

LARGE CORPORATES & MERCHANT BANKING (LC&MB)

ENVIRONMENTAL & SOCIAL REPORTING 2010

LC&MB

Besides integrating social and environmental aspects in our risk management framework we engage with and seek sustainable business opportunities for our customers. We stimulate (through knowledge, financing, supporting innovation) the transition towards sustainable business operations for our customers.

Within LC&MB, Energy, Commodities and Transportation (ECT) has prioritised the focus on sustainability. The ECT management has decided that all its businesses will elaborate specific guidelines reflecting ECT's commitment to sustainability; put in place the appropriate sustainability screening tools to assess the client portfolio; and carry out the assessment of the client's sustainability performance.

This process, that has already taken place for the Shipping group, has been ongoing in 2010 at the Commodities (Energy-, Metals- and Agri-Commodities) and the Energy business divisions and is expected to be finalised in the course of 2011.

To stress its commitment to sustainability and to enhance the knowledge of its staff, ECT organised in June 2010, two full-day workshops on the subject. These workshops were attended by more than 70 ECT staff members.

In the Transportation group, Shipping has contributed to the Green Award Incentive Programme by offering our shipping customers a discount on the costs of joining this award. Furthermore ABN AMRO is one of the proud partners of the Sustainable Shipping Initiative facilitated by the leading UK-based NGO Forum for the Future that is focusing on sustainability. The initiative is bringing together the leaders and key stakeholders in global shipping to shape the future of the industry.

Our Agri-Commodities business has been working on integrating sustainability in their business for years. Part of our approach is engaging with our customers on sustainable business operations. From that perspective ABN AMRO hosted the successful conference together with the European Cocoa Association carrying the theme "Drivers for Cocoa Sustainability: voluntary vs regulatory measures".

Equator Principles

ABN AMRO, as one of the co-founders has again adopted the Equator Principles (EP) designed to manage environmental and social risks in our project finance activities. Under the Equator Principles each project is categorised according to its environmental and social risks.

In 2010 a new credit policy requiring all new project finance transactions to be screened for compliance with the Equator Principles has been developed and approved. Compliance with the Equator Principles is a pre-requisite for all of our project finance lending. The implementation of the Equator Principles focuses on our project finance activities.

In the course of 2010¹, 4 new project finance transactions in emerging markets have been screened for compliance with the Equator Principles. These included 1 Category A, 1 Category B and 2 Category C projects. A further 7 projects located in high-income OECD countries were also recorded in 2010.

Project finance transactions 2010

Country Classification	A	B	C	Total
High-income OECD	-	6	1	7
Emerging Markets	1	1	2	4
Total	1	7	3	11

Project finance transactions in 2010 by region and sector

Region	Sector	Category A	Category B	Category C
High-Income OECD	Telecom	-	-	1
	Infrastructure	-	6	-
Emerging Markets	Infrastructure	1	-	-
	Oil & Gas	-	1	1
	Utilities	-	-	1
Total		1	7	3

Sustainability screening of non-project finance transactions / clients

Although the application of the Equator Principles is only compulsory for project finance transactions, we have also applied the Principles to a number of non-project finance transactions. Beyond transaction screening the sustainability performance of a number of LC&MB new and existing clients have specifically been assessed. These activities can be summarised as follows:

Sector	New client files assessed in 2010
Commodities	19
Oil & Gas	4
Industry	4
Others	4
Total	31

Outlook

LC&MB is committed to further embed sustainability by integrating sustainability considerations and criteria into the day-to-day activities and processes of the business.

For LC&MB sectors with a higher level of potential sustainability exposure and international activities, LC&MB has decided to continue developing sustainability guidelines and tools to assess the sustainability

¹From January 1st to June 30th 2010, computed for Fortis Bank Nederland and ABN AMRO Bank, thereafter for ABN AMRO Bank

performance of the clients and to address the environmental and social impacts of the transactions we finance.

To achieve our sustainability targets, we consider capacity building as a key factor. LC&MB aims to complement its existing sector expertise with the knowledge of the environmental and social impacts inherent in each sector becoming partners to our clients when addressing sustainability.

Therefore in 2011 LC&MB is planning to organise training sessions and workshops to increase environmental and social awareness at all levels.

Furthermore, LC&MB strongly encourages senior management to attend high-level sustainability courses and to further promote the development of sustainable products within the scope of their businesses.