT services;
- ▶ ABN AMRO has reached agreement with IBM on cutting the energy consumption of its electronic data processing centres by 15% in 2013, compared with the situation in 2010;
- ▶ ABN AMRO performed a study in 2011 to identify the type of action that needs to be taken in order for all its Dutch branches to be awarded C-class energy certification;
- ▶ Of the energy consumed by all of ABN AMRO's Dutch branches, 85% is certified (by CertiQ) as 'green power'.

Buildings

As mentioned, ABN AMRO performed a study in 2011 to determine the energy classification of its Dutch premises. Steps were taken so that the bank's Gustav Mahlerlaan building in Amsterdam would qualify for a gold label for Leadership in Energy and Environmental Design (LEED in-use) and a 'very good' label under the Building Research Establishment Environmental Assessment Method (BREEAM) for an existing building that is already in use.

Work began in 2011 on an energy audit that is due to be completed in 2013. ABN AMRO also performed a self-assessment study in 2011 as part of the application procedure for BREEAM certification. BREEAM and LEED are both means of assessing the sustainability performances of buildings. The certification procedure has not been completed yet and will continue in 2012.

Other initiatives include:

- ▶ Together with the ORAM retailers' association for greater Amsterdam, the Amsterdam RAI exhibition centre, Zuidas Amsterdam, Accenture, Vesteda, Nuon and Loyens & Loeff, ABN AMRO is one of the co-founders of and partners in the Dutch Green Building Council. This is an independent, non-profit organisation that seeks to ensure that the built environment in the Netherlands is sustainable in the long term. In 2011, the members of the Council were invited to complete a survey on their sustainability track records. ABN AMRO was awarded a special prize as the highest scoring organisation in the survey;
- ▶ In partnership with ORAM, the Amsterdam municipal council and Loyens & Loeff, ABN AMRO set up the Green Business Club. The club has identified the following four key themes: regional development, mobility, energy and leadership. Having enjoyed a successful launch, the members of the Green Business Club are keen to turn the club into a nationwide organisation with a range of regional clubs throughout the country.

6.3 Paper consumption

One of the ways of reducing the bank's paper consumption by 20% in 2012 (as compared with the situation in 2009) is by reducing the volume of paper bank statements. In 2011, ABN AMRO wrote to 700,000 of its customers who use Internet Banking, asking them whether they would be willing to switch from hard-copy to digital account statements. Some 76% said they would indeed be prepared to make the switch. Despite the addition

of retail customers formerly banking with Fortis Bank Nederland to ABN AMRO's accounts, there has not been any increase in the number of hard-copy bank statements sent by post to account-holders.

Other initiatives include:

- ▶ Encouraging the use of iPads;
- ▶ Switching to digital contract signatures, and migrating where possible from paper flows to Internet Banking, bankmail and email;
- ▶ Adopting digital pay slips for all staff. This generates an annual saving of over 270,000 envelopes and 290,000 pay slips, equivalent to a total of almost 3 tonnes of paper;
- ▶ Switching where possible to paperless operating processes, for example by the adoption of 'electronic customer files', digital working practices, etc. The bank aims to use paper that is as light and as environment-friendly as possible. In 2011, for example, stocks of 80g printing and photocopying paper were replaced by 75g paper, all branches switched to double-sided printing and all new paper orders were compliant with FSC and ECO standards.

6.4 Travel and mobility

ABN AMRO seeks to minimise the environmental burden caused by commuter travel. It does so by:

- ▶ Encouraging teleworking;
- ▶ Encouraging staff to use public transport (e.g. by paying for a rail season ticket for those members of staff who travel to work at least three days a week, and also by ensuring that all head-office buildings are located close to a railway station. A total of 6,913 employees used a rail season ticket in 2011);
- ▶ Encouraging staff to drive environment-friendly cars (since 1 January 2011, leased company cars must be classified in one of the top three environmental categories);
- ▶ Experimenting with electric cars.

In May 2011, ABN AMRO staff were invited to join a pool with Accenture and Vesteda giving them access to four electric cars. Staff can use an online booking system to book a car for customer calls, for example. The booking system has a special facility that allows the cars to communicate with it on a real-time basis, so that users have a clear picture of the remaining battery capacity. If the trial goes well, other companies based

ABN AMRO's motto is:
'consume less, operate sustainably and take responsibility'.

in the same district of Amsterdam will be invited to join the scheme. ABN AMRO has fitted chargers for electric cars and scooters in all its corporate premises.

The bank will be examining further ways of reducing its CO₂ emissions in 2012.

6.5 Waste and water

ABN AMRO is also active in waste management. A scheme was launched in 2011 for collecting used coffee cups in accordance with the terms of the Second National Waste Management Plan. The coffee cups are collected by a charity organisation and are reused in the production a range of consumables.

All waste produced by the bank is collected and disposed of on a carbon-neutral basis. Sustainability is one of the key criteria in the selection of new waste-processing contractors.

6.6 Other resource-efficiency programmes

ABN AMRO's aim is for its operating processes wherever possible to make use of products with a minimal environmental impact. The bank has taken the following action to this end:

- ▶ Sustainable floor coverings are used, in accordance with the cradle-to-cradle principle, in the Gustav Mahlerlaan premises in Amsterdam;
- ▶ The bank takes the environmental impact into account when purchasing office supplies;
- ▶ The bank uses sustainable long-term budgets (based on the replacement of items at the end of their natural lives);
- ▶ The bank has reached agreement with two of its preferred suppliers, Maas International and Douwe Egberts, that all coffee machines should dispense fair-trade coffee;
- ▶ 30% of the products served in the bank's staff restaurants were organic in 2011. ABN AMRO wants to see this figure rise to 50% in 2012.

6.7 As a business partner (for its suppliers)

In terms of the bank's sustainability and CSR objectives, ABN AMRO's purchasing policy is a vital cog in the wheel. The fact is that buyers, in their position as controllers of the supply chain, are ideally placed to put the bank's sustainability policy into practice.

For this reason, ABN AMRO has more than just an internal focus, but is also the co-founder of, and one of the partners in, FIRA (see the introduction to this chapter, entitled 'Joining forces to produce a sustainable supply chain'). As mentioned, FIRA has awarded a bronze rating to ABN AMRO Netherlands (discounting subsidiaries and other shareholdings).

The bank signed a public declaration on socially responsible purchasing and business practices in 2011, and took part in a think-tank organised by the NEVI network of buyers and supply managers.

Finally, ABN AMRO adopted national and international policies on outsourcing setting out rules on and criteria for outsourcing, thus guaranteeing that the concomitant risks are properly managed.

Other activities in 2011

- ▶ ABN AMRO came fourth in the Smart Challenge, a contest to find the company whose staff saved the most energy;
- ▶ The lights were turned off in all the bank's premises on 29 October, to mark the 'Night of the Night';
- ▶ The Earth Hour is a WWF initiative to raise awareness of climate change: the idea is for everyone in the world to turn off their lights for an hour to call attention to sustainability and the future of the planet;
- ▶ The bank won the 2011 Participants' Mirror, a prize awarded to the organisation that has done the most during the past year to promote the sustainability of the built environment in the Netherlands.

6.8 Next steps

- ▶ Further reduce paper consumption (target: 20% reduction compared with 2009);
- ▶ Reduce energy consumption by 20% (compared with 2009);
- ▶ Use sustainable energy wherever possible;
- ▶ Obtain LEED and BREEAM certification for head office at Gustav Mahlerlaan, Amsterdam;
- ▶ Grow Green Business Club into a nationwide organisation;
- ▶ Increase sustainable purchasing (FIRA) of office supplies, office furnishing, catering, etc.

as a part of the community 7

Every person has a right to be an active member of society – and yet many people suffer from social exclusion, due to poverty, illness or old age. ABN AMRO supports these people by encouraging employees to help the underprivileged gain independence and by sponsoring socially committed organisations. The bank also backs the SUPPORT Foundation's efforts to shelter and coach street children in Mumbai, India.



case

Fighting social exclusion

ABN AMRO encourages staff to help economically and socially underprivileged people by facilitating socially responsible projects through ABN AMRO Foundation. A prime example is Resto VanHarte (From the Heart), a chain of restaurants located in community and neighbourhood centres throughout the Netherlands where visitors can enjoy a good but inexpensive meal. The bank sponsors this initiative, and every month a number of new ABN AMRO employees roll up their sleeves and help out. The idea is that sharing a meal brings people closer together.

> **Your aim is to 'create a community support base to tackle social exclusion problems'. Social poverty? In the Netherlands?**

Fred Beekers, director and founder of the Resto VanHarte Foundation: "Actually, there are many people living in isolation in the Netherlands, individuals who have hardly any contact at all with the outside world. Some leave their homes only to do the shopping, and that's where their

involvement in their community ends. Resto VanHarte gives individuals the chance to come into contact with other people. Here they can also enjoy a tasty meal, good conversation and a fun evening. And it works – you really start to see people opening up and coming into their own."

> **VanHarte relies in part on the business community for funding, and ABN AMRO is a major sponsor. What about this particular concept does the bank find so compelling?**

ABN AMRO Community Commitment Advisor Mario Schiks: "The bank plays a role at the very heart of the community. We want to contribute to the well-being of present and future generations. By well-being, I mean involvement, in the sense that people feel they're being heard, that others know who they are and that they're directly involved in their community. Resto VanHarte connects people and encourages them to make something of their lives.

We're delighted to be able to support that, and that's why we organise integration activities in a social context. Resto VanHarte is just one of these initiatives."

> **The bank's contribution is more than just a financial one...**

Mario Schiks: "Our focus is on people for people. Each month, thirty new ABN AMRO employees work at one of the restaurants as part of an introductory process in which they learn a great deal about the bank, the way we aim to work and our role in the community. They can then put these theories into practice when working at VanHarte. Employees also take part in conversation and meet visitors, cook, and see to table settings or the entertainment. All this requires creativity and daring. After all, they're outside their comfort zone in terms of the work they're doing, the environment and the target group."

> **The financial industry and a project like Resto VanHarte are two very different worlds indeed. Are all employees equally enthusiastic to get started?**

Fred Beekers: "Some participants do find it a bit daunting at first. They definitely want to get stuck in but, for whatever reason, they feel inhibited. Fortunately, that feeling passes very quickly. Everyone ends up really putting their heart and soul into it." *Mario Schiks:* "Something happens to people during this experience. No matter how disparate the group is, they inevitably develop a sense of team spirit by the end. Participants say they feel they've bonded not just with one another, but also with the target group. Our aim is to get people to realise that every one of us deserves respect and has something of value to offer. We also want to ensure that that realisation has been firmly embedded in each employee's mind by the end of the experience."



Mario Schiks (I) and Fred Beekers

7.1 ABN AMRO Foundation

ABN AMRO established the ABN AMRO Foundation to define and develop its involvement in society as a whole. Under the motto 'people for people', ABN AMRO Foundation organises projects that encourage and enable bank employees to help others who have fewer opportunities in society because of their economic, physical or cultural circumstances.

In tandem with the integration process resulting in the new bank in 2011, ABN AMRO also developed a variety of community integration activities. In their new teams, staff were encouraged to become active in society by participating in joint community initiatives, thus giving them the chance to become acquainted with one another in a different context and, at the same time, tackle important social issues.

In 2011, ABN AMRO organised over 400 projects, in which a total of 9,172 employees took part. ABN AMRO's collective labour agreement includes leave for voluntary activities: employees are allowed one week off a year to contribute to the community. Many employees take this opportunity to help primary school children with their reading, coaching lower secondary school pupils or organising a social team activity for their own departments.

Social exclusion

Poverty is a major factor in social exclusion. For many different reasons, individuals who find themselves in such a situation lack the financial resources to play an active role in their communities. This ever-growing problem can be addressed by rescuing people from social exclusion and helping them improve their life skills, financial and otherwise. By mobilising its workforce, ABN AMRO wants to make a meaningful contribution to solving these issues.

Improving life skills

Life skills can be improved in many ways. The best place to start is with young people. Equipping youngsters at an early age with certain skills and insight gives them a far better chance of success as independently functioning members of society in the future. By improving reading and entrepreneurial skills, offering study and career guidance, and broadening their knowledge of money matters, ABN AMRO intends to make a lasting contribution to developing talent and helping young people avoid learning gaps and financial debt.

In 2011, ABN AMRO employees collected over 20,000 books with the aim of encouraging children to read. Twice a week, some 130 bank employees volunteer in schools, helping

children with language deficits to improve their reading skills. Another 540 members of staff gave a total of 283 sessions in financial instruction to 8,820 primary school pupils in 2011.

Overcoming social isolation

Seeking out socially isolated individuals, talking to them and doing a socially oriented activity with them are all crucial to restoring a more positive perspective to their lives. Many socially isolated people are simply unaware of the resources available to help them. An informal discussion about a particular individual's personal situation can prove to be the perfect opportunity for providing advice or offering help.

Sharing a meal brings people closer together. In line with this vision, Resto VanHarte has opened easily accessible, welcoming eateries at community centres and support facilities for people of all ages, creeds and cultures. ABN AMRO supports the work carried out by Resto VanHarte. In 2011, 218 new employees helped to prepare and serve meals as part of a special introductory programme (see also the introduction to this section, 'People for people').

Other activities

- ▶ The sixth annual Christmas Angel Initiative was organised in 2011 in collaboration with the National Fund for the Elderly. As part of the initiative, volunteers delivered Christmas trees to over 600 solitary seniors, decorated them together and had a chat over a cup of coffee;
- ▶ Some 350 teams carried out an activity together with a community target group with the aim of getting to know each other. A visit to a museum or zoo goes a long way towards overcoming isolation;
- ▶ The 2011 Christmas hampers distributed to ABN AMRO employees contained an extra cardboard box allowing them to donate a portion of the contents, or other food, as a Christmas gift to visitors of the Food Bank. As a result, 6,300 packets were delivered to the Food Bank.

7.2 Community sponsorship

ABN AMRO also shows its involvement in the community by sponsoring civil society organisations and by promoting and publicising these activities. The bank's community sponsorship policy encompasses the same themes as the bank's Generation Next model – namely entrepreneurship, involvement and stewardship.

ABN AMRO has long sponsored sports activities. For this reason, the bank is a proud FairShare partner in the Fund for Special Needs Sports. This means that 2% of ABN AMRO's total sports sponsorship expenditure now goes towards sponsoring special needs sports.

Thanks to its partnership with the Fund for Special Needs Sports, the bank helps to ensure that able-bodied and special needs athletes alike receive the support they need to play their particular sport. One unique example is the bank's ongoing commitment to organise the official Wheelchair Tennis Tournament, presided over by tournament director and wheelchair tennis player Esther Vergeer and coinciding with the bank's very own ABN AMRO World Tennis Tournament.

ABN AMRO is a proud sponsor of the Children's Peace Prize, which is awarded each year to a child, anywhere in the world, who has shown true self-initiative and served the rights of children in a unique way. This 'Nobel Prize for children' encourages young people and rewards entrepreneurial initiatives with a real impact on the personal environment of children and on the world. Another example clearly linked to the bank's business activities is the Kids in Bizz programme established by the Foundation for Young Entrepreneurs.

The bank further demonstrates its engagement through the initiatives it supports to encourage reading among children. Examples include the Children's Books Week, the Dutch Children's Jury, the National Read Aloud Days and an initiative developed by the bank itself, the Children's Travelling Book.

Organised in collaboration with the Climate Neutral Group, all the events sponsored by the bank are climate-neutral. ABN AMRO spent over EUR 1 million on community sponsorship in 2011. In 2012, ABN AMRO's aim is to pursue its community sponsorship policy and, where possible, to communicate and convey its own story behind the various activities.

Support provided to the Victim Support Fund

In 2011, ABN AMRO provided financial support to the Victim Support Fund (Fonds Slachtofferhulp), which assists victims of crimes, accidents, disasters and medical malpractice in the Netherlands. The Victim Support Fund operates as a financier, collaborative partner and advocate to improve assistance, ameliorate victims' circumstances and stop victimisation. ABN AMRO is firmly committed to supporting this valuable work.

Thanks in part to the unwavering commitment of the Victim Support Fund, aid for victims and their legal position are now high on the Dutch political agenda, as attested by the fact that Queen Beatrix specifically called for attention to be given to this issue in her recent speech from the throne. ABN AMRO is proud to have contributed to the important work the fund does.

7.3 Support voor SUPPORT

The ABN AMRO Support for SUPPORT Foundation established within the bank itself assists the SUPPORT Foundation in its efforts to provide refuge and guidance to street children in Mumbai, India. These children face a range of problems because of drugs and other circumstances.

SUPPORT was founded in 1985 and is run by volunteers. It is one of only a few organisations in India with a rehabilitation programme for drug-dependent street children and probably the only one to also allow girls into its programme. The foundation provides children with accommodation and rebuilds their lives using an approach which has proven to be highly effective. First, addiction is tackled head-on. The children are then enrolled in school and given assistance in finding gainful employment.

Over the last few years, ABN AMRO has raised funds for SUPPORT in a variety of ways. These include donating an hour's salary, sponsored participation in a number of marathons, the Climbing the Stairs initiative and an online auction. The funds raised went towards the purchase of a piece of land in India in 2008 for the purpose of building a new relief centre. Construction got under way in 2010, and the first phase is now coming to a close. The relief centre will be able to accommodate 150 children.

7.4 Next steps

- ▶ Continue FairShare partnership in the Fund for Special Needs Sports;
- ▶ Promote sponsorship initiatives such as Children's Peace Prize, SUPPORT and Victim Support Fund;
- ▶ Actively encourage staff to participate in socially responsible projects via ABN AMRO Foundation.



ABN AMRO employees participate in numerous activities designed to draw people out of their social isolation and give them a brighter outlook.

appendices

appendix 1

ABN AMRO at a glance

Mission

ABN AMRO's first-class professionals always exceed expectations, creating highly satisfied clients.

The bank's core values

Trusted – ABN AMRO strives to maintain long-term relationships.

Professional – ABN AMRO provides simple, understandable and viable solutions.

Ambitious – ABN AMRO wants to achieve more for its customers.

Corporate information

ABN AMRO Group N.V. (referred to as 'ABN AMRO Group' or 'the Company') is the parent company of ABN AMRO Bank N.V. and a related consolidated group of companies (referred to as 'the Group' or 'ABN AMRO'). ABN AMRO Group is a public limited liability company, incorporated under Dutch law on 18 December 2009, and registered at Gustav Mahlerlaan 10, 1082 PP Amsterdam, the Netherlands. The Dutch State holds all ordinary shares in ABN AMRO Group.

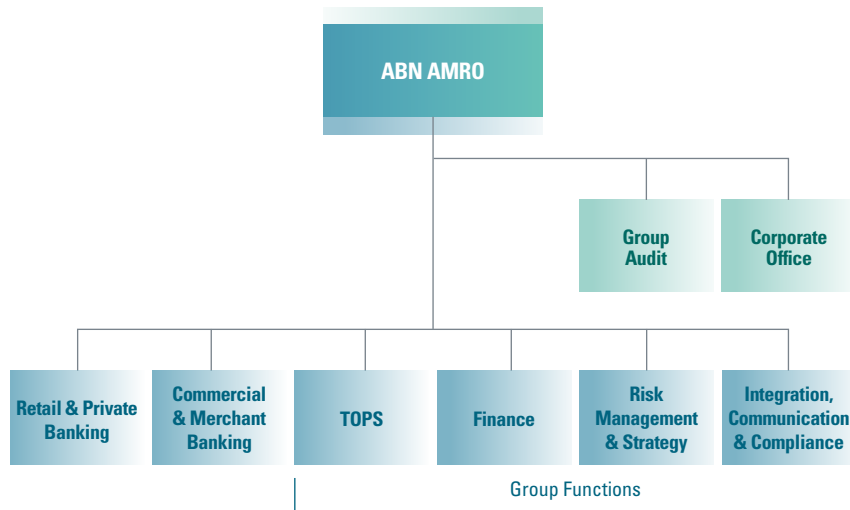
On 29 September 2011, the Dutch State transferred its share capital in both ABN AMRO Group and ABN AMRO Preferred Investments B.V. to NL Financial Investments (NLFI). NLFI issued exchangeable depositary receipts for shares (without the cooperation of ABN AMRO Group) to the Dutch State in return for acquiring and holding, in its own name, the share capital in both ABN AMRO Group and ABN AMRO Preferred Investments B.V. NLFI holds a total voting interest of 97.78% in ABN AMRO.

As sole holder of all issued exchangeable depositary receipts, the Dutch State holds an equal indirect interest in ABN AMRO. NLFI is responsible for managing the shares and exercising all rights associated with these shares under Dutch law, including voting rights. However, material or principal decisions require the prior approval of the Dutch Minister of Finance, who can also provide binding voting instructions with respect to such decisions.

Businesses and services

As an all-round bank, ABN AMRO provides services to private individuals and to private banking and business clients. The bank is firmly rooted in the Netherlands and supports clients both in and outside the country with its banking expertise, specialist sector knowledge and a selective international network. ABN AMRO has a presence in the neighbouring countries (Germany, Belgium, France and the United Kingdom) where it serves its business clients, as well as in the world's ten largest financial and logistics hubs, including New York, São Paulo, Singapore and Hong Kong. In addition, ABN AMRO serves a number of global specialist markets such as Energy, Commodities & Transportation, ABN AMRO Clearing and collateralised Finance (Commercial Finance and Lease in Western Europe). The bank's private banking business is the market leader in the Netherlands and serves clients in thirteen countries and territories.

ABN AMRO is organised into two business segments – Retail & Private Banking (R&PB) and Commercial & Merchant Banking (C&MB). Both segments are supported by Group Functions. Each member of the Managing Board is responsible for either a business segment or a support unit within Group Functions. The Chairman of the Managing Board oversees the general management of ABN AMRO and is responsible for Group Audit and the Corporate Office, as shown on the next page.



Retail Banking serves Mass Retail and Preferred Banking clients and offers a wide variety of banking and insurance products – such as savings accounts and consumer loans and credit, mortgages and investment services – through the branch network, online, via contact centres, via intermediaries and through subsidiaries. Other primary brands are Direktbank, ABN AMRO Hypotheken Groep, MoneYou, Alfam, International Card Services and ABN AMRO Verzekeringen.

Private Banking provides total solutions to meet its clients' global wealth management needs and offers a rich array of products and services designed to address their individual needs. Private Banking operates under the brand name ABN AMRO MeesPierson in the Netherlands, internationally under ABN AMRO Private Banking, and under local brand names such as Banque Neufilze OBC in France and Bethmann Bank in Germany. The International Diamond & Jewelry Group (ID&JG) is the global market leader in the financing of the diamond and jewellery industry.

Commercial & Merchant Banking (C&MB)

Commercial & Merchant Banking (C&MB) offers a comprehensive product range and services to commercial clients in the Netherlands and surrounding countries – Germany, Belgium, France and the United Kingdom – as more than 80% of the bank's commercial clients conduct their international business in these countries.

C&MB serves Netherlands-based corporates with international activities, offering a one-stop shop for all financial solutions and tailor-made services. Clients have access to the bank's international network including the ten largest financial and logistics hubs in the world, including New York, São Paulo, London, Frankfurt, Singapore and Hong Kong.

Internationally, Commercial & Merchant Banking also offers selected specialised activities where it holds or can achieve a top-five position. These include Energy, Commodities & Transportation, ABN AMRO Clearing and collateralised Finance (Commercial Finance and Lease in Western Europe).

Commercial Banking serves commercial clients with annual turnover of up to EUR 500 million and clients in the public sector, commercial finance and leasing. Commercial Banking consists of two business lines: Business Banking and Corporate Clients.

Business Banking offers small and medium-sized businesses with turnover up to EUR 30 million a comprehensive range of standard and customised products, self-directed YourBusiness Banking, a nationwide network of seventy-eight business offices and access to ABN AMRO's international network. All Business Banking clients have access to products and expertise available in other C&MB business lines, such as trade, lease and commercial finance.

Corporate Clients serves Netherlands-based companies with an annual turnover of between EUR 30 million and EUR 500 million, as well as clients in the public sector. ABN AMRO Lease, ABN AMRO Commercial Finance and Commercial Banking International are part of Corporate Clients and provide solutions to clients in all C&MB segments.

Merchant Banking serves Netherlands-based corporates, financial institutions and real estate investors and developers, as well as international companies active in Energy, Commodities & Transportation (ECT). Merchant Banking is organised into two business lines: Large Corporates & Merchant Banking and Markets.

Large Corporates & Merchant Banking (LC&MB) offers a full range of financial services to Netherlands-based corporates, financial institutions and real estate investors and developers, as well as international companies active in ECT. LC&MB offers its clients a complete range of financial solutions, including debt solutions, cash management and working capital services, and M&A advice and equity capital market solutions.

Markets serves a broad client base, ranging from corporates and financial institutions to retail and private banking clients. Its product portfolio includes foreign exchange, money market, bonds, equities, (interest rate) derivatives and structured products. In the Netherlands, Markets has sales and trading activities in Amsterdam and desks at five locations throughout the country. Outside the Netherlands, its main sales and trading activities are based in Hong Kong, Frankfurt, London and New York. In addition to the product offering, Markets has two global businesses: Securities Financing and ABN AMRO Clearing.

Good grades and accolades

The Dutch Consumers' Association rated ABN AMRO Internet Banking a 9.4 – the best online banking service in the Netherlands – and the bank's payment package a 9.1. ABN AMRO was named best large bank for online investment for the fifth consecutive year.

ABN AMRO ranked fifth – the highest rating for a financial institution – in the Social Media Monitor. The results show that the bank is a front runner in the use of LinkedIn and Twitter, coming in first place for these elements. The bank's Facebook page and YouTube activities scored high as well.

The bank has won several Private Banking awards, including 'Best Private Bank in the Netherlands' by peers (*Euromoney*) and highly commended in the 'Best Private Bank in Europe' category (*Financial Times*).

For its Merchant Banking division, ABN AMRO was awarded two Structured Retail Product prizes by *Euromoney*: one in the 'Best Manufacturer in the Netherlands' category and another in the 'Best Manufacturer Interest Rates in the Netherlands'.

The bank's trainee programme was named Best Traineeship in the Netherlands in 2011.

appendix 2

basis for reporting

Choices

Certain choices were made in drawing up the present report. First, the report was compiled to present ABN AMRO's sustainability strategy, which sets out the bank's present and future priorities and objectives. Reflecting the bank's vision, the report was also published so that future comparisons could be made.

Second, the relevance of the information reported in relation to the scope of the issue and the actual and potential influence exerted by ABN AMRO and its core business was deemed vital. In this endeavour, ABN AMRO's aim was to attempt to look further ahead than may be obvious in terms of estimated effects, risks or opportunities for the bank. Indeed, this is an initiative which, in line with its stakeholder plan, ABN AMRO intends to pursue in the future.

Third, ABN AMRO has made every effort to weigh up the viewpoints and impact of all its stakeholders, incorporating these into the information presented here. Since it was not until 2011 that the bank carried out a stakeholder analysis and drew up a stakeholder management plan, ABN AMRO realises that steps still need to be taken in this area. Consequently, ABN AMRO urges all those involved to provide feedback on the present annual report (duurzaamheid@nl.abnamro.com).

Fourth, ABN AMRO operates primarily in the Dutch market, as is also apparent from its Annual Financial Report. For this reason, the non-financial information relating to sustainability presented in this report pertains exclusively to the Netherlands, unless otherwise indicated.

Fifth, the three core principles of ABN AMRO's corporate strategy define the focus of the bank's sustainability efforts and are therefore discussed in this report. ABN AMRO believes this report should highlight those sustainability issues that relate to putting customers' interests first, remaining alert to social developments and needs (i.e. listening to customers, employees and stakeholders; see Appendix 5) and taking responsibility for the supply chain. These three principles determine the emphasis and importance of the issues discussed in this report.

Finally, the reporting period is from 1 January 2011 to 31 December 2011. Each year, the Sustainability Report will be published in tandem with the activities relating to the production of the Annual Financial Report. At the present moment, this report, together with the Annual Financial Report, is an essential tool allowing ABN AMRO to communicate its achievements and performance in the area of sustainability.

In the longer term, however, the aim is to present the Sustainability Report in the form of a concise summary of all sustainability issues, which ABN AMRO intends to publicise online. Here, too, the bank intends to define and shape this initiative through the implementation of its stakeholder plan.

Global Reporting Initiative (GRI)

The considerations outlined above reflect ABN AMRO's application of the guidelines of 'materiality', 'stakeholder inclusiveness', 'completeness' and 'sustainability context' as set out by the Global Reporting Initiative (GRI). The GRI draws up guidelines on sustainable reporting which organisations can use to transparently and verifiably report on all relevant economic, environmental and social performance.

ABN AMRO, too, has based its reporting on the GRI guidelines, using the GRI 3.1 matrix to produce the present report.

The GRI guidelines also include performance and other indicators in a supplement intended for the financial service sector. ABN AMRO has started collecting data in this area, but is not yet in a position to report satisfactorily in specific terms. The aim is to incorporate these indicators into future reports.

An overview demonstrating how ABN AMRO meets the GRI requirements has been made available online in the form of a table indicating the relevant pages in the

Sustainability and Annual Financial Reports referring to the GRI requirements in question (www.abnamro.com/sustainability).

Integrated reporting

This report is not yet integrated with ABN AMRO's Annual Financial Report. Nevertheless, these two publications are inextricably linked, as together they show the path ABN AMRO has chosen to pursue. Indeed, sustainability will play a crucial role in the future strategy pursued, and choices made, by the bank. ABN AMRO is committed to integrating its reporting in the coming years.

Assurance

This report has not been consolidated by a third party, mainly because ABN AMRO believes that, during the short time that it has again been reporting as a separate bank, it cannot guarantee sufficient uniformity with respect to the data systems used to report on sustainability. This is the result of the merger of two banks and the choices made regarding the systems chosen at the time of the merger. ABN AMRO fully intends to have its Sustainability Report audited and validated in the coming years.

Data quality

Naturally, the data collected in this report and duplicated in, or relating to, the Annual Financial Report is identical to the data contained in the Annual Financial Report. Quantitative data on 2011 not directly related to the Annual Financial Report were in some cases documented here for the first time. In many cases, the source systems have been specified. Consequently, in respect of many of these data, the bank views this report as a baseline assessment against which it can gauge its sustainability performance over the coming years. Further, many more quantitative data on 2011 were collected than was the case for 2010. As a result, comparisons with the 2010 report are not always straightforward.

Reporting method

The quantitative data were consolidated at corporate level by the various departments. The qualitative information on various matters was provided by a number of experts throughout the ABN AMRO organisation.

Other relevant information on sustainability

Not all information available on ABN AMRO's sustainability performance has been incorporated into this report. For this reason, the bank urges readers to consult its

website, where many of its sustainability initiatives will be made public over the coming months.

This report is available online. Please direct any questions about this report or about ABN AMRO's activities that relate to the bank's sustainability strategy to duurzaamheid@nl.abnamro.com.

appendix 3

quantitative
data

Key figures for 2011

	2011
Total assets (in EUR million)	404,682
Equity attributable to shareholders (in EUR million)	11,400
Assets under management (in EUR million)	146,600
Operating profit before taxes (in EUR million)	680
Net profit (in EUR million)	689
Bank branches in the Netherlands	470
Number of FTEs	24,225
Countries and areas in which the bank is present	23
Mass Retail customers (in EUR million)	6
Preferred Banking customers (in EUR million)	0.8
Total number of individual customers (in EUR million)	6.8

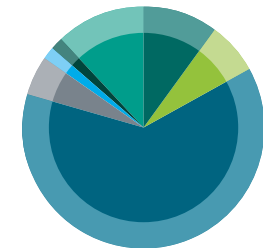
Financing

Project financing (Equator Principles)

Category and number of reviewed projects	2011			
Country classification	A	B	C	Total
Emerging markets	8	11		19
High-income OECD	1	33	5	39
Total	9	44	5	58

Review of project financing transactions per region

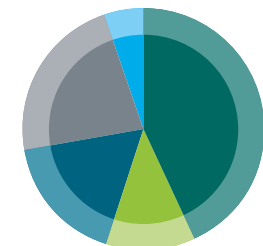
Region	2011			Total
	A	B	C	
Africa	3	2		5
Asia	3	1		4
Europe	1	32	4	37
Middle East	1	2		3
North America			1	1
Oceania		1		1
South America	1	6		7
Total	9	44	5	58



Total per region

Review of project financing transactions per sector

Sector	2011			Total
	A	B	C	
Infrastructure		22	3	25
Mining	7			7
Oil & gas	2	8		10
Power production		11	2	13
Telecom		3		3
Total	9	44	5	58



Total per sector

Review of project financing transactions based on assessment/status

Status	2011			Total
	A	B	C	
Concluded		6	3	9
Rejected*	5	8		13
Under consideration	1	15		16
Unrealised	3	15	2	20
Total	9	44	5	58

* Projects were rejected for a variety of reasons, not solely on the basis of environmental and social aspects.

Financing

In EUR million	2011
Sustainable financing by Groenbank	587

Contracts channel

In millions	2011
Number of households with Internet Banking	3.2

Personnel indicators

Number of employees

	2011
--	------

Total number of FTEs	24,225
-----------------------------	---------------

Private Banking	3,743
-----------------	-------

Retail Banking	6,680
----------------	-------

Total, Retail & Private Banking	10,423
--	---------------

Commercial Banking	3,547
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Merchant Banking	1,996
------------------	-------

Total, Commercial & Merchant Banking	5,543
---	--------------

TOPS	5,222
-------------	--------------

Risk Management & Strategy	1,183
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Finance	572
----------------	------------

Integration, Communication & Compliance	1,084
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CEO Office	198
-------------------	------------

Breakdown of workforce by age

In percentage	2011
---------------	------

< 24	0.6
------	-----

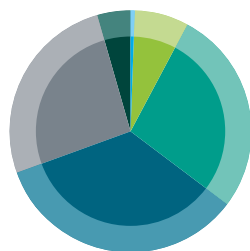
24-29	7.4
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30-39	27.4
-------	------

40-49	34.2
-------	------

50-59	26.1
-------	------

> 60	4.3
------	-----



Breakdown of workforce by job level

In percentage	2011
---------------	------

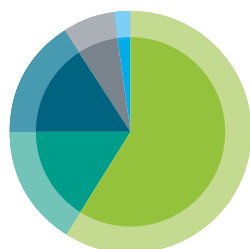
other (up to 7)	59
-----------------	----

8-9	16
-----	----

10-11	16
-------	----

Sub-senior	7
------------	---

Senior – Managing Board and Supervisory Board	2
---	---



Workforce diversity

In percentage	2011	
---------------	------	--

	Men	Women
--	-----	-------

Total, Netherlands	52	48
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Senior – Managing Board and Supervisory Board	80	20
---	----	----

Senior – total	85	15
----------------	----	----

Sub-senior	80	20
------------	----	----

Geographical distribution of workforce

In percentage	2011
---------------	------

Netherlands	85
-------------	----

France	5
--------	---

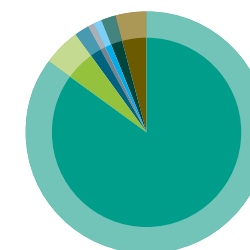
Germany	2
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Belgium	1
---------	---

Europe (other)	1
----------------	---

Asia	2
------	---

Other	4
-------	---



Breakdown of employment contracts

In percentage	2011
---------------	------

FTEs, permanent	86
-----------------	----

FTEs, temporary	3
-----------------	---

Agency staff	4
--------------	---

Contractors	7
-------------	---

Absenteeism

In percentage	2011
---------------	------

Absenteeism (trend total)	4.19
---------------------------	------

Breakdown of workforce by type of employment

In percentage	2011
---------------	------

Full-time – Women	24
-------------------	----

Full-time – Men	49
-----------------	----

Part-time – Women	25
-------------------	----

Part-time – Men	2
-----------------	---

Employees involved in voluntary work in the Netherlands

	2011	
Number of employees (not including Christmas hamper initiative)	9,172	
Number of projects	400	

External in- and outflow

	2011	
	Aantal	%
Inflow from 01-2011 to 11-2011	3,111	12
Outflow from 01-2011 to 11-2011	5,428	21

Employee satisfaction

In percentage (unless otherwise stated)	Nov '10	March '11	June '11	Dec '11
Number of respondents	3,028	4,920	7,031	6,168
I feel involved with ABN AMRO	68	72	72	75
I'm proud to work for ABN AMRO	55	59	58	62
At the moment, I'm seriously considering leaving my employer	22	18	17	15

Staff costs and training data

In euros (unless otherwise stated)	2011
Total wage costs (in millions)	1,964
Total staff costs (in millions)	2,517
Total personnel and other management costs (in millions)	4,956
Total training costs (in millions)	12
Training costs/wage costs (in percentage)	1
Wage costs per FTE	81,073
Staff costs per FTE	103,901
Personnel and other management costs per FTE	204,582
Training costs per FTE	495

Season rail ticket

	2011
Number of employees	6,913

Policy for employees

	2011
Policy on sexual harassment	Yes
Policy on other types of harassment	Yes
Policy on lodging complaints	Yes

Consumption and waste (internal sustainability)**Energy consumption (target: 100% coverage)**

	2011		
	kWh	GJ	kTon CO ₂
Energy	281,409,246	1,013,073	32.9
Per m ²	344	1.24	
Per 36h FTE	11,666	42	

Electricity (in kWh)

Data centres	57,461,597	206,862	-
Head offices	49,615,962	178,617	-
Offices	11,563,474	41,629	-
Bank branches	55,297,847	199,072	-
Off Premises ATM	3,191,755	11,490	-
Total electricity consumed	177,130,635	637,670	10.5*

* calculation of total

Natural gas/Heating/Cooling (in kWh)

Data centres	3,550,000	12,780	0.7
Head offices	10,290,000	37,044	2.0
Offices	15,370,000	55,332	3.1
Bank branches	48,900,000	176,040	9.9
Total natural gas	78,110,000	281,196	15.7
Total district heating	18,873,889	67,946	5.2
Total cooling	7,294,722	26,261	1.5
Total remaining sources of natural gas, district heating and cooling	104,278,611	375,403	22.4

	kWh green	kWh regular
Total energy consumption (kWh)	150,000,000	131,409,038

Paper consumption

	2011
Based on 80% coverage	
Total based on FTEs (in tons)	3,047
Total per FTE (in kg)	125.8
Paper with ecolabel FSC (in tons)	2,962
Papier without ecolabel FSC (in tons)	85

Business trips

	2011
Lease cars	
Total distance travelled by lease cars (in km)	54,769,811
Total CO ₂ emissions lease cars (in kTon CO ₂)	9.31
Average km per lease car (2011 up to and including Q3)	16,597
Average km per FTE (2011 up to and including Q3)	2,159

Business air travel (in km)

Short-haul, up to 500 km	613,747
Long-haul	43,252,817
Total (in km)	43,866,565

Number of flights

Short-haul, up to 500 km	1,714
Long-haul	11,864
Total number of flights	13,578

CO₂ emissions (in kTon CO₂)

Short-haul, up to 500 km	0.11
Long-haul	4.76
Total (in kTon CO₂)	4.87

Total CO₂ emissions

Emissions calculated using Greenhouse Gas Protocol	2011		
	kWh/km	GJ	kTon CO ₂
Electricity (in kilotons)	177,130,635	637,670	10.50
Natural gas, heating and cooling (in kilotons)	104,278,611	375,403	22.40
Business trips per car (lease cars in kilotons)	54,769,811		9.31
Business air travel	43,866,564		4.87
Total CO₂ in kttons			47.08
CO ₂ emissions in tons per FTE			1.94

Waste

	2011		
	Tons	%	kg/FTE
Total kg per FTE			157
Total in tons	3,809	100	
Other	456	12	
Containing paper	1,908	50	
Plastic cups	24	1	
Residual waste	1,419	37	
Items specified as 'hazardous materials' (e.g. batteries and empty toner cartridges)	7.5		

Water

	2011
Total per m ³ per FTE (norm 0.2 m ³ /m ²)	6.75
Total m ³ (based on FTEs)	163,492

Catering

In percentage	2011
Sustainable catering product range (total in the Netherlands)	70
Sustainable coffee supplied centrally	100

Other indicators**Safety and privacy**

	2011
Complaints lodged about employees in the Netherlands failing to comply with ABN AMRO privacy guidelines	0
Complaints lodged about employees outside the Netherlands failing to comply with ABN AMRO privacy guidelines	0

appendix 4

sustainability report objectives 2011

Objective	2011 performance
Develop business propositions for sustainable investment in the construction, transport and public sectors (2010)	<ul style="list-style-type: none"> ▶ <i>Construction:</i> ABN AMRO Real Estate now finances sustainable buildings exclusively ▶ <i>Transport:</i> ABN AMRO has published a sustainability report jointly with the specialist publication Nieuwsblad Transport, Connekt and Pon • ABN AMRO representatives spoke at two seminars on sustainability in the transport sector ▶ <i>Public sector:</i> ABN AMRO has developed GreenFox for the public sector
Instruction and training of ABN AMRO account managers	Sustainability is an integral part of ABN AMRO's management trainee course
Actively capitalise on the demand for sustainable retail products and services, including impact investment for Private Banking clients (2010)	ABN AMRO sponsored the Social Capital Markets (SOCAP) conference in 2011. Impact investment products were also developed and made available (incl. transactions). Additionally, various presentations (on e.g. sustainable asset management) were given to clients
Finance sustainable projects and the production of sustainable energy by putting together a special team (2010)	Special team has been formed and various solar projects financed
Further embed environmental and social indicators in risk policy and related processes (2010)	New risk framework established with intensive stakeholder dialogue. Development partially concluded
Develop tools to promote further implementation (2010)	Specific tools have been approved and are being used in relevant divisions (such as ECT)
Optimise internal business operations	The Customer Excellence programme carried out by TOPS has been very successful and is being deployed throughout the bank

Objective	2011 performance
Encourage the use of sustainable energy	ABN AMRO itself uses green electricity where possible and facilitates the Wij Willen Zon (We Want Sun) solar energy project. ABN AMRO has developed Green Loans and now offers Milieulease (Environmental Lease) and EnergieBesparingsKrediet (Energy Savings Loan) products. ABN AMRO has now passed the FIRA Rating System's Bronze-level assessment. All suppliers must complete FIRA compliance steps
Reduce energy consumption by 20% in 2012 (2010)	Project for creating energy management system is under way
Reduce paper consumption by 20% in 2012 (2010)	Paper reduction project is under way
Initiate and further structure stakeholder dialogue (2010)	<ul style="list-style-type: none"> ▶ Stakeholder analysis carried out ▶ Stakeholder management plan formulated ▶ Stakeholders have provided direct input and feedback on the shaping of the bank's sustainable risk framework ▶ Employee dialogue has been established. Specific attention to sustainability in employee surveys. Arena: intranet discussion forum focusing on sustainability and other topics with over 6,000 participants
Make the bank's services more transparent, and simplify mortgage products (2010)	Comprehensive strategy for simplifying and reducing the number of products has since resulted in a 40% reduction in complaints about savings products
Facilitate the involvement of 10,000 employees in a social context (2010)	10,000 employees have participated in an ABN AMRO Foundation project
Improve employee satisfaction	Marked increase in the level of pride and satisfaction of ABN AMRO employees compared to 2010 based on research carried out by the HAY Group
20% women in a senior management position, and 25% women at sub-senior level (by 2014). Target for 2011 was 16.8% women in a senior management position, and 21.8% at sub-senior level	15.4% women in a senior management position, and 20% at sub-senior level

appendix 5

stakeholder dialogue

Stakeholder	2011 Topics	Result
Amnesty International	Amnesty International was consulted on ABN AMRO's Sustainability Risk Management Framework	Optimisation of Risk Management Framework
Banktrack	Transparency of processes and themes – for example, research carried out by Banktrack on land grabbing abroad. Banktrack was consulted on ABN AMRO's Sustainability Risk Management Framework	Optimisation of Risk Management Framework
CSR Netherlands	CSR Netherlands was consulted on ABN AMRO's Sustainability Risk Management Framework	Optimisation of Risk Management Framework ABN AMRO also participates in the Future Leaders Programme
Dutch Association of Investors for Sustainable Development (VBDO)	Creating a sustainable capital market	Dialogue on innovation in the financial sector. ABN AMRO supports the week of Sustainable Investments
Dutch Consumers' Association	Consumer issues	Simplification of savings products, writing in plain language and procedures involving complaint management
Dutch Fair Bank Guide (Eerlijke Bankwijzer)	<ul style="list-style-type: none"> ▶ Investments by banks in multinationals involved in human rights violations ▶ Investments by banking groups in intensive pig farming ▶ Transparency of investment policy In addition, ABN AMRO regularly updates the data in the guide	Greater insight into ABN AMRO's plans on specific sub-areas and what progress the bank is making in the area of sustainability
Dutch Society for the Protection of Animals (Dierenbescherming)	Research on animal welfare in pig farming: Fair Bank Guide Study	

Stakeholder	2011 Topics	Result
Eumedion	Eumedion was consulted on ABN AMRO's Sustainability Risk Management Framework	Optimisation of Risk Management Framework
Friends of the Earth Netherlands (Milieudefensie)	Friends of the Earth Netherlands was consulted on ABN AMRO's Sustainability Risk Management Framework	Optimisation of Risk Management Framework
Hier.nu	Hier.nu was consulted on ABN AMRO's Sustainability Risk Management Framework	Optimisation of Risk Management Framework
Holland Financial Centre	The Holland Financial Centre was consulted on ABN AMRO's Sustainability Risk Management Framework	Optimisation of Risk Management Framework. Jointly with ABN AMRO, the Holland Financial Centre is looking into the possibilities of creating a green investment company
International Union for Conservation of Nature (IUCN)	IUCN was consulted on ABN AMRO's Sustainability Risk Management Framework	Optimisation of Risk Management Framework ABN AMRO also hosted the annual conference Discovering the Potential of Greening Your Core Business
Leaders for Nature	Finding solutions for an economy that takes biodiversity into account	Statement of Intent drafted by eleven IUCN Leaders for Nature for developing a long-term programme devoted to ecosystems and biodiversity
Oxfam Novib	Transparency of the 2010 Annual Report, policy on land grabbing. Oxfam Novib was consulted on ABN AMRO's Sustainability Risk Management Framework	Key points formulated for the 2011 Sustainability Annual Report, Optimisation of Risk Management Framework
Sustainable Trade Initiative		
Urgenda	Renewable energy	ABN AMRO is a financial partner in Urgenda's 'We Want Sun' project for the combined purchase of solar panels
Utrecht Sustainability Institute and the Sustainable Finance Lab	Sustainable solutions that bolster the economy with minimum ecological impact	Participation in Sustainable Finance Lab in order to contribute to a sustainable dialogue and to find new sustainable financial solutions

We want to be the bank that creates opportunities for businesses by working together to reduce risks.

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sustainability report 2011

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