

----- Original Message -----

From: "Sime, Lorraine" <Lorraine.Sime@rbs.co.uk>  
To: "~ Investor Relations" <Investor.Relations@rbs.co.uk>  
Sent: Wednesday, November 19, 2003 5:12 PM  
Subject: FW: Concerned about The Royal Bank of Scotland financing the Baku-Ceyhan pipeline

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-----Original Message-----

From: ~ Investor Relations  
Sent: 14 November 2003 09:58  
To: ~ Investor Relations  
Subject: Concerned about The Royal Bank of Scotland financing the Baku-Ceyhan pipeline

Thank you for your recent letter, inquiring about The Royal Bank of Scotland Group's involvement in the Baku-T'bilisi-Ceyhan (BTC) pipeline.

As a signatory to The Equator Principles we are fully aware of our obligations and if we were to become a funding bank for this important project, would work closely with the International Finance Corporation to ensure that it meets with the social and environmental criteria enshrined in The Equator Principles.

The Royal Bank Group will not participate in the transaction unless it is satisfied that the social and environmental criteria set by the Equator Principles will be met by the BTC.

Yours sincerely  
Investor Relations Royal Bank of Scotland Group

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Dear Mr Fred Goodwin,

I am writing to you to express my concern about the proposed Baku-T'bilisi-Ceyhan (BTC) pipeline, due to be constructed by a BP-led consortium. I am deeply concerned about serious impacts the pipeline will have on the global and local environment, on regional tensions, and on local populations in the immediate vicinity of the pipeline. I understand that the Royal Bank of Scotland is considering whether or not to make a financing proposal for this project.

As you will be aware, the Royal Bank of Scotland is a signatory to the Equator Principles, a framework for banks to manage environmental and social issues in project financing. I commend your company for signing this agreement and look forward to seeing it applied in practice. I am sure we can agree that the practical applications of the Equator Principles will be the litmus test of their value.

I was alarmed to hear that research by NGOs has shown that the BTC pipeline violates both the spirit and the letter of the Equator Principles. I assume that the Royal Bank of Scotland is conducting its own analysis of the compliance or otherwise of the BTC pipeline with the Equator Principles. I further assume that unless the pipeline can be brought into compliance with these standards then the Royal Bank of Scotland will not be submitting any financing proposals.

Please could you reassure me that the Royal Bank of Scotland is conducting its own analysis and please send me a copy of this analysis. Please could you reassure me that the Royal Bank of Scotland will not provide a loan to the BTC project unless substantial changes are made to make it comply with the Equator Principles.

Yours sincerely,