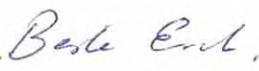


Mr. E. Wilders, Agent
Ministry of Finance
Agentschap van de Generale Thesaurie
Korte Voorhout 7
2511 CW Den Haag

Global Banking & Markets
ABN AMRO Bank N.V.
Gustav Mahlerlaan 10
1082 PP Amsterdam
The Netherlands

Amsterdam, 15 October, 2009


Dear Mr. Wilders,

I am writing to you in response to the request that we have received from your Ministry for further information about RBS's approach to sustainability, and in particular environmental issues. We have recently met with officials from your department on this matter, and I am happy to now provide further details of our programme of work on sustainability.

As an organisation, we are committed to operating a sustainable business in every sense of the word, economic, social and environmental. Beyond the obvious need to demonstrate good governance and financial sustainability, our Corporate Sustainability programme is focussed on five strategic themes which we believe require particular focus: Consumer Issues, Support for Enterprise, Employee Engagement, Safety and Security, and Global Citizenship. The latter theme, Global Citizenship, is about taking action on the range of important broader issues which we can influence as a company, and this very much includes climate change and environmental priorities. We know from regular consultation with stakeholders that they support these priorities.

We drive action on these priority areas through the day-to day work and lending policies of our business units and through a number of dedicated Group Programmes that we back up with additional resources, such as our Group Environment and Community Investment programmes. To strengthen our governance of sustainability issues and ensure that we are setting and delivering against robust priorities for action, we have set up a new Group Sustainability Committee, chaired by our Senior Independent Director on the Group Board, Sir Sandy Crombie.

We are committed to consulting with our stakeholders regularly to ensure that we are meeting their expectations, and to reporting back on our progress against these themes openly and frequently. On this latter point, we are proud of the fact our 2008 Sustainability Report was the first for any financial services company globally to have been externally assured to the new AA1000 (2008) accountability standard.

On the particular issue of the environment, as you are aware RBS has recently been the subject of criticism from some campaign groups with regards to our lending to hydrocarbon projects and banking relationships with companies operating in the hydrocarbon energy sector. I would like to reassure you that we have engaged proactively with these stakeholders

to understand their concerns and to initiate a more proactive dialogue on the broader issues of financing to the energy sector and the role we play.

As a major energy financier, our lending to the sector will continue to include fossil fuels in the short to medium term. Until the necessary technologies have been developed to allow a more fundamental switch to low-carbon forms of energy, the economies in which we operate will continue to require dependable energy supplies. However, RBS is already an expert in financing renewable power projects and we hope to build on this position in the future. We also endeavour to carry out a high level of due diligence on all our project finance lending to ensure social and environmental risks are mitigated, and to this end we were one of the ten original adopters of the Equator Principles for Project Finance in 2003.

Left unchecked, climate change will bring major impacts to all parts of the world and RBS is therefore determined to play its part in the global shift to a more efficient, innovative and equitable use of resources. We support the leadership of international governments on climate change and we recognise the importance of immediate, effective and co-ordinated global action to develop and implement a framework for mitigating environmental impacts and reducing greenhouse gas emissions. For this reason, we are supporting the forthcoming *Copenhagen Communiqué on Climate Change*, a business initiative which will be calling for a clear international framework to be agreed later this year for substantial reductions in greenhouse gas emissions. This builds on a similar initiative that we supported last year called the *Poznan Communiqué*.

Within RBS, we approach climate change and other environmental issues through our executive-level Environment Working Group that meets regularly to co-ordinate activities. RBS has considerable expertise and experience in managing its own direct environmental impacts and working with customers to achieve their objectives. Some of the highlights are listed below:

- We are one of the world's major arrangers of finance to the renewable energy sector. In 2008 we were ranked as the world's fourth largest lead arranger for renewable power projects and approximately 24% of our total energy-related project finance was directed towards renewables.
- For our personal and business customers, we have developed paperless banking facilities that have allowed over 5 million customers to switch off paperless statements. In the US, our customers can earn up to \$10 per month by using paperless transactions through their GreenSense account.
- We have created a range of highly successful personal investment products that are linked to the RBS Green Index of leading environmental sector companies. We have taken over £500 million of investment into these products since their launch a year ago.
- We continue to invest heavily in energy efficient technologies for our buildings that will significantly reduce our use of energy, water and paper as well as the creation of waste and greenhouse gas emissions.

However we fully recognise the need for the financial sector to work together and with other stakeholders to address the challenge of climate change, and for this reason we have been involved in a number of initiatives and roundtable discussions with colleagues on this issue.

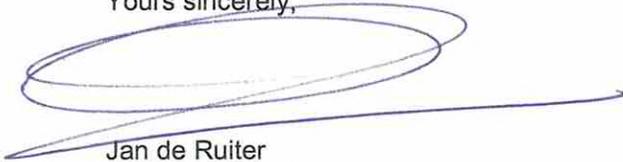
We are a member of the UN Global Compact, UNEPFI and the Equator Principles, all of which have been actively addressing the issue of climate change, and we will continue to work with these and other forums on this important and pressing challenge.

Taken together, we believe that these initiatives demonstrate that as a company we are addressing the issue of climate change in a proactive way, and that we are committed to playing our part in the multi-stakeholder process to enable a transition to a low carbon economy. As a result of this work, we have been included in a number of sustainability leadership indices over the last five years, including the Dow Jones Sustainability Index, the Carbon Disclosure Project and the FTSE4GOOD.

In addition to these indices, we are also in ongoing discussions with a number of NGOs in the UK and elsewhere about aspects of sustainability benchmarking and transparent reporting. There is currently a very broad range of approaches to assessing the sustainability performance of companies, and we are committed to supporting the development of more robust and objective ways of enabling this across the finance sector. In the UK in particular we have a constructive relationship with a number of prominent NGOs and charities, and indeed are the largest provider of banking services to this sector.

I hope that this letter and the copies of our most recent sustainability report that we have provided you with have addressed the issues that you have raised. Please do let me know if there is any further information that we can provide.

Yours sincerely,



Jan de Ruiter
Country Executive Netherlands