Succeeding with customers

NatWest Group plc 2024 Sustainability Report

Inside this report

Evolution of our 2024 reporting suite

The 2024 Sustainability Report forms part of our annual reporting suite. The report seeks to effectively communicate our climate and sustainability-related performance and strategic objectives to a range of stakeholders.

Having previously published a separate Climate-related Disclosures Report and an Environmental, Social and Governance (ESG) Disclosures Report, our 2024 reporting suite takes an increasingly integrated approach to the communication of sustainability-related information.

The disclosure of sustainability-related information across the reporting suite continues to be driven by mandatory reporting requirements, progress with reference to industry-wide sustainability standards, in addition to the assessment of key sustainability topics for our stakeholders and our business, as outlined on page 10 and 11 of this report.

Our 2024 reporting suite

2024 Annual Report and Accounts

Disclosures related to our strategic performance, governance and remuneration, risk and capital management, along with our financial statements and related notes, including the independent auditor's report.

2024 Sustainability Report

Progress on sustainability-related matters, including our Climate transition plan. Supported by our Sustainability Datasheet, which outlines our key metrics and progress against selected industry-wide standards and our Sustainability Basis of Reporting.

Read more and download our reports at natwestgroup.com

Name and address
'NatWest Group' means the company and its subsidiary and associated undertakings.
Principal office: NatWest Group plc, PO Box 1000, Gogarburn, Edinburgh, EH12 1HQ

NatWest Group glossary and abbreviations.

Important information

Note on materiality

For the purposes of our sustainability disclosure, we have adapted our approach to materiality based on both the subject matter and purpose of the disclosures. In particular, when we believe that doing so may allow us to better address sustainability-related matters of interest to our key stakeholders, our approach to these disclosures may sometimes have regard to broader understandings of materiality. These will be based on certain external frameworks and reporting guidelines that take into consideration a wider range of factors relevant to sustainability-related disclosures.

To accommodate this approach to materiality, we may also occasionally have regard to new or proposed frameworks and standards (or parts of them) when we believe that doing so may allow for a better understanding of our sustainability-related disclosures.

This report uses longer time frames to assess potential impacts than those time frames customarily used in certain of our other disclosures, including our annual, periodic and interim financial reports filed with the London Stock Exchange ('LSE') in the United Kingdom and the Securities and Exchange Commission ('SEC') in the United States. This approach to materiality means that this report, and many of our climate and sustainability-related disclosures, including climate and sustainability-related risks and opportunities, include certain information that we have not included in our LSE and SEC filings for which we use a different approach to materiality. Our approach to materiality in this report and in other sustainability-related disclosures also means that statements made in this report and in our other sustainability-related disclosures use a greater number and level of assumptions and estimates than many of our LSE and SEC filings.

These assumptions and estimates are subject to change over time, and, when coupled with the longer time frames used in these disclosures, make any assessment of materiality inherently uncertain. In addition, our climate and sustainability-related risk and impact assessment capabilities and net-zero transition strategy and plan remain under development, and the data underlying these and market practice in relation to these disclosures also remain subject to evolution and change over time. The information in this report includes non-financial metrics, estimates or other information that are subject to significant uncertainties, which may include the methodology, collection and verification of data, various estimates and assumptions, and/or underlying data that is obtained from third parties, some of which cannot be independently verified. As a result, we expect that certain disclosures made in this report may be amended, updated, recalculated and restated in the future as the quality and completeness of our data and methodologies continue to improve.

Our approach to materiality may continue to evolve as subsequent materiality assessments are completed and as our, and the industry's, understanding of the sustainability impacts, risks and opportunities continues to develop. Therefore, NatWest Group's future sustainability disclosures may be different to those presented in this report.

When relying on the content of this report, all readers should take into consideration this 'Note on materiality' and the 'Cautionary Statements' on page 93 to 96 of this report.

Assurance approach

NatWest Group plc appointed Ernst & Young LLP (EY) to provide external independent assurance over certain sustainability metrics, indicated with RA (Reasonable Assurance) or LA (Limited Assurance) in this report. The assurance engagement was planned and performed in accordance with the International Standard on Assurance Engagements (UK) 3000 (July 2020), Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE (UK) 3000 July 2020"). An assurance report was issued and is available at natwestgroup.com. This report includes further details of the scope, respective responsibilities, work performed, limitations and conclusion.

EY Independent Assurance Report

RA Metric subject to independent Reasonable Assurance by EY[1]

LA Metric subject to independent Limited Assurance by EY[1]

(1) This indicates that the metric was subject to external independent limited/reasonable assurance by EY. Refer to natwestgroup.com for the Independent Assurance Report and 2024 Sustainability Basis of Reporting.

Succeeding with customers

Our purpose is to be the bank that turns possibilities into progress. By being a vital and trusted partner to our customers and understanding their hopes and needs, we want to help them make progress to reach their goals. By succeeding with our 19 million customers, we can also help to deliver growth across the local communities we serve and the wider UK economy.

Group Chief Executive's review

A vital and trusted partner

Being a vital and trusted partner to our customers is at the heart of the strategy we have developed as a leadership team and agreed as a Board. From making everyday banking easier to helping UK businesses grow, we'll succeed with customers by understanding their hopes and aspirations and providing the services and expertise they need now and in the future.

We have evolved our purpose to reflect the role we play for our customers: the bank that turns possibilities into progress. By connecting our purpose more closely to the job our colleagues do each day we aim to have a positive impact on our communities, the environment and our own sustainability over the longer term.

Crucial to the fulfilment of our strategy and our purpose is the imperative to think and act in a long-term, sustainable way, enhancing NatWest Group's resilience and helping create value for our stakeholders. Embedded within our three clear strategic priorities of disciplined growth, bank-wide simplification, and active balance sheet and risk management, our focus on sustainability helps us to deliver positive outcomes for our customers, shareholders, communities and colleagues.

Supporting our customers' climate transitions

Financial institutions continue to play a critical role in supporting the transition to a net-zero economy. Our climate-related and ESG products and advisory services, are designed to help that transition – while supporting active balance sheet and risk management, and contributing towards our commercial objectives and shareholder returns. For example, up to the end of 2024, we had provided a cumulative total of £93.4 billion in climate and sustainable funding and financing against our target to provide £100 billion between 1 July 2021 and the end of 2025.

We are pleased to have achieved our ambition to reduce our direct own operations by delivering a 51% reduction in Scope 1, location-based Scope 2, and certain Scope 3 categories[(1)] between 2019 and 2024. As we move forwards we will now aim for a 70% reduction in our Scope 1 and location-based Scope 2 emissions by 2030, against a 2019 baseline.

Achieving our 2030 ambition for Scope 3 financed emissions is increasingly challenging due to our acknowledged dependence on timely and appropriate government policy, technology developments and the supplier, customer and societal response required to support the transition. The path to achieving net zero by 2050 is far from clear at this stage but we continue to focus on supporting our customers' transition and our own ambitions to be net zero.

Collaboration remains essential in reaching a more sustainable global economy, requiring public and private sectors to work together. In April 2024, working with the Green Finance Institute, we were invited to join the National Wealth Fund Taskforce, advising on how private finance can be mobilised to accelerate investment into clean energy industries. The Fund has the potential to become a significant driver for public and private investment to help shape a more sustainable UK industrial strategy.

Social and community outcomes

As the UK's biggest business bank and a market leader in retail and private banking, with over 19 million customers across all nations and regions of the UK, we are in an important and privileged position. Our strategy aims to meet our customers' needs at a time when many are facing complex technological and social change. Importantly, understanding their aspirations and the challenges they face enables us to deliver the right services and expertise, at the right time, in the right way.

For instance, we provided £4.1 billion in lending to the UK social housing sector during 2024. As a result, we have increased our existing ambition and now aim to provide £7.5 billion in lending to the sector between 1 January 2024 and the end of 2026 to support the delivery and maintenance of social housing in the UK. By providing this lending we are building value for the bank and its shareholders, while addressing social issues through our core business activities.

We're also dedicated to improving our customers' financial confidence with the aim of helping them become more resilient to financial shocks. In 2024, 7.8 million people accessed our financial wellbeing services and digital tools. We also continued to support young people through our long-standing community programmes like MoneySense, Dream Bigger and CareerSense, which will be brought together under a single youth proposition in 2025, NatWest Thrive.

We recognise the importance of business growth in supporting a strong economy and the commercial ambitions of the bank. Through our Accelerator Programme in 2024, we provided free-to-access wrap-around support to a record number of businesses. Elsewhere, across our small business support programmes, we delivered over 400,000 interventions to help start, run or grow a business.

Succeeding with customers

Against a backdrop of new and rapidly changing social, commercial and economic trends, we will continue to evolve the relevance and value of our bank.
The integration of sustainability into how we operate is a key part of this and aligns with our ambition to succeed with customers. As one of the largest banks in the UK, we have the scale, reach, deep-rooted regional focus and expertise to assist our customers on their sustainability journeys and benefit mutually from the opportunity this presents. By turning possibilities into progress, we aim to deliver positive financial, customer and societal outcomes.

Paul Thwaite
Group Chief Executive Officer

(1) Includes Scope 3 (paper, water, waste, business travel, commuting and work from home) emissions.

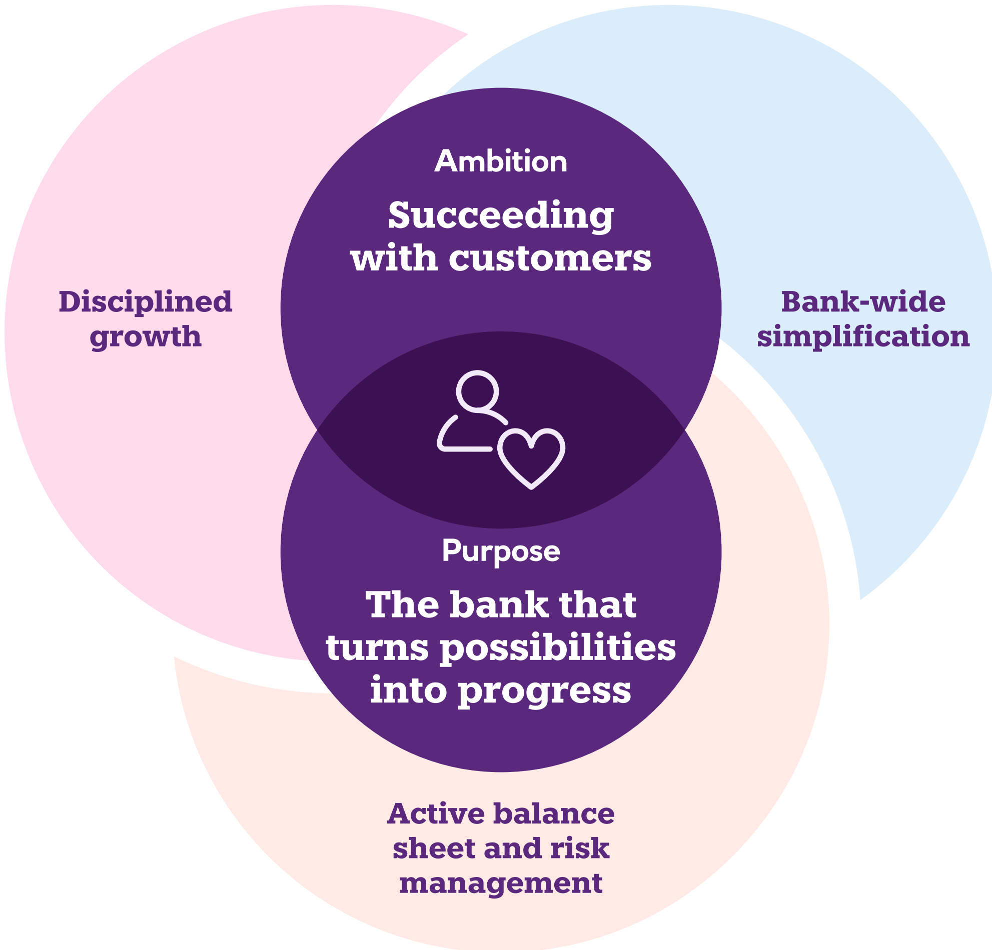
Our strategic framework

Becoming a vital and trusted partner to our customers is at the heart of our strategy. It unites our ambition and purpose and is delivered by three clear strategic priorities. These enable us to succeed with customers and deliver sustainable shareholder value.

Whether it's buying a home, investing for tomorrow, growing a business, or helping our customers to build a more sustainable future, we can succeed with customers by understanding their world and what matters to them: their priorities, aspirations, and the challenges they face. We want to help them to navigate change and make progress towards their goals with the right services and expertise.

At the same time, we are becoming a simpler, more integrated and technology-driven NatWest Group: able to anticipate, understand and respond to customers' changing needs and expectations faster and more effectively, and with greater impact.

By turning our customers' possibilities into progress we can succeed together.



Careful consideration by the Board of the alignment of our refocused purpose with our strategy, and the role that culture will play in its implementation, is explained in more detail in our Section 172(1) statement on page 32 of the NatWest Group plc 2024 Annual Report and Accounts.

Read more about how we are succeeding with customers and turning their possibilities into progress at natwestgroup.com

Refreshing our climate ambitions and targets

We have an ambition to be net zero across our financed emissions, assets under management and our operational value chain by 2050, aligned with the UK's legal commitment to be net zero by 2050.

While we continue to support our customers' transition to a net-zero economy, and monitor progress on supplier and fund decarbonisation, our climate ambitions are unlikely to be achieved without timely and appropriate government policy and technology developments, as well as the supplier, customer and societal response required to support the transition.

With regards to our 2030 Scope 3 financed emissions ambitions, while UK Government policies are expected to continue to provide incentives for customer transition and technology development, delays to a range of net-zero related UK Government policies indicate the pace of implementation is slower than required for the net-zero transition as initially outlined in the UK Climate Change Committee's (UK CCC) Sixth Carbon Budget, issued in 2020.

While the new government has announced various initiatives since the UK general election in July 2024, including the creation of the National Wealth Fund and the decarbonisation of the energy sector, these are yet to be embedded within the policy framework and the UK CCC's credibility assessment. We will continue to engage on and monitor Government policy developments.

In February 2024, we disclosed that we considered the achievement of our ambition to at least halve the climate impact of our financing activity by 2030, against a 2019 baseline, to be increasingly challenging. We continue to view this ambition as increasingly challenging, particularly in light of policy uncertainties.

In light of this, we plan to review our climate ambitions and targets during 2025 in the context of the UK CCC's Seventh Carbon Budget which is expected to be published on 26 February 2025. We expect the latest proposed UK policy initiatives, will be reflected in this publication.

Refer to pages 39 and 40 for further details on our external dependencies and our approach to policy engagement and advocacy.

Reflecting our progress and our ambition to be net zero by 2050, we will now aim for a 70% reduction in our Scope 1 and location-based Scope 2 emissions by 2030, against a 2019 baseline

Having successfully met our ambition to reduce our direct own operations emissions (Scope 1, location-based Scope 2 and certain Scope 3 categories)[1] by 50% by 2025, against a 2019 baseline, this ambition has now been retired.

We have also achieved our energy productivity (EP100), electric vehicles (EV100) and renewable energy (RE100) commitments, and have retired our EP100 and EV100 commitments.

To reflect this progress we have refreshed our ambition to reduce Scope 1 and location-based Scope 2 emissions and will now aim for a 70% reduction by 2030, against a 2019 baseline, while continuing to consume 100% renewable electricity in our direct own global operations in line with our RE100 commitment.

Refer to pages 47 to 50 for further detail.

We are now providing additional detail on the definition and scope of the following ambitions

We have clarified the scope of our ambition for a global phase-out of coal by 1 January 2030 to reflect the embedded nature of coal within activities such as transportation, storage, supply chain and value add services, and to ensure due consideration is given to external factors such as energy security. We aim to support our customers to reduce the use of coal, where alternatives are available.

Refer to page 33 and our Environmental, Social and Ethical (ESE) Risk Acceptance Criteria for further details.

We have clarified our ambition for 50% of our UK mortgage portfolio to have an Energy Performance Certificate (EPC) rating of C or better by 2030, to specify the scope of the ambition relates to those properties where EPC data is available.

Refer to page 60 for further details.

The following ambitions are now sufficiently embedded within NatWest Group processes and will no longer be separately tracked.

- Our ambition to include targets, each year, for executive remuneration that reflect our latest climate ambitions.[2]
- Our ambition to continue to integrate the financial and non-financial risks arising from climate change into our EWRMF in accordance with our multi-year climate risk maturity approach.

(1) NatWest Group defines direct own operations as our Scope 1, location-based Scope 2 and Scope 3 (paper, water, waste, business travel, commuting and work from home) emissions.

(2) The proposed 2025 NatWest Group performance share plan includes an expected 15% weighting for sustainability metrics (including climate targets), subject to approval by shareholders as part of the new directors' remuneration policy, which is being positioned at the NatWest Group plc AGM. Refer to page 133 in the NatWest Group plc 2024 Annual Report and Accounts for further details.

Our sustainability-related ambitions and targets

Our sustainability-related ambitions and targets enable us to focus on actions we can take to succeed with our customers and deliver sustainable shareholder value.

Our Climate transition plan lays out our plans to help our customers on their journey toward net zero. To reflect the achievement of our direct own operational emissions ambition and progress against our Climate transition plan we refreshed a number of our climate-related ambitions during 2024, as outlined on page 6.

During 2025 we plan to review our ambition to help 10 million people, per year, manage their financial wellbeing by 2027 in the context of our strategy. Underlying banking products and features disclosed as part of this ambition will continue to be offered unless otherwise specified.

To ensure that our diversity targets evolve appropriately and are in line with the proposed regulatory requirements and census data, we are introducing new diversity targets from the beginning of 2025 to be achieved by the end of 2030. They remain focused on female representation, ethnic minority groups and Black colleagues.

We continue to drive simplification and create a future-fit platform bank. Building on the progress already made, we have announced three new 2025 targets focused on customer engagement and digital simplification.

Supporting the climate transition[1]

We have an ambition to be net zero by 2050 across our financed emissions, assets under management (AUM) and our operational value chain.[2]

We have an ambition to at least halve the climate impact of our financing activity by 2030, against a 2019 baseline, supported by sector targets.

We have a target to provide £100 billion climate and sustainable funding and financing between 1 July 2021 and the end of 2025. As part of this we aim to provide at least £10 billion in lending for EPC A and B rated residential properties between 1 January 2023 and the end of 2025.

We have an ambition to reduce the carbon intensity of our Managed Assets by 50% by 2030, against a 2019 baseline, and to move 70% of Managed Assets to a net-zero pathway.[3]

We have an ambition for 50% of our UK residential mortgages to have an Energy Performance Certificate (EPC) rating of C or better by 2030, where EPCs are available.

We have an ambition to phase-out coal for customers who have coal production, coal fired generation and coal-related infrastructure globally by 1 January 2030.[4]

We have an ambition to reduce emissions for our operational value chain, against a 2019 baseline by: reducing Scope 1 and location-based Scope 2 emissions by 70% and Scope 3 emissions by 50% by 2030, while continuing to consume 100% renewable electricity in our direct own global operations.

Refer to the Directors' Remuneration Report in the NatWest Group plc 2024 Annual Report and Accounts for details of sustainability considerations included in executive remuneration.

Broader sustainability-related ambitions and targets

Diversity, equity and inclusion

Our 2030 diversity targets[5] are to have:
- 50% female representation globally in our senior leadership population and 45% globally in our management population by the end of 2030.
- 19% of UK colleagues from ethnic minority groups and 5% of UK Black colleagues in our senior leadership population and our management population by the end of 2030.

For 2025, our aggregated diversity target is 17.9%. We will assess each of the three measures (Female, Ethnicity and Black[6]) across two populations, the senior leadership population and the management population.

Social and community outcomes

We have an ambition to help 10 million people, per year, manage their financial wellbeing by 2027.

Our ambition to provide £5 billion in lending to the UK social housing sector from 1 January 2024 to 31 December 2026 was updated to £7.5 billion over the same period in February 2025.

Simplification to build a future-fit platform bank

We have a target for 80% of Retail customers to bank entirely digitally in 2025.[7]

We have a target for 85% of C&I customers to bank digitally first in 2025.[8]

We have a target for a seven-day average deployment frequency for features and digital services in 2025.

(1) NatWest Group's ability to achieve its strategy, including its climate ambitions and targets, entails significant risks and will significantly depend on many factors and uncertainties beyond NatWest Group's control. The most important of these uncertainties and factors, which could cause actual results and outcomes to differ materially from those expressed or implied in forward-looking statements, are summarised in the Risk factors included on pages 408 to 426 of the NatWest Group plc 2024 Annual Report and Accounts (with special regard to the risk factors in relation to climate and sustainability-related risks that describe several particular uncertainties, climate and sustainability-related risks to which NatWest Group is exposed and which may be amended from time to time). For more information, refer to pages 92 to 97 of this report (Cautionary Statements).

(2) Our operational value chain captures greenhouse gas emissions Scopes 1, 2 and 3 (Categories 1-14, excluding Categories 8, 10, 14).

(3) Our net zero by 2050 AUM ambition encompasses total AUM, including Managed Assets, Bespoke and Advisory – refer to page 65 for details. We consider Managed Assets (those assets we invest on our customers' behalf, which represented 83% of AUM as at 31 December 2024) to be in-scope for our interim 2030 portfolio alignment target and weighted average carbon intensity (WACI) ambition. For details, refer to pages 38 to 39 of the Net Zero Asset Managers Initiative's Initial Target Disclosure Report (May 2022).

(4) Relates to thermal and lignite coal (coal that is typically used as a fuel for steam-electric power) coal production, coal-related infrastructure or transport. Data challenges, particularly the lack of granular customer information, create challenges in identifying customers with 'coal related infrastructure' and other customers with coal-related operations within NatWest Group's large and diversified customer portfolios As such, the scope excludes companies who generate less than 5% of their revenues via coal activity (in line with Net-Zero Banking Alliance (NZBA) guidelines for climate target setting for banks), companies with a turnover of <£50 million and commodity traders. Metallurgical coal Is excluded from scope as it is currently essential to the steel industry. We will continue to review our policies in line with our EWRMF which considers a range of factors in the external economic, political, and regulatory environment.

(5) Our 2030 diversity targets are subject to local laws and regulations.

(6) The senior leadership population is CEO-2+ and our management population is grades C11+. From 2025, we will also include Black mixed ethnicity categories into our Black diversity target calculations.

(7) Retail Banking customers with active current accounts that have accessed a digital platform (online or mobile) and not used the branch or telephony for 90 days in the reporting period. Inactive customers and customers with no channel use excluded.

(8) Commercial & Institutional franchise customers with active non-personal account(s) that access their account 95% or more through digital channels (online, mobile, Bankline), for three rolling months in the reporting period.

2024 progress

We have an ambition to be net zero across our financed emissions, assets under management and our operational value chain by 2050. This aligns with the UK's legal commitment to be net zero by 2050.

The scale of our current emissions varies across different activities with approximately 90% related to Scope 3 category 15 financed emissions (customer Scope 1 and 2 from our lending and investments). A further 7% relates to our assets under management (AUM) and 3% to our operational value chain.

For further details of our emissions footprint and progress refer to pages 23 to 26.

We aim to help our customers on their journey toward a net-zero economy, including engaging on how NatWest Group could support their transition ambitions. We continue to monitor progress on supplier and fund decarbonisation and support institutional investors as they seek to decarbonise their portfolios.

During 2024 we continued to integrate climate considerations into our decision-making processes, including starting to roll-out our Climate Decisioning Framework (CDF) tools on a test-and-learn basis.

For further details on our Climate transition plan refer to pages 27 to 34 and pages 64 to 75.

For further details on our external dependencies refer to pages 39 and 40.

Progress against our climate-related ambitions and targets

Reducing our own operational emissions

2024	122,619	-51%
2023	131,558	-47%
2019 baseline	247,718	

51%

reduction achieved since 2019

We have achieved our ambition to reduce our direct own operational emissions[1] by 50% between 2019 and 2025 for Scope 1, location-based Scope 2, and certain Scope 3 categories.

Four out of nine

sectors are aligned to decarbonisation convergence pathways[2]

% of Managed Assets considered portfolio aligned to a net-zero pathway

2024	58%
2023	49%

58%

as at 31 December 2024

We have an ambition to align 70% of Managed Assets to a net-zero pathway by 2030.[3]

Climate and sustainable funding and financing

2024	£31.5bn
2023	£29.3bn
2022	£24.5bn
2021	£8.1bn

£93.4bn (LA)

provided between 1 July 2021 and the end of 2024

We have a target to provide £100 billion in climate and sustainable funding and financing between 1 July 2021 and the end of 2025.[4]

% of homes in our UK mortgage portfolio rated at EPC C or better, where EPCs are available

2024	46.3%
2023	44.1%
2022	41.6%

46.3% (RA)

as at 31 December 2024

We have an ambition for 50% of our UK residential mortgage portfolio to have an EPC rating of C or better by 2030, where EPCs are available.

Exposure to coal customers globally

£0.6bn (LA)

as at 31 December 2024

We have an ambition to complete a global phase-out of coal by 1 January 2030.[5]

(1) NatWest Group defines direct own operational emissions as Scope 1, location-based Scope 2 and Scope 3 (paper, water, waste, business travel, commuting and work from home) emissions.

(2) Based on 2023 emissions, reflecting sectors for which convergence pathways have been developed with reference to external scenarios. Refer to pages 23-26 for further details.

(3) We consider Managed Assets (those assets we invest on our customers' behalf, which represented 83% of AUM as at 31 December 2024) to be in-scope for our interim 2030 portfolio alignment target and our weighted average carbon intensity (WACI) ambition. Refer to page 75 for details of WACI.

(4) Climate and sustainable funding and financing, as defined in our climate and sustainable funding and financing inclusion (CSFFI) criteria, represents only a relatively small proportion of our overall funding and financing. Refer to page 20 for further details.

(5) Relates to thermal and lignite coal (coal that is typically used as a fuel for steam-electric power) coal production, coal-related infrastructure or transport. Data challenges, particularly the lack of granular customer information, create challenges in identifying customers with 'coal related infrastructure' and other customers with coal-related operations within NatWest Group's large and diversified customer portfolios As such, the scope excludes companies who generate less than 5% of their revenues via coal activity (in line with Net-Zero Banking Alliance (NZBA) guidelines for climate target setting for banks), companies with a turnover of <£50 million and commodity traders. Metallurgical coal Is excluded from scope as it is currently essential to the steel industry. We will continue to review our policies in line with our EWRMF which considers a range of factors in the external economic, political, and regulatory environment.

2024 progress continued

As a UK-focused bank, serving over 19 million customers, with business operations reaching across retail, commercial and private banking markets, we continued to support our customers, colleagues and the communities we serve.

In 2024, we worked towards the ambitions and targets we set ourselves to increase female and ethnic minority colleagues in senior roles, to help people to manage their financial wellbeing, to deliver interventions to help start, run or grow a business, and to reach young people through our NatWest Thrive programme.

We also announced in March 2024 our ambition to lend £5 billion to the UK social housing sector between 1 January 2024 and the end of 2026 to support a pipeline of new homes and improve living conditions. We increased this ambition in February 2025 to £7.5 billion, over the same period.

Our progress against these ambitions and targets is summarised opposite.

We also continue to digitalise our services, becoming a simpler, better integrated and more technology-enabled bank. We have set 2025 targets as we work to create a future-fit platform bank.

Read more in the 2024 Sustainability Basis of Reporting and Sustainability Datasheet.

Progress against our broader sustainability-related ambitions and targets

Female and ethnic minority colleagues in senior roles

2024	**43%**
2023	41%

43%(1)

women in our CEO-3 and above global roles as at 31 December 2024.

Our 2024 target was to reach 43%.

2024	**13.2%**
2023	13%

13.2%(1)

colleagues from ethnic minority backgrounds in our CEO-4 and above UK roles as at 31 December 2024.

Our 2024 target was to reach 13.5%.

People helped to manage their financial wellbeing

2024	**7.8m**
2023	6m

7.8m(2)(LA)

in 2024

Our 2024 target was to help 7 million people manage their financial wellbeing.

Interventions to start, run or grow a business

2024	**401,000**
2023	301,000

401,000(LA)

in 2024

Our 2024 target was to deliver 350,000 interventions.

Lending to UK social housing sector

£4.1bn

in 2024

We have an ambition to provide £7.5 billion in lending to the UK social housing sector between 1 January 2024 and the end of 2026.

Young people reached through our NatWest Thrive programme

1.1m(LA)

in 2024

Our 2024 target was to reach 1 million young people, to improve their financial wellbeing and help them feel more confident about their future.

Digitalisation and simplification for our customers

Retail Banking customers banking entirely digitally(3)

79%

(2023: 77%)

Commercial & Institutional customers banking digitally first(4)

83%

(2023: 81%)

Retail banking Cora interactions in 2024

11.2m(LA)

(2023: 10.8m)

(1) The outcomes noted above are based on the management structures in place at the start of 2024 (start of the year for comparative periods), with performance assessed at the end of the year. Based on the performance assessed in line with the management structure in place at the end of the year, we had 41%(RA) (2023: 41%) women in our top three layers globally and 12.9%(RA) (2023: 13.0%) colleagues from ethnic minority backgrounds in the top four layers in the UK as at 31 December 2024.

(2) Includes additional initiatives in 2024 including digital regular saver and Insights. We have an ambition to help 10 million people, per year, manage their financial wellbeing by 2027. We plan to review our financial wellbeing ambition during 2025 in the context of our strategy. Underlying banking products and features in our financial wellbeing ambition will continue to be offered unless otherwise specified.

(3) Retail Banking franchise customers with active current accounts that have accessed a digital platform (online or mobile) and not used the branch or telephony for 90 days in the reporting period. Inactive customers and customers with no channel use excluded.

(4) Commercial & Institutional franchise customers with active non-personal account(s) that access their account 95% or more through digital channels (online, mobile, Bankline), for three rolling months in the reporting period.

Key sustainability topics for our stakeholders and our business

Enhancing the resilience of NatWest Group and helping create sustainable long-term value for our stakeholders is of vital importance for the fulfilment of our strategy and purpose. We engage with our stakeholders to understand their needs and help us identify the most important topics from a sustainability perspective. This engagement guides our approach to addressing key sustainability topics for our stakeholders and our business.

The table below shows our key sustainability topics which are underpinned by risk management, business ethics, and corporate governance. Our approach to, and limitations associated with our materiality assessment is outlined on the following page. Our reporting suite endeavours to disclose progress against each of the key sustainability topics identified.

Topic	Topic description	Relevance for key stakeholders	In this report	Reference in NatWest Group plc 2024 Annual Report and Accounts
Supporting the climate transition	We have an ambition to be net zero across our financed emissions, AUM and our operational value chain by 2050, aligned with the UK's legal commitment to be net zero by 2050. We aim to help our customers on their journey towards a net-zero economy, while continuing to embed climate considerations into decision-making and risk management processes.		Supporting the climate transition Responsible investing and AUM climate transition plan Our evolving approach to nature	Climate-related disclosures (pages 44 to 55) Climate governance (page 90) Risk and capital management (pages 172 to 180, 269 to 271)
Supporting customers and communities through our banking products	We are deepening our customer relationships by building products and services that aim to support customers of all ages and circumstances, regardless of their choice of channel for banking. From helping small businesses with our financial products and expertise, to helping customers and communities manage their financial wellbeing through digital tools and education, we aim to help create positive societal outcomes.		Accessible and inclusive banking Supporting communities through our business activities Supporting our communities through giving and volunteering Accelerating success for small businesses Supporting future generations	Business performance (pages 20 to 25)
Innovation in our products and services	Driving innovation and supporting digital transformation to enhance customer experience and operational efficiency, and create inclusive customer journeys. Embracing innovation through various technologies, including deployment of artificial intelligence.		Choice of channel Ethical use of data and AI	Adapting to evolving market trends (pages 26 and 27) Business performance (pagse 20 to 25) Risk overview (pages 56 to 61)
Safeguarding information and tackling financial crime	Keeping our customers' and colleagues' data safe and protecting their privacy. Playing our role to prevent and detect financial crime, by implementing robust controls and compliance processes.		Safe, secure and reliable for our customers	Responsible business – how we operate (pages 38 and 39) Risk overview (pages 56 to 61) Financial crime risk (page 268)
Diverse and skilled workforce	Building towards a diverse, equitable, inclusive and highly skilled workforce, which is empowered by learning and opportunities.		Not applicable	Our colleagues (pages 35 and 36) Supporting colleague wellbeing (page 37) Responsible business – diversity, equity and inclusion (pages 41 and 42) Diversity in the boardroom (page 87)
Driving a culture of integrity and ethics	A culture of integrity and ethics, respecting human rights and preventing corruption and bribery, all of which, is underpinned by corporate governance processes.		Respecting human rights	Governance and remuneration (pages 80 to 170) Responsible business – how we operate (pages 38 and 39) Board oversight of strategy and culture (page 98)

Investors | Customers | Colleagues | Communities | Regulators | Suppliers

Our approach to identifying key sustainability topics for our stakeholders and our business

Our approach to materiality assessments

We perform a full materiality assessment every three years for NatWest Group that is reviewed every year. This year we completed a full assessment to identify important sustainability topics for our key stakeholders and our business.

Our approach considers a broad range of sustainability topics that aims to build long-term value in our stakeholders and for our business. This guides our thinking and ensures we are focused on the right issues through the assessment process. To identify our initial list of topics, we used peer reviews, megatrends, industry analysis, sustainability frameworks and ESG developments.

Stakeholder engagement and topics identified

We collected and analysed views of key stakeholder groups through internal and external interviews, and consultation workshops were held to understand their outcomes of interest. We engaged approximately 50 stakeholders internally in addition to a select group of senior leaders to conclude our list of material topics.

Scope, challenges and limitations

The topics included in the table on the previous page represent key sustainability topics for NatWest Group plc and may differ across our legal entities and geographical footprint. Progress against individual topics can be varied. The topics are not necessarily indicative of, and may be different to, the topics we may disclose in future. Our list of topics and stakeholders engaged may continue to evolve as subsequent materiality assessments are completed and as our, and the industry's, understanding of the sustainability impacts, risks and opportunities continues to develop. Refer to page 2 of this report for further details on the considerations for our materiality assessment.

Like many companies we continue to face challenges on data availability, comparability, and uncertainty on the extent of sustainability-related impacts, as well as associated financial risks and opportunities. We also continue to actively consider new insights and data which may influence or enhance our view on material sustainability topics. We will continue to review industry developments and evolve our approach to the assessment of materiality with regard to new insights, data and developing regulatory obligations and frameworks.

Preparing for incoming sustainability reporting standards

NatWest Group continues to monitor sustainability-related disclosure obligations and set up activities to perform materiality assessments. This includes exploration of enhancements required to our existing processes to address future applicable materiality assessment expectations.

During 2024, we conducted a pilot, with support from an external service provider, which sought to develop our thinking on sustainability topics and inform future potential approaches to conducting materiality assessments under incoming reporting regulations. This will inform the evolution of our existing approach outlined on the left hand side of this page. As part of the pilot, we performed the following initial activities:

- We mapped our stakeholders across our current view of the value chain and identified relevant parts of the value chain where impacts, risks and opportunities (IROs) might arise. We developed an initial list of IROs using a variety of internal and external sources.
- We then developed an analysis framework and implemented it through internal stakeholder engagement to analyse IROs. We then validated our thinking through further engagement with stakeholders to determine a more focused list.

Whilst this exercise helped us in identifying an initial view of sustainability impacts, risks and opportunities, the outcomes did not aid our conclusions in determining our list of material topics. Our assessment this year and our 2024 reporting suite do not reflect the outcome of the pilot. We will continue to develop our materiality assessment approach to meet future reporting standards as they become applicable to NatWest Group and therefore the materiality of our sustainability topics may change over time and NatWest Group's future sustainability reporting and disclosures may be different to those presented in this report and in our 2024 reporting suite.

Sustainability-related opportunities: products and propositions

Our products and services support a wide range of customers, from individuals, families and small businesses through to mid-sized and large commercial customers as well as large institutions.

Our retail, corporate, investment and advisory product offer aims to deliver sustainability-related solutions and tailored expertise to meet our customers' varied needs.

74% of responders to our Future Fit[1] research in 2024 believe sustainability investments have the potential to provide real competitive advantage by increasing their attractiveness to customers and employees. 68% of businesses say all their investments in sustainability are tied to long-term commercial objectives.

As our customers' needs evolve over time, we aim to continually improve and deepen our understanding of how we can enhance our service offer to deliver disciplined growth while embracing new technology to support bank-wide simplification.

We also understand our role in supporting the wider communities we serve, across the UK. It's why some of our propositions reach beyond our customer base, from supporting financial resilience and providing free-to-access sustainability advice, to empowering entrepreneurship through our accelerator network.

Summarised below are our key propositions aimed at supporting customers and communities. Follow the links for further details.

<table>
<tr><th>Personal customers</th><th>Start-ups, SMEs and high growth customers</th><th>Commercial Mid-Market (CMM) customers</th><th>Corporates, financial institutions and funds customers</th></tr>
<tr><td>Carbon footprinting via mobile banking app</td><td colspan="3">EV proposition e.g. Lombard Vehicle Solutions, EV Planner,[2] Salary sacrifice (CMM and large corporates only)</td></tr>
<tr><td>Green mortgage products</td><td colspan="2">Business transition planning (e.g. Carbon Planner)</td><td>ESG regulatory and ratings support</td></tr>
<tr><td>Retrofit and home energy support (e.g. Home Energy Hub)</td><td colspan="3">Green, social and sustainability linked loan products</td></tr>
<tr><td>Responsible investing</td><td colspan="3">Financing for climate and sustainable assets[4]</td></tr>
<tr><td>Propositions supporting accessibility and inclusion (e.g. Foundation Accounts and Banking my Way)</td><td colspan="3">Energy solutions (e.g. Sustainability Solutions, Lombard Green Energy offer)</td></tr>
<tr><td>Financial wellbeing digital tools (e.g. Know Your Credit Score)[3]</td><td>Funding support (e.g. UK Enterprise Fund)</td><td colspan="2">Green, social and sustainability linked bonds</td></tr>
<tr><td>Financial and fraud education (e.g. MoneySense and Financial Foundations Workshops)</td><td colspan="2">Business growth information and guidance (e.g. Business Builder and High Growth Hub)</td><td>ESG-linked foreign exchange and derivatives</td></tr>
<tr><td>Money management support (e.g. Benefits Calculator) and partner referrals (e.g. PayPlan)</td><td colspan="3">Climate and ESG-related thought leadership</td></tr>
<tr><td colspan="2">Digital charitable giving (e.g. Reward Account)</td><td colspan="2">Carbon credit services (e.g. Carbonplace)</td></tr>
<tr><td>Youth proposition (e.g. Rooster Money and NatWest Thrive)</td><td>Business development and support programmes (e.g. Accelerator)</td><td>Workplace pension (e.g. Cushon's sustainable investing strategy)</td><td>ESG short-term products</td></tr>
</table>

Products and propositions available to NatWest Group customers.

Products and propositions available to NatWest Group customers and non-customers.

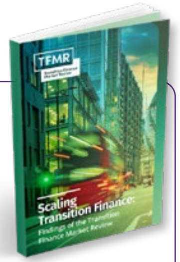
(1) Future Fit Survey sampled 1,000 UK businesses operating across 10 sectors. Refer here for details.
(2) EV Planner is also available to non-customers.
(3) While some financial wellbeing digital tools are available to both customers and non-customers (e.g. Know Your Credit Score), others are available only to customers in our mobile app.
(4) Includes our Device-as-a-Service and Circular Technology proposition, available to CMM and corporate customers.

Collaboration and thought leadership in action

In 2024, we continued to engage with customers, investors, partners, peers and non-governmental organisations (NGOs), taking into consideration relevant anti-trust rules, to help co-create the solutions needed for a more sustainable future, and unlock opportunities connected with the net-zero transition.

For example, we sent a delegation to the UN Climate Conference, COP29, in Baku, Azerbaijan in November 2024, and regularly engaged with organisations such as the Sustainable Markets Initiative (SMI), Net Zero Banking Alliance (NZBA), and Bankers for Net Zero (B4NZ).

The following pages provide further examples of our activity during 2024.



Participant in the UK's Transition Finance Market Review

NatWest Group was part of a multi-bank collaboration, convened by UK Finance, seeking to support the UK's **Transition Finance Market Review**. The collaboration was enabled through roundtables and engagement events and informed the findings captured in the Transition Finance Market Review report, published on 17 October 2024. NatWest Group's Head of Climate Change, was a member of the expert group that helped shape the publication.

The market-led review, part of the UK Government's Green Finance Strategy, builds on the work of the Transition Plan Taskforce to examine how the UK could play a leading role in funding the global net-zero transition through the mobilisation of finance. Its report provides a framework for net-zero transition finance, providing recommendations for collaboration between government, investors, business, and civil society.

It sets out policies and pathways to scale the market for transition finance in the UK and globally, helping to unlock the estimated £50 to £60 billion needed annually to support the UK economy in meeting its net-zero objectives.

GEFI 2024 summit

In September 2024, NatWest Group hosted the **Global Ethical Finance Initiative (GEFI)** summit at our headquarters in Edinburgh. The international conference attracted representation from industry, academia, government, UN agencies, media, and civil society. The summit explored the theme of 'Progress or Procrastination'. The event programme featured keynote speeches, panel discussions, and presentations covering transition to net zero, leadership, climate change, and mobilising finance for nature-based solutions.

Also announced at the summit, was the publication of the Scottish Taskforce for Green and Sustainable Financial Services Report. NatWest Group contributed to the report as a taskforce member. The report sets out recommendations on how Scotland can take advantage of opportunities to become a global centre for green finance, by attracting the right people, skills and expertise.

Activity during London Climate Action Week

In June 2024 NatWest Group supported a 3Ci-led event titled **'Enabling place-based net-zero investment'**. The event saw stakeholders from national and local government, private sector investors, and other bodies, discuss practical strategies for investing in net-zero projects at the local level.

Through focused discussions, case studies, and panel sessions, participants explored the role of finance and policy action in accelerating project implementation.

We also hosted our second annual **Women Mobilising Sustainability** event during London Climate Action Week, recognising the contribution women-led businesses supported by NatWest Group make towards a more sustainable economy. The event was complemented by two roundtable events held in Stockholm and Singapore, which also recognised the contribution of women mobilising capital to sustainable solutions, and our Women in Sustainability podcast series celebrating women working in the field of sustainability.

Collaboration and thought leadership in action continued

From supporting the affordable housing sector and our efforts to help combat homelessness in the UK, to contributing to the development of the UK's National Wealth Fund, we continue to engage and work with industry, government, financial institutions, and academia.

For details of our external commitments, memberships and accreditations, refer to natwestgroup.com

Supporting the UK's National Wealth Fund

NatWest Group was approached in April 2024 to join a taskforce set-up by the Labour Party[(1)] to provide advice on the establishment of a National Wealth Fund to support investments in the UK's clean energy and growth industries. Our role was to coordinate the sectors working group as well as inputting into the taskforce's interim and final report, which was published in July 2024. The National Wealth Fund aims to mobilise billions of pounds of investment in the UK's world-leading clean energy and growth industries and support the delivery of the government's new Industrial Strategy.

(1) In 2024, NatWest Group made no political donations, nor incurred any political expenditure in the UK or EU. Refer to page 169 of the NatWest Group plc 2024 Annual Report and Accounts for details.

Affordable housing and homelessness

In March 2024, NatWest Group announced an ambition to provide £5 billion of lending to the UK social housing sector between 1 January 2024 and the end of 2026. This was updated in February 2025 to £7.5 billion over the same period. During 2024, we provided £4.1 billion of lending to the sector.

This funding aims to help the housing association sector deliver a pipeline of new homes to boost the availability of social housing in the UK, as well as improving the quality of existing properties. This includes energy efficiency retrofits.

Since 2021, NatWest Group has been part of a consortium led by Pineapple Sustainable Partnerships and including Places for People, British Gas, Sero and Tallarna. The consortium aims to help tackle the UK's home retrofitting challenge at scale through several housing association delivery partners.

In 2024, we started a UK retrofit pilot on 1,000 homes owned by Places for People. The pilot seeks to quantify the potential environmental, financial and health benefits associated with retrofitting affordable housing while acting as a real-world test-bed for reducing the cost of net zero for landlords.

By simplifying the retrofit process for landlords and exploring project financing, the consortium aims to unlock a scalable solution for social housing providers.

This ongoing support for the sector aligns with our engagement with Homewards, a five-year, locally led programme launched by the Royal Foundation of The Prince and Princess of Wales aimed at preventing and combating homelessness.

Since June 2023, we have been a Homewards activator, working alongside organisations from a range of sectors and industries to contribute outreach, skills and resources to help develop and deliver solutions to prevent homelessness in six areas of the UK.

Building capability through the University of Edinburgh

2024 was the final year of our three-year collaboration with the University of Edinburgh Centre for Business, Climate Change and Sustainability. The collaboration developed bespoke climate training for colleagues across the bank and was delivered through our digital learning academy. Its aim was to build confidence capability, and to provide support to enable better conversations on climate change with customers, and each other. Our approach centred around three key ambitions:

- Providing easily accessible learning materials on climate awareness, enabling ongoing colleague upskilling. In 2024, colleagues completed almost 30,000 modules from our climate and nature education resources developed in partnership with the University of Edinburgh.
- Equipping colleagues in priority roles with the capability to support our customers to manage climate-related risks.
- Inspire climate action and innovation through learning and professionalisation.

Following this three-year collaboration, we continue to engage with the University of Edinburgh, as well as with organisations such as the Chartered Banker Institute to continue to enhance our colleagues' learning on climate-related matters.

Refer to page 34 of the 2023 NatWest Group Climate-related Disclosures Report and page 48 of the 2022 NatWest Group Climate-related Disclosures Report for further details of our collaboration with University of Edinburgh.

Climate-related Financial Disclosures

In 2017, NatWest Group committed to support the Financial Stability Board's Task Force on Climate-related Financial Disclosures ('TCFD') recommendations and has published climate-related disclosures consistent with the TCFD recommendations since February 2022. In 2024, climate-related disclosures have been made within the 2024 NatWest Group plc Annual Report and Accounts, the 2024 NatWest Group Sustainability Report, the 2024 NatWest Group Sustainability Basis of Reporting and the 2024 NatWest Group Sustainability Datasheet ('2024 Climate-related Disclosures Reporting Suite').

NatWest Group confirms that it has:

- made climate-related financial disclosures for the year ended December 31, 2024 that it believes are consistent with the TCFD Recommendations and Recommended Disclosures (as defined in the FCA's Listing Rules, as amended by the Disclosure of Climate-Related Financial Information (No 2) Instrument 2021) which include (i) Final Report – Recommendations of TCFD (June 2017) (focusing in particular on the four recommendations and the eleven recommended disclosures set out in Figure 4 of Section C of the TCFD Final Report); (ii) Implementing the Recommendations of TCFD (October 2021 version); (iii) Technical Supplement – The Use of Scenario Analysis in Disclosure of Climate-related Risks and Opportunities (June 2017); (iv) Guidance on Risk Management Integration and Disclosure (October 2020); and (v) TCFD Guidance on Metrics, Targets and Transition Plans (October 2021 version) and summarised in the tables in the 2024 NatWest Group Sustainability Datasheet; and
- set out its climate-related financial disclosures in part in this report, in part in the 2024 NatWest Group plc Annual Report and Accounts, in part in the NatWest Group 2024 Sustainability Basis of Reporting and in part in the NatWest Group 2024 Sustainability Datasheet (all published on 14 February 2025 and available at natwestgroup. com) to ensure that the disclosures are included in the most relevant sections in each report, as appropriate.

We have adopted this approach to seek to ensure that we have presented the detailed and technical content in the clearest position for users of these reports.

The climate-related disclosures in the 2024 Climate-related Disclosures Reporting Suite do not cover NatWest Group's Pension Fund (including both Defined Benefit Scheme and Retirement Savings Plan), which are reported on in separate climate-related disclosures published by the trustee of that Fund and regulated by The Pensions Regulator.

Refer to the NatWest Group 2024 Sustainability Datasheet for progress against select industry-wide standards, including TCFD.

Consistency with the Financial Conduct Authority's ESG sourcebook requirements for asset managers and certain FCA-regulated asset owners

The Responsible Investing chapter of the 2024 NatWest Group Sustainability Report is intended to align with the Financial Conduct Authority's ESG sourcebook requirements for asset managers and certain FCA-regulated asset owners to make disclosures consistent with the recommendations of the TCFD.

The legal entities whose assets under management are within the scope of this report are Royal Bank of Scotland plc, Coutts & Co (Coutts), RBS Collective Investment Funds Limited (CIFL), Royal Bank of Scotland International Limited, National Westminster Bank plc. In June 2023, NatWest Group acquired workplace savings and pension provider Cushon Group. Assets under management associated with Cushon Group (£2,974 million in assets as at December 2024) do not form part of this report. In addition, the assets of the pension provider, held in the Cushon Master Trust and regulated by The Pensions Regulator, do not form part of this report. The Trustees of the Cushon Master Trust publish separate climate-related disclosures.

We believe that the disclosures related to assets under management, set out in section 'Responsible investing and AUM climate transition plan' of this report, including any cross-referenced disclosures in the remainder of this report, are consistent with the requirements set out in Chapter 2 of the Financial Conduct Authority's Environmental Social and Governance Sourcebook.

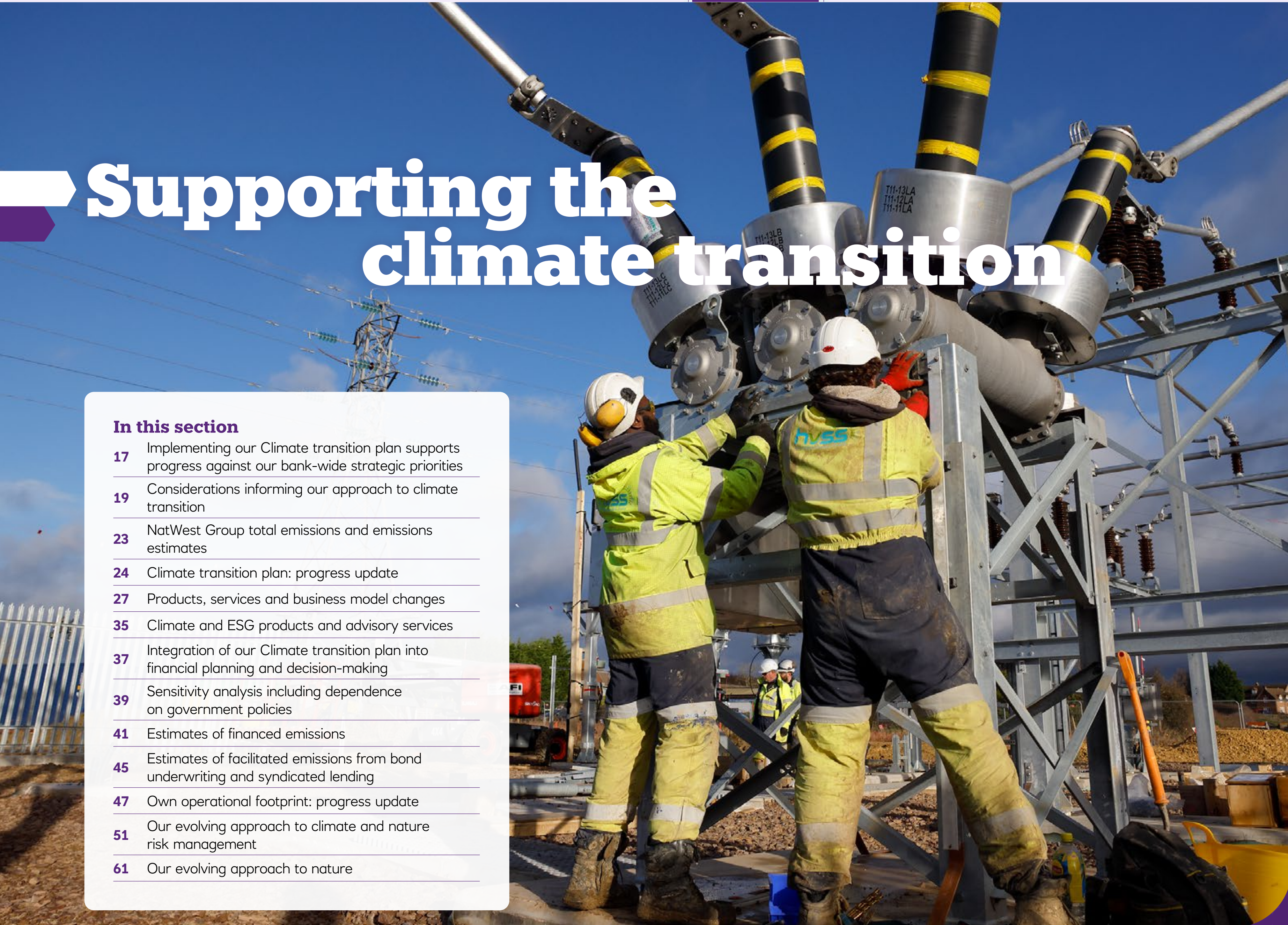
Emma Crystal
Chief Executive Officer, Coutts & Co

Future developments

NatWest Group, as a primarily UK-focused bank, continues to monitor and prepare for upcoming and developing corporate disclosure regulations and frameworks that may impact our reporting on sustainability matters over time. In particular, we are monitoring:

1. The UK Government's development of UK Sustainability Disclosure Standards, including the anticipated adoption of IFRS Sustainability Disclosure Standards issued by the International Sustainability Standard Board's (ISSB) IFRS S1 and IFRS S2, and transition plan disclosures with reference to the Transition Plan Taskforce (TPT) Disclosure Framework. We currently expect these to apply from 2026 or 2027 reporting.
2. The EU's Corporate Sustainability Reporting Directive (CSRD) and associated legislation, anticipated to affect certain subsidiaries for 2025 reporting and create additional reporting requirements for NatWest Group from 2028.
3. Other developing regulations with unspecified or uncertain implementation dates are:
   - The ISSB's ongoing work plan of developments to SASB standards and research on additional sustainability topical standards.
   - The US Securities and Exchange Commission (SEC) Climate-Related Disclosures, which are subject to ongoing legal challenge and political uncertainty.

For further details of our approach to managing regulatory compliance risk refer to page 267 and the Risk factors included on pages 408 to 426 of the NatWest Group plc 2024 Annual Report and Accounts.



Supporting the climate transition

In this section

Implementing our Climate transition plan supports progress against our bank-wide strategic priorities

As a primarily UK-focused bank, we developed our Climate transition plan through a UK lens. Exceptions include our asset management business, where investments are held at a global level. We have identified key climate-related opportunities that have the potential to enable NatWest Group to align its balance sheet, assets under management and operational value chain with its 2030 and 2050 climate ambitions.

NatWest Group's Climate transition plan is developed and executed within the broader context of the UK's decarbonisation and the UK Climate Change Act, under which the UK committed to achieve net zero by 2050. The UK's net-zero target sets the pace of the transition including technology developments to support net zero and customer demand for sustainable finance products and services, which are key enablers of NatWest Group's Climate transition plan. Read more about our dependence on government policy on pages 39 and 40 of this report.

Climate-related opportunities are assessed and prioritised at NatWest Group level and across our business segments via our integrated governance model. Climate-related opportunities and their potential financial impacts are assessed annually as part of the continued integration of our Climate transition plan with the financial plan and related processes. Climate-related risks and opportunities deemed material to our five-year financial planning cycle are viewed as short-term. Medium-term is defined as within the next five to 15 years. Long-term has been defined as beyond 15 years.

We understand that significant investment in climate change mitigation and adaptation will be necessary for the global economy to transition to net zero. This represents an opportunity for capital providers and for the public and private sectors to work together to support the technological advances necessary to meet societal need.

The table below and examples highlighted on the following page indicate how actions taken as part of our Climate transition plan and broader engagement with industry participants have the potential to contribute towards our bank-wide strategic goals.

NatWest Group strategic pillar	Key climate-related opportunities	Potential financial impacts	Relevance to Climate transition plan
Disciplined growth	Supporting and attracting customers aiming to invest in the transition to net zero while deepening engagement.	– Additional fee income through advisory and underwriting activities. – Increased balance sheet volumes through demand for new products and services that support transition. – Increased volume of climate and sustainable funding and financing, on- and off-balance sheet. – Additional expenditure to develop new products and services to support the transition.	– Considerations informing our approach climate transition. – Climate and sustainable funding and financing. – Products, services and business model changes. – Climate and ESG advisory products and services. – Responsible investing and AUM Climate transition plan.
Bank-wide simplification	Continued integration of climate and, over time, nature into decision-making, customer journeys, financial plans and our systems and processes, as well as supplier engagements.	– Increased expenditure to support reduction in carbon footprint and nature-related impacts in our own operations. – Reduced expenditure on energy and travel. – Simplification is expected to drive cost savings once initial investment in systems and processes has been made.	– Integration of our Climate transition plan into financial planning and decision-making. – Own operational footprint.
Active balance sheet and risk management	Improve and execute policies and procedures to identify, assess and manage climate and nature-related risks.	– Reduced exposure and geographical footprint related to activities identified as harmful within our Environmental, Social and Ethical (ESE) risk acceptance criteria. – Changes in expected credit losses (ECL).	– Considerations informing our approach climate transition. – Understanding the drivers of heightened climate-related risk. – Products, services and business model changes. – Our evolving approach to climate and nature risk management. – Our evolving approach to nature. – Responsible investing and AUM Climate transition plan.

The table below outlines progress we have made during 2024 as we continued to implement our Climate transition plan.

Disciplined growth

To attract new customers and deepen relationships

- We provided £31.5 billion in climate and sustainable funding and financing during 2024, including £3.5 billion in lending for EPC A and B residential properties.
- We continued to provide educational, support and engagement tools. More than 6,500 businesses registered with Carbon Planner in 2024 and our Home Energy Hub had 120,000 visits in 2024, with more than 30,000 Home Energy Plans completed.
- Our suite of lending products continued to provide financing to our customers aligned to their transition goals, ranging from green mortgage products to sustainable transport lending, supported by the issuance of green bonds, including our innovative Clean Transportation (Electric Vehicles) Bond.
- We listened to feedback to enhance the level of insight and thought leadership available through our customer-facing tools, including our EV Planner which enabled 966 users to obtain an EV readiness report in 2024, an increase of 185% on 2023.
- We launched our new Device-as-a-Service and Circular Technology propositions in collaboration with Rigby Capital, offering full lifecycle support for customers, from initial funding and installation of technology through to end of life re-use or recycling. £14.7 million in funding was provided during proof of concept in 2024.

Bank-wide simplification

To build a future-fit platform, culture and operating systems to enable even greater impact

- We continued to focus on enhancing customer journeys via improvements to our Climate Decisioning Framework (CDF), with 573 large customers undertaking a Customer Transition Plan Assessment (CTPA) during 2024.
- Colleague training and upskilling continued throughout 2024. Colleagues completed almost 30,000 climate education modules through resources prepared in partnership with the University of Edinburgh.
- We also provided bespoke training for our customer-facing relationship managers to ensure they are equipped with the right skills to help our customers navigate the climate transition, with approximately 2,500 colleagues receiving training in 2024.
- By providing our suppliers, who account for 70% of our supply chain emissions, with free access to the CDP supply chain module we were able to increase the proportion of supplier-specific data used in the calculation of supplier emissions to 39%, compared with 18% in 2023.

Active balance sheet and risk management

To leverage our balance sheet and deliver within our existing risk profile

- We have now analysed 88% of our loans and investment exposure, including sovereign debt, for financed emissions estimation as at 31 December 2023 and our Climate transition plan covers 83%.
- We continued to enhance in-house climate risk modelling capabilities, supporting the integration of climate-related risks within our capital adequacy and impairment processes, and maturing physical risk scenario analysis.
- We continued to refine our Environmental, Social and Ethical (ESE) Risk Acceptance Criteria to further improve management of climate and nature risk and reputational risk with reference to our EWRMF.
- We also started to roll-out CDF tools on a test-and-learn basis, comprising Climate Risk Scorecards and customer-level CTPAs.
- During 2024 we issued two bonds under our Green, Social and Sustainable (GSS) Financing Framework, including a €750 million Clean Transportation (Electric Vehicles) Bond, making NatWest Group the first UK bank to issue a green bond where the use of proceeds are intended to exclusively finance or re-finance electric vehicles.
- Recognising the inextricable link between climate risk and nature degradation, NatWest Group added nature risk to its climate risk considerations within the risk directory and policy, for consideration from 2024.

Read more about how we are succeeding with customers and turning their possibilities into progress on our website at natwestgroup.com

Considerations informing our approach to climate transition

We continue to develop our understanding of systems thinking – how emissions flow through the economy to meet societal needs for energy, mobility, property and food. This has helped us to identify and prioritise our Climate transition plan in the areas that are most likely to support our customers' net-zero transition and their day-day-lives.

A UK context

The UK halved its GHG emissions between 1990 to 2022, while growing its economy by 79%. According to the Department for Energy Security and Net Zero during that time, the power sector decarbonised by 73%, mostly due to the replacement of coal with low-carbon electricity. However, in 2022 three-quarters of the UK's emissions still arose from production and consumption of oil and gas.

Accelerating the energy transition

A cleaner electricity supply and investment in grid infrastructure has the potential to enable the reduction of Scope 2 emissions for all electricity consumers across the economy.

Given the relative commercial and technological maturity of available solutions, increasing the proportion of power generated via renewable sources remains a UK focus in the near term, as demonstrated by the UK Clean Power Action Plan. This aims to double the current installed capacity, with about 90% of additional sources coming from renewables and battery storage by 2030. Refer to page 39 for further detail. The UK Clean Power Action Plan also focuses investment into grids, storage, and flexible services to balance supply and demand.

The electrification of surface transport and heat within buildings and industry is supported by the UK Government's updated ambition on the Zero Emissions Vehicle (ZEV) Mandate and Warm Homes Plan.

The importance of manufacturing and construction for net zero

The manufacturing processes of certain foundational materials, in particular iron, steel, cement, concrete and petrochemicals are considered relatively hard to abate, given the technological immaturity of available decarbonisation options.

The National Wealth Fund focuses on funding new enabling infrastructure and technological breakthroughs required between now and 2030 to support industrial decarbonisation, including carbon capture and storage (CCS) and green hydrogen technology.

Removing emissions and building resilience to climate impacts

Restoring natural ecosystems has the potential to mitigate biodiversity loss, soil degradation, and water pollution. It has the potential to sequester carbon emissions and build resilience to climate impacts.

As 70% of UK land was farmed in 2023, the agriculture sector plays a critical role in implementing nature-based solutions, which can be supported by payments from agricultural subsidy reforms in England, Scotland and Wales; and Biodiversity Net Gain (in England).

Our Climate transition plan

Our Climate transition plan is developed and implemented in the context of the decarbonisation of the UK economy, and is therefore dependent on government policy and technological advancement to stimulate customer demand to invest in the transition. We estimate the expected absolute emissions and emissions intensity reductions of our own and our customers' actions by measuring the impact of these dependencies as part of our Climate transition plan. To do this, we used the UK CCC's Sixth Carbon budget, published in 2020, to set initial estimates of the contribution of these external dependencies. The actions included in our Climate transition plan reflect the progress being made by NatWest Group and its customers.

Refer to pages 39 and 40 for further detail on our external dependencies, including government policies and our 2024 advocacy campaigns.

Our systems approach has helped us to identify areas with the potential to enable systemic change across the economy to meet societal needs for property, food, mobility and energy. The systems covered in this report are those with the most material emissions for NatWest Group, offering commercial opportunities as well as the potential for system-wide decarbonisation.

The two largest sources of emissions in the UK in 2022 were domestic transport and buildings, primarily due to the current reliance on fossil fuels. The electrification of vehicles and the heating of buildings could enable these sectors to decarbonise if the energy sector is also able to reduce consumption of fossil fuels and expand generation capacity to meet the energy needs of other sectors that are also decarbonising. The UK Clean Power Action Plan focuses on increasing the capacity of renewable energy and battery storage to provide clean electricity across the economy.

Refer to pages 27 to 34 for further detail of our actions supporting the decarbonisation of the property, food, mobility and energy systems.

As customers transition, the reduction in emissions intensities is expected to accelerate as the roll-off of high carbon intensity business balances out new lower-carbon intensive lending, gradually resulting in the decarbonisation of the balance sheet. This may result in non-linear emissions reductions, both within and across sectors.

Refer to pages 25 and 26 for further detail on our sector-level targets. For details of our estimated financed emissions refer to pages 25 and 26. Refer to pages 45 and 46 for detail on our estimated facilitated emissions.

The agriculture sector plays a pivotal role in managing land in a way that sequesters emissions and restores ecosystems.

As at 31 December 2023, 21% of NatWest Group's Scope 3 category 15 financed emissions (customer Scope 1 and 2) were from the agriculture sector, including Land-Use, Land-Use Change and Forestry (LULUCF).

Refer to pages 29 and 30 for further detail on our support to the food system, including partnering with food companies.

Our Climate transition plan is unlikely to be achieved without timely and appropriate government policy and technology developments, as well as the supplier, customer and societal response required to support the transition. Read more about how our external dependencies are factored into our Climate transition plan on pages 39 and 40.

Climate and sustainable funding and financing

As part of supporting our customers' transition to net zero, we have a target to provide £100 billion climate and sustainable financing and funding between 1 July 2021 and the end of 2025.

As part of this target, we aim to provide at least £10 billion of lending for EPC A and B residential properties between 1 January 2023 and the end of 2025.

NatWest Group uses its climate and sustainable financing and funding inclusion (CSFFI) criteria[1] to determine the assets, activities and companies that are eligible to be included within its climate and sustainable funding and financing target.

Since 1 July 2021 NatWest Group had provided £93.4 billion of climate and sustainable funding and financing by 31 December 2024 (£31.5 billion in 2024).[2]

This consisted of £80.5 billion (£27.8 billion in 2024) contributed by Commercial & Institutional (including NatWest Markets £48.1 billion (£17.7 billion in 2024), and RBS International £6.1 billion (£1.6 billion in 2024)), as well as £12.0 billion from Retail Banking (£3.3 billion in 2024) and £0.9 billion from Private Banking (£0.4 billion in 2024).

	Full year ended 31 December 2024 (£bn)	Full year ended 31 December 2023 (£bn)	**Cumulative progress towards the £100bn target (since 1 July 2021) (£bn)**
Lending commitment			
Specific purpose wholesale lending[2]	7.1	5.1	16.4
Residential mortgages with EPC A or B[3]	3.5	3.9	12.8
Sustainability linked loans[2,5]	4.3	5.4	17.1
Other general purpose wholesale lending within CSFFI criteria[2]	0.8	1.5	4.1
	15.7	**15.9**	**50.4**
Underwriting activity			
Green and sustainability public bond issuances and private placements[4]	14.4	12.4	39.5
Sustainability linked bonds and private placements[5]	0.1	0.1	1.2
Other general purpose wholesale underwriting within CSFFI criteria[6]	1.3	0.9	2.3
	15.8	**13.4**	**43.0**
Total	**31.5**	**29.3**	**93.4**

(1) For the year ended 31 December 2024, the NatWest Group CSFFI criteria published in March 2024 were used to determine eligible assets, activities and companies for inclusion. For the year ended 31 December 2023, our CSFFI criteria published in December 2022 were applied. For the year ended 31 December 2022, our CSFFI criteria published in October 2021 were applied. For the period ended 31 December 2021, the CSFFI criteria published in February 2021 were applied. Lending to personal customers for properties with EPC A and B ratings was included within climate and sustainable funding and financing reporting from 1 July 2021. NatWest Group's own Green, Social and Sustainability (GSS) bond issuances are not included in the table above. Climate and sustainable funding and financing represents only a relatively small portion of our overall funding and financing. Full details of the latest CSFFI criteria can be found at natwestgroup.com

(2) Lending amounts represent total commitment and include any undrawn portion of committed credit limits.

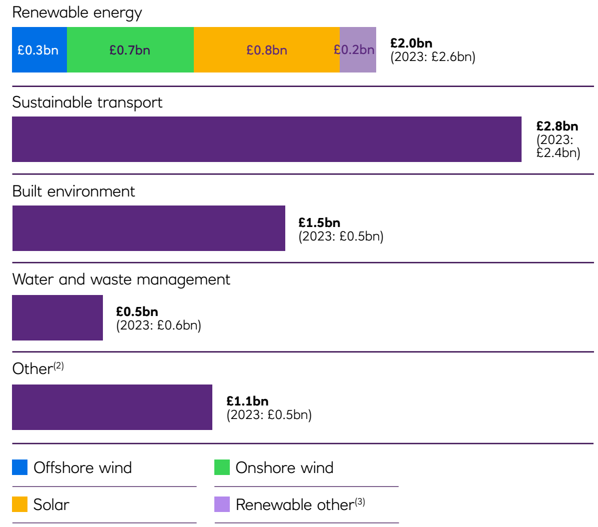
(3) Refer to page 60 for data availability and limitations related to EPC data.

(4) Underwriting of specific use of proceeds debt capital market issuance for project expenditures, sovereign and EU green bond auctions, as well as green loan commitments when customers meet the CSFFI criteria. Amounts represent the NatWest Group share (total underwriting amount lead managed or placed by NatWest Group) of the notional deal amount and the allocated auction bond volumes. During the year ended 31 December 2024, NatWest Group lead managed or placed 103 green bonds (including auctions), and private placements totalling a notional amount of £11.6 billion (78 deals, £10.2 billion during full year 2023). The CSFFI criteria allow for the inclusion of eligible sustainability bonds, which contributed 18 deals and £2.8 billion of climate and sustainable funding and financing in the year ended 31 December 2024.

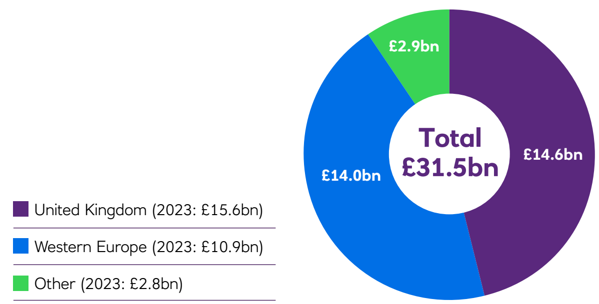
(5) Sustainability linked loans, bonds and private placements aligned with Loan Market Association (LMA) Sustainability Linked Loan principles and International Capital Market Association (ICMA) Sustainability Linked Bond principles where deal targets include green performance indicators, aligned to CSFFI criteria.

(6) In addition to transactions that directly meet CSFFI criteria based on use of proceeds for green purposes, the CSFFI criteria also include certain general purpose loans and wider financing (including bonds and private placements) to customers who can evidence (to NatWest Group's satisfaction through review of the customers' profit and loss statement or balance sheet): 90% or more of revenues are in the categories or sectors outlined in the CSFFI criteria, or for real estate and utilities companies 90% of their assets are in categories or sectors outlined by the CSFFI criteria, or for fund clients 90% of assets under management are invested in activities that meet the CSFFI criteria.

Wholesale lending by CSFFI criteria category in 2024[1]



Geographical split of climate and sustainable funding and financing in 2024[4]



(1) Sustainability linked loans are excluded from this chart.

(2) Other consists mainly of power and utilities (£513 million) and energy efficiency (£166 million).

(3) Renewable other – primarily relates to lending to funds that invest in multiple types of renewable energy.

(4) Since 1 July 2021, UK £48.0 billion, Western Europe £37.8 billion and Other £7.6 billion. Geography for band issuance is linked to the region of the issuer; for loans it is linked to the region of operation of the borrowing customer.

Considerations informing our approach to climate transition continued

Understanding the drivers of heightened climate-related risk

Active balance sheet and risk management is a fundamental part of NatWest Group's strategy, and, from a sustainability perspective, identifying and addressing the risks arising from the physical effects of climate change and from the transition to a net-zero economy supports the safety and soundness of the bank.

The physical and transition risks[1] associated with climate change are transmitted through the economy to NatWest Group. This transmission, which also includes liability risks, happens in a number of ways, including but not limited to, impacts on NatWest Group's key risks.

Heightened climate-related risk sectors are likely to see increased credit risks as a result of climate-related factors, over a 10-to-15-year horizon. Our assessment applies three lenses which consider transition, physical and liability risk.

Total wholesale heightened climate-related risk exposure increased by £13.7 billion since 2023, driven by increased lending in the residential mortgage portfolio and the housing associations sector. Textiles and telecommunications were identified as heightened for the first time in 2024 due to an updated methodology, refer to the next page for details.

In some sectors, only certain subsectors are identified as facing heightened climate-related risks. These subsectors are comparatively more exposed to extreme weather events, shifts in technology, evolving policies, changes in consumer demand patterns, and potential liability risks associated with higher emissions.[4] In particular:

– Property-related sectors: Commercial real estate subsectors, housing associations and residential mortgage portfolio are considered heightened climate-related risk due to exposure to physical risk.

As a UK-focused bank, we have considered the majority of climate-related risks and opportunities influencing our strategy through a UK lens. The below table shows all sectors with exposure classified as heightened climate-related risk. Exposure is based on loans, loan commitments and contingent obligations, which are in scope for IFRS9. The amounts reported in the table include all lending to customers including climate and sustainable lending.

		As at 31 December 2024					As at 31 December 2023				
	Main driver for inclusion[1]	Loans £m	Off-balance sheet exposure[2] £m	Total sector exposure £m	Of which heightened £m	Heightened as a % of NatWest Group total	Loans £m	Off-balance sheet exposure[2] £m	Total sector exposure £m	Of which heightened £m	Heightened as a % of NatWest Group total
Wholesale heightened climate-related risk sectors		**96,480**	**61,502**	**157,982**	**109,302**	**19.9**	**89,787**	**57,835**	**147,622**	**100,743**	**19.2**
Commercial real estate[3]	🟣🔵	18,141	6,804	24,945	24,945	4.5	17,412	7,261	24,673	24,673	4.7
Housing associations	🟣	10,801	6,011	16,812	16,812	3.1	9,474	5,496	14,970	14,970	2.9
Power utilities	🟣🔵	7,175	8,910	16,085	16,085	2.9	6,062	8,811	14,873	14,873	2.8
Construction	🟣	4,218	1,407	5,625	5,625	1.0	4,320	1,448	5,768	5,768	1.1
Water and waste	🔵🟡	4,008	1,926	5,934	5,934	1.1	3,722	1,988	5,710	5,710	1.1
Agriculture	🟣🔵🟡	4,822	1,019	5,841	5,582	1.0	4,952	971	5,923	5,681	1.1
Leisure	🟣🔵	6,633	2,317	8,950	5,039	0.9	6,927	2,032	8,959	4,950	0.9
Land transport and logistics	🟣🔵🟡	5,020	3,462	8,482	7,184	1.3	4,870	3,209	8,079	4,152	0.8
Oil and gas	🟣🔵🟡	756	1,846	2,602	2,602	0.5	1,067	2,196	3,263	3,263	0.6
Building materials	🔵🟡	1,665	1,521	3,186	3,186	0.6	1,558	1,547	3,105	3,105	0.6
Food and consumer	🟣	2,197	3,848	6,045	4,560	0.8	1,924	3,464	5,388	2,861	0.5
Automotive	🟣🔵🟡	7,891	4,188	12,079	2,563	0.5	8,307	3,947	12,254	2,504	0.5
Industrials	🟣🔵🟡	2,637	2,915	5,552	3,768	0.7	2,882	3,044	5,926	2,344	0.4
Airlines and aerospace	🟣🔵🟡	2,720	2,202	4,922	2,299	0.4	1,982	1,966	3,948	2,161	0.4
Chemicals	🟣🔵🟡	478	698	1,176	1,176	0.2	420	798	1,218	1,218	0.2
Mining and metals	🟣🔵🟡	222	405	627	627	0.1	277	552	829	829	0.2
Business services[5]		4,019	2,850	6,869	-	0.0	4,246	2,770	7,016	685	0.1
Finance companies	🟣	1,909	851	2,760	321	0.1	1,752	1,087	2,839	391	0.1
Shipping	🟣🔵	264	111	375	296	0.1	245	102	347	347	0.1
Retail	🔵	7,510	4,965	12,475	316	0.1	7,388	5,146	12,534	259	0.0
Textiles[6]	🟣	112	83	195	195	0.0					
Telecommunications[6]	🟣	3,282	3,163	6,445	187	0.0					
Residential mortgage portfolio	🟣🔵	**209,846**	**13,806**	**223,652**	**223,652**	**40.6**	**208,275**	**9,843**	**218,119**	**218,119**	**41.6**
Total NatWest Group		**410,225**	**140,016**	**550,241**	**332,954**ⓐ	**60.5**[7]ⓐ	**392,040**	**131,958**	**523,998**	**318,862**	**60.9**

🟣 Physical Risks 🔵 Transition Risks 🟡 Liability Risks

Footnotes for this page can be found on the following page.

Commercial real estate is subject to a range of transition risks due to the evolving policy landscape, such as regulation, planning reforms, and wider market shifts.

– The power utilities sector is dependent on infrastructure which is at risk from changing climate factors, facing challenges from shifting market dynamics and price volatility.

– In construction, project outcomes are affected by location and face challenges that impact structural integrity and timely completion due to weather changes and supply chain risks.

Considerations informing our approach to climate transition continued

Methodology enhancements

We assess climate risk at a subsector level, allowing for targeted action, and our methodology continues to evolve.

NatWest Group uses climate scenario analysis to assess the ongoing resilience of our strategy. The quantitative subsector level outputs from our climate scenario analysis form the foundation of our assessment methodology.

Key 2024 enhancements include:

- Integration of internally developed Orderly Policy and Disruptive Policy transition risk scenarios to ensure our assessment considers a diverse range of climate transition pathways.
- Inclusion of the Physical Risk Gross Value Added model to capture UK and international physical risks affecting UK businesses and supply chains.

For further details of our assessment methodology and data limitations, refer to page 8 of NatWest Group's 2024 Sustainability Basis of Reporting.

Managing climate-related risks

Heightened climate-related risk sector methodology is used to identify segments of the portfolio with inherent heightened credit risk, which is then used to support portfolio management, including risk appetite setting, to effectively manage the inherent risk, refer to page 52 for further details.

The residential mortgage portfolio has been identified as exposed to heightened climate-related risk, and exposure is consolidated in the tables for completeness.

For details of how we are managing risks to the residential mortgage portfolio, refer to page 60.

Associated risk impacts, such as flood risk and energy efficiency, are disclosed on pages 212 to 213 of the NatWest Group plc 2024 Annual Report and Accounts.

	Loans by geography[1]			Loans by Asset Quality[2]			Loans by residual maturity		
Sector/Portfolio	UK	Europe	RoW	AQ1-4	AQ5-9	AQ10	<1yr	1-5yr	>5yr
Wholesale heightened climate-related risk sectors	**87,572**	**13,257**	**8,473**	**60,953**	**46,877**	**1,472**	**26,527**	**58,001**	**24,774**
Commercial real estate	24,430	388	127	10,151	14,356	438	5,806	18,081	1,058
Housing associations	16,812	0	0	16,252	546	14	508	6,783	9,521
Power utilities	7,738	6,190	2,157	10,703	5,301	81	2,629	8,738	4,718
Construction	5,487	101	37	841	4,463	321	2,676	2,441	508
Water and waste	5,831	103	0	4,381	1,435	118	1,600	2,477	1,857
Agriculture	5,493	15	74	637	4,846	99	1,984	1,684	1,914
Leisure	4,354	256	429	579	4,345	115	1,045	2,702	1,292
Land transport and logistics	5,046	1,339	799	4,840	2,285	59	2,077	3,703	1,404
Oil and gas	1,201	657	744	1,819	719	64	859	1,515	228
Building materials	2,585	597	4	1,201	1,965	20	1,193	1,754	239
Food and consumer	2,152	837	1,571	3,054	1,497	9	2,657	1,770	133
Automotive	876	1,309	378	2,005	555	3	820	1,725	18
Industrials	2,694	517	557	1,689	1,993	86	1,251	2,172	345
Airlines and aerospace	889	307	1,103	1,621	676	2	146	1,111	1,042
Chemicals	588	537	51	482	692	2	271	696	209
Mining and metals	384	0	243	269	355	3	488	109	30
Business services	0	0	0	0	0	0	0	1	-1
Finance companies	321	0	0	75	246	0	39	282	0
Shipping	177	75	44	151	113	32	89	82	125
Retail	312	4	0	13	300	3	110	100	106
Textiles	193	0	2	10	183	2	98	69	28
Telecommunications	9	25	153	180	6	1	181	6	0
Residential mortgage portfolio	**223,647**	**0**	**5**	**126,160**	**94,943**	**2,549**	**15,384**	**12,491**	**195,777**
Total NatWest Group	**469,450**	**43,030**	**37,761**	**312,660**	**230,832**	**6,749**	**170,893**	**140,081**	**239,267**

Footnotes for page 21:

(1) Refer to the Risk and Capital Management section of the NatWest Group's plc 2024 Annual Report and Accounts for the sources of physical, transition and liability risks.
(2) Off-balance sheet includes loan commitments and contingent liabilities.
(3) Updates made to 2023 figures are aligned to the commercial real estate numbers reported in the NatWest Group plc 2024 Annual Report and Accounts.
(4) The heightened climate-related risk sector assessment within this disclosure provides an aggregate view at industry level; within each sector there will be a diverse mix of counterparties, and as such climate-related risk will vary from customer to customer.
(5) This sector was not identified as a heightened climate-related risk sector under the updated methodology in 2024.
(6) These sectors were identified as heightened climate-related risk sectors under the updated methodology in 2024 for the first time.
(7) Of the total NatWest Group exposure of £550.2 billion as at 31 December 2024, £486.3 billion was subject to the heightened climate-related risk assessment. This includes amounts not considered to be at heightened climate-related risk, on a physical, transition and liability risk basis and is therefore not disclosed within the table on page 21. Sectors and subsectors totalling £64.0 billion were not subject to the heightened climate-related risk assessment.

Footnotes for page 22:

(1) Geography is based on the country of operation of the customer, where cashflows are primarily derived from.
(2) Asset quality is based on Basel probability of default estimates where customers categorised as AQ1 have a very low probability of default in the next 12 months while AQ10 represents customers that are already in default. Refer to the credit risk section of the NatWest Group plc 2024 Annual Report and Accounts for a mapping between asset quality band and indicative S&P Ratings.

NatWest Group total emissions and emissions estimates

During 2024, we continued to focus on activities with the potential to contribute towards our ambition to reduce emissions from our own operations as well as the estimated emissions associated with our funding and financing activities. For our own operational emissions we achieved a 60% reduction against a 2019 baseline in our Scope 1 and location-based Scope 2 emissions and a 44% reduction in Scope 3 operational emissions categories relevant to NatWest Group. The decrease in Scope 3 category 15 estimated financed emissions between 2022 and 2023 reflects efforts to drive customer transition, complemented with better availability of customer data. Operational emissions and estimated absolute financed emissions included in the table have been estimated based on the methodologies outlined in the 2024 NatWest Group Sustainability Basis of Reporting. Data availability and emissions estimate methodologies continue to evolve. As a result, variations in estimated emissions may not always reflect changes in customer activity. Our work has been guided by the availability of methodologies for estimating financed emissions, most notably from the Partnership for Carbon Accounting Financials (PCAF).

We have an ambition to reduce our Scope 1 and location-based Scope 2 emissions by 70% by 2030, against a 2019 baseline, while continuing to consume 100% renewable electricity in our direct own global operations in line with our RE100 commitment.

Refer to pages 47 to 50.

Scope 1 emissions are direct emissions from sources owned and controlled by NatWest Group, for example natural gas and fuel consumption.

Scope 2 emissions are indirect emissions from energy which NatWest Group purchases, for example, electricity used for lighting, heating and cooling.

We have a target to reduce our Scope 3 operational emissions by 50%, against a 2019 baseline, by 2030.

Refer to pages 47 to 50.

Scope 3 category 1-14 emissions include both upstream and downstream emissions. Only the categories relevant to NatWest Group are disclosed.

We have an ambition to at least halve the climate impact of our financing activity by 2030, against a 2019 baseline, supported by sector-based targets.

Refer to pages 24 to 26 and 41 to 44.

Scope 3 category 15 emissions are associated with NatWest Group's lending and investment activities. Our estimation work is guided by the PCAF standard, refer to page 42 for details.

Scope 1 and Scope 2 operational emissions (RA)	2024 $MtCO_2e$	2023 $MtCO_2e$	2022 $MtCO_2e$	2019 $MtCO_2e$	Primary source of NatWest Group emissions
● Scope 1	0.01	0.01	0.02	0.02	Natural gas and fuel
● Scope 2 (location-based)	0.05	0.05	0.07	0.12	Purchased electricity
Total Scope 1 and Scope 2 (location-based)	**0.06**	**0.06**	**0.09**	**0.14**	
Scope 3 operational emissions categories relevant to NatWest Group[1] (LA)					
● 1. Purchased goods and services	0.32	0.32	NF[2]	0.45	Supply chain
● 2. Capital goods	0.03	0.05	NF[2]	0.11	Supply chain
● 3. Fuel and energy-related activities	0.02	0.02	0.03	0.04	Supply chain
● 4. Upstream transportation and distribution	0.01	0.01	NF[2]	0.02	Supply chain
● 5. Waste[3]	–	–	–	–	Supply chain
● 6. Business travel[4]	0.03	0.03	0.01	0.05	Employee activities
● 7. Commuting and working from home	0.04	0.04	0.05	0.06	Employee activities
● 9. Downstream transportation and distribution	0.03	0.03	0.03	0.11	Customer activities
● 11. Use of sold products	0.01	0.01	0.01	0.01	Customer activities
● 12. End-of-life treatment for sold products[3]	–	–	–	–	Customer activities
● 13. Leased assets	0.01	0.01	0.01	0.01	Tenant activities
Total applicable Scope 3 operational emissions categories	**0.48**	**0.51**	**0.13**	**0.86**	
Scope 3 category 15: Estimated financed emissions					
● 15. Estimated financed emissions: Lending and investing	NF[5]	15.1	17.5	NF[5]	Financing activities
● 15. Estimated financed emissions: AUM	NF[5]	1.1	1.2	NF[5]	Financing activities
Total Scope 3 category 15: Estimated financed emissions	NF[5]	**16.2**	**18.7**	NF[5]	
Estimated facilitated emissions from bond underwriting and syndicated lending[6]					
● Estimated facilitated emissions	1.28	1.5	NF[6]	NF[6]	Facilitation activities

● Easier to influence ● Partially influenceable ● Harder to influence

NF (no figures): denotes where no data is calculated, refer to footnotes.

(1) Categories not relevant to NatWest Group own operational emissions: Category 8: upstream leased assets, Category 10: processing of sold goods, Category 14: franchises.
(2) Data for Scope 3, Categories 1, 2 and 4 marked NF as data is not estimated for year end 2022 to reflect methodology enhancements, the 2022 total of 0.13 is therefore artificially lower. We have revised our 2019 and 2023 emissions using more accurate data and methodology improvements applied for 2024 estimation. Refer to page 49 and page 4 to 5 of the 2024 NatWest Group Sustainability Basis of Reporting. Own operations reporting period is 1 October to 30 September annually.
(3) A dash (–) indicates where data is calculated but rounds to 0.00 $MtCO_2e$.
(4) This includes the well-to-tank and transmission and distribution emissions associated with business travel, which sit outside of the scope of our direct own operations.
(5) Scope 3 category 15: Total estimates of financed emissions are calculated as at 31 December 2023. 2024 is therefore marked NF and this reflects the time it takes to prepare and review estimated emissions, resulting in a 12-month arrears in reporting. For December 2019, financed emissions were estimated for specific sectors as this was the first year of emissions estimation and capabilities were under development. We have continued to develop capabilities for estimating total customer Scope 1 and Scope 2 financed emissions, and these were published from December 2022 onwards, hence 2019 is marked as NF.
(6) Estimated facilitated emissions from bond underwriting and syndicated lending relate to emissions from off balance sheet activities such as underwriting, securitisation and advisory services. In 2024, we applied a 33% weighting factor to emissions estimations in line with the December 2023 PCAF Standard. In 2023, we applied a 100% weighting factor. Estimated facilitated emissions were calculated for the first time in 2023, therefore 2022 and 2019 are marked NF. Refer to pages 45 to 46 for details of methodologies and limitations.
– Totals may not cast due to rounding.
(LA) and (RA) assurance markers in this table relate to 2024 values only.

Climate transition plan: progress update

We have continued to progress our Climate transition plan to support our 2050 net-zero ambition across our financed emissions, assets under management and operational value chain. Due to the relative materiality of the emissions associated with our financing activity the following pages focus on our financed emissions, which comprise 90% of our total emissions, including actions taken to achieve our 2030 ambition to at least halve the climate impact of our financing activity, against a 2019 baseline.

Approach to developing our Climate transition plan

Products, services and business model

Supporting our customers' transition to a net-zero economy remains a key driver in the ongoing development and delivery of our Climate transition plan. Business teams within each sector have worked to identify products, services and business model changes to support customer transition. Where possible, this analysis has been performed at a subsector level to ensure actions most relevant to customers within these segments are identified within the Climate transition plan. Refer to pages 27 to 34.

Financial planning:

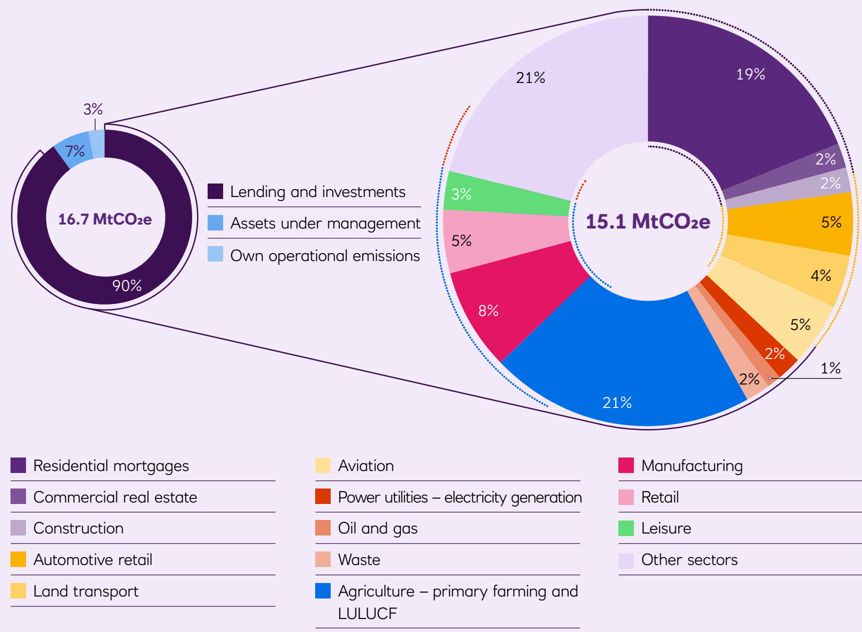
During 2024, we continued to integrate our Climate transition plan within our financial plan to ensure that climate-related opportunities and associated risks are actively considered. Refer to page 37.

Sensitivity analysis:

Based on the policy credibility assessments the UK CCC provided in its 2024 Progress Report, NatWest Group developed a 'downside' Balanced Net Zero (BNZ) adjusted scenario that reflects the impacts of time delays to realising the BNZ pathways into our sector-based Climate transition plan. While the Government has announced various initiatives since the UK general election in July 2024, these are yet to be embedded within the policy framework and the UK CCC's credibility assessment and as a result, not included in the BNZ downside scenario. We will consider the upcoming Seventh Carbon Budget as part of the annual refresh of our Climate transition plan. Refer to pages 39-40.

Breakdown of NatWest Group's emissions[1,2,3,4] ($MtCO_2e$)

The scale of our current emissions varies across different activities



(1) As methodologies and data used to estimate customer Scope 3 emissions within financed emissions continue to develop, the percentages included in the chart above and the financed emissions estimates included in the table on pages 23 are based on customer Scope 1 and Scope 2 absolute emissions. Other sectors represents estimated financed emissions on 27% of our in-scope loans and investments (23% estimated financed emissions) as at 31 December 2023, primarily relating to collective estimation approach where a common methodology has been applied to sectors and subsectors not individually analysed in the chart. 3.1 $MtCO_2e$ collective estimates includes: 0.7 $MtCO_2e$ for utilities and natural resources-related activities, 0.6 $MtCO_2e$ for mobility and logistics related-activities, 0.4 $MtCO_2e$ for other consumer related-activities. In addition, other includes emissions for: cement (0.03 $MtCO_2e$), shipping (0.05 $MtCO_2e$), water (0.08 $MtCO_2e$), housing associations (0.05 $MtCO_2e$), and iron and steel (0.1 $MtCO_2e$). Estimates of sovereign financed emissions excluded from this chart and the table on page 23, are 4.0 $MtCO_2e$ at 31 December 2023. Refer to pages 41 to 42 for further details of emissions from lending and investments and to page 43 for data limitations associated with customer Scope 3 data. Figures presented are reflective of emissions from lending and investment as at 31 December 2023.

(2) Refer to page 45 for our details of estimates of facilitated emissions from bond underwriting and syndicated lending, not included in the chart above.

(3) Refer to page 75 for further details of emissions from assets under management (financed emissions and other metrics) and related Climate transition plan. Figures presented reflect estimated emissions from equity, corporate fixed income and government bond values as at 31 July 2024. Carbon emissions have been taken from 31 December 2023.

(4) Refer to pages 47 to 50 for further details of our own operational emissions and related Climate transition plan. Figures presented reflect the reporting year of 1 October 2023 to 30 September 2024 and are shown gross of purchased renewable electricity.

Climate transition plan: progress update continued

We continue to support our customers' transition to a net-zero economy by offering products and services, including specialist advisory and engagement services and education tools.

Progress across sectors varies based on actions taken by NatWest Group, as well as government policies, which help advance technologies and drive customer demand to reduce emissions.

Our latest financed emissions estimates are based on 31 December 2023 data.

For each sector for which a convergence pathway has been developed, the table includes:

- estimated absolute emissions.
- estimated physical emissions intensity based on convergence points aligned to external scenarios.
- convergence status based on comparison of 2023 and 2022 convergence point and 2023 and 2022 estimated physical emissions intensities.

The convergence pathways, shown in the graphs on page 26 represent the forecast trajectory of a given sector's physical emissions intensity against the external scenario trajectory for each year. The trajectory is aligned with the 2015 Paris Agreement's overarching goal to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels.

Refer to pages 47 to 50 for updates against our operational value chain Climate transition plan, and pages 64 to 75 for updates on our assets under management (AUM) Climate transition plan. For estimates of facilitated emissions, refer to page 45.

	2023					2022	2019 baseline	
Sector	Customer Scope 1 and 2 ($MtCO_2e$)	Customer Scope 3 ($MtCO_2e$)	Physical emissions intensity[3]	Estimated convergence point	Convergence status	Convergence status	Physical emissions intensity	Reduction required vs. 2019 baseline to achieve 2030 ambitions
Residential mortgages	2.8		38.4 kgCO_2e/m^2	31.5 kgCO_2e/m^2	🟥	🟥	38.7 kgCO_2e/m^2	49%[4]
Commercial real estate	0.2		47.1 kgCO_2e/m^2	50.7 kgCO_2e/m^2	🟩	🟩	56.0 kgCO_2e/m^2	60%[4]
Automotive manufacturing[2]	–	0.7	230.5 gCO_2e/v-km	230.3 gCO_2e/v-km	🟧	🟥	260 gCO_2e/v-km	24%[4]
Land transport								
Of which freight road	0.3	0.3	45.6 gCO_2e/t-km	34.2 gCO_2e/t-km	🟥	🟥	36.7 gCO_2e/t-km	19%[4]
Of which passenger rail[4]	–	–	16.2 gCO_2e/p-km	43.1 gCO_2e/p-km	🟩	🟥	50.6 gCO_2e/p-km	42%[4]
Of which passenger road	0.3	0.3	67.3 gCO_2e/p-km	57.6 gCO_2e/p-km	🟥	🟥	64.9 gCO_2e/p-km	31%[4]
Electricity generation	0.3		42.6 kgCO_2e/MWh	197.3 kgCO_2e/MWh	🟩	🟩	223 kgCO_2e/MWh	76%[4]
Oil and gas[5]	0.1	0.2	3.7 tCO_2e/TJ	3.5 tCO_2e/TJ	🟥	🟩	4.1 tCO_2e/TJ	38%[5]
Agriculture – Primary farming	3.3		1,751.0 tCO_2e/£m	1,953.6 tCO_2e/£m	🟩	🟩	2,075 tCO_2e/£m	26%[5]

🟩 Under or equal to 2023 convergence point 🟧 Above 2023 convergence point by up to 5% 🟥 Above 2023 convergence point by over 5%

Four sectors are aligned to decarbonisation convergence pathways as at 31 December 2023. These sectors comprise 25% of total Scope 3 financed emissions (customer Scope 1 and 2 emissions) of 15.1 $MtCO_2e$.

- Residential mortgages continues to track above its convergence pathway by more than 5%, reflecting the current energy efficiency mix of UK properties and the acknowledged dependency on UK Government policies to provide a supportive long term framework in this space.
- For mobility-related sectors, the automotive manufacturing sector indicates an improved position, compared with 2022, primarily driven by improvements in customer data availability. While physical emissions intensities for freight road and passenger rail have reduced compared with 2022 by 3% and 40% respectively these sectors continue to track above their respective convergence pathways by more than 5%. This reflects the need for further action by NatWest Group and its customers. The UK Government's commitment to phase-out of internal combustion engine cars by 2030 and investment in EV charging infrastructure is expected to support transition in these sectors.
- Physical emissions intensity for the oil and gas sector has marginally increased during 2023, resulting in the sector tracking above its convergence pathway by more than 5%. This is due to a change in customer mix within the sector, with some lower emissions customers reducing their drawn balances during the year.

In general, year-on-year fluctuations in convergence status are expected as the availability of customer emissions data improves and methodologies are refined. Refer to pages 27 to 36 for actions being taken to support the transition to net zero across these sectors.

Refer to page 41 for further details of our estimated financed emissions.

(1) To estimate emissions intensity reduction required by 2030 (convergence year), we used externally published independent scenarios to develop convergence pathways and estimate convergence points for 2023, 2030 and 2050 by sector based on a 2019 baseline. The convergence points are determined based on the rate of change required by the external scenario each year from 2019. The graphs included on page 26 include convergence points for 2030 and 2050, being the expected trajectory (convergence pathway) for alignment with the 2015 Paris Agreement. In general, we used the UK CCC's BNZ scenario or the International Energy Agency Beyond 2 Degree Scenario (IEA B2DS) scenario for various sectors aligned with the Sectoral Decarbonisation Approach (SDA) approach prescribed by the SBTi guidance. Aligned with the SBTi guidance, we used those scenarios which require greatest percentage reduction in intensity for each sector, refer to page 16 of the 2024 NatWest Group Sustainability Basis of Reporting for scenarios used for each sector.

(2) A dash (–) indicates where data is calculated but rounds to 0.00$MtCO_2e$.

(3) Physical emissions intensity reduction targets validated by SBTi as science-based. We also have validated science-based targets for the cement, aluminium and iron and steel sectors using the sectoral decarbonisation approach (SDA). Emissions for cement (0.03 $MtCO_2e$), aluminium (0.002 $MtCO_2e$) and iron and steel (0.1 $MtCO_2e$).

(4) Sectors within the scope of temperature rating targets validated by the SBTi as science-based. For oil and gas and agriculture, SBTi SDA methodologies were under development at the time of target setting.

(5) Oil and gas physical emissions intensity is based on extraction borrowers only, while the oil and gas Scope 3 value is based solely on upstream borrowers (principally extraction customer and refinery operations) which make up approximately 37% of oil and gas sector lending exposure.

Climate transition plan: progress update continued

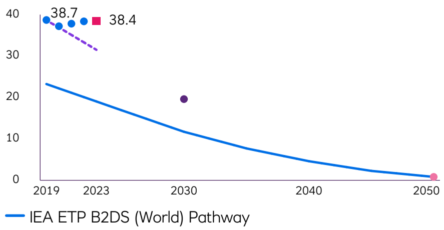
Our ambition to be net zero by 2050 is aligned with the 2015 Paris Agreement's overarching goal to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels.

The charts below present the pathways aligned to externally recognised scenarios, developed by independent and respected organisations, that form the basis of our validated science-based sector targets, including the progress made against these convergence pathways between 2019 and 2023. Refer to pages 43 and 44 of this report and pages 10 to 16 of the NatWest Group 2024 Sustainability Basis of Reporting for details of scenarios used, methodologies and limitations.

Property-related sectors

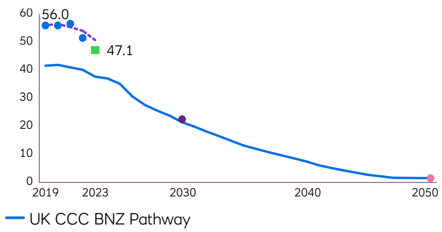
Residential mortgages

Estimated emissions intensity ($kgCO_2e/m^2$)



Commercial real estate

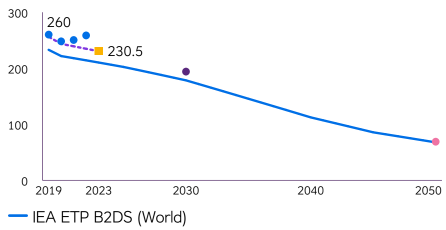
Estimated physical emissions intensity ($kgCO_2e/m^2$)



Mobility-related sectors

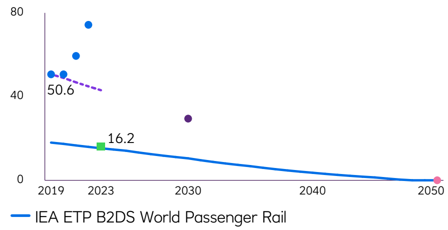
Automotive manufacturing

Estimated emissions intensity (gCO₂e/vkm)



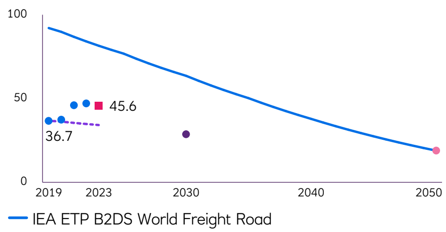
Land transport – passenger rail

Estimated emissions intensity (gCO_2e/p-km)



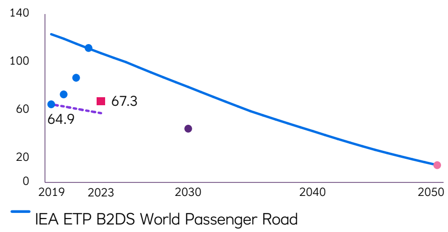
Land transport – freight road

Estimated emissions intensity (gCO_2e/t-km)



Land transport – passenger road

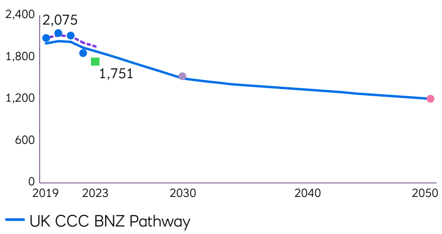
Estimated emissions intensity (gCO_2e/p-km)



Food-related sectors

Agriculture – primary farming

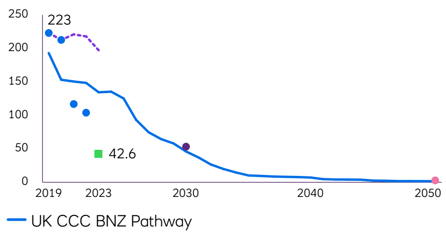
Estimated revenue intensity (tCO_2e/£million)



Energy-related sectors

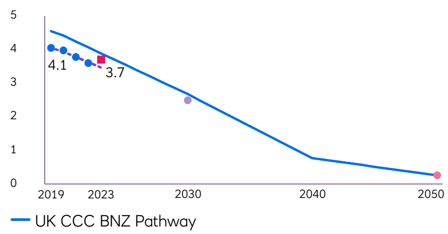
Electricity generation

Estimated emissions intensity ($kgCO_2e$/MWH)



Oil and gas

Estimated production intensity (tCO_2e/TJ)



Key

- 2019-2022 NatWest Group estimates
- 2030 SBTi validated physical emissions intensity target
- 2030 physical emissions intensity ambition
- 2050 convergence point
- Estimated convergence pathway

2023 NatWest Group estimate – convergence status

- Under or equal to the estimated convergence pathway
- Above estimated convergence pathway by up to 5%
- Above estimated convergence pathway by over 5%

Refer to our 2024 Sustainability Basis of Reporting.

Products, services and business model changes

Property-related sectors

We have an important role to play in supporting consumers and businesses in transitioning to more energy efficient homes and buildings, with the aim of making them more comfortable and cheaper to heat and cool.

Residential mortgages

Our Retail Banking business segment continues to offer a suite of incentivised green mortgage products including purchase, re-mortgage and Buy-to-Let products. In 2024, Retail Banking provided £1.6 billion[LA] in Green Mortgages (£1.5 billion in 2023), £6.0 billion[LA] since launch in Q4 2020. Coutts also offers discounted mortgage arrangement fees for purchasing a more energy efficient home with an EPC rating of A or B, or for making home improvements resulting in an EPC rating of A to C.

NatWest Group has now provided £7.4 billion in lending for EPC A and B UK residential mortgages against our aim to provide £10 billion between 1 January 2023 and the end of 2025. This comprised £7.0 billion in Retail Banking and £0.4 billion from Private Banking.

Our **Home Energy Hub** continues to offer UK homeowners a free Home Energy Plan, which includes high level retrofit recommendations, advice on practical next steps and financial support as well as access to a discounted in-home energy assessment supplied in collaboration with Vibrant Energy. The tool also provides grant information and connects customers with trusted tradespeople through our partners British Gas, Hive and Trustmark.

In 2024:

120,200

Home Energy Hub visits

30,908

Home Energy Plans completed

Commercial real estate

In 2024, we developed our data-led **Buildings Efficiency Assessment Tool (BEAT)**. This aims to help our commercial real estate (CRE) customers understand how they could make buildings more energy efficient. BEAT provides details of the associated costs of retrofitting, advice on improving EPC ratings and potential energy cost savings.

We continue to implement climate transaction acceptance standards (TAS), which require an EPC transition plan covering assets with an EPC rating of D-G, or require the calculation of an 'EPC adjusted' interest cover ratio, subject to a limited number of exceptions, for example, legally exempt from Minimum Energy Efficiency Standard (MEES) regulations.

Housing associations

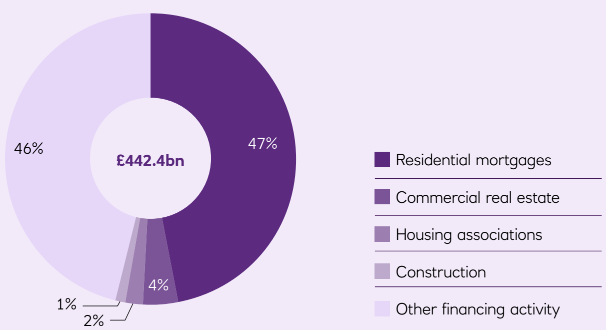
In 2024 we announced an ambition to provide £5 billion in funding to the UK social housing sector between 1 January 2024 and the end of 2026. This was updated in February 2025 to £7.5 billion over the same period. Alongside the construction of new properties, the support aims to help housing associations seeking to invest in the energy efficiency of property portfolios through retrofits. As at 31 December 2024, we had provided £4.1 billion to the sector.

Construction

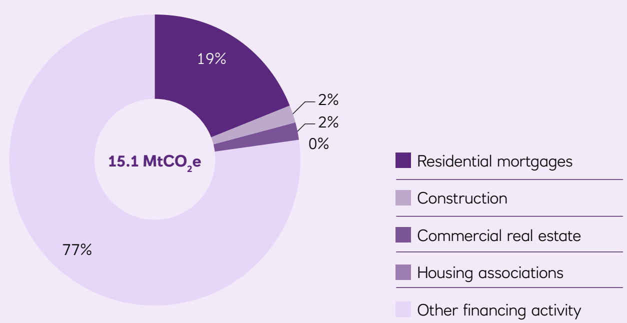
The construction sector is important for driving sector decarbonisation throughout the built environment, as well as supporting retrofit progress across property-related sectors.

Since its launch in November 2023 and up to 31 December 2024, over 1,500 companies have been supported through our partnership of the Supply Chain Sustainability School's retrofit programme, which provides freely accessible resources to professionals in the built environment.

54% of NatWest Group financing activities at 31 December 2023 is aligned to property-related sectors(1)



23% of NatWest Group Scope 3 category 15 financed emissions (customer Scope 1 and 2) as at 31 December 2023 are aligned to property-related sectors



(1) Comprises loans and advances and debt securities accounted at amortised cost and Fair Value through Other Comprehensive Income (FVOCI), including disposal group, gross of Expected Credit Loss. Refer to page 41 for further detail of amounts analysed for financed emissions.

Products, services and business model changes continued

CASE STUDY

Succeeding with customers through innovation

Supporting an energy efficient affordable housing sector

In 2024, Together Housing Group (THG) announced a significant investment in sustainable upgrades to its portfolio of more than 38,000 properties across Yorkshire, Lancashire and the North Midlands thanks to a £50 million funding boost from NatWest Group.

THG is the first affordable housing association to secure funding through our new Green Housing Retrofit Loan pilot scheme. The pioneering deal marked the first successful completion of a use of proceeds loan in the UK affordable housing sector by any UK bank.

The loan, which aligns with LMA Green Loan Principles, enables THG to support the installation of ground and air source heat pumps, as well as to deliver both deep and light retrofit improvements such as the replacement of cladding, roofs and windows to improve thermal and energy efficiency across its network of socially rented properties spanning 30 local authorities.

Working in partnership with NatWest Group's ESG Advisory team to confirm the efficiency ratings of the planned upgrades, the investment will allow customers to benefit from a significant reduction in energy bills while lowering THG's emissions across their property portfolio.

Mark Dunford, Executive Director of Finance and Commercial at Together Housing Group, added: 'We're proud of the progressive steps we've taken so far towards achieving our ambitious net-zero priorities and we are thrilled to be the first social housing association to receive this valuable funding.'

'Our carbon reduction strategy puts residents at the forefront as we strive to make essential retrofit adaptations to properties, ensuring they remain energy efficient for the benefit of current and future residents.'

Mark Dunford, Executive Director of Finance and Commercial, Together Housing Group

Food-related sectors

The agriculture sector plays a pivotal role in managing land in a way that sequesters emissions and restores ecosystems.[1] In doing so, the agricultural sector can be more resilient to physical impacts of climate and ecological change, thereby helping to ensure a more resilient and secure food supply chain.

In 2024, NatWest Group was recognised by Scottish Financial Enterprise as a market leader for our support towards the agriculture sector seeking to adopt climate and nature friendly practices.

Our collaboration with food companies such as Tesco and McCain Foods (GB), along with organisations such as WWF-UK, could help farmers, processors, food manufacturers and supply chains to reduce emissions, while supporting sustainable approaches to farming. To help with this, we continue to develop a range of products and services to support the decarbonisation of the UK's food system while promoting sustainable agriculture. Key examples in 2024 included:

- Our financial support for sustainable agriculture continues to be integrated within our CSFFI criteria, contributing towards our £100 billion climate and sustainable funding and financing target between 1 July 2021 and the end of 2025.
- We continued to develop a pilot approach to supporting farming customers in the southwest of England and Wales in integrating climate-related considerations into farm-level asset and liability assessments. The learnings from this analysis have the potential to help improve how farms measure emissions.

Partnerships

McCain Foods (GB)

NatWest Group continued to work with McCain in 2024, offering potato growers additional funding and incentivised terms for growers seeking to invest regenerative farming practices. Refer to our case study on the following page for further details.

Tesco

During 2024, Tesco and NatWest Group worked together to offer financial assistance to the retailer's farmers who wanted to invest into low-carbon energy solutions but needed help accessing finance. Incentivised rates are available to help farmers install renewable energy solutions and fossil-fuel free heating and cooling systems. Launched in 2024, we anticipate take up of this support to grow as farming businesses that are part of Tesco's supply chain continue their sustainability journey.

Cefetra

In January 2024, NatWest Group, through its asset finance arm, Lombard, launched a new partnership with agricultural market leader Cefetra, with an aim to reduce the financial barriers for farmers transitioning to more sustainable agricultural practices. The collaboration seeks to alleviate the financial burdens associated with acquiring new equipment and implementing advanced sustainability practices.

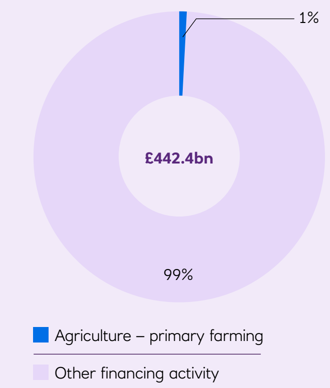
WWF-UK

NatWest Group and WWF-UK continued to collaborate in 2024 with the publication of '*A Roadmap for a Regenerative Agricultural Transition in England*' where we brought together experts from the UK food value chain, including peer banks, retailers, processors, manufacturers, farmers, insurers, asset managers, farm representatives, food services, NGOs, and policymakers.

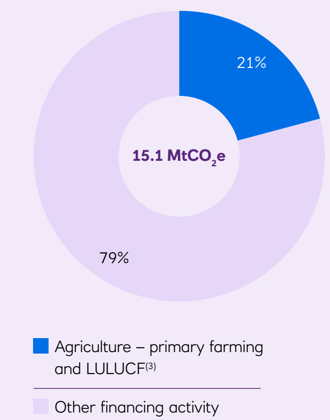
The report aims to support farmers at each stage of their journey to produce healthy and nutritious food, tackle climate change, and restore nature. This included exploring alternative approaches to support dairy farmers as they go through the 'fallow years' period, when transitioning to regenerative farming practices.

While actions and policy recommendations in the report relate to England, many themes will be common to Wales, Scotland and Northern Ireland, including the UK supply chain.

1% of NatWest Group financing activity as at 31 December 2023 is aligned to food-related sectors[2]



21% of NatWest Group Scope 3 category 15 financed emissions (customer Scope 1 and 2) as at 31 December 2023 are aligned to food-related sectors



(1) According to UK Government statistics up to 70% of UK land was used for agricultural purposes in 2023.
(2) Comprises loans and advances and debt securities accounted at amortised cost and Fair Value through Other Comprehensive Income (FVOCI), including disposal group, gross of Expected Credit Loss. Refer to page 41 for further detail of amounts analysed for financed emissions.
(3) Land-Use, Land-Use Change and Forestry.

Products, services and business model changes continued

CASE STUDY

Succeeding with customers through collaboration

Backing regenerative farming with McCain Foods

As a third-generation farmer, whose family has been growing potatoes since the 1970s, Mark Alton of EC and MT Alton, like many UK potato growers, faces many challenges.

In addition to the effects of climate change, the business must manage fluctuating production costs, gross margin pressures, and shifting consumer preferences.

Extreme weather in recent years had led to challenging growing seasons, reduced yields and declining profits, pushing the 300-acre farm towards no longer growing potatoes. But, thanks to support from McCain Foods (McCain), and its collaboration with NatWest Group's asset finance arm Lombard, Mark has been able to invest in the business, boost profitability and embrace regenerative farming practices.

With rising interest rates and cash flow concerns, McCain supports growers in a number of ways. This involves improving prices on early season varieties, improving flexibility in the farm-to-production system, taking the whole crop to reduce farm waste and restructuring contracts.

The partnership with McCain meant that we were able to offer preferential finance terms towards Alton's investment in new equipment, which included a new potato harvester and destoner. This, along with additional incentivisation for innovation and contract indexation has reinforced Mark's decision to continue growing potatoes and contributed towards maintaining a viable profit margin.

In addition to financial support, McCain supported and advised on the adoption of regenerative agriculture practices through an ecosystem-based approach. This included the provision of seed for winter cover crops to help reduce nitrogen leeching and reduce soil compaction from heavy winter rainfall. In addition to sharing research on planting techniques to boost yields, McCain also supported worm count studies and advised on minimal tillage to help increase levels of organic matter in the soil.

Through the adoption of regenerative farming practices, bolstered by the investment facilitated by the McCain and Lombard partnership, EC & MT Alton have made progress towards enhanced soil quality, water infiltration and reducing farm emissions. With an eye towards the unpredictable influence of weather patterns, they are optimistic about production increases in 2025.

Mobility-related sectors

Mobility-related sectors were responsible for approximately 35% of UK emissions in 2023, largely due to tailpipe emissions.[1]

Eliminating the consumption of fossil fuels is key to making progress towards the decarbonisation of transport. The electrification of vehicles, reduction in demand for travel as well as a modal shift towards public transport and micro-mobility will all be required, as will continued investment in infrastructure, for example, electric vehicle charge points.

Automotive

According to the UK CCC's July 2024 Progress Report, electric car sales are beginning to have a measurable impact on emissions, with over one million electric vehicles (EVs) on the road, equating to 2.8% of the overall UK car fleet.

In July 2024, NatWest Group issued a €750 million Clean Transportation (Electric Vehicles) Bond,[2] to institutional investors becoming the first UK bank to issue a green bond where the use of proceeds are intended to exclusively finance or re-finance electric vehicles. The related funding will be provided by our asset finance provider, Lombard.

Announced in July 2024, Lombard's **salary sacrifice scheme**, developed in partnership with Leaseplan UK Limited (trading as Ayvens), enables businesses to offer a powerful employee benefit, which uses tax incentives to make EV and plug-in hybrid adoption more accessible.

Our **EV Planner tool** aims to help businesses understand their EV readiness, providing guidance on fleet conversion and infrastructure needs. In 2024, 51 businesses signed up to the tool, with 966 users obtaining an EV readiness report.

Through our collaboration with the **Warwick Manufacturing Group**, we were delighted to support the UK Micro-mobility event at the University of Warwick in September 2024. Through this joint venture, the Clean Transport Accelerator continues to attract innovative early-stage businesses that require technical and business support.

Land transport and logistics

Through the movement of goods and people the land transport and logistics sector is a key enabler of the UK economy. We aim to support the adoption of mass transit by providing climate and sustainable funding and financing to corporate customers in an effort to accelerate growth across a range of low emission, electrified and alternative fuel assets.

As with automotive, decarbonisation will occur through a reduction in demand for travel, and a shift in transport modes, working in tandem with regional place-based solutions and national infrastructure projects. This needs to be supported by appropriate government policy, improved efficiencies, and technological advancements, along with the decarbonisation of the energy sector.

Rail

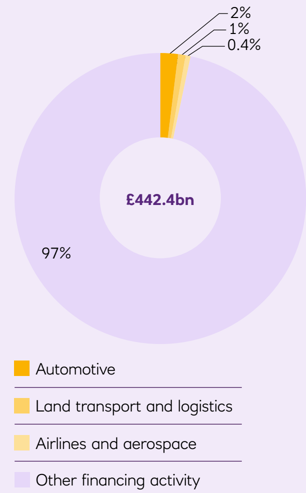
There is a significant opportunity to accelerate the decarbonisation of the UK's railway network across the passenger and freight segments. NatWest Group seeks to support customers who can leverage private sector investment to encourage passengers and freight operators onto the rail network, while investing in asset renewal and new zero-carbon traction technologies.

Aviation

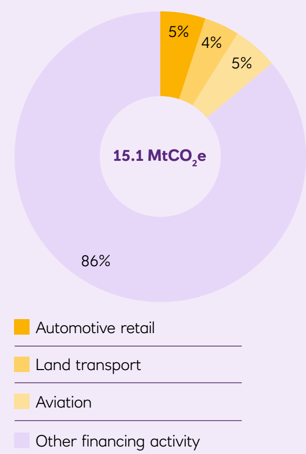
It is important we continue to support the aviation sector's transition, financing fuel-efficient aircraft, and reducing CO_2 emissions per seat mile. NatWest Group's exposure to the aviation sector typically relates to secured asset financing against new generation aircraft.

Sustainable aviation fuel (SAF) is one enabler for decarbonising the sector. The UK's Sustainable Aviation Fuel Mandate, which came into force on 1 January 2025 should help support how SAF requirements develop. The Mandate sets annual targets for SAF use, starting at 2% of UK jet fuel supply in 2025, increasing annually to 10% of total jet fuel demand by 2030, and 22% in 2040.

3% of NatWest Group financing activity as at 31 December 2023 is aligned to mobility-related sectors[3]



14% of NatWest Group Scope 3 category 15 financed emissions (customer Scope 1 and 2) as at 31 December 2023 are aligned to mobility-related sectors



(1) UK Climate Change Committee (2024), Progress Report to Parliament. Table 1.1: combined total for surface transport, aviation and shipping.

(2) The EV Green Bond is intended to finance or refinance Eligible Assets in the form of leases (financial and operating), hire purchase agreements, loans and other arrangements to finance the use and purchase of electric vehicles (cars and light commercial vehicles). The green label of this bond derives from the inclusion of electric vehicles as Eligible Green Assets under the 'Clean Transportation' category defined in NatWest's Green, Social and Sustainability Financing Framework and the ICMA Green Bond Principles 'Clean Transportation' category. NatWest Group is not claiming that this 'green' or 'clean transportation' categorisation necessarily meets others' expectations or requirements for describing or classifying activities, products or assets as 'green' or transportation as 'clean'.

(3) Comprises loans and advances and debt securities accounted at amortised cost and Fair Value through Other Comprehensive Income (FVOCI), including disposal group, gross of Expected Credit Loss. Refer to page 41 for further detail of amounts analysed for financed emissions.

Products, services and business model changes continued

CASE STUDY

Succeeding with customers through flexible funding

Financing electrification for UK public transport

As part of FirstGroup's ambition to become net zero by 2050, the company is working towards having a zero-emission bus fleet by 2035.

They partnered with Hitachi Europe in 2021,[1] to help First Bus (part of FirstGroup) deliver a decarbonisation project at its flagship Glasgow Caledonia depot. The successful outcome of that project led to a joint venture between FirstGroup and Hitachi to support wider fleet transition.

In 2024, NatWest Group participated in a standalone syndicated debt facility to fund 1,000 batteries. The transaction provided FirstGroup and Hitachi with the flexibility to manage the battery delivery, their ongoing operation, and eventual replacement.

NatWest Group supported FirstGroup with a 12-year syndicated loan facility of £91 million to fund up to 1,000 bus batteries on a standalone basis. The batteries were then leased back to First Bus operating entities. We also acted as sole hedge coordinator for the associated interest rate swaps.

Additionally, FirstGroup invited NatWest Group to participate in a separate three-bank syndicate Hire Purchase (HP) facility to finance the purchase of electric bus husks (effectively the vehicle chassis and drivetrain, excluding the battery). This HP facility totalled £150 million, with NatWest Group providing a £50 million commitment to the business. The facility, together with the help of government grant funding through the ScotZeb scheme (Scottish Zero Emission Bus Challenge Fund) and the equivalent Zebra (Zero Emission Bus Regional Areas) scheme in England, supported FirstGroup in expanding their EV fleet in a managed way.

(1) NextGen AssetCo is a 50:50 joint venture between FirstGroup plc and Hitachi Ltd (including wholly owned subsidiaries Hitachi Europe Limited and Hitachi Rail Limited). NextGen AssetCo will purchase the batteries, which will then be leased to FirstGroup Energy Limited.

Energy supply-related sectors

The UK aims to have clean power by 2030 by doubling its installed power capacity, with 90% of additional capacity coming from wind, solar and battery. It aims to mobilise £40 billion per year in investments, including for expanding and upgrading grid infrastructure.

Power utilities

To meet the UK's 2030 target, the Clean Power Action Plan has set out policies to support renewable roll-out, upgrading energy networks and storage, and delivering plans for supply chains and skills. The Government has also set up initiatives such as Mission Control for Clean Power, state-owned Great British (GB) Energy, and the National Energy System Operator, to enable necessary electricity market pricing and operational protocols to maximise reliance on renewable energy generation, and consumer flexibility and battery storage to support balancing supply with demand.

NatWest Group has been a leading loan arranger to the UK energy infrastructure[(1)] and renewables sector over the last 10 years.[(2)]

In 2024, we provided £1.8 billion of climate and sustainable funding and financing to solar and wind projects.

Oil and gas

As a UK-focused bank it is important that we seek to support the current and future energy system. Our aim is to help our customers leading the transition, in line with our risk appetite, and Environmental, Social and Ethical (ESE) Risk Acceptance Criteria.

While it is important that transition is accelerated where commercially viable alternatives exist, there will be an ongoing reliance on fossil fuels to manufacture key materials such as steel, cement and plastics. The National Wealth Fund's support for decarbonising these hard-to-abate industries will be important to reduce fossil fuel consumption, and use carbon capture and storage (CCS) for residual emissions.

We have been members of the Powering Past Coal Alliance since 2021 and following the achievement of our ambition to phase-out of coal[(3)] for UK and non-UK customers who have UK coal production and UK coal-related infrastructure by 1 October 2024, we aim to phase-out of coal[(3)] for customers who have coal production or coal-related infrastructure globally by 1 January 2030. As a result, we have stopped the renewal, extension or refinancing of any existing lending or loan underwriting commitments to these customers where it exceeds the phase out date above.

During 2024 we established a working group within the C&I business segment to support the development of guiding principles for the assessment of thermal and lignite coal embedded within activities like transportation, storage, supply chain and value add services, while ensuring due consideration is given to external factors such as energy security. These considerations have now been reflected in our ESE Risk Acceptance Criteria and represent an evolution of our point-in-time credible transition plan (CTP) assessment completed in 2021.

Our point-in time CTP assessment also included oil and gas major customers and supported our stated ambition to stop lending and underwriting to major oil and gas producers unless they had a CTP aligned with the 2015 Paris Agreement in place by the end of 2021. As stated on page 6, we plan to review our climate ambitions and targets during 2025 in the context of the UK CCC's Seventh Carbon Budget. Alongside that review, we will also be reviewing our ESE Risk Acceptance Criteria for major oil and gas customers. For further detail on our point-in-time CTP assessment for oil and gas majors and in-scope coal customers refer to page 31 to 32 of the NatWest Group plc 2021 Climate-related Disclosures Report.

Since February 2023, we have not provided reserve-based lending specifically for the purpose of financing oil and gas exploration, extraction and production for new customers and, after 31 December 2025, we will not renew, refinance or extend existing reserve based lending specifically for the purpose of financing oil and gas exploration, extraction and production.

Exposure to coal[(3)] customers

£0.6bn

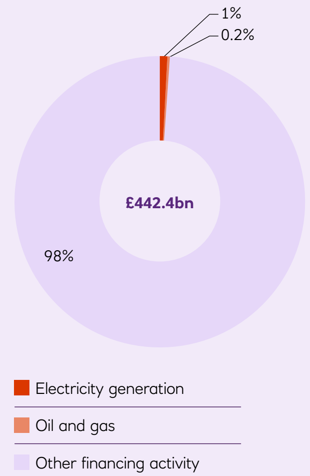
as at 31 December 2024 (LA)

Reserve based lending exposure

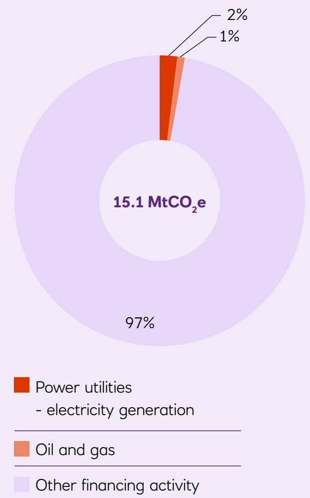
£0.2bn

as at 31 December 2024 (LA)

2% of NatWest Group financing activity as at 31 December 2023 is aligned to energy-related sectors[(4)]



3% of NatWest Group Scope 3 category 15 financed emissions (customer Scope 1 and 2) as at 31 December 2023 are aligned to energy-related sectors



(1) Energy infrastructure comprises battery storage, electricity distribution, electricity smart meter and electricity transmission.

(2) NatWest Group ranked first among loan arrangers by deal value for the period 2015-2024. Source: Inframation for Renewables (UK) 31 December 2024.

(3) Relates to thermal and lignite coal (coal that is typically used as a fuel for steam-electric power) coal production, coal-related infrastructure or transport. Data challenges, particularly the lack of granular customer information, create challenges in identifying customers with 'coal-related infrastructure' and other customers with coal-related operations within NatWest Group's large and diversified customer portfolios As such, the scope excludes companies who generate less than 5% of their revenues via coal activity (in line with Net-Zero Banking Alliance (NZBA) guidelines for climate target setting for banks), companies with a turnover of <£50 million and commodity traders. Metallurgical coal is excluded from scope as it is currently essential to the steel industry. We will continue to review our policies in line with our EWRMF, which considers a range of factors in the external economic, political, and regulatory environment.

(4) Comprises loans and advances and debt securities accounted at amortised cost and Fair Value through Other Comprehensive Income (FVOCI), including disposal group, gross of Expected Credit Loss. Refer to page 41 for further detail of amounts analysed for financed emissions.

Products, services and business model changes continued

CASE STUDY

Succeeding with customers through investment

Expanding offshore infrastructure support

Founded in 1886, North Star provides commissioning and operational support for the European offshore wind sector.

With its offshore wind fleet and a workforce of more than 1,000, North Star aims to provide continuous offshore infrastructure support, 365 days per year, in one of the world's busiest and most hostile marine environments.

To support this and service the UK's service operation vessel (SOV) market, North Star has invested in diesel-electric hybrid propulsion offshore wind vessels.

Out of four new build SOV's, three are in operation at the Dogger Bank Wind Farm with the final vessel scheduled for delivery early in 2025.

Additionally, the business has a further four vessels under construction, including two larger commissioning SOVs to further support its offshore wind customers.

In 2024, North Star looked to the Royal Bank of Scotland to help secure investment in support of its ambition to become a leading player in Europe's offshore wind sector and add 40 hybrid SOVs to its fleet by 2040.

Our deal team agreed to provide a £20 million capex revolving credit facility (RCF) and a £10 million working capital RCF as part of a £225 million syndicated package from a lender consortium.

This overall funding package gave North Star the flexibility they required. Financing was sustainability-linked, and integrated various ESG key performance indicators, including growth in offshore wind sector revenue, the number of hybrid vessels, and their health and safety record.

> 'This investment highlights the attraction of our business model and ESG transition journey, as we push to become a leading player in Europe's SOV (service operation vessel) sector'.

Fraser Dobbie, North Star CFO

Climate and ESG products and advisory services

NatWest Group helps to both finance and facilitate the sustainability journeys and activities of many of our UK and global customers. While we deploy our balance sheet to provide financing, facilitation can take several forms.

Alongside facilitating bonds and loan underwriting, we facilitate by convening industry groups to support the necessary industry infrastructure and standard setting. We advise our customers, from corporates and financial institutions to sovereigns, multi-development banks and agencies, on evolving products and services, as well as providing guidance on the regulatory and policy landscape to assist delivery of their sustainability strategies.

Understanding the financial ecosystem and underlying drivers is key to fulfilling this role. Whether we finance a corporate or financial institution with a green, social or sustainability (GSS) bond, the impact has potential to be felt in the UK economy or beyond. Similarly, by leading on a GSS bond or securitisation, we facilitate our customers' access to capital through funding sources in the public or private capital markets.

In 2024, we supported a number of our customers at various stages of the lifecycle of their sustainable finance journeys, as outlined below.

1

Establish sustainable financing frameworks, for example:

We worked with Great Portland Estates (GPE), as sole sustainability structuring coordinator. We supported the customer to develop their first sustainable finance framework. This allowed GPE to issue its inaugural sustainable bond and marked its first senior issuance in the capital markets since 1999.

2

Access new liquidity through inaugural transactions, for example:

Supported Dalata Hotel Group plc, where through our role as lead agent, we facilitated its inaugural green private placement of €125 million, providing a platform for growth. In addition, Dalata also secured €475 million of new lending facilities, including a €100 million green term loan.

3

Given the demand to support the transition, some of our customers need to access the market multiple times a year.

We worked with issuers, such as the German state-owned promotional and development bank KfW, to access the market multiple times in 2024 in different currencies and maturities to diversify their investor community and pools of capital.

4

We worked with customers to amplify their sustainability strategies through investor engagement and ensure the external delivery is accurate and transparent.

We facilitated meetings between customers and investors during the execution of transactions (where issuers provide information on a specific GSS labelled issuance), as well as non-deal roadshows (showcasing issuers' broader sustainability credentials). Examples included supporting the German Government's first in-person green bond roadshow, where we arranged over 20 meetings on behalf of Germany's Finanzagentur with leading ESG investors in the UK, France and Netherlands.

5

As regulations evolve and market standards improve, we have worked with customers to update their frameworks, for example:

We acted as structuring coordinator for the Norwegian national system operator Statnett's 2024 green bond framework update, helping to align their framework to the EU Taxonomy.

Evolution of private finance

We continued to support alternative credit funds in the decarbonisation and transition of the real economy. In 2024, we structured an inaugural €240 million green net asset value line[1] facility for Clarion Partners Europe. We continued to build our commercial real estate (CRE) loan-on-loan capabilities, closing green subscription line facilities for several infrastructure funds such as NextEnergy Capital's NPV ESG fund.

We also engaged with non-bank lenders to support sustainable activities, including a £65 million circular economy green loan for Raylo Group.

While decarbonisation and transition remain focus areas, we are also developing solutions to drive positive social outcomes, such as our first securitised social warehouse financing for Evolution Money, a specialist lender supporting underserved borrowers.

(1) A credit facility where availability is based on the net asset value of the investments of the borrower.

Our sustainability activity in 2024

We continued to innovate, structure and originate climate and ESG product solutions to support various customer lifecycle stages:

1 2 3

- Participated in 103 green, 18 sustainability and 17 social bonds, totalling a notional amount of £117.7 billion of which £17 billion was attributable to NatWest Group (2023: combined notional £56 billion, £13 billion attributable).
- Extended £11.4 billion of specific purpose wholesale lending and sustainability linked lending (2023: £10.5 billion).
- Supported 10 inaugural mandates, 33 repeat mandates and acted as dealer on 14 commercial paper programmes.

4

- Held 117 investor meetings and delivered 165 ESG rating advisory engagements.

We maintained our position as a leading GSS bookrunner[2] in our chosen markets and geographies. We were ranked #1 lead manager for Global GBP issuance, #1 for UK Financial Institutions and #7 among European SSA issuers.

(2) Ranked by deal value among bookrunners for supporting issuers for green, social and sustainability (GSS) debt issuance. Source: Dealogic, 31 December 2024. Excludes money market and short-term debt.

Climate and ESG products and advisory services continued

Shaping the future of sustainable finance

Championing thought leadership

NatWest Group, through our Climate and ESG Capital Markets and ESG Advisory business, aims to advance and simplify the sustainability journey of our customers and stakeholders through timely, relevant insights and a variety of tools. This content is delivered through diverse channels and formats, with more than 150 publications, webinars and podcasts produced and 44 events held or supported in 2024.

Our expertise in ESG macro trends informs the delivery of regular market updates to our customers, investors and colleagues. For example, our ESG Evolution Series delivered analysis of key themes for environmental and social transition, while also looking at specific sustainability trends within industries such as agriculture.

Through events, we bring together industry leaders, colleagues and external stakeholders to share insights, provide fresh perspectives and help to unlock collaboration. In March 2024, we hosted our inaugural corporate and financial institution customer event on the 'Decarbonisation of the UK Real Economy'. The day was opened by Chris Stark, who now leads the UK Government's Mission Control for Clean Power 2030 initiative, and Lord Stern, Chair of the Grantham Research Institute on Climate Change and the Environment at the London School of Economics and independent climate advisor to NatWest Group Board. We held two workshops focused on transition plans and sustainability disclosure requirements.

Frequent investor surveys also allow us to integrate market sentiment into our content, ensuring our guidance aligns with real-time investor requirements. We further help bridge the gap between the 'buy and sell side' through our issuer and investor focused events. Our second annual Sovereigns, Supranationals and Agencies (SSA) ESG networking day in London facilitated 51 meetings and included a keynote speech on physical climate risk and the under-investment in adaptation. Elsewhere, our 'What ESG investors want' webinar series gives direct insight into the priorities and considerations of the ESG-focused buy side.

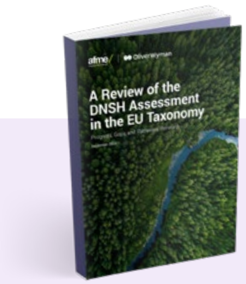
Shaping policy, regulation and market standards

NatWest Group has consistently approached sustainable finance through collaboration, with participation in key industry initiatives to drive product innovation, disclosure, governance and reporting.

2024 was dominated by debate around transition finance and its application both from a financing and a facilitation perspective, where it is anticipated that sustainability-linked products will have a role to play. Accordingly, NatWest Group chaired the Financial Markets Standard Board's (FMSB) ESG Committee and its dedicated sustainability-linked working group, which published a paper in December 2024 focused on the governance of these products by users and service providers, such as lenders and underwriters.

In addition, we partnered with Strathclyde University and Copenhagen Business School on analysis of the pricing dynamics of sustainability-linked bonds (SLBs). Published in the Journal of Financial Economics, this work sheds light on the key factors that influence the pricing of SLBs, offering both theoretical and practical insights that can be applied by issuers and investors in the market.

Our work with the International Capital Markets Association (ICMA) in 2024 saw us act as joint coordinator of its sustainable commercial paper (CP) taskforce, contributing to its paper *The role of commercial paper in the sustainable finance market*. This is the first ever market guidance for embedding sustainable finance in CP. We were also part of ICMA's Taskforce on Enabling Activities, supporting the June 2024 publication of guidance to companies that want to access green finance but may not directly participate in existing green activities.



Finally, through our involvement with The Association for Financial Markets in Europe's (AFME) Sustainable Finance Steering Committee, we took a leading role in designing and steering a research project by AFME and Oliver Wyman – *'A Review of the Do No Significant Harm (DNSH)] Assessment in the EU Taxonomy: Progress, Gaps and Pathways Forward'*. The report provides recommendations for policymakers to help ease the implementation of the DNSH component, as well as aggregates industry best practices to help assist users to cope with implementation.

> 'Simplifying and clarifying the DNSH approach will help… (stimulate) the flow of capital towards activities which are fully EU Taxonomy aligned.'
>
> **A Review of the Do No Significant Harm (DNSH) Assessment in the EU Taxonomy**

Integration of our Climate transition plan into financial planning and decision-making

Financial planning

We have continued to integrate our Climate transition plan within our financial plan to ensure that climate-related opportunities and associated risks are actively considered. This approach is intended to enable colleagues in our franchises and sector teams to make decisions which support our climate ambitions. During 2024 we made enhancements to our financial planning tools, to further automate and simplify our forecasting of climate-related initiatives across all our customer franchises and sectors. This continued to enable the review and challenge of our forecast financial plan and associated emissions profile by senior stakeholder groups in business areas, Finance and other functions.

Through our integrated financial planning work and our Climate transition plan, we can identify some of the financial opportunities and actions required to assist with our climate ambitions. Climate-related opportunities have been identified on a sector-by-sector basis across our core customer franchises through the Climate transition plan.

To support embedding of climate in decision-making across NatWest Group, we are working to develop processes to incorporate climate as a consideration as part of our financial planning process, similar to other financial and non-financial considerations, such as costs. This is intended to be a mechanism to monitor progress against our decarbonisation ambitions and alignment with overall strategic ambitions and financial plan. Assessing climate alongside other financial and non-financial considerations will also help us to consider trade-offs as part of the strategic decision-making process.

Embedding climate within customer journeys

In 2024, we started rolling out our Climate Decisioning Framework (CDF) on a phased, test-and-learn basis. These are utilised within relationship manager conversations with customers and are intended to embed climate within existing processes. The CDF tools complement engagement with our customers through our Climate and ESG Capital Markets and Advisory teams, outlined on page 35.

The CDF tools consist of:

- Customer Transition Plan Assessment (CTPA)
- Climate Risk Scorecard (CRS)

These tools aim to provide a more structured way for colleagues to engage with customers on climate-related matters. CTPA helps us understand our customers' transition journeys and CRS aids our understanding of how our customers are managing climate-related risks. Both tools provide a score between 1 and 5, with 1 being the best and 5 being the worst. Further details of the CTPA assessment structure and example questions are disclosed on the following page.

We initially launched the tools on a phased, test-and-learn basis, focused on building colleague capability, evolving our customer engagement and collecting granular climate data. To drive continuous improvement in engagement we continued to develop and deliver bespoke training, which was delivered to approximately 2,500 colleagues in 2024.

Progress on roll-out of CDF

During 2024, we launched the CDF tools on a phased basis within Commercial & Institutional, as well as commercial clients within Coutts & Co, principally focused on business areas covering large corporates, mid-corporates, commercial real estate, housing associations and some Financial Institutions customer segments. Initial focus was aimed at where we expect customer maturity with regards to climate-related matters to be more progressed.

CDF tools follow a similar structure for all customer segments but reflect availability of data and sector-specific nuances. For example, the tools include questions on fleet electrification, drivers of energy consumption and EPC ratings if applicable to that type of customer. By including these we can identify more targeted customer support, aligned to our climate propositions, such as Carbon Planner.

In 2024, 74% of our wholesale exposure[1] became in-scope for CDF, with completed assessments undertaken for 38% of in-scope wholesale exposure. For customers in-scope of the phased roll-out of CDF the tools are mandatory and undertaken as part of existing credit processes. Completion of tools is undertaken at least annually or more often subject to specific triggers, such as when a refinance or renewal of a facility results in a material change to climate risk.

Evolving our decision-making, and implementation

During 2025, we aim to continue to roll-out CDF tools to other customer areas on a test-and-learn basis. We plan to continue to gather information and insights to further develop and enhance the tools. This will help us to identify areas where we can enhance granularity of questions or conversely where data availability is inconsistent, as well as identify further controls and training required to continuously improve the tools. As we evolve CDF, we are planning to introduce processes for front-line teams where additional analysis or oversight is needed subject to specific triggers, for example on the basis of CDF scores of 4 or higher. We also aim to incorporate CTPA within wider frameworks, such as for the identification of opportunities to finance our customers' transition, and to better track our progress against our climate ambitions.

(1) For consistency with credit risk reporting in the NatWest Group plc 2024 Annual Report and Accounts, these figures are based on gross loans only.

Integration of our climate transition plan into financial planning and decision making continued

Assessment structure

Our Climate Transition Plan Assessment (CTPA) tool is used to assess customers' climate transition plans and includes key data points aligned to prevailing external transition plan guidance, with questions tailored to different customer segments. These tools have been developed in our credit systems, with the CTPA assessment designed to be scalable across customers in Commercial & Institutional, as well as commercial clients within Coutts & Co, where we have rolled out CDF on a phased, test-and-learn basis. The tools are designed to be used by frontline colleagues in existing business processes, such as annual reviews.

CTPA will continue to evolve as new transition plan frameworks and standardisation of customers' climate disclosures emerge. In 2024, we launched a mix of sector-specific and sector agnostic CTPA models, with our initial focus on creating strong foundations from which we can continue to evolve.

The CTPA tool has three modules with questions related to various topics. Each question and module is scored between 1 to 5, summing up to a final CTPA score also ranging between 1 and 5, where 1 is the best and 5 is the worst. This scale is also used for the CRS tool.

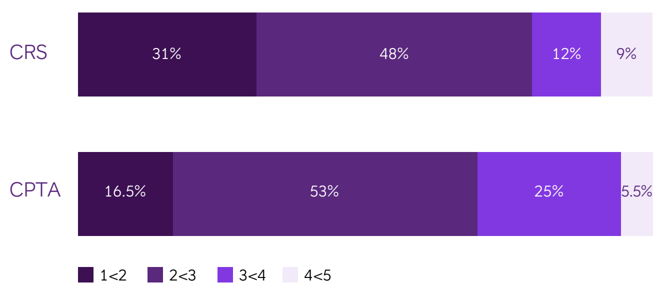
The CTPA score is used as an input into the CRS tool which considers transition risk, physical risk and the customer's ability to mitigate these through effective plans.

We recognise that customers are at various stages in their target setting and transition planning journey. As a result, where information is not available, the tools identify data gaps which can help us to focus conversations on areas where customers may benefit from assistance on their transition journey.

CTPA structure and example questions

Module 1: Current and historic emissions	In this module, we ask about current and historic Scope 1, 2 and 3 emissions, as well as whether customers emissions have been independently verified.
Module 2: Emission reduction targets	For this module, we ask about medium- and long-term emissions reduction targets, as well as any external target validation.
Module 3: Transition plan actions and governance	This module includes questions about transition plan actions and governance including whether climate is incorporated within executive remuneration, value chain engagement and capital expenditure allocation for climate.

Spread of CRS and CTPA scores for approved assessments carried out on the large corporate CDF model.



Deep dive analysis of NatWest Markets N.V.[1] customers

In 2024, NatWest Markets N.V. used the CDF tools to engage with its customers to understand the climate-related risks of their business and conduct climate transition plan assessments. Feedback from clients focused on the robustness of data inputs from their disclosures, as well as mutual understanding of where the data gaps exist. Through this process, NatWest Markets N.V. continues to build capability to use CDF tools among first and second line colleagues, and develop a culture where climate risk considerations are embedded within existing processes.

To complement the outreach on climate, NatWest Markets N.V. continued to develop its approach to nature, informed by European environmental regulation. This activity focused on the identification and assessment of environmental factors, including physical and transition risks within our corporate portfolio. An Environmental Decisioning Framework (EDF) was trialled in 2024, which considered 61 factors to produce a customer environmental scorecard. Our first-generation assessment focused on a limited number of customers, using internal and external data. Developed on a test-and-learn basis, insight gained from EDF will be used to inform future activity.

(1) NatWest Markets N.V. (NWM N.V.) is an EU subsidiary of NatWest Group.

Sensitivity analysis including dependence on government policies

Through our ongoing work to enhance our Climate transition plan, we continue to assess key policies on a sector-by-sector basis. As outlined on page 24 we used the policy credibility assessments[1] provided by the UK CCC in its July 2024 Progress Report,[1] to update our assessment of the 'downside' Balanced Net Zero (BNZ) adjusted scenario that reflects the impacts of time delays to realising the BNZ pathways included in the UK CCC Sixth Carbon budget.

The table on the right summarises notable policy developments included within the NatWest Group's Climate transition plan. The credibility assessment for individual policies was provided by the UK CCC July 2024 Progress Report. Our Climate transition plan does not yet reflect recent UK Government announcements made in the second half of 2024, including:

Renewable energy generation

- The set up of institutions under Mission Control for Clean Power and GB Energy to coordinate planning to achieve net-zero emissions by 2030, five years earlier than original target. The UK Government anticipates that GB Energy will receive £8.3 billion of public finance with the potential to leverage up to £60 billion of private investment into clean power.

Electrification of transport

- Commitment to phase-out internal combustion engine cars by 2030 supported by vehicle excise duties favouring EVs. £200 million for charging infrastructure and £2 billion for auto manufacturing research and development.

Electrification of buildings and heat

- Heat decarbonisation and household energy efficiency to receive £3.4 billion through the Warm Homes Plan over the next three years, including expansion of the Boiler Upgrade Scheme to support heat pump adoption.
- An additional £1.8 billion is earmarked for fuel-poverty mitigation programmes to aid low-income households.

Agriculture and land-use

- £5 billion allocated over two years for a more productive and sustainable agricultural sector in England.
- £400 million earmarked for tree planting and peatland restoration in England.

We expect the latest proposed UK policy initiatives, some of which are outlined on this page, to be reflected in the UK CCC's Seventh Carbon budget, which is expected to be published on 26 February 2025.

We intend to make use of the Seventh Carbon budget alongside the anticipated UK CCC 2025 progress report due in the summer of 2025 to update our downside BNZ scenario as we continue to iterate our Climate transition plan.

(1) The UK CCC July 2024 Progress report amended the format of their credibility assessment of BNZ pathways to credibility assessments of individual policies. As the BNZ pathways represent the mix of policies that support decarbonisation of specific emission-reduction drivers related to a sector (as quantified under the Sixth Carbon Budget Report), we developed a weighted methodology to reconcile the credibility of individual policy impacts to the total emission reductions associated with the relevant BNZ pathway. This was created using the 2023 Carbon Budget Delivery Plan that estimated emission reductions of individual policies in a given time period with the UK CCC July 2024 Progress report on credibility rating of individual policies, divided by the total emissions of the BNZ pathway with its credibility rating in 2023. The methodological weighting therefore helped to determine whether the 2024 credibility assessments were significant enough to update the credibility assessment of the entire BNZ pathway from 2023.

Relevant sector and BNZ pathway	UK CCC July 2024 Progress Report: Headline policy developments that are included in our latest Climate transition plan	Overall UK CCC – July 2024 credibility assessment change vs. June 2023 assessment: 2023	2024[1]
Electricity supply	Failure of UK Government's Contract for Difference Allocation Round Five to secure additional wind capacity	Some risk	Some risk
Surface transport: zero-emission vehicle uptake and charging infrastructure	Introduced the zero-emission vehicle (ZEV) mandate which means 80% of new cars sold must be EVs by 2030	Some risk	Some risk
Surface transport: Conventional vehicle efficiency	Delay to end-of-sales date for new petrol/diesel cars to 2035 will affect EV uptake	Significant risk	Significant risk
Aviation: Sustainable aviation fuels	Confirmation of the Sustainable Aviation Fuel Mandate	Significant risk	Some risk
Buildings: Scaling low-carbon heat for residential properties	Increased funding for Boiler Upgrade Scheme. But exemption of 20% of households from the phase-out of fossil-fuel boilers by 2035, and delaying oil boiler ban to 2035	Significant risk	Significant risk
Buildings: Residential energy efficiency	Scrapped 2028 EPC target for properties in the private rented sector	Significant risk	Insufficient plans
Industry: support for electrification, hydrogen, BECCS, biofuels	Deal for Tata Steel to use electric arc furnaces, British Steel to use electric arc furnaces, roll-out of British Industry Supercharger scheme	Insufficient plans	Insufficient plans
Industry: engineered removals	Publication of business plan for BECCS and greenhouse gas removals	Significant risk	Significant risk
Agriculture and land use: low carbon farming and agricultural machinery	Mandate for methane suppressing feed products	Insufficient plans	Significant risk
Land use: Agro-forestry and hedges	Agroforestry covered under Sustainable Farming Incentive	Some risk	Some risk

UK CCC (July 2024) credibility assessment	Some risk:	Significant risk:	Insufficient plans:
Policy delay estimated by NatWest Group	Estimated 3-year delay	Estimated 5-year delay	Estimated 10-year delay

Engagement with the policy environment and advocacy activity

On behalf of our customers, we continue to advocate on specific policy progress areas, with the aim of removing both financial and non-financial barriers that can help unlock private finance to support their transition. Along with peers, we also continue to work with the UK and EU governments, contributing to pan-industry consultations on frameworks and regulation that will govern how large corporate and financial institutions report their material impacts on the real economy, and the mechanisms they use to address these impacts. These frameworks are important to enable greater transparency and accountability of material impacts through standardised reporting.

2024 advocacy campaigns to support real economy decarbonisation(1)

Energy efficient buildings and retrofitting homes

- Through our ongoing involvement with the Sustainable Homes and Buildings Coalition, alongside British Gas, Worcester Bosch and Citizens Advice we continued to engage with the UK Government, advocating energy stamp duty rebates for energy efficient properties, ever closer public-private collaboration, and incentives for supporting skills development.
- We collaborated with The Green Finance Institute and Lloyds Banking Group to explore how Property Linked Finance could help unlock £52-£72 billion of private investment into decarbonisation of the residential market across England, Scotland and Wales.

Support for regenerative agricultural practices

- Through our ongoing collaboration with WWF UK, we co-published 'Roadmap for financing regenerative agriculture in England'. The report shows how the private sector can share the cost and risk of transition with farmers, with key recommendations on how government can improve data access, and support farmers to be paid for achieving positive climate and nature outcomes.

Public and private sector engagement to drive real economy decarbonisation

- We made submissions to Government consultations on the creation of a National Wealth Fund to catalyse investment in industrial decarbonisation through green steel, green hydrogen, gigafactories, ports and associated infrastructure.
- We also supported UK Government consultations on the 'Industrial Strategy – net zero priorities', HM Treasury on the topic of sustainable finance, and engaged with Government on the UK Emissions Trading Scheme: Inclusion of removals.

Industry participation to support transparency and accountability

In 2024, NatWest Group chaired or acted as joint coordinator on:

- UK Finance Sustainability Committee
- Bank of England Finance Risk Forum and the Strategic Embedding Working Group
- Transition Plan Taskforce bank guidance
- Financial Market Standards ESG Committee: sustainability-linked working group
- Association for Financial Markets in Europe Sustainable Finance steering group
- ICMA Sustainable Commercial Paper working group

We also participated in expert groups:

- Transition Finance Market Review

(1) During 2024, NatWest Group made no political donations, nor incurred any political expenditure in the UK or EU. Refer to page 169 of the NatWest Group plc 2024 Annual Report and Accounts for further detail.

Estimates of financed emissions

During 2024, we focused on consolidating, simplifying and improving our existing measurement capabilities.

Our work is guided by the availability of methodologies for estimating financed emissions and emissions intensities, most notably from PCAF[1], refer to the NatWest Group 2024 Sustainability Basis of Reporting for methodologies used.

In addition to sector-level lending models, where measurement standards are more developed, we estimate emissions for some lending and investment exposures on a collective basis. As a result, we have analysed 88%[1] of our loans and investment exposure as at 31 December 2023 (90% at 31 December 2022). Coverage variations are expected given changes in bank exposure. Absolute emissions and emissions intensities are published one year in arrears of our financial reporting date to allow time for appropriate data sourcing, measurement and review.

The table shows NatWest Group's estimated absolute emissions and economic and physical emissions intensities by sector as at 31 December 2023 and 31 December 2022. The table should be read in conjunction with the cautionary statements on pages 92 to 97 of this report and Risk factors included on pages 408 to 426 of the NatWest Group plc 2024 Annual Report and Accounts. We continue to refine our estimates as measurement methodologies develop and we enhance our measurement capabilities and data availability.

As at 31 December 2023, absolute estimated Scope 1 and Scope 2 financed emissions reduced by 2.4 $MtCO_2e$.

This is primarily driven by the electricity generation, automotive retail, manufacturing, construction and retail sectors. Absolute estimated Scope 3 emissions increased by 0.3 $MtCO_2e$

	2023				2022			
Sector	Customer Scope 1 and 2 ($MtCO_2e$)	Customer Scope 3 ($MtCO_2e$)	Physical emissions intensity	Economic emissions intensity[2] (tCO_2e/£m)	Customer Scope 1 and 2 ($MtCO_2e$)	Customer Scope 3 ($MtCO_2e$)	Physical emissions intensity	Economic emissions intensity (tCO_2e/£m)
Residential mortgages[LA]	2.8		38.4 $kgCO_2e/m^2$	14	2.8		38.4 $kgCO_2e/m^2$	14
Commercial real estate[LA]	0.2		47.1 $kgCO_2e/m^2$	17	0.3		51.5 $kgCO_2e/m^2$	18
Automotive manufacturing[3]	–	0.7	230.5 gCO_2e/v-km	917	-	0.5	258.6 gCO_2e/v-km	703
Automotive retail[3]	0.7			204	1.0			304
Land transport and logistics	0.6	0.6		232	0.7	0.6		263
of which freight road[3]	0.3	0.3	45.6 gCO_2e/t-km	380	0.3	0.3	47.1 gCO_2e/t-km	356
of which passenger rail[3] [7]	–	–	16.2 gCO_2e/p-km	45	0.1	0.1	74.3 gCO_2e/p-km	251
of which passenger road[3]	0.3	0.3	67.3 gCO_2e/p-km	202	0.3	0.2	111.8 gCO_2e/p-km	202
Aviation[3][LA]	0.8			682	0.7			569
Electricity generation[LA]	0.3		42.6 $kgCO_2e$/MWh	63	0.7		103.7 $kgCO_2e$/MWh	188
Oil and gas[4][LA]	0.1	0.2	3.7 tCO_2e/TJ	238	0.2	0.1	3.6 tCO_2e/TJ	204
Waste	0.3		308.8 tCO_2e/£m	293	0.2		284.2 tCO_2e/£m	230
Agriculture – primary farming[LA]	3.3		1751 tCO_2e/£m	906	3.4		1,860 tCO_2e/£m	886
Manufacturing[LA]	1.2		95 tCO_2e/£m	160	1.5		105.5 tCO_2e/£m	180
Construction	0.3		29.7 tCO_2e/£m	95	0.5		41.5 tCO_2e/£m	139
Retail[LA]	0.7		38.3 tCO_2e/£m	106	1.0		48.3 tCO_2e/£m	156
Leisure[LA]	0.4		69.7 tCO_2e/£m	60	0.4		53 tCO_2e/£m	54
Other[5]	3.4			34	4.1			47
Total NatWest Group)[6][8] (excluding AUM and facilitated emissions)	15.1	1.5		45	17.5	1.2		54

(LA) assurance marker in this table relates to 2023 values only.

Footnotes for this page can be found on the following page.

primarily relating to the oil and gas and automotive manufacturing sectors. PCAF scores in most sectors improved due to better availability of customer data with total NatWest Group PCAF data quality score improving from 4.0 to 3.9. Refer to the following page for details.

Key movements since 31 December 2022 include:

- **Electricity generation:** Absolute estimate Scope 1 and Scope 2 emissions decreased by 0.4 $MtCO_2e$ and physical emissions intensity also reduced by 59% to 42.6 tCO_2e/MWh. These decreases largely reflect increased funding of renewable electricity generation projects and reduced funding to emissions intensive customers.
- **Oil and gas:** The 0.1 $MtCO_2e$ decrease in Scope 1 and Scope 2 absolute emissions as at 31 December 2023 reflects a decrease in on-balance sheet lending to more emissions intensive customers. Scope 3 estimated emissions[4] have increased by 0.1$MtCO_2e$ because of improved data coverage for our upstream extraction and refinery customers.
- **Retail, automotive retail, manufacturing and construction:** The decrease in absolute emissions and emissions intensities is largely due to improved customer data availability which has resulted in estimates now being more closely aligned to customer activities.
- **Passenger rail:** Physical emissions intensity experienced a spike in 2022 driven by the introduction of vendor emissions estimates. In 2023, we have sourced published emissions numbers for a large number of our rail customers with the resulting emissions intensity being lower than the vendor estimated data.
- **Aviation:** The increase in economic emissions intensity in the aviation sector reflects the increase in airline travel as the industry returns to pre-Covid 19 pandemic levels.
- **Automotive manufacturing:** The increase in economic emissions intensity is due to better availability of customer emissions data.

Estimates of financed emissions data quality

The PCAF Financed Emissions standard (Part A) (PCAF standard) published in December 2022 recommends applying a data quality scoring methodology to help assess data quality challenges and recognise areas for improvement. PCAF's ratings assign directly collected customer emissions data a better score while estimated or extrapolated data achieves lower scoring.

PCAF scores of 1 or 2 are typically considered to have a very low margin of error for estimation of financed emissions, as these are directly sourced from reports published by the customer, while a PCAF score of 5 is typically considered to have a much larger margin of error as these are estimated by the reporting entity. Data limitations mean that financed emissions are estimated using a mixture of customer-specific emissions and estimated data. Refer to the 2024 NatWest Group Sustainability Basis of Reporting for details of estimation methodologies applied.

We continue to engage with customers, stakeholders and data vendors, and participate in wider initiatives to help enhance the availability of robust climate-related data, and over time we have observed gradual improvement in our customers' PCAF scores. During 2024, we have used financial and emissions data from additional sources and continue to supplement our own estimates of financed emissions with emission estimates provided by a data vendor. Use of vendor estimates is limited to situations where we do not have company published emissions data (PCAF 1 or 2) or do not estimate emissions using production or activity data (PCAF 3).During 2024, in line with PCAF guidance, we have also begun using Enterprise Value Including Cash (EVIC) for listed companies in our attribution factor estimation. The table shows the breakdown of available customer data between PCAF scores and related percentage of exposures for each sector.

	2023					2022
Sector[1]	PCAF 1 and 2: published emissions (%)	PCAF 3: Production data (%)	PCAF 4:[2] Revenue estimated emissions (%)	PCAF 5: Sector estimated emissions (%)	Overall data quality score	Overall data quality score
Residential Mortgages	–	66	–	34	**3.7**	**3.7**
Commercial real estate[3]	–	17	–	83	**4.7**	**4.6**
Automotive manufacturing	–	98	1	1	**3.0**	**4.1**
Automotive retail	41	–	55	4	**3.2**	**3.5**
Transport	18	–	60	22	**3.9**	**4.3**
Aviation	56	–	26	18	**3.1**	**3.5**
Electricity generation	5	79	9	7	**3.2**	**4.4**
Oil and gas Scope 1 and 2	49	–	38	13	**3.2**	**3.3**
Oil and gas Scope 3	26	–	57	17	**3.7**	**3.6**
Waste	22	14	48	16	**3.6**	**3.7**
Agriculture – primary farming	–	–	59	41	**4.4**	**4.4**
Manufacturing	32	–	51	17	**3.5**	**4.2**
Construction	17	–	44	39	**4.1**	**4.5**
Retail	33	–	37	30	**3.6**	**4.1**
Leisure	9	–	58	33	**4.2**	**4.5**
Other financed emissions models	18	–	31	51	**4.2**	**4.5**
Total NatWest Group (excluding AUM and facilitated emissions)	8	39	14	39	**3.9**	**4.0**

Refer to our 2024 Sustainability Basis of Reporting for details of methodology used for estimation.

Footnotes for this page

(1) The PCAF data quality score is based on the PCAF approach taken to estimate Scope 1 and Scope 2 emissions within a given sector. Where estimation methodologies differ between Scope 1 and Scope 2, we use the least favourable of a customers' PCAF scores in the weighted average calculation. In practice this only impacts a small number of borrowers primarily within our electricity generation sector. In addition:
   (i) For the oil and gas and automotive manufacturing sectors the Scope 3 PCAF weighted average data quality score has been calculated separately in line with PCAF methodology.
   (ii) Sovereign model PCAF scores are excluded from this table
(2) PCAF 4 is a combination of internal revenue based models and external vendor estimates.
(3) The weighted average PCAF score remains low in our commercial real estate portfolio due to issues matching EPC certificates with individual secured properties.

Footnotes for page 41

(1) The PCAF standard does not currently outline an estimation approach for short-term assets (such as nostro and repurchase agreements), quasi sovereign assets (for example, local authorities) and consumer lending other than mortgages and motor vehicle loans. As such these products are currently excluded from our financed emissions estimation. Loans and investments relate to on-balance sheet gross exposure, accounted at amortised cost (including finance leases) and FVOCI.
(2) The weighted average economic emissions intensity based on Scope 1, 2 and 3 estimated emissions in this table.
(3) For the automotive manufacturing sector, only Scope 3 emissions are considered in the estimation of physical emissions intensity. For the transport sector, all scopes are included in the estimation of physical emissions intensity. Physical emissions intensity is not shown for automotive retail and aviation sectors as methodologies are in the process of being developed.
(4) Oil and gas physical emissions intensity is based on extraction borrowers only, while the oil and gas Scope 3 estimate value is based solely on upstream borrowers (principally extraction customer and refinery operations) which make up c.37% of oil and gas sector lending exposure.
(5) Other represents estimated financed emissions on 27% of our in-scope loans and investments (23% estimated financed emissions) as at 31 December 2023, primarily relating to collective estimation approach where a common methodology has been applied to sectors and subsectors not individually analysed in the table. 3.1 $MtCO_2e$ collective emissions estimates includes: 0.7$MtCO_2e$ for utilities and natural resources-related activities, 0.6$MtCO_2e$ for mobility and logistics-related activities, 0.4 $MtCO_2e$ for other consumer-related activities. In addition, other includes emissions for: cement (0.03 $MtCO_2e$), shipping (0.05$MtCO_2e$), water (0.08$MtCO_2e$), housing associations (0.05 $MtCO_2e$), and iron and steel (0.1 $MtCO_2e$).
(6) NatWest Group principally holds debt securities issued by sovereign counterparties for liquidity management and to meet regulatory requirements in different jurisdictions in which the bank operates. These balances can vary significantly over time and NatWest Group has limited ability to influence the climate outcomes of these nations. Because of this, we have not included estimated financed emissions relating to our sovereign debt modelling within total NatWest Group estimation. Estimates of sovereign financed emissions are 4.0 $MtCO_2e$ at 31 December 2023 (4.0 $MtCO_2e$ at 31 December 2022) and primarily relate to UK and US sovereign debt.
(7) Emissions as at 31 December 2023 to the passenger rail and auto manufacturing sectors are now less than 50kt. A dash (–) indicates where data is calculated but rounds to 0.0Mt.
(8) NatWest Group Scope 1 and Scope 2 emissions of 15.1 $MtCO_2e$ comprises 11.4 $MtCO_2e$ Scope 1 and 3.7 $MtCO_2e$ Scope 2 (31 December 2022 17.5 $MtCO_2e$ comprised 13.1 $MtCO_2e$ Scope 1 and 4.4 $MtCO_2e$ Scope 2).

Financed emissions data limitations

A common theme across all sectors relates to data limitations, including lack of published emissions data and granularity of customer information.

As a result, the estimates included in this report are premised on use of the assumptions, extrapolations or aggregation at subsector levels. Based on these limitations, we expect our estimates of emissions and emissions intensities to change as we improve the granularity and coverage of customer climate data and develop our methodologies further. Refer to the previous page for a summary of our PCAF data quality scores by sector. Specific limitations include:

Availability, accuracy and comparability of customer data and other public data sources: While we have estimated emissions for on-balance sheet lending and investment as at 31 December 2022 and 2023, published customer data and other public data sources used in modelling may not always correlate to these dates. This may result in a lag in reflecting any changes in customer circumstances within NatWest Group's financed emissions. Where customer emissions data is available, we are unable to test alignment with the GHG emissions protocol. Customers' operational structures may result in different categorisation of activities and emissions.

Susceptibility to variation year on year:

We use customer emissions, production and revenue data to estimate financed emissions. Customer revenue and production are susceptible to change for various reasons such as global events. As customers' disclosures develop to include their emissions, the reliance on other estimation processes will reduce. In the meantime, variation in emission metrics may not always reflect changes in customers' emissions, but could result from changes in other factors, such as new data sources used to estimate emissions in the absence of externally published customer emissions. Fluctuations in customer on-balance sheet lending, such as uncommitted credit limits, can cause variance in year on year estimated emissions comparisons.

Lack of industry comparability: Emissions intensity estimates are not necessarily comparable across different financial institutions as they are based on data related to NatWest Group customers, our methodology and data sources.

Inconsistent characteristics for extrapolated portfolios: Where we have only been able to source data for a subset of our portfolio, we may use averages from this subset to calculate emission metrics for the remainder of our portfolio. The characteristics of each part of the portfolio may be sufficiently different resulting in extrapolation that may not always align with actual customer data as it becomes available.

Complex corporate structures: In some circumstances we may lend to a legal entity within a corporate group whose financial metrics and emissions are either unavailable or not representative of the nature of a Trading entity within that sector, for example, intermediary holding companies or entities performing a treasury function for NatWest Group. This can lead to emission metrics being inconsistent with their peers. To limit the potential impact of this issue, where appropriate NatWest Group may use the financial metrics and emissions profiles of a customer parent or group in estimating financed emissions and emissions intensities.

Double counting of Scope 3: A limitation of the PCAF standard is that of 'double counting', whereby the Scope 1 or 2 emissions for a given customer may correspond to Scope 3 for another customer within the same or different sector. Our customers do not disclose who their suppliers or customers are, thus making the identification of potential double counting of our Scope 3 emissions very difficult and the possibility of double counting likely at a NatWest Group and economy-wide level.

Scope 3 definition differences: Definition of Scope 3 applied by customers within a sector may include different activities, both in terms of Scope 3 coverage (not all Scope 3 categories are mandatory for disclosure) and generally differences in interpretation of the GHG protocol. This could result in variation in Scope 3 emissions reported by customers within the same sector. Limitations regarding Scope 3 emission estimates are noted in the PCAF Standard: 'PCAF acknowledges that, to date, the comparability, coverage, transparency, and reliability of Scope 3 data still varies greatly per sector and data source'. NatWest Group has not expanded its sectoral Scope 3 financed emissions disclosures while we assess the quality and consistency of available Scope 3 customer data.

Reliance on third-party data and estimates of emissions: Where we have chosen to use third-party data or estimates of emissions, we gain comfort by reviewing available data or estimation documentation and performing relevant data checks. However, by nature we do not have full knowledge of the methodology, matching processes, data quality or operation of this externally provided information, and cannot therefore exert direct control. Examples of this include the provision or application of EPC certificates, and the provision of revenue-based estimates of financed emissions.

For further details of methodologies and data limitations, refer to our 2024 Sustainability Basis of Reporting.

Estimates of financed emissions continued

Methodologies, standard setters and scenario selection

Scenario selection

In addition to the estimation of baseline and current financed emissions, we estimate emissions reductions required in future years. In 2022 we also set sectoral targets validated by the SBTi as science-based. This underpinned development of our initial Climate transition plan and ongoing identification of opportunities to help our customers' transition to a net-zero economy. Scenarios are used in a number of key ways and we have outlined which are used where and the importance of them. All scenarios used are recognised in the industry and developed by independent and respected organisations to assess forward-looking pathways for sectors.

SBTi target setting (2021-2022)

We followed the SBTi requirement of selecting scenarios that are at least as ambitious as those in the SBTi Sectoral Decarbonisation Approach (SDA) tool. We also tried to use as few scenarios as possible to keep the overall picture consistent. For each sector, we compared the IEA's B2DS World scenario against the UK CCC's BNZ scenarios and selected the most ambitious pathway to 2030 at the point of assessment. IEA NZE was selected for oil and gas (Scope 3 emissions) as at the time of target setting, it was the only scenario to contain this pathway. We will continue to assess updates in scenarios as they are published and incorporated in methodologies, including SBTi. The main assumptions of the scenarios used for each sector and their potential impacts on emissions are noted in the NatWest Group 2024 Sustainability Basis of Reporting and were discussed in more detail in our 2021 Climate-related Disclosures Report.

Updates on policy assumptions were assessed as part of our work on our Climate transition plan. The UK CCC and IEA scenarios when selected had similar assumptions on technology deployment and policy support, so this approach enabled NatWest Group to consider the impact of its financing and further support we can provide to customers to support their transition to net zero. In 2022, we set sector targets validated by the SBTi as science-based for 79% of our lending book as at 31 December 2019 and 57% of debt securities and equity shares, excluding sovereign debt securities. As noted within the 2024 NatWest Group Sustainability Basis of Reporting, the 2030 targets, validated by the SBTi, are based on external scenarios including the UK CCC BNZ scenario as well as the IEA B2DS scenario.

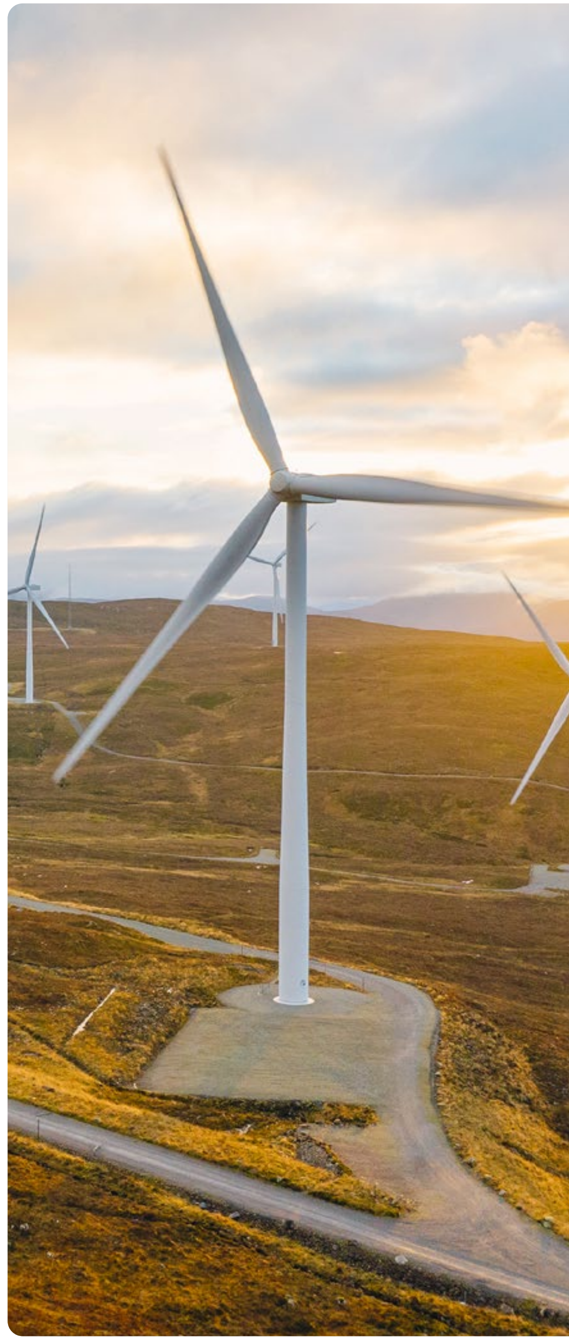
Climate risk scenario analysis

Our internal climate scenario analysis, including that carried out to support the annual internal scenario exercise, allowed us to assess our exposure to climate-related risks across our lending and debt securities book, including using the Network for Greening the Financial System (NGFS) produced scenarios which satisfy the `well below 2°c' requirement of the 2015 Paris Agreement. The results from our internal scenario analysis have informed our assessment of financed emissions and developing the initial iteration of our Climate transition plan. The insights have also been integrated into the assessment of sectors with exposure classified as heightened to climate-related risk. We have continued to build our measurement capabilities to enable the assessment of climate-related risks and opportunities within NatWest Group's loans and investments using external scenarios aligned with the 2015 Paris Agreement.

There is increasing concern acknowledged by the NGFS consisting of 114 central banks, that model scenarios, including those provided by central banks and supervisory bodies and, therefore used by NatWest Group, are too benign and may not adequately capture:

- the financial implications of increasing frequency and severity of acute physical risks as global temperatures increase;
- second and third order impacts such as disruptions to supply chains and increased geo-political risks; nor
- possible 'tipping points' that could lead to large, irreversible changes in the climate system, for example, a material slow down in the Atlantic Meridional Overturning Circulation (AMOC).

Refer to pages 53 to 58 for details of our scenario analysis exercises.



Estimates of facilitated emissions from bond underwriting and syndicated lending

Banks play a key role as facilitators between issuers and investors, and borrowers and lenders, by offering and conducting financial intermediation activities critical to the functioning of capital markets.

Following issuance of the PCAF Part B Global Greenhouse Gas Accounting and Reporting Standard for Facilitated Emissions in December 2023, and further guidance received in September 2024, NatWest Group updated the estimation of absolute Scope 1 and 2 facilitated emissions for capital markets to include:

- Capital markets bond underwriting activities, including green bonds as defined by the International Capital Market Association's Green Bond Principles[1,3] and the role of co-manager.[4] This constituted 60% of our capital markets bond underwriting including financial institutions, with the balance being sovereigns, supranationals and agencies as well as securitised products, which are out of scope for PCAF.
- Capital markets syndicated lending activities,[5,6] of £6.9 billion including the syndication of green loans as defined by the Loan Markets Association.

In 2024, total estimated Scope 1 and 2 facilitated emissions, weighted at 33%, were 1.28 $MtCO_2e$. Refer to page 46 for Methodology.

It is important to note that reported emissions shown in the table below[3,9] are estimates and may be subject to change given shifting baselines year-on-year and evolving PCAF guidance.[7] Estimated facilitated emissions will vary subject to NatWest Group's attributable bond underwriting and syndicated lending mandates year-on-year.

	2024						2023
	Attributable bond underwriting and syndicated lending		Facilitated emissions from bond underwriting and syndicated lending				Facilitated emissions from corporate bond underwriting
Sector	£m	% of total underwriting and syndicated lending	$MtCO_2e$	% of total emissions (33% weighting)	Green % of total sector emissions	PCAF data quality score	% of total emissions (33% weighting)[8]
Power utilities	4,329	5%	0.58	45%	82%	2.7	36%
Airlines and aerospace	1,624	2%	0.20	15%	0%	2.9	0%
Chemicals	1,065	1%	0.19	15%	0%	3.6	18%
Leisure	2,007	2%	0.04	3%	0%	3.4	0%
Oil and gas	812	1%	0.04	3%	0%	3.3	2%
Land transport and logistics	716	1%	0.04	3%	0%	3.4	10%
Retail	3,103	3%	0.03	2%	0%	2.5	1%
Water and waste	1,103	1%	0.02	2%	11%	2.0	5%
Manufacturing	3,031	3%	0.02	1%	0%	2.9	5%
Financial institutions	63,777	67%	0.02	1%	1%	2.9	0%
Automotive	2,679	3%	0.02	1%	0%	3.0	1%
Commercial real estate	1,406	1%	0.01	1%	90%	3.0	0%
Other	9,247	9%	0.10	8%	35%	3.3	22%
– Of which business and professional services	2,123	2%	0.07	6%	43%	3.0	1%
– Of which technology, media, and telecommunications	5,317	6%	0.01	1%	7%	3.1	1%
Total[8]	94,901	100%	1.28	100%		3.0	100%

Analysis

The inclusion of syndicated lending in 2024 contributed to an increase in facilitated emissions for airlines and aerospace and chemicals, where total facilitated emissions were 0.20 $MtCO_2e$ and 0.19 $MtCO_2e$ respectively, each representing 15% of total estimated emissions.

Oil and gas represented 1% of total attributable bond underwriting and syndicated lending, and constituted 3% of estimated facilitated emissions in 2024.

For power utilities, attributable bond underwriting and syndicated lending increased by 34% between 2023 and 2024 resulting in an increase of facilitated emissions to 0.58 $MtCO_2e$. However, 82% of the attributable bond underwriting and syndicated lending was green[1,3] relative to 60% of green corporate bonds in 2023.

For footnotes on this page, refer to page 46.

Estimates of facilitated emissions from bond underwriting and syndicated lending (continued)

Methodology

The 2023 PCAF standard allows splitting responsibility among the transaction facilitators (passive and active) using either league tables based on fees or the value of the volume. For bond underwriting, NatWest Group used league tables based on volumes for active and passive roles and actual allocation for co-manager roles. For loan syndication, we used both league tables based on volumes and deal information.

We followed the PCAF standard to define an issuer as an organisation that issues debt or equity capital markets instruments. Sovereigns, supranationals and agency issuers, as well as securitised products, are out of scope for the PCAF standard.

For syndicated lending, we included the roles of active and passive underwriting and best efforts. Coordination is not in scope of the PCAF standard.[5,6]

In 2024, we applied a 33% weighting factor for emissions estimations in line with the PCAF standard. In 2023, we applied a 100% weighting factor.[8]

In line with the PCAF standard, to estimate greenhouse gas emissions, we sourced customer-level emissions data, where possible. If customer-level data is unavailable, emission sector averages (PCAF data quality score of 5) are used for emission intensities from 2023 and applied against 2024 volumes.[7]

Currently, there is no commonly agreed methodology for measuring the carbon footprint of green bonds and loans.[1] We show conventional versus green bonds and syndicated loans to highlight the expected difference of facilitated emissions associated with each activity.[1,3] Sustainability-linked and sustainable bond and loan activities are treated as conventional for the purpose of estimating facilitated emissions.

Limitations

Scope 3 emissions have not yet been estimated for facilitated emissions. The PCAF standard recommends that Scope 3 emissions for all sectors are disclosed from the beginning of 2025. We continue to review Scope 3 estimation methodologies and the availability of appropriate data for inclusion in future reporting.

For further details of methodologies and data limitations, refer to page 43 and our 2024 Sustainability Basis of Reporting.

Footnotes from pages 45 and 46:

(1) Green bonds and loans have been excluded by PCAF from facilitated emissions calculations for 2024. It is expected that green bonds and loans have a reduced emissions intensity, but no calculation or methodology has been developed to quantify the emissions associated with green bonds, loans and other known use of proceeds bonds. Green bond underwriting is included in our 2024 facilitated emissions calculation for consistency with prior year disclosures, and syndicated lending for 2024 reporting, but no differentiation is made between conventional and green bond underwriting and syndicated lending emissions to account for this and we have not attributed a lower emission intensity to green bond underwriting emissions and syndicated lending emissions.

(2) The PCAF standard does not currently outline an estimation approach for short-term assets (such as commercial papers). Therefore, these products are currently excluded from our facilitated emissions estimation.

(3) With regard to the green bonds and syndicated lending, NatWest Group 2024 climate and sustainable funding and financing inclusion criteria were used to determine the assets, activities and companies eligible for inclusion.

(4) Co-managers are not captured by the PCAF standard. We include transactions where we acts as a co-manager in alignment with the GHG accounting 'follow the money approach' and with NatWest Group's climate and sustainable funding and financing inclusion criteria.

(5) A syndicated loan transaction is defined by the PCAF standard as a loan made available by two or more providers under a common loan agreement and ranking credit is assigned upon signature of the loan documentation. Where a financial institution provides an underwriting facility that puts the institution's capital at risk, this should be treated separately from the role they provide in arranging and facilitating an issuance.

(6) The syndicated loan market is a private market with no requirement for banks to report collectively into third-party league tables. Based upon its own market knowledge, NatWest Group identified relevant loan markets volumes based upon an internal scope and methodology with an aim to align to guidance from PCAF issued in December 2024. Numbers reported are therefore presented on a best-endeavours basis and are subject to change as guidance develops.

(7) NatWest Group aims to estimate facilitated emissions using the latest data available, recognising there may be a lag between the availability of emissions data and the date of record for reporting. As a result of this lag, recent changes in a counterparty's activities may not be reflected in the estimate of facilitated emissions. We continue to refine our estimates as we enhance our understanding, calculation methodologies and data. Also, methodologies to calculate emissions for certain sectors are still under development. Based on these limitations, we expect our estimates to change as we improve the granularity and coverage of customer climate data and develop methodologies further.

(8) In 2024, scope for the estimation of facilitated emissions was expanded to include syndicated lending, financial institutions and co-managers. Reporting of facilitated emissions in 2024 uses a 33% weighting factor. In 2023, the estimation of facilitated emissions included corporate bond underwriting only. Estimated facilitated emissions, reported at 100% weighting, were 1.5 $MtCO_2e$ (equating to 0.5 $MtCO_2e$ if a 33% weighting factor had been used).

(9) The table on page 45 should be read in conjunction with the cautionary statements on pages 92 to 96 and Risk factors included on pages 408 to 426 of the NatWest Group plc 2024 Annual Report and Accounts.

Own operational footprint: progress update

In 2024, NatWest Group achieved all ambitions set to be delivered by 2025, reducing direct own operations[(1)] emissions 51% against a 2019 baseline.[(2)]

NatWest Group is retiring the direct own operations ambition and aims to reduce emissions for its own operational footprint by reducing Scope 1 and location-based[(3)] Scope 2 emissions by 70% and Scope 3 emissions by 50% by 2030. Refer to page 49 for further details.

NatWest Group's operational emissions represent 3% of the bank total emissions, based on latest available data. Refer to page 23 for a breakdown of emissions.

On our path to achieve our 2030 science-based targets, in 2020 we set interim ambitions for our direct own operations to reduce emissions by 50% by 2025 from a 2019 baseline, for emissions where we consider we have the greatest ability to influence reductions, for example through energy efficiencies, reducing travel, property portfolio right-sizing, and our resource use. In 2024, we have achieved all of these and met our 2025 ambition, reducing direct own operations emissions by 51% against a 2019 baseline.

All activity is supported by a focus on continuous data improvement and methodology enhancements. These improvements have been incorporated into 2024 estimations. For consistency, where possible, 2019 to 2023 estimates have also been reassessed as a result of exceeding our 5% rebaseline threshold. Refer to page 49 for details.

2019 to 2024 emissions progress

The waterfall chart included below discloses our own operational emissions between 2019 and 2024, including our upstream and downstream Scope 3 emissions. This includes emissions from our direct own operations as well as the wider operational value chain, in line with our 2030 and 2050 ambitions.

– Our own operational emissions[(4)] have reduced by 46%, 455,748 tCO_2e, between our 2019 baseline and 2024 reporting year.
– The most material reduction in emissions occurred within upstream Scope 3 categories 1, 2, and 9 as well as location-based Scope 2 emissions. Scope 3 emissions reductions result mainly from our supply chain decarbonising, with location-based Scope 2 emissions reductions from grid greening as more renewable electricity is added to national electricity grids, energy efficiency work undertaken across our portfolio and portfolio right-sizing.

For further details of drivers for Scope 1 and Scope 2 reduction activities in 2024, refer to page 49 to 50 of the NatWest Group plc 2024 Annual Report and Accounts.

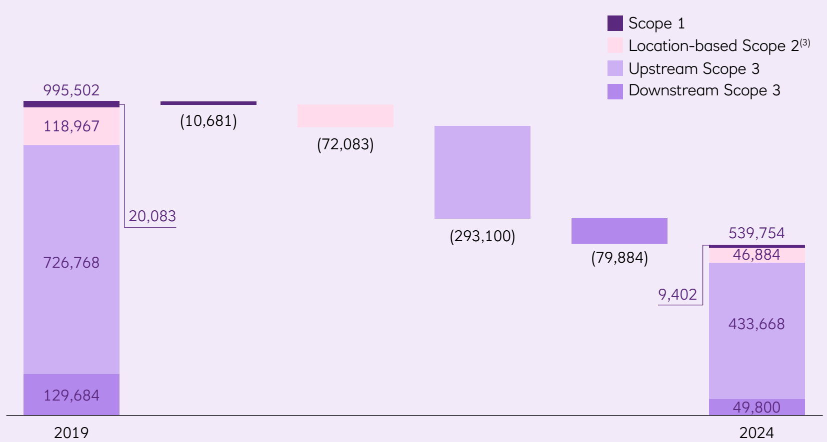
Supply chain emissions

Our supply chain emissions formed 65% of our 2024 operational emissions, offering a key opportunity for decarbonisation.

– Total supply chain emissions have reduced by 40% between 2019 and 2024.
– As we predominately use spend-based methods, changes in influenced spend[(5)] will directly impact emissions.
– An update to the industry-average emission factor database has been the main contributor to the reduction in purchased goods and services emissions in 2024. Therefore, we continue to work with suppliers to obtain supplier-specific data to reduce our reliance on industry averages emission factors and to measure supplier emissions trajectory to help inform choices across our supply chain.

Refer to the NatWest Group 2024 Sustainability Basis of Reporting for further details of our updated methodology.

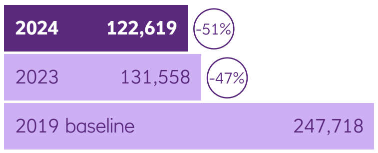
Own Operational Emissions tCO_2e[(4)]



(1) NatWest Group defines direct own operations as our Scope 1, location-based Scope 2 and Scope 3 (paper, water, waste, business travel, commuting and work from home) emissions. It therefore excludes upstream and downstream emissions from our value chain. The term 'direct own operations' will be retired from 2025 onwards following achievement of our 2025 ambitions.
(2) Our 2019 baseline runs from 1 October 2018 to 30 September 2019.
(3) Our ambition is location-based to drive absolute reductions in consumption. Location-based GHG emissions method reflects the average emissions intensity of grids on which energy consumption occurs (using grid-average emission factors). Market-based emissions reflect emissions from electricity procured from sources NatWest Group has selected, including renewable electricity. As renewable sources have nearly zero emissions associated with energy generation, market-based emissions are lower than location-based emissions. Refer to Streamlined Energy and Carbon Reporting (SECR) disclosure, included on page 50 of the NatWest Group plc 2024 Annual Report and Accounts, for further details of the basis of GHG emissions reporting.
(4) Our own operational emissions reporting year runs from 1 October to 30 September. Our operational footprint includes greenhouse gas emissions Scopes 1, 2 and 3 (Categories 1-14, excluding Categories 8, 10, 14). For details of the Greenhouse Gas Protocol including upstream and downstream refer to diagram of scopes and emissions across the value chain.
(5) Influenced spend is spend associated with the procurement of purchased goods and services in which NatWest Group directly controls. It does not include spend categories such as regulatory fees, commission and general fees, international taxes, customer passthrough costs, and spend attributed to emissions in other categories/scopes of our carbon footprint.

Own operational footprint: direct own operations progress update

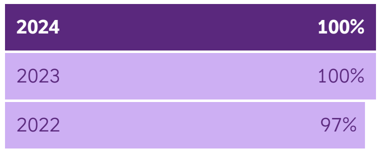
In 2024, NatWest Group achieved all the ambitions set to be delivered by 2025. The charts below provide an overview of our progress in achieving these ambitions.



-51% since 2019

Ambition achieved and retired

We aimed to reduce our direct own operations[1] by 50% between 2019 and 2025 for Scope 1, location-based Scope 2, and certain Scope 3 categories.



100% in 2024

Ambition achieved
On-going ambition

We continue to aim to use only renewable electricity in our direct own global operations, using green tariffs and purchased renewable electricity certificates.(RE100)[3] (% global electricity)

100% in 2024

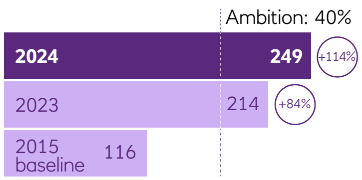
Ambition achieved and retired

We aimed for 100% of our fleet vehicles to be electric by 2025 (EV100). (% of fleet converted to electric)

15% in 2024

Ambition achieved and retired

We aimed to install EV chargers in 15% of our large office spaces across our portfolio (EV100) (% of large office spaces with charging infrastructure)

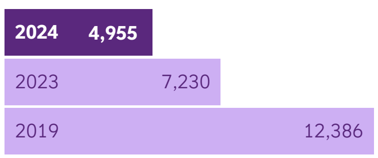


FTE per GWh[2]

+114% since 2015

Ambition achieved and retired

We aimed to improve energy productivity by 40% compared to 2015 baseline (EP100) (% total energy).



Metric tonnes of waste generated (t)

100% recycled, recovered or reused in 2024

Ambition achieved and retired

We aimed to maintain zero waste to landfill in UK and Republic of Ireland (% waste diverted from landfill)

Renewable energy RE100: Following the achievement of our RE100 commitment in 2023, we have maintained 100% renewable electricity across our global operations.[3] This was achieved through green tariffs, on-site solar and purchasing Renewable Electricity Certificates for our landlord supplied properties, where we are unable to specify a requirement for renewable electricity due to the existing structures of energy supply and billing systems. The solar panels installed at 440 Strand generate enough electricity at peak performance to power all desktop computers in the building. In 2024, this level of output was achieved for four months of the year. Looking forward, in 2025 we expect 39% of our UK electricity to come from corporate power purchase agreements.

Electric vehicles EV100: In 2024 we installed a further 55 electric vehicle (EV) chargers and now have EV chargers in 15% of our large office spaces across the UK. We have also transitioned our owned and operated fleet to fully electric, fulfilling both of our EV100 commitments. It is worth noting that the life cycle of electric vehicles is not fully sustainable yet, and it is challenging to obtain data to draw meaningful comparisons of emission reductions. Looking ahead, we plan to continue encouraging colleague uptake of electric vehicles through the availability of EV chargers across our property portfolio.

Outside our EV100 commitment, we have demonstrated innovation and commitment to sustainable transport with two electric mobile banks, currently used to serve customers in remote areas. The second phase of this project is underway with plans for an additional three electric mobile banks to be rolled out in 2025.

Energy productivity EP100: We met our EP100 commitment during 2024, improving energy productivity by 114% from a 2015 baseline. This was due to a consistent approach in reducing energy consumption across our portfolio, as well as global property right-sizing and FTE reductions.

Waste: We have experimented with and continued to implement measures which strive to enhance our approach towards the principles of circular economy, which has resulted in a 60% reduction in waste[4] since 2019. We have also optimised our waste services across our buildings in the UK mainland, resulting in a reduction in waste of 16.8 tonnes compared with 2023. New waste streams were introduced at our data centres during 2024 which improved their waste recycling rate by 30%. During 2024 we diverted 99.9% of waste from landfill, to either energy recovery, recycling or reuse.

Paper: We achieved our ambition to reduce paper consumption by 70% by 2025, against a 2015 baseline. Consumption has consistently reduced since 2015, with a reduction of 73% achieved between 2015 and 2024. This was due to the continued implementation of digitisation programmes as well as our paperless programme, which has resulted in a reduction in 16 million envelopes during 2024.

(1) Scope 1, location-based Scope 2 and Scope 3 (paper, water, waste, business travel, commuting and work from home) emissions.
(2) GWh is Gigawatt hours of energy. FTE is a full-time employee equivalent.
(3) Using green tariffs and purchased renewable electricity certificates. Tariffs are labelled as green if some or all of the units of electricity are 'matched' by units generated from a verified renewable energy source.
(4) Routine operational waste includes waste from our UK and Republic of Ireland offices, branches and data centres, and excludes construction waste. Waste generated comprises: Recycled (2024 3,960t, 2023 5,993t, 2022 6,956t, 2021 8,472t, 2020 7,217t, 2019 9,238t), Incineration with energy recovery (2024 738t, 2023 967t, 2022 1,133t, 2021 1,170t, 2020 2,012t, 2019 2,757t), Reused (2024 252t, 2023 263, 2022 235t, 2021 241t, 2020 461t, 2019 349t), Landfilled (2024 5t, 2023 7t,2022 10t, 2021 9t, 2020 7t, 2019 42t).

Our 2030 ambitions

NatWest Group aims to reduce its Scope 1 and location-based Scope 2 emissions by 70% by 2030, against a 2019 baseline.

2024: We have achieved a 60% reduction against our existing target to reduce Scope 1 and location-based Scope 2 emissions by 50% by 2030, against a 2019 baseline.

Due to progress made in energy reduction, energy efficiency and portfolio right-sizing, we have achieved a 60% reduction in Scope 1 and location-based Scope 2 emissions against a 2019 baseline. To reflect this progress we have refreshed our ambition to reduce Scope 1 and 2 location-based emissions and will now aim for a 70% reduction by 2030, against a 2019 baseline.

NatWest Group has a target to reduce absolute Scope 3 emissions from applicable categories 1-14 by 50% by 2030 from a 2019 baseline.

2024: We have achieved a 44% reduction.

During 2024, we focused on setting strong foundations for Scope 3 decarbonisation by improving data accuracy across most Scope 3 categories, upskilling supply chain managers and augmenting sustainability through procurement processes.

Our Scope 3 emissions have reduced 44% in 2024 from our 2019 baseline. NatWest Group's supply chain emissions make up 65% of Scope 1, location-based Scope 2 and Scope 3 emissions and are therefore key drivers of reductions. Our supply chain emissions have reduced by 40% between 2019 and 2024.

Mitigate emissions beyond the value chain

In support of our commitment to contribute to projects that aim to remove carbon beyond our operational value chain, we are aiming to continue to invest in nature-based solutions.

2024 is the last year of retiring 120,000 carbon credits purchased from a sustainable grazing project. For details of how NatWest Group used carbon credits(1) to neutralise emissions in the past, refer to pages 41 and 43 of the 2023 NatWest Group Climate-related Disclosures Report.

At the same time, we have also started to explore technology-based solutions which are gaining prominence on global carbon removal markets due to their permanence and reliability. As an experiment, we purchased 500 CO_2 Removal Certificates (CORCs),[2] the equivalent of 500 tonnes of carbon dioxide captured and sequestered. The process captures carbon from biogenic sources and sequesters it in manufactured limestone for 1,000 years, the estimated geological life.

Ambition setting

Our 2030 ambitions have been set using the SBTi pathways to include all relevant Scope 3 categories. Utilising data from the UK CCC's Sixth Carbon Budget we forecast our operational footprint to 2030 to understand actions needed to decarbonise, as well as identifying those factors which are outside our direct influence. We review our ambitions against peers, updates to SBTi and other voluntary commitments, as well as against projections.

Risks and dependencies

The delivery of our own operations climate ambitions and associated climate transition plan is dependent upon a range of factors including:

- Voluntary decarbonisation of direct and indirect suppliers.
- The increase in energy consumption required to fuel Artificial Intelligence (AI) which is anticipated to occur for both our own operations as well as our supply chain.
- Availability and cost of renewable electricity certificates and carbon credits.
- Availability and cost of technology such as electrified heating and the supply chains required to support delivery.
- Policies to decarbonise public travel and domestic heating.

Looking ahead: supplier emissions

As our supply chain emissions account for the majority of our operational carbon footprint, we aim to use supplier climate data with ESG risk combined weightings to measure supplier climate maturity and help inform choices across our supply chain. Supported by:

- **Engagement:** Expand our supplier and business area engagement during 2025 to further develop cross-departmental support as well as supplier and service-specific data provision.
- **Data:** Continue to improve the accuracy of our emissions reporting through experimentation.
- **Insights:** Utilise further third-party data to gain additional insights on our supplier base.

We are working to improve supplier data as well as refining methodologies to support any actions we take to reduce emissions.

The 2024 emissions estimates presented in this section take into account improved data and methodology enhancements where available. We have also reassessed 2019 to 2023 emissions presented to align the basis of preparation so a like for like comparison can be made. This impacts Scope 1, 2 and 3 estimates. Scope 1 emissions for 2019 have decreased by 3%, while total Scope 3 emissions (categories 1 to 14) have risen by 5%.

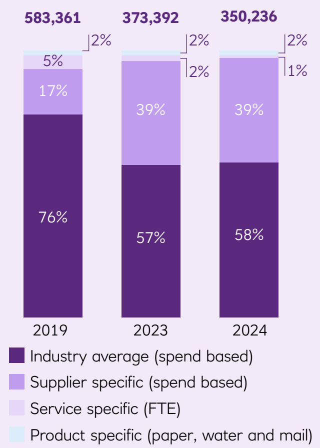
We have defined an internal materiality threshold to assess when a reassessment is triggered, set at 5% of operational emissions. When emissions have been reassessed, NatWest Group operates internal controls to ensure there are no significant changes that could compromise the relevance and consistency of the existing operational ambitions and targets, including those validated by the SBTi.

(1) The SBTi recommends that companies invest to mitigate emissions beyond their value chain while they transition towards a state of net-zero emissions. In accordance with the Greenhouse Gas Protocol, our absolute emission reductions of 70% for Scope 1 and Scope 2, 50% for Scope 3 and 90% for all operational emissions by 2050 are not achieved through the use of carbon credits.

(2) CORCs purchased from the Carbon Removers, which are verified by the puro.earth methodology for carbonated materials.

Own operational footprint: supply chain sustainability

Supply chain emissions methodology breakdown (tCO_2e)



Supplier data quality

We require our suppliers to meet a set of minimum requirements when disclosing their emissions to CDP. This includes requirements on emissions data, verification, revision of prior years and science-aligned emission reduction ambitions. Out of those requested and submitted to CDP in 2024, 96 suppliers met these requirements, of which 35 suppliers needed one or more Scope 3 proxy figures to create a complete industry-relevant Scope 3 inventory. 58 suppliers were not included in our figures because they did not meet our minimum data requirements.

Supplier data collection

This is the second year of our supplier data improvement journey, focusing on the suppliers with the highest contribution to our emissions.

In 2024 we continued supporting our suppliers to measure, report and reduce their emissions. We provided suppliers who accounted for 70% of our reported 2023 supply chain emissions with free access to respond to the CDP supply chain module. This enabled further transparency within our climate reporting by improving our supplier-specific data from 18% of suppliers by emissions reported in 2023 to 39% in 2024 as part of our hybrid methodology.(1) Switching from industry average to supplier-specific emission factors reduced supplier carbon intensities by 62% in 2019 and 56% in 2024.

We communicated our decarbonisation ambitions and the role of both CDP and EcoVadis in our decarbonisation journey to the suppliers who account for the highest emissions. This communication aimed to help them understand the requirements to effectively respond to both questionnaires. Insights were also provided to our suppliers on the benefits to their decarbonisation journey.

Methodology improvements

As well as including more supplier-specific data(2) in our supplier emissions estimations, we have also applied a service-specific tCO_2e/FTE average emission factor to the number of workers provided by our core service providers. Additionally, we have refined underlying spend data and reviewed industry-average emission factor applications. A new approach has been applied to our most material supplier spend data to refine inclusions or exclusions in our supply chain emissions reporting boundary, refer to the 2024 Sustainability Basis of Reporting for further details. Where supplier, service or product-specific data is unavailable, we apply industry averages(3) to estimate emissions by spend category.

Supply chain manager training

During 2024, 97% of supply chain managers completed our climate training, aiming to empower colleagues who work with suppliers with the skills to lead effective climate conversations. The training consisted of four modules, each designed to build knowledge on key climate topics.

Measuring the sustainability of our supply chain

To improve and maintain our sustainability performance across key areas including environment, labour and human rights, ethics, and sustainable procurement we continue to encourage our suppliers to complete an EcoVadis assessment. 74%(4) of NatWest Group's contracted supplier(5) spend either possess an active EcoVadis scorecard or have submitted a new assessment and are in the process of receiving a new scorecard.(6) Collectively suppliers have improved their EcoVadis scores year on year, averaging 13% higher than the EcoVadis Global Average. NatWest Group scored 68% overall in 2024 (67% in 2023), ranking in the 89th percentile.

Decarbonising our property portfolio

Sustainable buildings in India

We have continued to broaden our focus to include our overseas offices, collaborating with our landlords to promote the adoption of sustainable practices in our India offices.

Our Chennai and Gurugram offices are now Leadership in Energy and Environmental Design (LEED) operation and maintenance platinum rated, representing the highest level of achievement. Buildings that earn this certification demonstrate exceptional energy efficiency, resource conservation and sustainable design practices. These buildings are also LEED Gold Certified in interior design and construction, as well as Design and Build LEED certified.

Designing a more sustainable work environment

We have continued to retrofit our buildings in line with the environmental assessment methodology and benchmarking tool SKA and furthered our progress in 2024 by achieving four gold accreditations in office and branch fit outs. In our branch design, back of house upgrades(7) are now included as standard while banking halls are being refreshed, resulting in further reductions in carbon emissions and energy consumption as more efficient initiatives are put in place.

(1) Hybrid methodology combines supplier-specific emissions data (tCO_2e/£) with industry averages (tCO_2e/£) service-specific (tCO_2e/FTE) and product-specific (paper, water and mail).
(2) Supplier-specific data for our supply chain means utilising the verified Scope 1, location-based Scope 2 and upstream Scope 3 emissions as reported by that specific supplier, rather than using an industry average emission factor which is applied per spend category.
(3) Using the CEDA (Comprehensive Environmental Data Archive) database.
(4) Reporting spend period is 1 November 2023 to 31 October 2024.
(5) Contracted suppliers are vendors matched to a contract and managed by an SCS Manager.
(6) EcoVadis valid scorecard data is from 1 January 2024 to 31 December 2024.
(7) The scope of our refresh programme was extended to include back of house spaces – kitchen, staff room and toilets, to improve conditions.

Our evolving approach to climate and nature risk management

Climate and nature risk is defined as the threat of financial loss or adverse non-financial impacts associated with climate change and nature loss respectively and the political, economic and environmental responses to it.

Climate risk has been included in the NatWest Group risk directory since 2021, alongside a multi-year progressive pathway which supports maturing our capability to manage a relatively new prudential risk. In 2024, we broadened the definition to climate and nature risk and have updated our policy to reflect this. We are in the early stages of embedding nature into our risk management processes. Activity undertaken to enhance our understanding of NatWest Group's nature-related dependencies and impacts is detailed on pages 61 to 63.

Our approach to integrating climate risk continues to focus on embedding climate-related risk management practices throughout NatWest Group, advancing our capability to identify and assess, manage and mitigate, monitor and report on these risks. We have made iterative progress, continuing to update our approach as our capabilities mature.

Climate and nature risk is a principal risk in the NatWest Group enterprise wide risk management framework (EWRMF). Climate risk is also considered to have relatively significant cross-cutting impacts on the following principal risks: credit risk, operational risk, reputational risk, conduct risk and regulatory compliance risk. As our capabilities mature, we plan for the effective management of climate and nature risk through existing policies captured within the NatWest Group EWRMF.

Further details can be found in the Risk and Capital Management section of the NatWest Group plc 2024 Annual Report and Accounts, including the latest assessment of the relative impact of climate-related risk factors to other principal risks and how climate risk is managed through existing policies.

Over the following pages, we explore some of the key advances we made in 2024 to embed the identification, assessment and integration of climate risk into existing risk management processes.

Key developments in 2024 include:

- Continued to enhance in-house climate risk modelling capabilities, supporting the integration of climate risk within our capital adequacy and impairment processes, and maturing physical risk scenario analysis, refer to pages 53 to 58.
- Begun to roll-out Climate Decisioning Framework (CDF) tools, comprised of Customer Transition Plan Assessments (CTPA) to help us understand our customers' transition journeys, and Climate Risk Scorecards (CRS) to support our understanding of how they are managing climate-related risk, refer to page 59.
- Ensured NatWest Group's climate ambitions remain reflective of risk considerations, refer to page 6.

Our processes for identifying and assessing climate-related risks

NatWest Group continues to enhance its processes to effectively identify and assess the potential size and scope of climate-related risks, through three key approaches:

1. Strategic analysis

To assess the ongoing resilience of our strategy, an evolving programme of climate scenario analysis has been in place since 2021.

Refer to pages 53 to 58 for details of our scenario analysis exercises, covering our entire credit book.

2. Portfolio level assessment

Assessments seek to identify customers, assets, sectors and subsectors that are likely to see increased risks for NatWest Group as a result of climate-related factors. Various tools are used across the credit risk portfolios and our market risk portfolio.

1. Heightened climate-related risk sector assessment

Our initial methodology, introduced in 2021, has continued to mature and now applies three lenses considering transition, physical and liability risk. The foundation of the methodology is the quantitative subsector level outputs from climate scenario analysis, as well as other climate data, financed emissions rates and a qualitative expert overlay to reflect climate related risks not captured within the modelling process. Refer to page 21 to 22 for details of our 2024 assessment and methodology enhancements.

As our maturity has evolved, the use cases for our assessment now include:

Pricing and risk appetite – influencing our participation choices and pricing frameworks at a subsector level.

Risk appetite measures – monitored on a regular basis since 2023, alongside the Commercial & Institutional operational limits.

Climate Risk Scorecards – subsector level insights are used with customer-specific inputs to produce a final climate-related risk score at a customer level. The scores are intended to inform strategic decision-making and assist with credit decisioning in the future, refer to pages 37 to 38.

2. Operational limits and key risk indicators

Operational limits and key risk indicators are used across the franchises to monitor exposure to portfolio level metrics. As an example, within our Retail business we monitor exposure to portfolio level flood and energy efficiency concentration risks. These measures support us to identify a growing concentration of those properties at higher risk of flooding or with poorer energy efficiency ratings within our mortgage portfolio, refer to page 60.

3. Market risk

Analysis of issuer and counterparty credit stress by sector in a climate transition scenario is undertaken on a monthly basis. The stressed credit spread adjustments capture both the costs and opportunities associated with the climate transition. The output of the analysis allows for risk concentrations and exposure trends to be identified, supporting the management of market risk.

Pages 59 to 60 provide further details of how NatWest Group manages climate-related risks to the wholesale and residential mortgage portfolio respectively.

3. Transaction level assessments

From a conduct risk perspective, controls have been introduced within our product design governance processes to support our teams in avoiding greenwashing and ensure that appropriate, transparent labels are adopted. Marketing and communications processes consider an anti-greenwashing checklist and content can be escalated to climate teams for further scrutiny as required.

Our suppliers are encouraged to complete an EcoVadis[1] assessment to drive an improvement in the sustainability performance of our supply chain with a view to reducing our operational risk. Refer to page 50 for further details.

Within wholesale credit risk, we use our initial suite of Climate Risk Scorecards to provide a consistent and structured approach to customer engagement regarding the potential climate-related risk and opportunities they may face. In parallel, we have begun to roll-out the CDF tools on a test-and-learn basis, refer to pages 37 to 38 for further details.

(1) EcoVadis is the leading sustainability intelligence platform for global supply chains.

The resilience of our strategy: scenario analysis

To assess the ongoing resilience of NatWest Group's strategy to the impacts of climate change and help inform decision-making processes, an evolving programme of climate scenario analysis has been in place since 2021.

During 2024, we conducted a range of climate scenario analysis exercises covering our full credit book, including risk management and capital adequacy use-cases[1]. Our 2024 climate scenario analysis programme assessed climate-related risks and opportunities across short (<5 years) and medium-term (5 to 10 years) horizons. The outputs of our analysis inform processes such as NatWest Group's heightened climate-related risk sector assessment, which helps to support strategic decision-making.

2024 enhancements included:

- Continued integration of climate into our capital adequacy (ICAAP) and Expected Credit Loss (ECL) measurement frameworks to ensure we are adequately capitalised by measuring potential losses and testing our resilience against expected and unexpected losses, refer to page 55.
- Partnering with climate experts from the University of Exeter's Global Systems Institute to create bespoke climate risk scenario narratives, refer to page 54.
- Developed a climate-related risk model to analyse property level physical and transition risk to our UK residential mortgage portfolio. The model assesses the impact of hypothetical scenarios on property values and borrower income, translating this into an assumed change to the borrower probability of default (PD) and loss given default (LGD).
- Enhancement of our Corporate Transition Model through the introduction of two additional subsector modules giving deeper insights into the automotive and airlines and aerospace sectors, refer to pages 56 to 57.
- Development and testing of our first-generation corporate physical risk model to enhance our understanding of the physical risk impact on our corporate customers.

We are primarily using our counterparty level climate scenario analysis modelling on a test and learn basis as our capabilities continue to mature, and to date the models are not embedded within provisioning, pricing and capital management processes.

While we recognise climate-related risks could potentially amplify other risk drivers, for example resulting in effects such as the erosion of competitiveness, profitability, or reputational damage, overall NatWest Group continues to be resilient to these risks, within the context of the scenarios tested.

Since the Bank of England's Climate Biennial Exploratory Scenario (CBES) exercise in 2021, we have continued to develop internal scenario analysis capabilities and use the insights from these exercises to support strategic decision-making in our planning processes.[2] The table below provides an overview of our 2024 scenario analysis programme, detailed in the following pages. A holistic overview of scenario analysis carried out for non-credit risks is disclosed on page 58.

	Exercise		
	ICAAP	**ECL**	**Annual scenario analysis exercise**
Use cases	Test balance sheet resilience to climate driven stress	Assess potential ECL impact from transition policy in IFRS9 exercises	Quantitative input to the heightened-climate risk sector assessment and associated downstream use cases
Key outcomes	Capital resilience to transition and physical risk stress	Provisions incorporate expected view of transition risk	Climate transition risk identification at subsector and counterparty level
Portfolios	Full credit book	Full credit book	Wholesale only
Scenarios	Internally developed calibrated using UNEP-FI/NIESR	Internally developed based on policy analysis	Disruptive Policy: Internally developed based on NGFS[3,4] Delayed transition Orderly Transition: Internally developed based on NGFS Net Zero 2050
Climate risk modelled	Transition risk Physical risk	Transition risk	Transition risk
Time horizon	Short term (<5 years)	Short term (<5 years)	Medium term (<10 years)
Granularity	Macro level Sector level	Macro level Sector level	Macro level Sector level Counterparty level

(1) Full credit book includes NatWest Group's wholesale and residential mortgage portfolios.
(2) Details of NatWest Group's previous scenario analysis exercises can be found on page 50 of our 2023 Climate Related Disclosures Report.
(3) The Network for Greening the Financial System (NGFS).
(4) There is increasing concern acknowledged by the NGFS consisting of 114 central banks, that model scenarios, including those provided by central banks and supervisory bodies and, therefore, used by NatWest Group are too benign and may not adequately capture: (i) the financial implications of increasing frequency and severity of acute physical risks as global temperatures increase; (ii) second and third order impacts such as disruptions to supply chains and increased geo-political risks; nor (iii) possible 'tipping points' that could lead to large, irreversible changes in the climate system, for example, a material slow down in the Atlantic Meridional Overturning Circulation (AMOC).

Our evolving approach to climate and nature risk management continued

Developing and embedding climate scenarios

A recognised limitation with the existing suite of climate risk scenarios used by the financial sector is whether they fully capture the volatility, uncertainty, complexity, and ambiguity of how physical and transition risk could manifest over the next 5-10 years.

To begin to address this, we partnered with climate scientists from the University of Exeter's Global Systems Institute to help us better understand these risks and develop a suite of climate scenario narratives that cover a range of plausible transition and physical risk pathways over the next 10 years. This recognises the importance of the next decade to capture the opportunities and manage the risks of climate change.

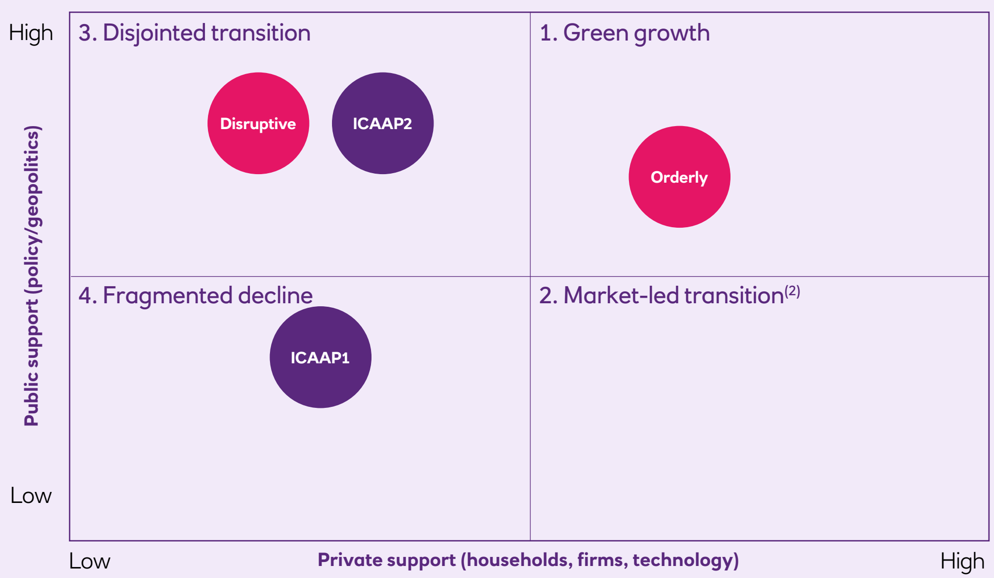
An outcome of this work is a framework describing four 'transition archetypes' that underpin our **transition risk** scenario analysis. Each archetype included details in respect of the following climate risk and opportunity drivers: climate policy, economic and market trends, households' attitude to the transition, technological developments, sectoral trends, and overarching geopolitical conditions. These climate risk and opportunity drivers are considered along with the irreversible warming that is already impacting the climate over the next 10 years, regardless of the rate of decarbonisation.

In partnership with the University of Exeter we also developed **physical risk** narratives to describe plausible extreme weather events over the next 10 years at three levels of severity, for both a UK and global perspective. Backed by the most up-to-date climate models, these bring to life the potential implications from the global warming already observed as a result of historic emissions, and what that could mean in terms of, for example, flooding, drought, hurricane and heatwaves. We intend to use these scenarios to inform our short-term 'event driven' physical risk modelling.

Our partnership with the University of Exeter enhanced our suite of physical and transition risk scenarios and provided an opportunity to engage NatWest Group employees on the climate-related risks and opportunities we face and how these could potentially be addressed. We will aim to use the transition risk archetypes framework and the physical risk narratives to inform NatWest Group's climate scenarios from 2025 onward.

A key limitation is that the approach is qualitative only. We aim to develop appropriate methodologies to translate the insights from the qualitative narratives into quantitative metrics to be used in our climate scenario modelling.

How our 2024 scenario analysis activity aligns with the transition risk archetypes framework[1]



The four transition risk archetypes

1. Green growth. Strong government action and international cooperation are driving climate policy and economic growth, supported by stable interest rates and technological advancement. Public and private investment, combined with carbon pricing, is accelerating green infrastructure development while phasing-out fossil fuels.

2. Market-led transition. Economic volatility and nationalism weaken government climate action, leaving businesses to lead through market-driven solutions. Falling renewable prices and consumer pressure accelerate private sector green initiatives, while activist investors drive further shifts away from stranded assets.

3. Disjointed transition. Economic volatility and weak public finances act to restrict the effectiveness of ambitious policy action. For example, the limited fiscal resource means that policy is weighted towards tax based disincentives rather than supply side subsidies. Mediocre, and volatile, economic growth hampers green investment and this is compounded by a sharp slowdown in the reduction of green premiums across all areas of the transition. A boom-bust cycle in fossil fuels leads to fossil fuel asset stranding.

4. Transition reversal and fragmented politics. Rising nationalism; increasing impacts of extreme weather events; and geopolitical conflicts; create a weak growth and high inflationary environment characterised by energy and technology trade wars. Transition momentum is weak as green technological progress stalls and governments prioritise domestic energy security via fossil fuels. The renewed enthusiasm for fossil fuels, and removal of government support, leads to green assets stranding, increasing financial market volatility and further reducing green investment appetite.

(1) For further details of the ICAAP1 and ICAAP2 scenarios, refer to page 55. The Disruptive Policy and Orderly Transition scenarios are shown here to illustrate how they might fit into our scenario framework. Note that the scenarios were internally developed based on the NGFS scenarios, prior to the development of our scenario framework. For further details refer to pages 56 to 57.
(2) NatWest Group may explore the market-led transition risk archetype in future scenario analysis exercises, if deemed appropriate for the specific use cases.

2024 scenario insights: Short-term scenario analysis insights – ICAAP and ECL

In 2024, leveraging insights from our Climate Risk Macro model[(1)], we incorporated the potential impacts from climate change within our ICAAP scenarios to test our resilience to a climate driven stress.

2024 key enhancements included:

– Leveraging the physical and transition scenario narratives developed in partnership with the University of Exeter as described on page 54;
– A wider set of transition and physical risks considered;
– Climate considerations incorporated into both ICAAP scenarios.

ICAAP2

ICAAP2 is NatWest Group's primary scenario to test the resilience of our balance sheet to climate driven macroeconomic stress. This scenario falls into the 'disjointed transition' archetype with 'severe' physical risk, described in our scenario classification on page 54. To calibrate and quantify the size of the climate shocks implied by our qualitative narratives, we used scenarios developed by United Nations Environment Programme Finance Initiative and National Institute of Economic and Social Research[(2)].Transition risks (driven by carbon prices and greenflation[(3)]) and chronic and acute physical risks were incorporated, as shown in the top chart.

We used our inhouse Climate Risk Macro Model to disaggregate the ICAAP2 scenario headline UK GDP impact to understand the impact by sector, as shown in the second chart.

ICAAP1

ICAAP1 is NatWest Group's scenario to test the resilience of our balance sheet to macroeconomic stress under the low rate environment. In 2024 for the first time NatWest Group's ICAAP1 scenario also included climate considerations. Physical climate change and some form of transition are inevitable in all forward-looking views of the economy. This scenario aligns to our qualitative 'Fragmented decline' archetype, as described on page 54, where the climate transition is secondary to more urgent macroeconomic shocks. Simultaneously, chronic physical risks act as a drag on growth and slows down the economic recovery.

Expected Credit Loss (ECL)

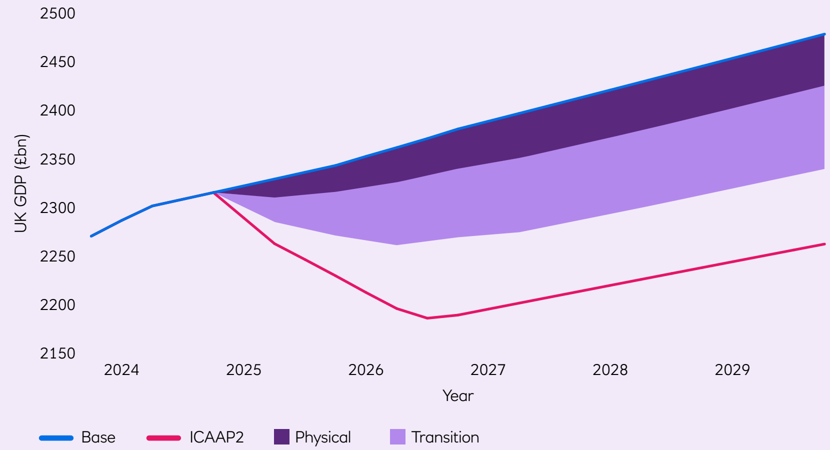
We have continued to assess the potential ECL impact from transition policy in our IFRS9 exercises, leveraging insights from our Climate Risk Macro Model[(3)], which has been embedded in our risk management processes since 2023.

In 2024 we refined our approach. Instead of the economy-wide carbon price from an external scenario used in 2023, NatWest Group calculated the expected carbon prices associated with specific climate transition policies.

The current climate transition policy contributes £8 million to the total ECL of £3.4 billion at the end of 2024.

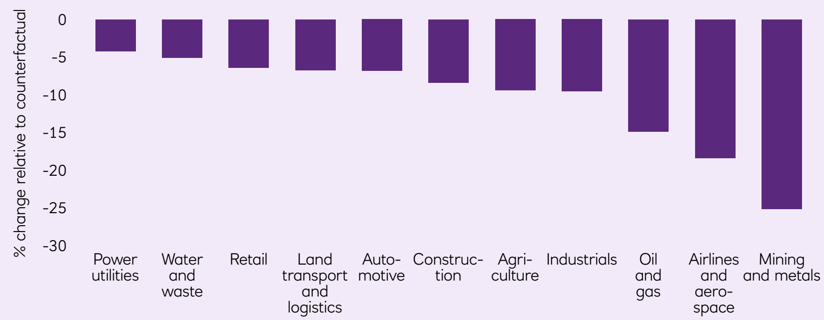
The chart below shows that climate physical and transition shocks accounted for two-thirds of the overall macroeconomic shock within the UK GDP in the 2024 ICAAP2 scenario.

UK GDP impact, ICAAP2 scenario: % difference from counterfactual[(4)]



The chart below shows the sector level climate impacts from the Climate Risk Macro model in NatWest Group's 2024 ICAAP2 scenario. **The results are at a UK economy level and do not reflect NatWest Group's portfolio.** Sector mapping to NatWest Group sectors is approximate.

Illustrative climate sectoral impacts, ICAAP2 scenario (%): 2024 – 2029



Refer to page 190 of the Risk and Capital Management section of the 2024 NatWest Group Report and Accounts for details of the approach, limitations and dependencies used to assess the potential ECL impact from transition policy in our IFRS9 exercises.

(1) Transition Risk Macro model, formerly Transition Risk Calculator. Refer to our 2022 Climate-related Disclosures Report for further details, including limitations and dependencies.
(2) UNEP-FI and NIESR2 scenarios.
(3) Inflationary pressure from transitioning from fossil fuels to renewable energy and higher demand for transition minerals.
(4) The counterfactual is a hypothetical reference scenario without climate risk against which we assess the increase in climate-related risk over the scenario.
(5) Scenario graphs and charts in this section should be interpreted as a possible economic pathway used for modelling and not an economic prediction.

Our evolving approach to climate and nature risk management continued

2024 scenario insights: Annual credit risk focused internal climate exercise

In 2024 we ran our internal climate scenario exercise for the second time. This allowed us to enhance our understanding of the climate-related transition risks facing the sectors and counterparties in our wholesale portfolio.

The exercise involved running two transition risk scenarios:

1. The **Disruptive Policy scenario**, where the onset of climate policy from the NGFS Delayed Transition scenario is accelerated from 2031 to 2025, which could result in an accompanying macro-economic shock.
2. The **Orderly Transition scenario**, which explores a rapid increase in carbon prices, based on the NGFS Net Zero 2050 scenario, but no accompanying macro-economic shock.

In addition to informing NatWest Group's approach to climate risk management, the exercise continued to support the development of our internal modelling capability. This included implementing improvements to our emissions data sources and developing an enhanced methodology for sectors classified as heightened climate-related risk, for example, the automotive and airlines and aerospace sectors. This enables richer insights at a company level, refer to the following page.

Our internal climate scenarios exercise combines a systematic macro-economic impact and a company level micro-economic impact. At a company level we calculated the earnings impacts across a range of channels including demand, carbon costs (the estimated cost incurred by the company based on the cost of emissions from the scenario and the estimated emissions of the company), abatement potential and cost pass through. These channels can have either a negative or a positive effect on a company's financials and profitability. For most counterparties climate-related risk is driven by the rising carbon costs observed in the scenario, which have a negative impact on earnings. These are partially offset through emissions abatement and passing the cost through to customers. For the most climate sensitive companies, carbon costs and demand changes could result in a more than 50% decline in earnings in the final year of the Disruptive Policy scenario (2033).

Our analysis showed that counterparties with high emissions intensity and lower transition maturity are likely to suffer financial stress due to their inability to compete with more emissions efficient peers that are further developed in the transition of their business. For example, the power utilities sector, as illustrated in the graph on page 57. This emphasises the importance of actively engaging with our customers to develop climate transition plans, and the subsequent assessment through NatWest Group's Climate Decisioning Framework (CDF), refer to pages 37 to 38.

Approximate split of credit risk impact in terms of PD change under the scenarios considered (large corporate customer exposure within our heightened climate risk sectors)

Under the specific scenarios considered, NatWest Group assessed the potential credit loss from company-level climate-related impacts using PD and LGD credit risk metrics. As illustrated in the chart above, while the majority of the counterparties assessed in the scenarios do not see a material deterioration in their credit quality, a proportion could see more significant changes. The chart aggregates the company level climate-related impacts on the assessed PD for our large corporate customer exposure within our heightened climate-related risk sectors, as defined in the heightened climate-related risk framework. These are hypothetical 'what-if' scenarios and are not a prediction of expected outcomes.

2024 scenario insights: Annual credit risk focused internal climate exercise

Company level climate risk modelling supports NatWest Group to identify where companies are positioned relative to their peers, indicating which companies will benefit from the transition and which are more at risk.

This could be driven by a range of factors such as their emissions intensity relative to competitors, and the markets in which they operate, or the type of goods they manufacture.

The analysis also supports NatWest Group to identify counterparties where rising climate risk could amplify existing drivers of credit risk, such as in the retail sector where customers with thin margins today could face further margin compression from rising carbon costs.

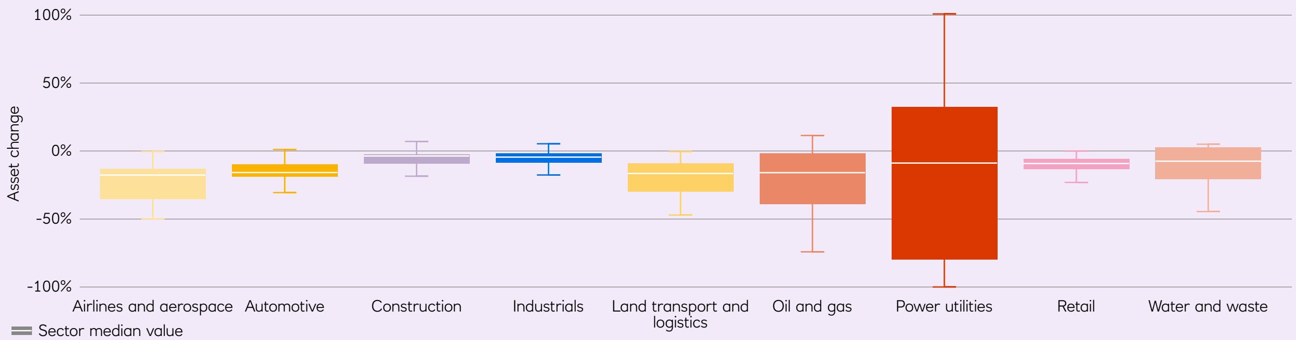
Scenario analysis outputs

The outputs from our 2024 internal climate scenario analysis informed our heightened climate-related risk sector assessment, and the several downstream use cases within our credit and balance sheet management processes, refer to pages 21 to 22.

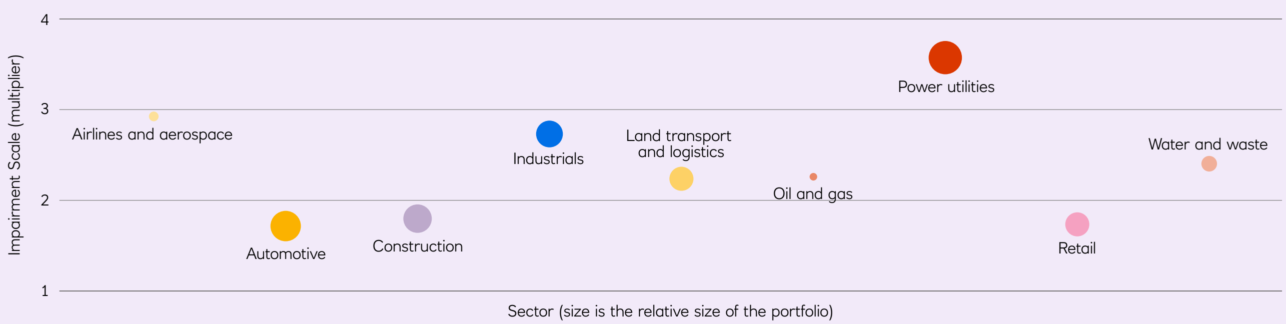
The two graphs below are examples of insights from the Disruptive Policy scenario, using a sample of sectors classified as heightened climate-related risk.

The first graph below demonstrates the potential variability of the climate impacts on the asset value of individual companies within a sector. We do this by estimating the impact of the climate scenario on the company's revenues and costs, taking into account factors such as the company's emissions intensity and ability to abate those emissions. The analysis showed that companies can have different estimated impact on their financials compared to their peers, due to higher or lower emissions intensity, and therefore higher or lower exposure to the risk of an increasing cost of carbon. This contributes to various ranges of asset value change between sectors, for example power utilities and oil and gas, compared to land transport. This demonstrates the importance of understanding climate financial risk drivers at an individual company level.

Credit risk impact: Example of how companies' assets change under Disruptive Policy scenario (2033)



Credit risk impact: Example of the aggregate change in sector impairment rate over the Disruptive Policy scenario (2033) stress horizon



The above graph illustrates how the Disruptive Policy scenario impacts overall sector level impairments. Similar analysis was produced for the Orderly Transition scenario where, for example, the power utilities sector sees less negative impacts because the electrification of heat and transport follows a smoother pathway, resulting in a steadier increase in electricity demand.

Other scenario analysis, progress mitigating limitations and future developments

Holistic assessment of climate risks

Alongside credit risk, we also use climate scenario analysis to test our resilience of other principal risks to climate-related risk drivers. The exercises completed during 2024 are outlined in the table below. For an overview of previous exercises, specifically testing operational and pension risk resilience, refer to page 54 of our 2023 Climate-related Disclosures Report. The scenarios were selected as the most appropriate based on the profile of the principal risk.

Principal risk	Metrics	Use cases	Key outcomes	Scenarios
Market risk	Trading book positions in NatWest Markets.	Market Risk analysis and risk appetite evolution.	Resilient to climate driven market moves.	Disorderly transition (<1 year).
Liquidity risk	Impact on outflows during a period of idiosyncratic, market wide or combined stress.	Testing resilience of NatWest Group's liquidity to physical risk triggered crisis.	Resilient to outflows over a 3-month period, driven by risks that could arise from physical climate event.	Acute physical event on NatWest Group liquidity (position <1 year).
Conduct risk	Conduct losses.	Testing resilience of NatWest Group's control environment to potential greenwashing risks.	A forward-looking assessment of potential extreme but plausible events on our customers and the bank. Impacts improved against 2023 assessment.	Greenwashing scenario, a stylised example of conduct failures in the green and sustainable finance market.

Progress mitigating limitations

Our scenario analysis work during 2024 continued to build our internal modelling capability and mitigate limitations identified in previous scenario exercises. In line with Prudential Regulation Authority (PRA) expectations and ensuring increased transparency and control over climate risk assessments, we have continued to bring modelling capability in-house, allowing us to increase the relevance of scenarios to NatWest Group's business.

Across the industry two key limitation themes are: (i) the quality and completeness of key data items, such as emissions data and (ii) the ability of climate scenarios to fully capture the range of climate risks, such as the cascading risks from extreme weather events arising from climate change or the impact of possible 'tipping points' that could lead to large, irreversible changes in the climate system. For example, a material slow down in the AMOC.

Details of our ongoing work to address these limitations are as follows.

- We worked with The University of Exeter to improve our understanding of both physical and transition risks across the climate landscape over the next 10 years.
- We have continued to develop event-based climate scenarios that test the impact of extreme weather on residential properties in the UK. This allows us to identify and estimate credit impairment from risks which may be obscured when physical impacts are assessed using average impacts across time and space.
- We have developed and tested our first-generation corporate physical risk model to enhance our understanding of physical risk impacts on our customers, building on the transition work.
- We have enhanced our climate data library to increase granularity, and improved our monitoring of external data sets to ensure we are confident we continue to use high quality and granular data in our modelling.
- Several important data limitations remain, including persistent data challenges for small and medium enterprises, which limits granularity of analysis possible for sectors such as agriculture and commercial real estate (CRE), and data on underlying exposures for financial sectors such as banking and insurance counterparties. We are working with industry bodies and data providers to scope new or developing data sources while working with our customers to enhance direct data collection where possible.

Future developments

Looking ahead, we intend to focus on embedding our developed climate risk modelling into business decision-making and determine how the insights best support managing climate-related financial risks. However, it is important to acknowledge that climate risk modelling remains an emerging specialism, limiting the pace and scale of uptake within the business.

Key priorities include continuing to:

- Develop and improve our climate scenarios to enable better understanding of how climate risk could affect NatWest Group.
- Enhance our newly-developed property level climate-related risk mortgage model and corporate physical risk model, and we plan to explore how this can provide a deeper understanding of the future physical risks our customers face.
- Respond to regulatory expectations, for example, through any refreshed supervisory statement issued by the PRA and preparing for future regulatory climate scenario analysis exercises.

Managing climate-related risks to the wholesale portfolio

The effective management of climate risk requires the integration of climate-related risk factors into strategic planning, sector and transaction level frameworks. This page details the enhancements to our processes for managing climate-related risks, and those which will continue to evolve and improve as the organisation matures its climate risk management capabilities and reliable climate-related data becomes more widely available.

Sectoral assessments

Sector strategy

Underpins our approach to shaping the balance sheet in line with bank-wide objectives and, since 2022, includes our climate considerations. Sector strategy considers multiple factors including a range of climate inputs, such as the estimates of financed emissions, transition planning and climate risk assessments. Focus areas within each sector will depend on our understanding of the key decarbonisation challenges, as well as the pan-sector impact of any activities or interventions.

ESE framework and reviews

We continue to monitor our ESE Risk Acceptance Criteria in response to potential climate-related risks. The criteria are applicable to corporate customer on-boarding, lending and underwriting. It requires enhanced due diligence to be performed for certain customer relationships, transactions, activities, and projects. Refer to the NatWest Group website for further details.

Transaction Acceptance Standards (TAS)

We continue to apply climate-enhanced TAS. New, renewed and additional borrowing is reviewed against our TAS, which are set at a sector and subsector level and amendments have been made within sectors that have heightened exposure to climate-related risk.

Transaction assessments

Enhanced oversight

Climate impact is considered at several stages of the approval process for our largest lending transactions. These stages include the required capital and pricing process and Enhanced Oversight Forums where transactions are subjected to senior review.

Pricing

Integrating climate-related risk factors into our target return requirements is part of how we are reshaping our Commercial & Institutional business segment with more sustainable and transition aligned financing, while also allowing us to support customers helping address the climate challenge.

Our initial suite of qualitative climate risk scorecards

Launched in 2021, the scorecards are a valuable customer engagement tool, supporting a more structured approach to gathering and understanding customer-level climate information and risk exposures. The lessons learned helped inform the development of CDF tools. These scorecards will continue to support climate conversations until full roll-out of CDF is achieved.

Climate Decisioning Framework

During 2024, we began to roll-out our CDF tools on a test-and-learn basis. CDF comprises of our Climate Transition Plan Assessment and second generation Climate Risk Scorecard. Refer to pages 37 to 38 for further details.

For information on how we are progressing our Climate transition plan, refer to page 17.

For details on managing asset management climate-related risks, refer to page 73.

Enhancing our employees' climate and nature risk management capabilities

To effectively identify and manage climate and nature risk, it is essential we provide our employees with the resources to build the appropriate skills and capabilities. 2024 was the final year of our three-year collaboration with University of Edinburgh to develop and deliver bespoke climate training, refer to page 14.

Our initial suite of climate risk scorecards provided a useful anchor to enhance colleague capability and help build confidence in having conversations with customers to seek to understand potential climate-related risks and opportunities.

The CDF tools enable our employees to further understand customers' climate-related risk exposure, opportunities and transition journey. To further equip and engage our colleagues, we have delivered a bespoke training to approximately 2500 employees, refer to page 37.

As we continue to better understand our material impacts and dependencies on nature across our lending activities, it is important we enhance our employees' knowledge. During 2024, we launched our Nature Bites training materials, aimed at supporting our colleagues in understanding more about the connections between nature and banking.

Our evolving approach to climate and nature risk management continued

Managing climate-related risks to the residential mortgages portfolio

Supporting our UK mortgage customers to increase their properties' residential energy efficiency is a key part of our climate ambition and energy efficiency is identified as a potential climate-related risk factor within the mortgage portfolio.

Our criteria for decision-making and reducing concentration risk

During 2024 we applied lending limits based on climate characteristics, with timely remedial action required for limit breaches, as follows:

– buy-to-let properties with potential EPC rating between D and G.
– flats, new builds, and buy-to-let properties at high or very high risk of flood.

Additionally, our credit policies do not allow buy-to-let mortgages to properties with an EPC rating of F and G.

Limits are continually reviewed to reflect new flood risk data and Flood Re, risk profile and market conditions, including regulation. Detailed disclosure on NatWest Group's flood risk profile by region is included in the NatWest Group plc 2024 Annual Report and Accounts.

Refer to the NatWest Group plc 2024 Annual Report and Accounts and the NatWest Group plc 2024 Sustainability Datasheet for details of NatWest Groups proportion of residential properties at high and very high risk of flood.

Refer to page 53 of the NatWest Group 2022 Climate-related Disclosures Report for more information on our criteria for decision-making and reducing concentration risk.

Data source and limitations

EPC data is sourced from the Energy Performance of Buildings for England and Wales published by the Ministry of Housing, Communities and Local Government's open data source. The data is drawn from EPCs issued for domestic and non-domestic buildings constructed, sold or let since 2008. It provides information on the energy efficiency ratings of domestic and non-domestic buildings during the energy assessment process. The registers do not hold data for every domestic and non-domestic building, or every building occupied by public authorities in England and Wales.
For mortgages on properties in Scotland, we source EPC data from the Public Available Data Extracts site of the Energy Saving Trust, published by the Scottish Government. This data is updated quarterly and contains energy certificates from the start of 2013. EPC data for our Northern Ireland mortgage portfolio is sourced from the Northern Ireland Department of Finance. An EPC is required when a building is constructed, sold or let, and is valid for 10 years. As a result, the EPC analysis is based on EPC data at the time it was last available. New certificates typically take three to six months to be included in the data source.

46.3%(1)(RA)

of our UK residential mortgages portfolio was rated as EPC A to C, where EPCs are available.

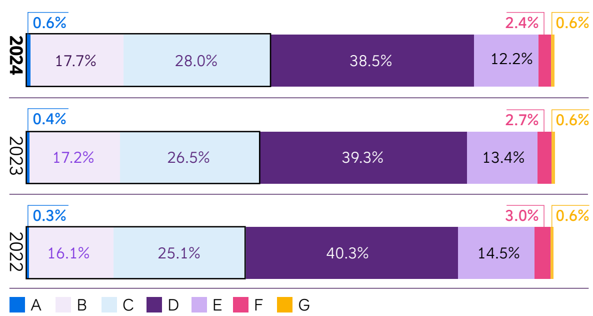
Against our ambition for 50% of our mortgages to have an EPC rating of C or better by 2030, where EPCs are available.

£3.5 billion

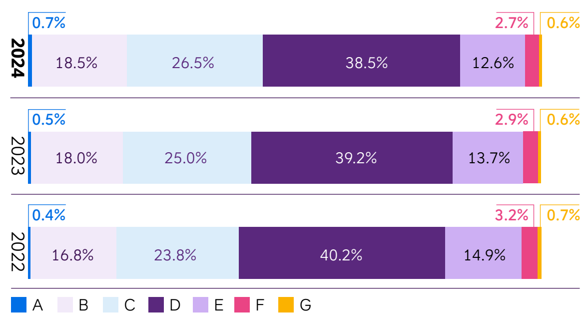
in lending for UK residential properties with EPC ratings A and B provided during 2024.

As part of our climate and sustainable funding and financing target, we aim to provide at least £10 billion in lending for residential properties with EPC ratings A and B between 1 January 2023 and the end of 2025.

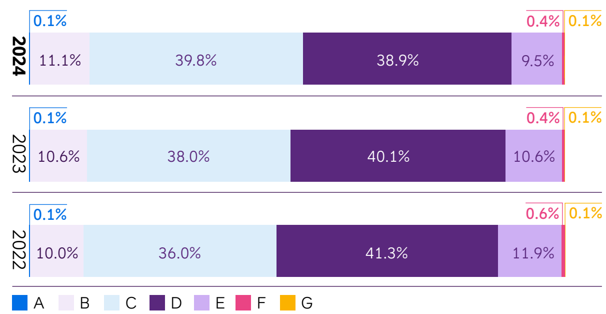
Total UK residential mortgages
£139.1m(1, 2)



Total owner occupied mortgages
£123.6m(2)



Total buy-to-let mortgages
£15.5m(2)



(1) As at 31 December 2024 £139.1 million, 66.3%, of the total UK residential mortgages portfolio had EPC data available (31 December 2023 – £140.8 billion, 67.6%), of which 46.3%(RA) were rated as EPC A to C (31 December 2023 – 44.1%).
(2) With EPC data available for December 2024.

Our evolving approach to nature

We view climate change, the continued significant global decline in nature and biodiversity and resource scarcity as likely to impact our customers and society at large, both today and in the years to come.

Working to embed nature into our existing approach

Climate change and nature loss are inextricably linked, and each requires immediate and significant action to avert potentially irreversible impacts.[1] In December 2022, the UK Government committed to take action to halt and reverse nature loss by adopting the Kunming-Montreal Global Biodiversity Framework (GBF), which sets out global goals for 2030 and 2050.

Our approach at NatWest Group is to integrate nature into our existing climate approach over a number of years. We remain in the early stages of understanding our nature-related risks and opportunities, based on first generation portfolio, counterparty and own operations analysis.

Enhancing our understanding

In 2024, we undertook an initial assessment of our nature-related impacts and dependencies at a NatWest Group level using the Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE)[2] tool to explore our wholesale portfolio. This top-down analysis aided us to prioritise sectors for a bottom-up Locate, Evaluate, Assess and Prepare (LEAP) pilot assessment. Refer to page 62 for further details.

In addition to work at the NatWest Group level, our Netherlands-headquartered European subsidiary, NatWest Markets N.V., continued to develop its response to European environmental regulation.

An initial Environmental Decisioning Framework (EDF) has been developed. Refer to page 38 for further details.

NatWest Markets N.V also conducted exploratory stress testing against market sensitivity to copper market price shocks, over a 12-month period, on large corporates within the power utilities sector. The analysis, which revealed immaterial impacts on credit quality, was driven by business exposure and the sector's acknowledged reliance on raw material supply.

Customer engagement

Ahead of COP16,[3] NatWest Group hosted a customer event in London entitled 'The path to COP16: Mobilising private finance for nature'. Aligned with the UK Government's COP16 priorities the event heard from experts from private finance, NGOs and academia who shared their perspectives on how private finance can support protection, restoration, and regeneration of nature.

Nature-related considerations, such as regenerative agriculture, are already integrated into our climate and sustainable funding and financing inclusion (CSFFI) criteria.

Introduced in 2011, our ESE Risk Acceptance Criteria require due diligence for certain lending and underwriting customer relationships, transactions, activities and projects. Our Forestry, Fisheries, and Agribusiness Risk Acceptance Criteria prohibit funding to producers of deforestation risk-related commodities where they lack sustainable certification of their activities and supply chain by 31 December 2024. Direct engagement was undertaken throughout the year with some customers where the required certification status was unclear. As a result, we can confirm all customers deemed in-scope for assessment met our certification requirements, or suitable equivalents, by 31 December 2024.

Read more on our approach to deforestation risk-related commodities at natwestgroup.com.

Collaborating for nature

In 2024, we contributed to the Cambridge Institute for Sustainability Leadership's (CISL) report on 'Scaling Finance for Nature'. As a member of the Market Advisory Group we engaged on the development of the Biodiversity Net Gain mechanism, providing feedback to the Department for Environment, Food and Rural Affairs (DEFRA) and Natural England as they establish UK nature markets. We also collaborated with the University of Exeter in a pilot study to assess the nature footprint of our direct own operations and supply chain. Refer to page 63 for further details.

Internal engagement

We continue to support colleagues with enhancing their knowledge of nature. In partnership with the University of Edinburgh, we co-developed bite size nature-based training modules available to all colleagues.

EARTHSENSE

Innovative ways to support growth

In 2024, Leicester-based air quality monitoring firm EarthSense was seeking to scale up and expand overseas.

The business uses specialist air monitoring technology, developed in-house, to enable customers to visualise and manage air quality issues through its award-winning analytics software and advanced pollution modelling tools.

NatWest Group was able to support EarthSense through our high growth lending proposition and innovative intellectual property-backed (IP) funding. IP loans start from £250,000, up to 50% of the value of the firm's intellectual property.

EarthSense was able to secure a £264,000 loan using its intellectual property as collateral, funding which has allowed the business to expand and further enhance its IP asset base.

Our innovative IP offering creates a model with the potential to help other companies like EarthSense develop solutions to drive their growth, and boost the UK economy.

(1) IBES-IPCC co-sponsored workshop on biodiversity and climate change – workshop report.
(2) ENCORE, developed by UN Environment Programme (UNEP)-World Conservation Monitoring Centre, UNEP Finance Initiative and Global Canopy, provides an illustration of how different sectors impact and depend on nature.
(3) The 2024 United Nations Biodiversity Conference of the Parties (COP16) to the UN Convention on Biological Diversity (CBD).

Understanding nature-related impacts and dependencies

Exploratory nature materiality assessment

In 2024, we used the Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE) tool to perform an initial assessment of our nature-related impacts and dependencies across NatWest Group's wholesale portfolio. Results of initial analysis indicated that approximately 16% of NatWest Group's 2023 balance sheet had exposure to sectors with potential heightened dependence or impact on nature. This top-down analysis, assessed on a test-and-learn basis, was used to select three sectors for a deeper dive, bottom-up analysis using a LEAP assessment, as recommended by the TNFD.

ENCORE methodology

– Following initial analysis, we re-modelled ENCORE data against our wholesale lending balance sheet exposure as at 31 December 2023. We used the ENCORE tool to assess the nature-related dependencies and impacts of different types of economic activity on a scale of 'very low' to 'very high'.

ENCORE limitations

– ENCORE is a global dataset that does not consider national or regional variations in impact drivers and dependencies. Materiality ratings represent only the potential, not actual, dependence or impact a counterparty may have on nature.
– This analysis was performed using ENCORE 2018-2023. In July 2024, updated ENCORE data was published. We aim to incorporate this in future exercises.

ENCORE outcomes

We performed a basic output aggregation to give a sector view of potential nature-related dependencies and impacts across our wholesale portfolio. The heatmap opposite shows the seven most material sectors. Findings indicated a high level of consistency between sectors with potentially material nature-related dependencies and impacts and sectors identified through our heightened climate risk assessment process. Refer to page 21. Findings also aligned closely with the TNFD's high priority sector list.

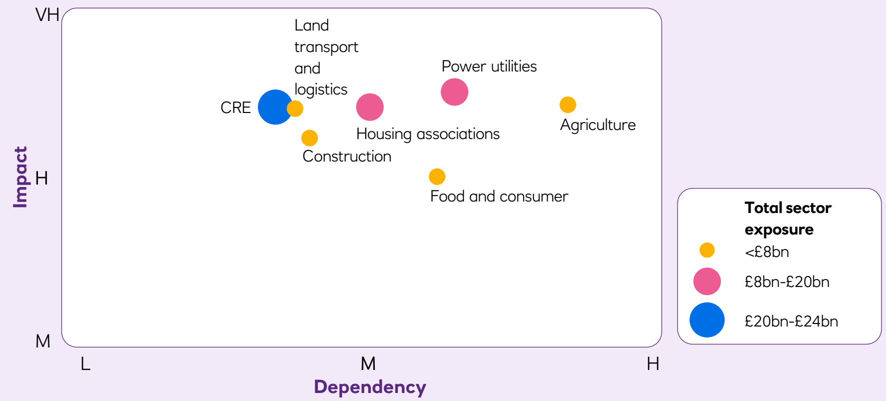
The assessment helped us to select three sectors, representing a cross section of our portfolio, for a bottom-up LEAP pilot assessment in 2024. These sectors – agriculture, commercial real estate (CRE) and power utilities – were selected by considering ENCORE results, balance sheet exposure and asset quality credit factors. In light of European environmental regulation, we also considered specific sector exposures within our NatWest Markets N.V. subsidiary.

The table opposite shows a more detailed view of sector-level nature-related impacts and dependencies for agriculture, CRE and power utilities. We grouped the 21 dependencies and 12 impacts defined within the ENCORE tool in accordance with industry best practice.[1]

Bottom-up LEAP analysis of three sectors

Our LEAP pilot combined outputs from the WWF Biodiversity Risk Filter, in-house expertise and, in the case of power utilities and CRE, a proprietary sensitivity analysis tool, to evaluate nature-related dependencies and impacts of a small, representative sample of counterparties in each sector.

Aggregated ENCORE impacts and dependencies as at 31 December 2023[2,3]



ENCORE summary showing sector-specific nature-related impacts and dependencies

	Dependencies				Impacts				
Sector	Direct physical input	Enables production process	Mitigates direct impacts	Protection from disruption	Climate change	Invasives and other	Land/water/sea use change	Pollution	Resource exploitation
Agriculture	Medium	Medium	Medium	High	Very high	Medium	High	Medium	High
CRE	Medium	Low	Low	Low	Very high	High	Very high	Medium	High
Power utilities	High	Medium	Very low	Medium	High	Medium	High	High	Very high

Key: Very low, Low, Medium, High, Very high

Analysis sought to identify areas of high risk in each sector within our sample selection. Findings revealed variations in nature-related dependency and potential impact across different subsector activities. Results varied by asset type with, for example, a solar farm differing from a combustion plant for power utilities, and arable farming producing differing results to livestock farming within agriculture.

For CRE, analysis revealed that nature-related impacts were driven more by development activity (for example, construction), than investment activity (for example, leasing an existing office building), yet development activity represents less than a fifth of our overall CRE exposure. While analysis did not focus on customers' supply chain resilience, our in-house sensitivity tool suggested that supply chains may be a large driver of risk in relation to CRE development and construction-related activity.

The results of this early ENCORE work and LEAP analysis may be used to inform further assessment as we continue to evolve our approach to nature.

(1) Dependency mapping is based on the ENCORE tool. Impact mapping is based on Science Based Targets Network (SBTN) Materiality Screening Tool.
(2) Food and consumer includes food and drink manufacturing and processing activities as well as other consumer products such as soaps, perfumes and tobacco products.
(3) The aggregation is based on the use of a simple arithmetic mean of all available impacts and dependencies.

Own operational footprint: our impact on nature and biodiversity

In 2024, we collaborated with the University of Exeter's RENEW programme, participating in an experimental pilot study to measure the UK biodiversity footprint of our direct own operations and supply chain. RENEW is a five-year collaboration aimed at developing solutions for the renewal of biodiversity. The aim of the pilot was to evaluate the impact of our direct own operations and supply chain on UK biodiversity, based on 2019, 2022 and 2023 consumption data used for our emissions reporting.

The measures presented are estimates based on NatWest Group's operations and cannot be easily interpreted in terms of ecosystem damage for comparison between organisations, as each organisation will interpret results in terms of their own portfolio and sector. This is therefore an initial estimated output specific to NatWest Group's UK own operations.

Methodology

A lifecycle assessment, using NatWest Group's own operational emissions data, was used to understand the biodiversity impacts of products, processes and services along the supply chain, from the extraction of raw materials to end-of-life. Biodiversity impacts are calculated based on Potentially Disappeared Fraction (PDF) of species (species/year).(1)

RENEW key findings

In 2023, 'Global warming potential (GWP) in terrestrial ecosystems'(2) was the impact category with the highest PDF value. This was driven by increases in employee commuting as working habits continue to adjust after COVID-19 and electricity consumption using the UK average grid mix. This impact is decreased in the UK when consumption of 100% renewable electricity is included in the estimates. 'Land use'(3) was the impact category with the next highest PDF value, driven by waste associated with dry mixed recycling and paper consumption.

Overall, biodiversity impact reduced by more than 50%(4) between 2019 and 2023, driven by efforts to decarbonise our direct own operations. Electricity, paper consumption, business travel, employee commuting and waste contributed more than 90% of the overall impact. Further to work to reduce waste,(5) we focused on plastic waste associated with our UK direct own operations. Analysis revealed that an estimated 63% of plastic waste was associated with employees commuting by car, with waste generated through car production, servicing and road maintenance identified as material contributors. For our UK supply chain, the most material impact categories mirrored those of our direct own operations.

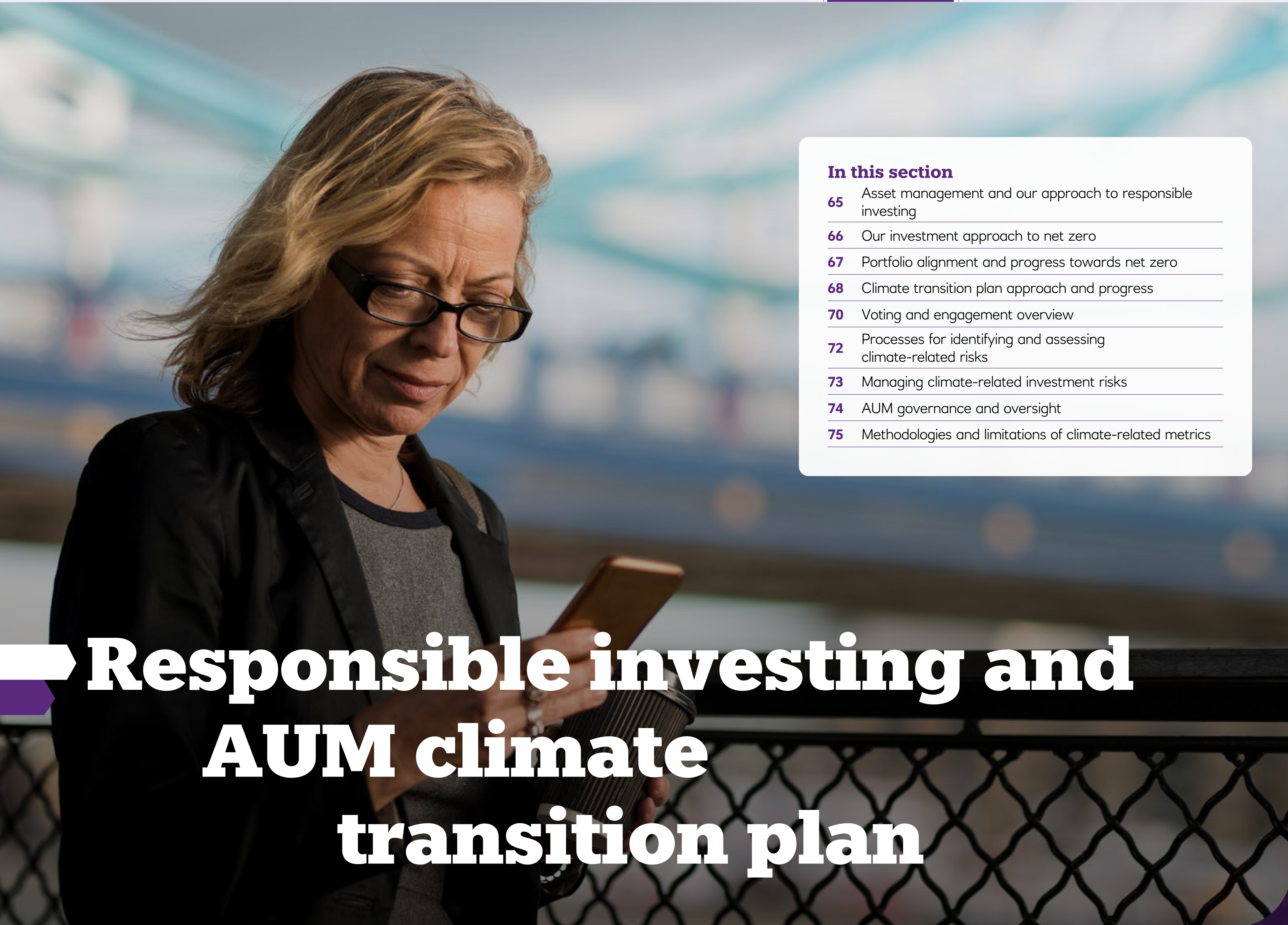
Due to the limitations of the study, findings have not been used for target or ambition setting. However, we aim to use the values to help gauge progress in our efforts to operate more sustainably, including improving our understanding of material value chain drivers of biodiversity impacts.

Location-specific analysis

Using location-specific data and risk overlays, we deemed that <1% of our global sites were assessed as high for overall physical biodiversity risk,(6) specifically sites located in India, Hong Kong and the United States of America.

The assessment also revealed that <1% of our global sites were deemed high or very high for overall water risk. The analysis showed that operational sites in India, United Arab Emirates and Greece, dependent on water extraction, were deemed high for physical basin risk, water scarcity risk and overall physical water risk.

(1) Analysis performed using Life Cycle Impact Assessment (LCIA) method ReCiPe 2016, which uses 12 endpoint indicators for ecological damage to characterise biodiversity impacts. Further, Impact World Plus LCIA method was also used to enable comparison and test of results. Figures subject to change as data evolves. The categories identified are material to our UK own operations PDF impact only and should not be used to compare to other organisations, sectors or countries.
(2) GWP terrestrial ecosystems: For this impact indicator, we have used IPCC data to estimate the likelihood of species extinction as global temperatures increase.
(3) Land use: This impact indicator estimates the potential disappearance of species where land use changes.
(4) 50% reduction in direct own operations PDF arises from our estimated outputs, which due to the limitations outlined above should not be compared with outputs from alternative models.
(5) Waste included in the heatmap refers to physical waste recorded across our UK locations and forms our Scope 3 category 5 emissions. Waste within our plastic assessment includes car production impact associated with employee commuting.
(6) Estimated using WWF Biodiversity Risk Filter. Biodiversity risk includes both physical and reputational risks. Physical risks: provisional services, regulating and supporting services (enabling and mitigating), cultural services and pressures on biodiversity. Reputational risks: environmental factors, socioeconomic factors and additional reputational factors.



In this section

Responsible investing and AUM climate transition plan

Asset Management and our approach to responsible investing

We are responsible for the allocation, management and oversight of capital to create long-term value for our customers.

The structure and content of this section have been designed to meet FCA Sourcebook requirements and align with our financial reporting approach. Refer to our glossary for details of terminology.

NatWest Group's Investment Centre of Expertise (Investment CoE) sits within Coutts & Co (Coutts) and was established to provide investment products and services to NatWest Group customers. References to 'Investment CoE', 'we', 'our' or 'us' in this chapter of our 2024 Sustainability Report are made in the context of assets under management (AUM) for the legal entities set out on page 15, unless stated otherwise.

Total AUM was £37.0 billion as at 31 December 2024.

Our investment philosophy

We are guided in our decision-making by our investment philosophy, which is centred around the following three pillars:

- Diversification across asset classes, sectors and countries to support our ability to manage risks and opportunities.
- Taking risk where it's best rewarded, we have a framework to help take risks that we consider are the most likely to be successful.
- We take advantage of changes in the market, seeking opportunities to invest in underpriced assets that can deliver long-term value to our customers.

Responsible investing

In addition to traditional risk measures, we consider environmental, social and governance (ESG) issues, and specifically climate change factors, that could impact the investments we manage on our customers' behalf. We call this approach 'responsible investing'.

We implement our responsible investing approach, including relevant steps and action in our Climate transition plan, through three key activities:

1. Investment selection
2. Voting and engagement
3. Exclusions

We apply our responsible investing approach to those Funds and Discretionary Portfolios that we have discretion to manage on our customers' behalf, which we refer to as Managed Assets. This includes our Coutts Managed Funds (CMaF), Personal Portfolio Funds (PPF) and Discretionary Portfolio Services (DPS).[1]

To understand more about our responsible investing approach and how it is applied to our Funds and Discretionary Portfolios, refer to our policies.

(1) We adopt a different approach for the UK Equity Fund and Global Bond Fund. Refer to page 42 of our product-level climate-related report for details.

(2) EOS at Federated Hermes is a global engagement and stewardship service that focuses on promoting responsible investment practices. It is a part of Federated Hermes, an investment management firm, and its primary aim is to influence companies to adopt sustainable business practices by engaging with them on environmental, social, and governance (ESG) issues.

Progress in 2024

Portfolio alignment, as a proportion of Managed Assets, increased from 49% as at 31 December 2023 to 58% as at 31 December 2024 (refer to page 68 for details). The driver of portfolio alignment change was fund allocation towards our custom-built funds.

Our weighted average carbon intensity (WACI) decreased by 34%, from 166 tCO_2e/US$m as of 2019 to 110 tCO_2e/US$m as of 31 July 2024. WACI did however increase by 18 tCO_2e/$m revenue compared to 2023. The key drivers of this change are disclosed on page 67 and 75.

Our latest Climate transition plan assessment shows positive indicators towards meeting our 2030 portfolio alignment ambitions, recognising we remain dependent on the global pace of transition. During 2024, some large asset managers have revised their climate-related commitments and so meeting our climate ambitions may become increasingly challenging over time. For more details, refer to pages 68 to 69.

Human rights issues

NatWest Group published its Human Rights Salient Issues in 2024. The purpose is to assess the most material human rights issues for different parts of the business. As the Investment CoE for NatWest Group, this was completed from an investor perspective.

Consideration of human rights issues is integrated through our responsible investing approach. As part of investment selection, we review fund managers' human rights policies. For our custom-built funds, EOS at Federated Hermes (EOS)[2] considers human rights in their social voting and engagement activities and implement human rights-related exclusions.

UK Stewardship Code

Coutts is a signatory to the 2020 UK Stewardship Code and, following approval by the Financial Reporting Council in early 2024, we published our 2023 Stewardship Policy. Coutts remained a signatory to the UK Stewardship Code in 2024.

Regulations

In 2024, we continued to focus on regulatory compliance with the FCA ESG Sourcebook rules and guidance. We delivered our first entity and product-level climate reports alongside meeting the FCA Sustainable Disclosures Requirements, which in part came into force on 2 December 2024. As part of the regulations, we published Responsible Investing Information Documents for CMaF and PPF to summarise our approach for customers.

We also published Climate Value at Risk (Climate VaR) and implied temperature rise metrics in our product-level climate-related reports.

Our investment approach to net zero

We consider climate-related risks and opportunities to be material to the investments we manage on our customers' behalf, and we expect the fund managers we work with to do the same.

We continue to integrate climate considerations into our business strategy and investment process, guided by our investment philosophy, while seeking to align to our customer's investment objectives.

Our net-zero strategy

Our investment offering comprises Managed Assets, Bespoke and Advisory. Managed Assets are those we invest on our customers' behalf and are included within our ambition to be net zero by 2050. It includes our Coutts Managed Funds, Personal Portfolio Funds and Discretionary Portfolios. Our Bespoke portfolios provide strategic asset allocation and investment parameters specific to individual customer requirements. Advisory services support customers in their investment decisions by providing specialist investment advice and in-house research.

Managed Assets, representing 83% of AUM as at 31 December 2024, fall within scope of our climate ambitions and Climate transition plan. We aim to reach net zero by 2050 and have two interim ambitions:

- To align 70% of Managed Assets to a net-zero pathway by 2030.
- To reduce the Weighted Average Carbon Intensity (WACI) of equity and corporate fixed income holdings by 50% by 2030 against a 2019 baseline.

Bespoke and Advisory portfolios are currently excluded from our ambitions and Climate transition plan as these assets are subject to customer-specific conditions. This means we do not have discretion over the net-zero pathway of these investments.

Our Climate transition plan

Managed Assets are invested in custom-built and third-party funds, with limited direct exposure to equities and bonds.

The implementation of our Climate transition plan is dependent on the type of funds invested in and whether we have control of the investment parameters and ESG policies of the underlying funds.

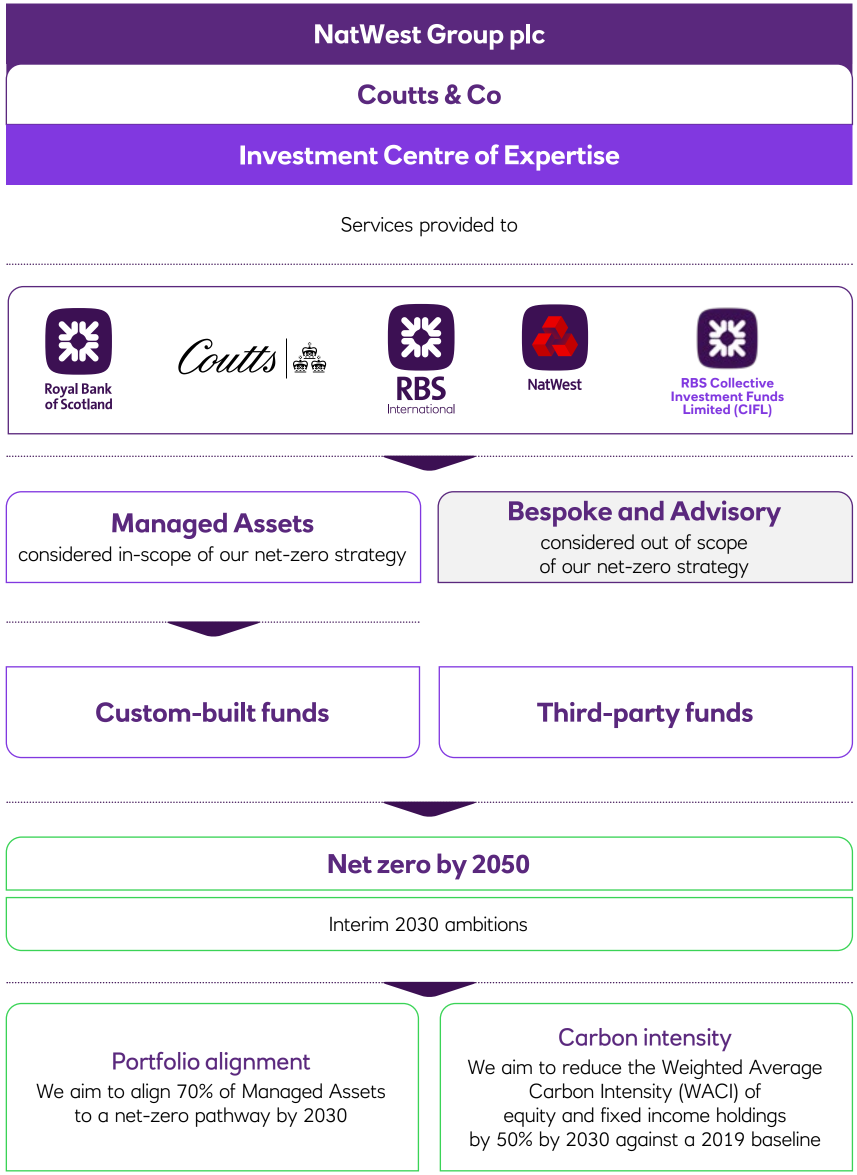
The custom-built funds are managed through our strategic relationships where our Investment CoE defines the investment parameters and ESG policies. We do not define the investment parameters or ESG policies of third-party funds.

For details of our AUM Climate transition plan refer to page 68.

2024 progress

We have broadly seen an increase in our portfolio alignment metric relative to 2023, driven by continued allocation to our custom-built funds. For details, refer to page 67.

As an investor in third-party funds, we are dependent on international cooperation and industry action to meet customer investment needs and our climate ambitions (refer to page 68). In light of these dependencies and challenges, as set out on pages 67 and 69, the inclusion of our carbon intensity ambition in our net-zero strategy is under review.



Portfolio alignment and progress towards net zero

Portfolio alignment

Portfolio alignment measures the percentage of Managed Assets invested in direct government bonds and funds[1] that are on a net-zero pathway. To contribute to our portfolio alignment ambition, the direct government bond or fund must score 3, 4, or 5. The assessment criteria are based on the Paris Aligned Investment Initiative (PAII) net-zero investment framework and is integrated into the investment decision-making process as disclosed on page 69. For details of how we calculate portfolio alignment, see page 75.

2024 progress

58% of our Managed Assets were considered portfolio aligned as at 31 December 2024, compared with 49% in 2023. This increase was driven by fund allocation towards our custom-built funds. We continue to hold investments that are not aligned to a net-zero pathway as this supports the overall investment objectives of our Funds and Discretionary Portfolios.

Portfolio alignment challenges

To maintain progress, we are dependent on the industry to provide a broad selection of net-zero aligned investment options that meet the investment objectives and guidelines of our Funds and Discretionary Portfolios, and are expected to deliver strong financial returns.

This could present a challenge over time as during 2024 we have seen some large asset managers revise their climate-related commitments. Additionally, there are still many asset classes, such as cash, for which there is currently no defined net-zero methodology. Therefore, progress against our 2030 portfolio alignment ambition may not always be linear.

Weighted Average Carbon Intensity (WACI)

We use WACI to estimate the greenhouse gas emissions and long-term decarbonisation trends of Managed Assets. For details of how we calculate WACI and changes to methodology, refer to page 75.

2024 progress

WACI decreased from 166 tCO_2e/US$m as at 31 December 2019 to 110 tCO_2e/US$m as at 31 July 2024. This change has been influenced by decarbonisation activities of investments alongside changes to coverage and data sourcing over time, as detailed on page 75.

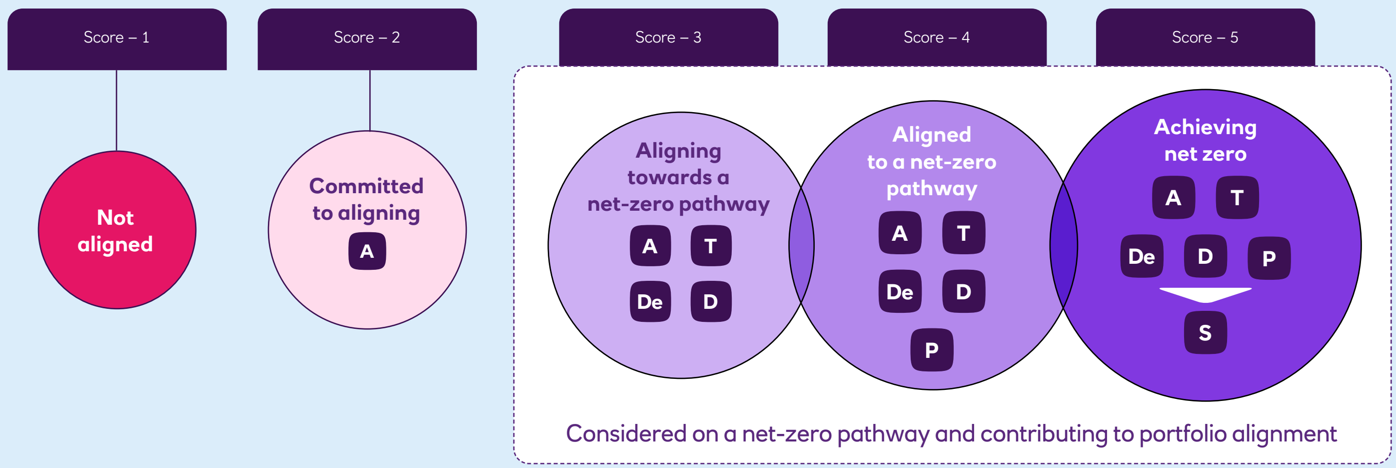
WACI challenges

Achieving our ambition is reliant on investee companies taking action to reduce their carbon emissions in alignment with their climate strategies and commitments. Emission reduction plans take time to set out, implement and report against. There is therefore an inherent time lag in the WACI metric. It captures the underlying companies' emissions at an historical point in time and is not always a fair reflection of government or business activities underway or in plan.

For this reason, WACI is used to assess decarbonisation over an extended time horizon, rather than an input into our investment decision-making process. Due to these dependencies and challenges, its inclusion as part of our strategic ambitions, set out on page 67, is under review.

Net-zero assessment criteria used to determine the portfolio alignment score of the fund or direct government bond or fund

- **A** — **Ambition:** A long-term 2050 goal consistent with achieving global net zero
- **T** — **Targets:** Short- and medium-term emissions reduction targets
- **De** — **Disclosure of emissions:** Company discloses its emissions
- **D** — **Decarbonisation:** Strategic plan setting out how emissions reductions will be achieved
- **P** — **Progress:** Reported against decarbonisation targets
- **S** — **Success:** Achieving the emissions intensity required by the sector and regional pathway for 2050 and whose ongoing investment plan or business model will maintain the performance



(1) The net-zero assessment is carried out on direct government bonds and funds with more than 70% invested in equity, corporate fixed income or government bond asset classes.

Climate transition plan approach and progress

In 2024, we continued to use three high level qualitative scenarios to support assumptions about industry adoption of net-zero strategies. This helps us assess progress towards our 2030 ambitions.

Climate transition plan

To enable progress against our 2030 ambitions, we undertake three key activities:

Investment decision-making

We believe that funds acting on climate change could generate long-term sustainable returns provided they are actively managing climate-related risks and acting on climate-related opportunities. Refer to page 69 for details.

Voting and engagement

We see voting and engagement as a tool to help drive progress on a range of sustainability-related issues. Refer to pages 70 to 71 for details.

Exclusions

There are certain investments where we consider engagement unlikely to be effective. As a result, these are excluded from our custom-built funds subject to revenue or criteria thresholds. Further information can be found here.

Purpose of our Climate transition plan assessment: To assess progress towards our 2030 climate ambitions across three scenarios. Further details of our scenarios can be found on page 78 of NatWest Group's 2023 Climate-related Disclosures Report.

Climate transition plan assessment scope: Each year, we update fund allocation and the associated net-zero scores alongside forecasted AUM growth figures from the financial plan. We focus on assessing the impact of investment selection. Voting and engagement, and exclusions are important levers but do not form part of this assessment as not all funds implement our policies. As a result, we do not have the data to make reasonable assumptions on their potential impact on our ambitions.

Scenarios and assumptions: In 2024, we made no changes to our 2023 scenarios or underlying assumptions. Critically, the assessment assumes we continue to allocate to funds that are considered to be on a net-zero pathway, increasing portfolio alignment and leading to assumed fund decarbonisation. Across the scenarios, moderately optimistic and highly optimistic scenarios assume higher net zero adoption by funds than our baseline. Realisation of the scenarios is dependent on funds setting net-zero strategies and taking action to achieve these goals.

2024 insights

Based on scenarios developed in 2023, we continue to see positive indicators across all three scenarios in respect to meeting our 2030 portfolio alignment ambition. However, we remain dependent on the global pace of transition and do not expect progress to be linear.

For carbon intensity, we take a more conservative approach when forecasting the expected potential impact on our ambition given the challenges set out on page 67 and information availability for funds. This means there is greater uncertainty across the three scenarios when assessing the likelihood of achieving our 2030 ambition.

In addition, a highly optimistic scenario is increasingly less likely given the transition to net zero is not materialising at the pace required to limit global warming to 1.5°C. As highlighted in the 2024 United Nations Environment Programme Emissions Gap Report, unless global policy support is extended to further reduce global emissions by 2030 and current nationally determined contributions (NDCs) are fully implemented, it will become impossible to reach a 1.5°C pathway with no, or limited, overshoot.

External dependencies

The implementation of our AUM Climate transition plan is dependent a number of external factors, most notably:

- **International co-operation:** we have a reliance on supranational commitment, collaboration and coordinated national policies to help align underlying investments with the goals set out by the 2015 Paris Agreement.
- **Industry action:** as an investor in third-party funds, we have a reliance on the asset management industry to create net-zero-aligned products capable of meeting our allocation needs.
- **Investment objectives:** diversification across asset classes, sectors and countries play an important role in our ability to provide suitable products for a broad range of investors, helping us manage risks such as liquidity and volatility. Therefore, we need a broad selection of net-zero aligned products to meet both customer investment needs and our climate ambitions.

Integrating responsible investing into investment decision-making

Assessment categories[1]
- 2050 net-zero and short-term goals
- Transition plan and progress
- Integration into investment decision-making
- Voting and engagement
- Exclusions policies
- Disclosures and reporting

Investment identification and assessment

Responsible investing and net-zero assessment completed

↓

Responsible investing and net-zero score generated

Investment selection

Scores and commentary included in recommendation for investment

↓

Implementation analysis against minimum portfolio alignment thresholds completed

Investment monitoring and reporting

Investments are monitored for material changes

↓

Reporting to management, executive, board committees and customers

Investment identification and assessment

The responsible investing assessment[2] purpose is to gain an understanding of fund managers' consideration of ESG factors, including climate change, in their investment process and ownership practices. The purpose of our net-zero assessment[3] is to generate the portfolio alignment score. Refer to page 67 for detailed assessment criteria.

Once a potential investment is identified, our responsible investing and net-zero assessments are completed. These are integrated into our investment selection process and align to our EWRMF pillars as shown above.

Assessments are updated if a material change in sustainability approach is identified or, in the absence of such a material change, every 24 months. For example, in 2024 an asset manager removed a fund we invested in from their Net Zero Asset Manager (NZAM) commitment. This caused us to downgrade the portfolio alignment score of the fund.

Investment selection

The responsible investing assessment outcomes, net-zero scores and supporting commentary are included as one of several factors in the recommendation for investment. Investment decisions look to balance holistic investment objectives, considering the overarching strategy and goals of our Funds and Discretionary Portfolios.

Pre-investment, we complete implementation analysis. This is to ensure the investment decision will not breach minimum portfolio alignment thresholds, refer to page 73 for details. In the event a proposed investment does not meet these requirements, we aim to seek alternative proposals.

Investment proposals and final decisions are reviewed and approved through our Fund Selection Forum. Refer to page 74.

Investment monitoring and reporting

Once we have invested, we monitor investments for material changes to sustainability approaches and engage continuously on important topics.

In 2024, we engaged with a number of asset managers, most commonly on the topic of climate-related commitments. In one example an asset manager notified us that a fund we were invested in had been removed from the asset manager's assets committed to net zero. In response, we engaged with the asset manager to discuss our climate commitments, the rationale for the change to the manager's committed assets, the impact on the fund, and our expectations of the asset manager going forwards.

Management, executive, and board committees receive reports on portfolio alignment and WACI, as detailed on page 74.

Key challenges

When completing our assessments, we note that a greater proportion of portfolio aligned investments are passive funds, as opposed to active funds. This is due to passive funds' rules-based investment methodology. This can drive higher scores in our net-zero assessment.

In contrast, active fund managers often take a more qualitative approach such as using engagement-led strategies, which it can be more difficult to assess progress.

We have not seen many existing funds add net-zero targets to their investment policies. If we do not see progress in this area, the delivery of our portfolio alignment ambition may require significant changes to investments, specifically fund allocation, with implications for our ability to meet broader investment objectives.

(1) Summary of the assessment categories covered by the responsible investing assessment and net-zero assessment.
(2) The responsible investing assessment is carried out on all funds at onboarding.
(3) The net-zero assessment is carried out on direct government bonds and funds with more than 70% invested in equity, corporate fixed income or government bond asset classes.

Voting and engagement overview

Voting and engagement are two methods investors can use to influence and communicate with investee companies and industries more broadly.

We have three ways of voting and engaging:

With companies: EOS by Federated Hermes (EOS)[1] provide voting recommendations and engage directly with companies held by our custom-built funds. Refer to pages 70 to 71 for details.

With funds: On important topics, for example, if their sustainability approach materially changes. Refer to page 69 for further detail.

Through collective initiatives: We are signatories to investor-led initiatives that support the transition to a net-zero economy. These include Climate Action 100+ and NZAM. As a signatory we engage by aligning with the goals and commitments set by these collective initiatives. Refer here for further detail.

Engagement with companies held by custom-built funds in 2024

EOS has more than $1.8 trillion in assets under advice and carries out active engagement efforts with numerous companies.[2] These engagements focus on four key themes, as shown in the adjacent diagram, each of which has several priority themes and sub-themes, as described in the 'Environmental' example. For 2024, the primary environmental priorities were climate change, circular economy and zero pollution, and natural resource stewardship. Environmental issues made up 39% of total engagements in 2024. Environmental engagement continued to grow in response to shifting policies and increasing investor demands for stronger biodiversity conservation efforts, clearer corporate disclosures, and more ambitious target-setting.

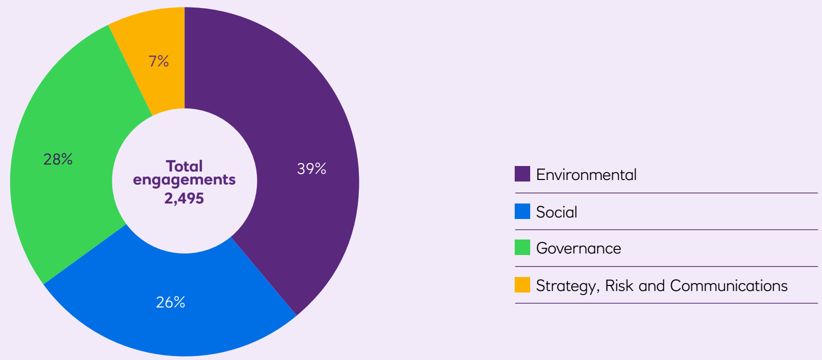
Voting activity

In 2024, our voting and engagement policy aligned with EOS voting recommendations. EOS voted on 12,813 resolutions at 884 meetings: 11,106 votes were in favour of the proposal while 1,633 of votes were against. 57 votes were either abstained or withheld.[3] We are committed to providing transparency on voting activity and publish annual and quarterly updates on this activity. Refer here for further detail.

Key challenges

When a company's climate strategy lacks transparency or fails to provide sufficient detail, it becomes difficult to assess its effectiveness and long-term viability. Another significant challenge results from the wide variety of national standards for emissions targets. As EOS engages with holdings across diverse markets worldwide, navigating complex and differing regulatory landscapes, each with its own approach to emission targets, this complicates efforts to standardise expectations and benchmarks. We anticipate that global frameworks, such as the International Sustainability Standards Board, will help drive greater consistency in reporting.

Engagements with companies held by custom-built funds: 2024 themes[2]



Main theme	Theme	Sub theme
Environmental 39% of total engagement	**Environmental** Climate change Circular economy and zero pollution Natural resource stewardship	**Climate change** Climate opportunities GHG emissions reduction Governance and transparency Physical risk

(1) EOS conducts all voting and engagement activities for our custom-built funds and have autonomy on engagement decisions including the authority to continue or discontinue any engagement.
(2) All information regarding EOS activities has been obtained directly from official EOS sources.
(3) Due to data limitations, the breakdown of votes cast in 2024 does not include voting on senior management remuneration.

Engagement in practice

To identify material issues EOS(1) conducts desktop research, sector and geographical context analysis and benchmarking companies within the same industry. EOS typically conducts engagement over four stages. The engagement process begins by raising the initial concern, which must be acknowledged by the company.
The company is then asked to develop a credible strategy to achieve the objective of the engagement. Finally, EOS seeks evidence that the actions are being implemented, and material progress has been made against its engagement objective.

If engagements are unsuccessful, EOS may take further action. This can include recommending votes against management, tabling resolutions, collaborating with other shareholders on proposals or finally, choosing to disengage on that specific engagement activity. EOS may disengage from an objective if it becomes immaterial or unlikely to deliver beneficial outcomes,[1] for example, when no material progress is made over several years. This allows focus and resources to shift to other issues.[2]

Engagement examples

Each engagement is unique and the time between milestones is not an indication of engagement effectiveness. This is due to varying levels of complexity underlying each engagement and the requirements to set out and demonstrate progress.

The first two examples in the image on the right focus on encouraging companies to adopt TCFD-aligned reporting, highlighting varying degrees of success. The final example describes an unsuccessful engagement, where the lack of progress caused EOS to change focus to other areas of engagement with the company.

EOS engagement stages and examples of engagement activities with companies in custom-built funds

1.	2.	3.	4.
Concern raised with the company	**Concern acknowledged by the company**	**Company asked to develop strategy to achieve objective**	**Company asked to show material progress to achieving strategy**

Successful example – Engagement journey with US utilities company

November 2019 EOS raised concerns regarding the company's lack of TCFD aligned reporting compared to industry peers.	**November 2019** The company acknowledged that it was yet to publish a scenario-based climate report.	**February 2020** EOS reiterated the importance of TCFD reporting and highlighted the need for more ambitious climate strategy targets.	**May 2023** The company demonstrated material progress by publishing its first TCFD aligned report in 2021 as well as setting a more ambitious climate strategy including an accelerated net-zero goal.

Partially successful example – Engagement journey with US real estate company

November 2020 EOS raised concerns regarding the company's climate risk management system and the value of TCFD-aligned reporting to address these concerns.	**March 2021** The company acknowledged the concern over climate risk management and produced a TCFD summary.	**May 2023** EOS reiterated their request for a standalone TCFD-aligned report and asked company to set out strategy to achieve this.	**September 2023** Despite not publishing a standalone TCFD-aligned report, EOS believed that the company had made adequate progress and therefore discontinued engagement.

Unsuccessful example – Engagement journey with UK consumer company

December 2018 EOS raised concern regarding the lack of time-bound targets for a reduction in the use of plastic packaging.	**October 2019** The company acknowledged the absence of long-term targets on reducing plastic waste.	**September 2022** EOS reiterated their request for the company to set a time-bound plastic reduction target.	**November 2023** EOS discontinued their engagement on this issue and opened new engagements with the company where they believe they could achieve greater impact.[1,2]

(1) EOS conducts all voting and engagement activities for our custom-built funds and has autonomy on engagement decisions including the authority to continue, change or discontinue any engagement. If an engagement issue is discontinued, EOS may engage the company on other relevant issues, maintaining ongoing dialogue where appropriate.
(2) If EOS chooses to discontinue an engagement, this does not mean we are divested from the company. Underlying investment holdings are at the discretion of the custom-built fund managers who align investment decisions with the overall investment objectives and guidelines of the custom-built funds.

Processes for identifying and assessing climate-related risks

Climate-related risks can have a cross-cutting impact on our business and the investments we manage on our customers' behalf. Climate and nature risk is included as a principal risk within our EWRMF, refer to NatWest Group's plc 2024 Annual Report and Accounts, page 269 for details. The Investment CoE aligns with NatWest Group's iterative, multi-year approach towards full integration of climate risk management, as detailed on page 51.

Business risks, characterised and assessed by NatWest Group and deemed applicable to our investment business, include conduct risk, reputational risk, operational risk, as well as regulatory compliance risk. Investment risks, that is those with the potential to impact assets under management, are characterised and assessed by the Investment CoE.

In 2024, we evolved our process for identifying, assessing and determining the relative significance of climate-related risks affecting our business and the investments we manage on our customers' behalf. The process used subject matter expertise (SME) to identify an initial shortlist of the most material business and investment risks, before applying a likelihood and impact score to each risk over the short, medium and long-term. A combination of SME judgement and risk scoring was used to assess the top risks within each time horizon and is set out below.

The assessment shows transition risks as the key driver of climate-related risks in the short to medium term, with physical risk emerging as more material in the long term. However, climate-related risks are not linear or mutually exclusive. All risks included in the table have the potential to be affected by climate change over short, medium and long-term time horizons.

Time Horizon	Short (<5 years)	Medium (5-15 years)	Long (>15 years)
Climate risk theme for Investment CoE	Transition		Physical
Risk theme	Reputational Regulatory Compliance	Conduct	Volatility
Most material risk	Risk we are accused of greenwashing due to misleading climate-related communications or not meeting our regulatory disclosure compliance activities within expected timelines.	Risk that customers believe our approach to climate change is negatively impacting their investment returns through either excessive or insufficient action.	Risk that our ability to model physical climate impacts to support investment decision-making is underdeveloped due to limited data and modelling capabilities.
Risk impact	This could misrepresent our services to customers and fail to meet regulatory expectations, resulting in a negative financial and reputational impact to the business.	We could lose customers and face negative financial and reputational impacts to the business.	We encounter unforeseen market volatility driven by physical climate events, leading to shifts in asset values that affect investment returns.
Risk identification activities	The Investment CoE feeds into NatWest Group greenwashing risk scenarios to assess the impact and likelihood of possible greenwashing activities. Regulatory compliance risk is monitored through horizon scanning. Asset management-specific regulation is identified and addressed by relevant teams for compliance.	We use customer feedback on specific activities as well as testing sessions to understand views on our responsible investing approach.	We review Climate Value at Risk (VaR) metrics and methodology to help us understand the potential physical and transition risks affecting investments.

Managing climate-related investment risks

Overview

To manage and monitor progress against our climate ambitions we have set annual portfolio alignment operational limits since 2023. To assess the likelihood of achieving our 2030 ambitions, we use qualitative scenario analysis to complete our annual Climate transition plan assessment as disclosed on page 68. Monitoring and oversight of business activities feeds into management and executive risk committees. Refer to page 74.

For investment risks, we use our responsible investing and net-zero assessments to quantitatively assess funds across a variety of climate considerations and to generate a portfolio alignment score, as set out on page 69. To integrate this into investment decision-making, we set minimum portfolio alignment thresholds for our Personal Portfolio Funds, Coutts Managed Fund and Discretionary Portfolio Service products in 2022. To manage and monitor these limits we conduct pre-investment implementation analysis. If an investment decision would trigger these limits it is prohibited and alternative proposals are set out.

The responsibility for climate-related risk management of the underlying holdings sits with the fund managers. If we believe risks are not being managed effectively, we may engage with fund managers. If we believe engagement will not be effective for companies in our custom-built funds, we may exclude business activities. Our latest exclusions policy can be found here.

NatWest Group monitors regulatory compliance risk through horizon scanning. Any regulation related to the Investment CoE is identified. New or emerging regulations are assessed for impact on the business and initial implementation plans are developed.

We communicate our approach to customers via our responsible investing policies, which can be found here and through our evolving suite of disclosures.

Progress in 2024

For **reputational and regulatory compliance** risks, we reviewed existing communications, product-related information and enhanced processes for external communications to ensure consistency with anti-greenwashing regulation. We also ensured compliance against FCA ESG sourcebook rules and guidance. This included delivery of our inaugural entity and product-level climate-related disclosures.

For **conduct risk**, as part of the FCA ESG Sourcebook Rules for Sustainable Disclosure Requirements, we included Responsible Investing Information Documents in investment journeys to support customer understanding of our responsible investing approach and its application to their investments. Additionally, in our product-level climate-related reports, we set out our internal definition of carbon intensive sectors and published Climate VaR and implied temperature rise metrics. By providing these metrics we aim to help support customer's understanding of the climate-related risks and opportunities that could impact their investments

Regarding **volatility risks**, the 2024 United Nations Environment programme Emissions Gap Report highlighted that the global transition is not materialising at the pace required to reduce global emissions sufficiently to meet the 1.5°C goals set out in the 2015 Paris Agreement. We have responded to the developments by enhancing the climate risk management questions within our responsible investing assessment, and will implement these changes in 2025. If global trends continue, we believe it will become critical to consider adaptation planning strategies of the funds we invest in.

Product-level scenario analysis outputs

In the product-level reports, we published Climate VaR figures across three scenarios: orderly, disorderly and hot-house world.

The current summary of product-level Climate VaR indicates that Funds with lower investment risk profiles generally demonstrate a lower Climate VaR. Meanwhile, Funds with higher investment risk profiles tend to exhibit higher Climate VaR.

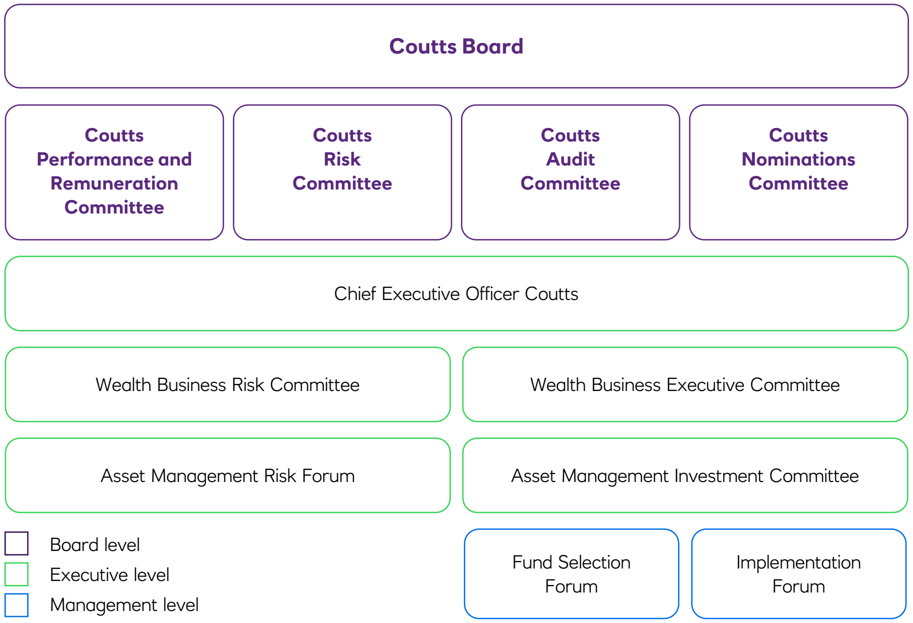
It is important to note we do not anticipate a consistent linear trend in Climate VaR metrics over time. This is a result of ongoing changes to fund allocations and updates to methodological inputs, which may introduce variability. Additionally, predicting the potential impact of climate change over medium to long-term time horizons becomes increasingly uncertain.

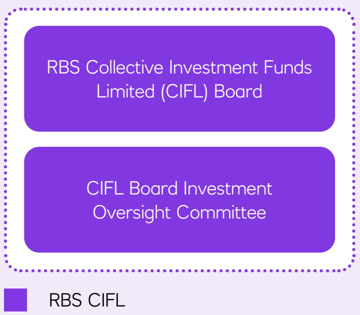
Overall, based on entity and product-level scenario analysis carried out to date, we consider our business and investment strategies to be resilient to climate-related risks in the short term.

AUM governance and oversight

Board and executive oversight

Climate-related strategic decisions influencing AUM are subject to both Coutts and NatWest Group governance. As the assessment and management of climate-related risk within investment products is nuanced we have additional governance and oversight processes tailored to the Investment CoE. The execution of investment strategy falls under individual accountability within the Coutts legal entity. Refer to page 84 of NatWest Group's 2023 Climate-related Disclosures Report for descriptions of the governing bodies below. Material 2024 updates are reported below.





RBS Collective Investment Funds Limited (CIFL): The company is a subsidiary of Coutts and acts as the Authorised Corporate Director of RBS Investment Funds ICVC. CIFL appointed Coutts as its Investment Manager. Oversight is maintained through quarterly responsible investing updates to the CIFL Board Investment Oversight Committee. This includes fund WACI and portfolio alignment updates. Specific updates are delivered to CIFL Board as required. In 2024, CIFL Board received three updates with a focus on regulatory compliance activities.

Coutts Board oversight:

The Coutts Board received two strategic climate ambition reviews including an update on progress towards achieving our climate ambitions. Coutts Risk Committee received two climate risk management and regulatory compliance updates as well as ad hoc reporting as part of oversight of Coutts' overall risk profile. In addition, the Coutts Audit Committee reviewed the entity climate report and completed training on financed emissions reporting. The Coutts Performance and Remuneration Committee oversees the link between climate strategy and remuneration.

Executive oversight:

The Executive Committee received two strategic climate ambition reviews. The Wealth Businesses Risk Committee received three updates on climate risk management and regulatory compliance activities and monthly updates on our principal climate and nature risk appetite position. Portfolio alignment operational limits were not triggered in 2024; however, if limits are breached this would be reported to the risk committee, which monitors the risk appetite position.

Asset Management Investment Committee

The committee received two strategic climate ambition reviews. The committee also received monthly updates on responsible investing activities, including product portfolio alignment and WACI reporting.

Asset Management Risk Forum

Received updates on climate risk management and regulatory compliance activities and provided review and challenge of implementation proposals. The forum received monthly updates on the principal climate and nature risk appetite position.

Fund Selection Forum

Responsible for determining the most appropriate route to market for implementing investment decisions. The responsible investing assessment and portfolio alignment score are considered as part of this as set out on page 69. For example, in 2024, a European equities fund was onboarded, which has strong ESG integration within the fund's investment process. The fund received a high score for its responsible investing approach.

Implementation Forum

Responsible for the implementation of investment decisions into funds and discretionary portfolios. As part of the implementation discussion, the forum notes the impact on portfolio alignment.

Methodologies and limitations of climate-related metrics

	Scope 1 and 2 emissions[1]	Weighted average carbon intensity (WACI)[2]	Portfolio alignment
Purpose	Establishes the total GHG emissions assets of a fund's investments.	Measures assets under management exposure to carbon intensive companies.	Shows the extent to which funds are assessed as being on a net-zero pathway.
How we estimate	$MtCO_2e = \sum\left(\frac{\text{Current value of investment}}{\text{Issuer's EVIC}} \times \text{Issuer's GHG emissions}\right)$	$\frac{tCO_2e/\$m}{\text{revenue}} = \sum\left(\frac{\text{Current value of investment}}{\text{Current portfolio value}} \times \frac{\text{Issuer's GHG emissions}}{\text{Issuer's revenue}}\right)$ Scope 1 and 2 GHG emissions are allocated based on portfolio weights (the current value of the investment relative to the current portfolio value) rather than the equity ownership approach.	We sum all the AUM of direct government bonds and funds that are considered on a net-zero pathway (score 3, 4 or 5) and divide by the total value of Managed Assets. Refer to page 67 for details.
2023	1.2 $MtCO_2e$[3]	92 tCO_2e/US$m revenue[3]	49%
2024	1.1 $MtCO_2e$[4]	110 tCO_2e/US$m revenue[4]	58%

The following description of coverage, data sourcing, methodology and limitations applies to the calculation of estimated Scope 1 and 2 emissions and WACI. The net-zero assessment criteria used to determine the portfolio alignment score of direct government bonds and funds is disclosed on page 67.

Coverage

- Scope 1 and 2 estimated emissions and WACI covered 55% of Managed Assets and Bespoke AUM as at 31 July 2024. This included listed equity, corporate fixed income and government bond asset classes and equated to £17.1bn. Coverage decreased from £19.6bn (72% of Managed and Bespoke AUM) in 2023 due to newly launched funds not having available data.
- Advisory assets continue to be excluded as the investment decision-making sits with our customers. Cash remains out of scope as there continues to be no defined methodology for this asset class.
- Scope 3 managed emissions are currently not reported due to limited disclosures from companies invested in.
- We continue to review our approach to disclosure and expect coverage to change with the implementation of regulatory disclosure requirements in the jurisdictions in which we invest.

Data sourcing

- For the estimation of Scope 1 and 2 emissions and WACI, we rely on external data providers for the provision of company emissions and financial profiles.
- During 2024, we increased the use of financial and emissions data provided by external vendors. Improved data coverage has resulted in estimates now being more closely aligned to investee activities.
- Published company emissions were available and used for 55% of disclosed 2024 emissions.
- Where published company emissions were unavailable, we used revenue-based estimated emissions from data vendors (4%), or estimates derived from industry/portfolio averages (41%).
- Where appropriate, we may use the emissions or financials profile of an investee's parent company for the estimation of Scope 1 and 2 emissions and WACI.

Methodology

- We followed the PCAF Standard in estimating Scope 1 and 2 emissions and WACI.
- The emissions data used in this entity-level report received a weighted average PCAF data quality score of 3.2 in 2024.
- Refer to page 43 for further details on financed emissions and data limitations, with specific AUM considerations described above.

Key changes

- Scope 1 and 2 emissions decreased by 0.1 $MtCO_2e$ due to coverage changes and the inclusion of government bonds in 2024 estimated emissions.
- WACI increased by 18 tCO_2e/US$m revenue compared to 2023 due to a combination of increased investment bias towards the US, which tend to have a higher emissions intensity, improved data availability through data sourcing in 2024 and a reduction in coverage.

Limitations

- Business, data and methodology changes should be considered when comparing historical figures.
- Where historical figures have been revised in alignment with changes described, this will be clearly identified.
- At times, newly-launched funds in a fund or discretionary portfolio may reduce coverage if the data providers lack sufficient information at the time of reporting. While we collaborate with providers and fund managers to obtain the necessary data, it is not always possible to include this in time for the reporting period. As a result, coverage may vary.

Refer to page 43 for further details of data limitations.

(1) Scope 1 and 2 estimated emissions are measured in million tonnes of CO_2 equivalent ($MtCO_2e$). Issuer refers to companies we invest in. Enterprise Value Including Cash (EVIC) used for listed companies is market capitalisation plus total debt minus cash and cash equivalents. EVIC used for unlisted companies equals the sum of debt and equity. Current value of investment is investment exposure as a percentage of the market value of the company.
(2) WACI is measured in US dollars to be consistent with industry measures. Current portfolio value is the sum of all the current values of investments. Issuer's revenue is sourced from external data vendors.
(3) Equity and corporate fixed income values as at 31 July 2023. Carbon emissions have been taken from 31 December 2022.
(4) Equity, corporate fixed income and government bond values as at 31 July 2024. Carbon emissions have been taken from 31 December 2023.

Supporting social and community outcomes

In this section

Accessible and inclusive banking

Succeeding with customers

We're working to better understand our customers so that we can develop products, services and tools that cater to their needs, from helping them to access a bank account, to managing their financial wellbeing or running their business.

We interact with our customers in a variety of ways. We continue to review our branch network while developing alternative ways of banking with us, including by improving our digital and data capabilities to help us better understand and serve our customers.

We offer additional support where it's needed, whether that's helping customers tell us about specific accessibility needs they have or supporting those who are struggling to manage their finances.

By focusing on these areas, we aim to create an inclusive and accessible banking environment that empowers customers to navigate their financial journeys with confidence.

Refer to pages 20 to 25 of the NatWest Group plc 2024 Annual Report and Accounts for further details on our products.

Summarised below are some of our key products, channels and additional support services that aim to help us be accessible and inclusive for our customers.

Products and services

- Foundation Account
- Digital Regular Saver
- Access to credit
- Financial wellbeing tools
- Rooster Money
- Tyl, Mettle, FreeAgent

Choice of channel

- Branch network
- Mobile branches
- Banking hubs and Post Offices
- Access to cash
- Mobile App and Cora
- Bankline

Additional support

- Banking Facilities For All
- Banking My Way
- Debt management and support
- Partner referrals
- Safe spaces

Inclusive design

We aim to take an inclusive approach to help support good outcomes for our customers.

Consumer Duty

The FCA's Consumer Duty regulation sets high standards of consumer protection across financial services, and requires firms to put their customers' needs first. The Duty came into force in July 2023 for new and existing products and services and in July 2024 it was widened to cover products no longer on sale, but still held by customers.

In 2024, we continued to make improvements to ensure we deliver good outcomes for customers. We have continued to review and rewrite customer communications to make them easier to understand, addressed identified areas of improvement and developed interventions to help ensure customers achieve fair outcomes.

Read more about our response to Consumer Duty at natwestgroup.com

Working to deliver good customer outcomes

We aim to ensure that our products are designed to deliver good customer outcomes, and that our methods of communication and distribution are fair and responsible.

Products are subject to product design principles and executive-level oversight before release. Our pricing standards aim to make sure customers are paying a fair price for the products and services they receive.

Our approach to marketing and communications is centred around informing customers about products in a clear, fair and not misleading way, communicating the risks, costs and conditions. We aim to ensure communications present information in a way that it is easily understood, engaging and written in plain language, with key information easy to find and not hidden in lengthy terms and conditions.

We monitor the performance of our products and services, aiming to ensure they remain consistent with the purpose for which they were introduced, are distributed in accordance with the needs of the target market and are flexible to cater to the needs of vulnerable customers.

Effectively managing customer complaints can build customer trust and ensure compliance with FCA standards. Our approach focuses on minimising complaints by identifying and addressing their root causes. In 2024, we received 239,000 reportable complaints, compared to 200,000 in 2023.[(1)]

Read more on our complaints data at natwestgroup.com

Considerations for customers with additional support needs

Aligned to FCA guidance, we recognise the four key drivers of vulnerability: health, life events, resilience and capability.

As part of our product governance, we assess how customers with characteristics of vulnerability may be impacted by a product through a Customer Vulnerability Impact Assessment at the design stage. In response, we consider the potential mitigants we can put in place.

We follow five principles for designing inclusively: confidence and trust, accessible information, clear choices, easy journeys and specialised support. This approach helps us to make proportionate choices in design and how we monitor to detect potential for harm.

Our Inclusive Design Panel is also an important part of our design approach (see opposite).

Colleague training

All colleagues involved in the design, management and distribution of our products and services are required to undergo training to ensure they are aware of the applicable standards and policies for their role, and that they understand how to fulfil their responsibilities.

Customer-facing colleagues receive training, which includes making sure they consider customer needs and do not engage in high-pressure sales techniques. Sales incentives for our customer-facing colleagues were removed in 2016.

In 2024, we provided training to 63,000 colleagues to help them recognise and respond to customers in vulnerable situations. A role-specific module titled 'Designing to include everyone' was launched in Q3 2024, with 6,000 colleagues having completed it as at 31 December 2024.

Spotlight on our Inclusive Design Panel

Working with external parties, we use an Inclusive Design Panel to gain input into the design of our products, services and communications from those who have experience of living with a vulnerability.

Through receiving feedback from the panel, product owners are able to better understand the needs of customers who often feel under-served. The panel meets on a monthly basis, and has helped us to review around 75 different products and propositions since it was first formed in 2022, including 30 in 2024.

An example of how the panel has helped us to better understand the preferences of those with additional support needs is the changes we have made to our repeat-use overdraft template letter. Taking on feedback, we improved the letter by developing a more empathetic tone and we strengthened how we sign-post practical options, such as flexibility in paying back, instalment plans and support from other organisations.

The work of the panel has gained external recognition, winning The Collaboration Network's Vulnerability Award and the Aura Insight Impact Award in 2024.

(1) Data based on volume of reportable complaints received by legal entities reporting to the FCA.

Products and services supporting financial wellbeing and inclusion

We aim to offer products, services and tools that cater to diverse needs, aiming to make it simple for customers to access an account, obtain the finance they need, manage their financial wellbeing or run their business.

Key highlights:

883,000 personal customers holding a Foundation Account (2023: 900,000)

474,000 Rooster Card subscribers (2023: 280,000)

7.8 million[(2)] customers helped to manage their financial wellbeing (2023: c.6 million)

Supporting our personal customers

Basic current accounts

We provide a basic personal current account, known as a Foundation account, to support financial inclusion. The account may be offered to those with poor, little or no credit history or those going through bankruptcy. It includes a debit card, access to digital banking services and everyday support such as text alerts to help customers manage their money. Holders don't have access to an overdraft or credit card and the account allows customers to bank with no monthly fee or added interest. As at 31 December 2024, 883,000[(1)] personal customers held a Foundation account (2023: 900,000).

Credit products and access to short-term borrowing

We play an important role in giving personal customers access to the finance they need. We have a range of products that aim to enable customers to access affordable credit, of which credit cards and overdrafts are two key propositions. It's important that we lend responsibly, making sure we're helping people access the finance they need today, without creating financial stress tomorrow.

Before applying, all customers can review products and eligibility without impacting their credit score. Our Borrowing Needs Tool can help people make informed choices about what product might be right for them, with 163,000 people using the tool in 2024. Our Overdraft Eligibility Tool aims to inform people about whether they would be accepted for an overdraft.

Credit Card Instalment Plans give customers the option of splitting costs from £50 to £3,000 over three to 24 months at a lower interest rate. We have set up 372,000 instalment plans in 2024 (2023: 368,000).

Savings accounts

Digital Regular Saver is our savings product which aims to help customers build a savings habit and grow their money. Customers can save up to £150 a month and there are no penalties for withdrawing or taking a break. There are over 1.6 million customers who have a Digital Regular Saver and have made at least one payment into their account in 2024.

Rooster Money

NatWest Rooster Money is a children's prepaid debit card and pocket money app designed to help young people up to the age of 17 gain confidence with money. As at 31 December 2024, Rooster Money has 474,000 Rooster Card subscribers (2023: 280,000). Growth has been driven by marketing efforts (including our Team GB partnership) and the addition of Apple Pay and Google Pay.

Digital tools supporting financial wellbeing

We offer a range of digital tools and features that can support customers to improve their financial wellbeing. We offer customers personalised coaching plans based on their unique financial situation, and highlight in-app tools such as Savings Goals, Round Ups and Know Your Credit Score.

These tools have been at the centre of our approach to supporting customer financial wellbeing, and have been fundamental to our ambition, set in 2023, to help 10 million people, per year, manage their financial wellbeing by 2027.

In 2024, we have helped 7.8 million[(2)] people to manage their financial wellbeing (2023: 6 million). We plan to review our financial wellbeing ambition during 2025 in the context of our strategy.[(3)]

Supporting our business customers

Simple lending solutions

We recognise that a key lever for supporting businesses is access to flexible, simple and quick lending solutions. In 2024, we increased our digital lending limit for small businesses to £100,000.

Bespoke small business products

Tyl is our payments product, offering a choice of easy-to-use payment solutions for small businesses, micro-businesses and seasonal traders. As at 31 December 2024, Tyl has 38,000 customers (2023: 30,000).

FreeAgent is our accounting software product. Designed for small businesses and accountants, it offers a range of features to simplify financial management, equipping users to better understand their business finances and financial needs. As at 31 December 2024, 200,000 customers are using FreeAgent.

Mettle is our digital business bank account for small businesses, sole traders and limited companies. Using Mettle, customers can easily raise and send invoices, upload receipts and integrate with FreeAgent. As at 31 December 2024, Mettle has 130,000 customers (2023: 100,000).

(1) 2% decrease in customers holding a Foundation Account partly driven by closures due to inactivity and fewer openings (partly driven by a reduction in Ukraine refugee account opening.)
(2) Includes additional initiatives in 2024 including digital regular saver and Insights. The 2023 number is an approximate.
(3) Underlying banking products and features in our financial wellbeing ambition will continue to be offered unless otherwise specified.

Accessible and inclusive banking continued

Supporting access and building confidence

Banking Facilities For All

Through our Banking Facilities For All (BFFA) initiative, we assist UK residents who face difficulties in providing traditional identification documents, such as refugees, individuals experiencing homelessness, those fleeing abuse, and prison leavers. Through BFFA, we are working to eliminate barriers to opening an account by accepting alternative forms of ID. We continue to work with industry and the third sector to understand reasons customers may not be able to engage with banking services and the steps we can take to support access.

Financial Health Checks

Our Senior Personal Bankers provide free reviews of finances for personal and business customers, supporting them to understand which products or services could help them progress towards their financial goals. We provided assisted Financial Health Checks to 321,000 Retail customers in 2024 (2023: 358,000) and 22,000 to business customers.

Financial confidence workshops

We aim to help young people and adults improve their money skills and confidence through interactive workshops and learning resources. In 2024, we worked with public and private sector commercial customers to deliver Financial Foundations workshops, with trained bank volunteers delivering workshops totalling 270 hours of support (2023: 250 hours). We also reached over 1 million young people in schools through NatWest Thrive MoneySense.

Debt management support

We use a data-led approach to monitor usage closely across our products and have processes in place to protect customers. These processes help us to quickly identify anyone who might be getting into financial difficulty or using our products in a way that could create longer-term problems, for example persistent debt, repeat-use, or paying for gambling.

We communicate with customers who may be struggling and provide access to a dedicated Financial Health and Support team, who offer specialist support to customers in financial difficulty. During 2024, we sent over 4 million targeted SMS, emails and letters to our most financially stretched customers. We also shared targeted digital reminders signposting customers to tools, advice and support.

If customers miss a payment, we have measures in place to support them. For example, we suppress interest on overdrafts at 32 days in excess and, where customers miss several payments on secured or unsecured debt, we give customers the flexibility to spread the repayment of missed payments over up to two years. We support customers to tailor the solutions that could help to improve their financial situation.

We also actively refer customers for Free Independent Money Advice (FIMA) through our debt advice charity partners PayPlan for personal customers and Step Change for business customers, with 13,300 customers referred in 2024 (2023: 14,000). We also provide information on how to access the Financial Ombudsman Service.

Unsuccessful applications

We are not able to provide our products and services to everyone who applies for them. We can direct those who are unable to access credit, or those whose applications are declined, to practical tools. These tools include our Benefits Calculator, which aims to help improve their finances and increase likelihood of a future successful application. We also provide information on how we reach decisions.

Spotlight on FCA Financial Inclusion TechSprint

The FCA's 2022 Financial Lives Survey found that 23% of UK adults had experienced issues accessing a financial product or service. In March 2024, NatWest Group colleagues from various teams came together to join the FCA's Financial Inclusion TechSprint.

During the 12-week sprint, colleagues worked to explore technological solutions that could help deliver positive outcomes for customers when we decline their application for credit. Using a data-led approach focusing on customer transactional behaviour, the team sought to understand the reasons for customers seeking credit, to identify the underlying drivers of unsuccessful applications and to identify additional ways we can help customers after a decline decision.

Following the TechSprint, areas we are looking at include more proactively connecting customers to income maximisation tools and providing ways for customers to better understand their credit status. We recognise more work is needed to understand drivers for declines and the demands for credit and we are working with external parties to do so.

Choice of channel

We understand that our customers want to be given a choice of which channels they use to bank with us. We continue to review our physical footprint, while developing our digital services to get to know our customers better and to deliver a better service.

Key highlights

484 branches and banking services available in over 10,000 post offices.
(2023: 580 branches)

103 Community Banking Hubs and 2,150 ATMs
(2023: 2,400)

Banking locally

As at 31 December 2024, we had 484 branches (2023: 580). In 2024, we closed over 90 branches and in January 2025 we announced our plan to close 53 branches by the end of June 2025. We recognise the way people bank with us has evolved, with an increased demand for digital services. While we respond to that demand, we give careful consideration to the impact that closing a branch might have on customers. We know it can affect those less confident with the remote or digital alternatives we offer and we recognise our responsibility to provide these customers with support. We communicate directly with customers affected by branch closures and we also proactively contact those in vulnerable situations to offer additional support to guide them through the change. We aim to provide our customers with 12 weeks' notice of this change through easily accessible information via notices, factsheets, in-branch support and alternative ways to continue banking with us. Read more on branch closures at natwest.com

We continue to offer mobile branches serving 600 unique stops (2023: 600), allowing customers, including those in remote areas, to carry out their everyday banking such as making deposits, withdrawing cash and paying bills. Customers can also access banking services at over 10,000 Post Offices across the UK.

Banking hubs and access to cash

Community Banking Hubs are an initiative by Cash Access UK, managed by a group of nine banks including NatWest Group, aimed at providing banking services to communities without a bank branch. As at 31 December 2024, there are 103 Community Banking Hubs open across the UK (2023: 31).

For a large part of society, access to physical cash continues to be important. We operate a network of 2,150 ATMs across the UK (2023: 2,400).[2] In 2024, as part of Cash Access UK we have helped to pilot third-party Cash Deposit Machines in public locations, which allow customers to deposit cash.

The closure of the last bank in any town triggers a review of access to cash by LINK, the organisation responsible for the UK's ATM network. Members of the public, community groups and local elected officials can request a LINK cash access review in their area, if they think their community could benefit from a banking hub. Read more on local banking services at natwest.com

Digital channels

By advancing our digital systems, we can enable customers to more easily access the financial services they need, and to bank at a time convenient to them.

Channels for Retail customers

Our mobile app means Retail customers can bank whenever and wherever they need to. Improvements in 2024 include simplifications in the way disputes or fraud can be reported using the app. We also introduced our 'Secure Caller' feature, which allows us to have conversations with customers directly through the mobile app. This aims to give customers, especially fraud victims, confidence that they are talking to the bank.

Our virtual digital assistant Cora aims to support self-service for our customers, enabling them to get responses to their queries and perform actions like updating their address. In 2024, we expanded Cora's knowledge and customers can now add cardholders or unblock a PIN. We were one of the first UK banks to embed generative AI into a virtual digital assistant.

11.5m[1] (LA)

Digitally active retail and business banking customers

2024	**11.5m**
2023	10.9m
2022	10.1m

11.2m (LA)

Retail banking Cora interactions

2024	**11.2m**
2023	10.8m
2022	10.4m

49% (LA)

Retail Cora interactions requiring no human input

2024	**49%**
2023	49%
2022	48%

10.5m (LA)

Retail customers using our mobile app

2024	**10.5m**
2023	9.8m
2022	8.9m

Retail Banking customers banking entirely digitally[3]

79%
(2023: 77%)

Commercial & Institutional customers banking digitally first[4]

83%
(2023: 81%)

(1) A digitally-active customer is someone who has accessed either their online banking platform or mobile banking app.
(2) Reduction in ATM numbers primarily relates to branch closures.
(3) Retail Banking franchise customers with active current accounts that have accessed a digital platform (online or mobile) and not used the branch or telephony for 90 days in the reporting period. Inactive customers excluded and customers with no channel usage excluded.
(4) Commercial & Institutional franchise customers with active non-personal account/s that access their account 95% or higher through digital channels (online, mobile, Bankline), for three rolling months in the reporting period.

Choice of channel continued

Spotlight on digitalisation and innovation to support our customers

Technology continues to advance and by improving our digital systems, we aim to enable customers to more easily access financial services at a time convenient to them. Additionally, we aim to enhance their experience by using data and analytics to better understand their situations. This allows us to build relationships in a digital world, supporting our customers more effectively and helping them to make progress towards their financial goals. We continue to invest in technology and data, with £2.9 billion allocated from 2024 to 2026.

Growing use of Artificial Intelligence

While we have used AI for several years, with approximately 19% of the bank's analytical models using AI as at 31 December 2024, the increased sophistication of AI and machine learning can help us to deliver further simplification, personalisation and productivity improvements to better serve our customers. In 2024, improvements have included:

- Continued enhancement to our AI-supported virtual digital assistant Cora, supporting digital journeys for our customers (refer to page 83 for more details).
- AI-driven Amazon Connect software supporting 7,000 colleagues in our contact centres by transcribing customer conversations and reducing time spent to search relevant data. This aims to reduce call hold time and repeat calls and improve response consistency.
- AI, including generative AI, supporting complaints responses by sourcing and assimilating relevant data for analysts, saving up to 20 minutes per case.
- AI tools capturing customer call details, summarising key facts for Relationship Managers, allowing them to focus on customers during the call rather than on note taking.

In January 2025, we announced our minority investment in Serene, an early-stage AI platform dedicated to tackling financial vulnerability. Through real-time customer insights driven by AI and behavioural science, the platform aims to detect early signs of financial distress and predict risks to help financial institutions deliver personalised, timely support at scale.

Read more at natwestgroup.com

Managing the challenges

Read more on page 83 about how we are reacting and adapting to the emerging risks and challenges posed by new technologies, including cybersecurity, the ethical use of AI, fraud and scams, and our customers' data privacy.

Channels for business customers

Bankline is our digital channel for mid-market and corporate customers. In 2024, we began to implement a £100 million transformation programme to improve the customer experience through modernising the channel, including increasing accessibility, enabling all customers to access through mobile and releasing new features more frequently. As part of this, in 2024 we made over 430 new feature releases, a 115% increase compared to 2023.

Digital accessibility

Our approach is to be an 'Accessible Bank by Design' across our digital journeys. This means including those with disabilities and long-term conditions and recognising that everyone's needs are different and can change over time. As our customers interact more with us through digital channels, we understand the increasing importance of providing a seamless and inclusive digital experience.

We aim to conform to the World Wide Web Consortium's (W3C) Web Content Accessibility Guidelines (WCAG) v2.2 at Level AA and this is reflected in our Digital Accessibility Standards. We also provide further guidance within our Supplier Charter and our new online Accessibility Statement for customers.

In 2024, we co-signed the Disability Finance Code for Entrepreneurs and our Retail Digital Assistant, Cora, achieved accessibility accreditation from UK charity AbilityNet. We expanded our role-based training and created a Digital Accessibility learning module, which had been completed by 21,000 colleagues as at 31 December 2024. We also continued to innovate in authentication to deliver Voice Biometrics within our mobile app.

While we have made progress, we know there is still more to do to remove barriers and we continue to listen to our customers.

Banking My Way

Banking My Way aims to help us better support customers by understanding the challenges they face and what adjustments they need to make banking easier.

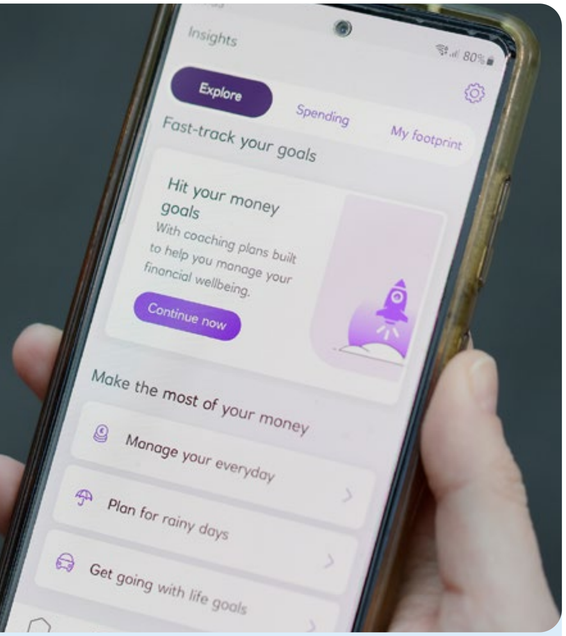
Available through the Mobile App and Online, in our branches or via telephone teams, Banking My Way allows customers to select the support they need from a range of adjustments including a sign language interpreter, braille statements or simply speaking more slowly. This allows us to deepen our understanding of our customers' needs and personalise the service we give, empowering customers to bank with us in a way that suits them.

In August 2024, we expanded the Banking My Way categories to include 13 additional options that better reflect our customers' needs. This included an option for customers to disclose dyslexia, or to not have their gender assumed based on their voice. As at 31 December 2024, 397,000 customers had registered for additional support through Banking My Way (2023: 244,000). Growth in usage has been driven by increased mobile app prompts, training for colleagues to proactively sign-post to customers and the new disclosure categories.

Safe Spaces

We support the UK Says No More campaign by offering Safe Spaces in our branches. These locations provide a private room for individuals experiencing domestic abuse to access a phone and contact support discreetly. Our colleagues have received specialist training on Safe Spaces and domestic abuse awareness.

Safe, secure and reliable for our customers



As we deliver an increasingly digitalised service, it's important we react and adapt to the emerging risks and challenges posed by new technologies, including cybersecurity, the ethical use of AI, fraud and scams, and data privacy.

Key highlights:

99.99% availability of most critical systems (2023: 99.99%)

Digital service stability

For our customers to bank with us anytime, anywhere, it is important that our services have a consistently high performance and stability. In 2024, our most critical systems have been available 99.99% of the time (2023: 99.99%).[1] 2024 saw zero Criticality 1 incidents compared with two during 2023.[2] These numbers include all events which had an impact on our operations, not just system issues.

Through control frameworks, we continue to maintain focus on our operational resilience capability, with customer service a priority. In support of this, we have policies, standards and mature processes in place to aim to minimise the potential for any technology or IT system disruptions. These include recovery procedures and incident response plans, all of which we test on a regular basis to reduce risk.

Cybersecurity

It's important we keep information safe and secure from cyberattacks. NatWest Group's cybersecurity risk management forms an integral part of NatWest Group's EWRMF. We have a comprehensive set of layered security defences against new and emerging threats. These are regularly tested by both our in-house security testing team and leading experts in the cybersecurity industry.

As part of our annual cybersecurity training for all colleagues, over 60,000 colleagues completed learning in 2024. We have not experienced an information security breach in the last three years as a result of a cybersecurity threat.

Refer page 273 of the NatWest Group plc 2024 Annual Report and Accounts and natwestgroup.com for further details on our cybersecurity risk management.

Spotlight on ethical use of data and AI

We aim to deploy AI systems responsibly and ethically by ensuring guardrails are in place. We do this through a principles-driven approach which aims to meet the expectations of our supervisory authorities, ensure our systems are robust, secure and properly governed, and drive outcomes that are fair, contestable and easy to explain.

In 2024, we have continued to embed AI and data ethics across NatWest Group policies. We have created an AI and Data Ethics team of 14 colleagues, led by a new bank-wide Head of Responsible AI and AI Strategy, and we plan to make further investment in ethics controls.

We continue to develop a principles-driven, bank-wide control framework for managing AI risks through our Leapfrog programme, which was established in 2022. This work draws expertise from multiple disciplines across the bank. Through the programme, we have worked to embed enhanced data ethics and responsible AI controls into our existing Model Risk policy and control framework.

In October 2024, the Leapfrog programme launched the Ethical Model Process (EMP), comprising:

- An AI and Data Ethics Code of Conduct, which describes key principles to support all colleagues to work responsibly with AI and data. We aim to publish this externally in 2025.
- An Ethical Model Assessment, which is being rolled out for all new AI models being developed, with the aim of ensuring they adhere to our AI and Data Ethics code of conduct.

In addition to this, we have set up an AI and Data Ethics panel, comprising multi-disciplinary colleagues to assess and oversee the ethical implications of AI systems before they are deployed.

To upskill our colleagues, we have created learning resources on AI and data ethics with 4,500 colleagues completing them in 2024. We have also developed AI and data ethics training, in collaboration with the University of Edinburgh, for our AI and Data Ethics team and panel members.

Looking ahead, we aim to work to further strengthen our capability to meet supervisory expectations, manage model risks that could arise from the use of advanced data analytics and continue to comply with existing regulations, such as the UK's data protection and privacy rules, and forthcoming regulations, such as the EU AI Act.

(1) Availability of our key systems is currently calculated against our Important Business Services – those defined as the most critical.
(2) By way of illustration, a Criticality 1 incident could be a loss of key IT systems resulting in an impact to more than 15% of the bank's customers or an incident that leads to a financial loss of over £10 million.

Safe, secure and reliable for our customers continued

Data privacy

Privacy is a vital component of serving our customers and is therefore embedded across NatWest Group. We have a Privacy and Client Confidentiality (P&CC) policy which sets out our ethical approach to the rules respecting the fundamental rights of individuals and safeguarding the personal data of our customers, colleagues and any third parties we have engagement with such as our communities, suppliers and investors. Everyone in NatWest Group is required to follow these rules to ensure compliance with relevant legal and regulatory requirements including the UK GDPR and Data Protection Act 2018. The policy requirements are embedded within our risk processes and are subject to rigorous controls and assured against the P&CC operating model. Our responsible practices always look to address privacy and grow trust and customer advocacy.

All our colleagues, including contractors, are required to undertake annual mandatory privacy and client confidentiality training. The privacy and client confidentiality training module is updated annually with new topics and learnings from the previous year. Job-specific training is also provided as necessary for colleagues, for example, training on Artificial Intelligence for our privacy colleagues.

During 2024, while there have been a small number of breaches of GDPR and the duty of confidentiality (impacting a very small percentage of customers and employees) that we have sought to remediate, there have been no material reportable 'personal data breaches' under GDPR and no enforcement action by data protection authorities.

Read more on our approach to privacy and customer confidentiality at natwestgroup.com

Working to combat fraud

UK Finance states that the total number of fraud cases rose by 16% in H1 2024, compared with the same period in 2023, with the value of losses across both authorised and unauthorised fraud at an estimated £570 million.[1]

NatWest Group aims to combat fraudulent activity, and is investing in resources and capability to evolve defences. We continue to develop our capability in using data and analytics to proactively detect fraud, including by alerting customers who may be at risk from purchase scams.

Fraud and scams awareness

It's important that we help increase our customers' awareness of how fraudsters and scammers operate. We have continued to deliver fraud and scam education through our MoneySense and Financial Foundations education programmes. This included 118 fraud and scam-themed Financial Foundations workshops (refer to page 80 and 89 for more information on our financial education programmes). During 2024, we also delivered over 100 fraud and scam education webinars to 9,800 Commercial & Institutional clients, and continued to educate customers and non-customers across our social media channels.

Payment Systems Regulator (PSR) performance data

In July 2024, the PSR updated its Authorised Push Payment (APP) fraud performance data for 23 banks, including 14 major UK banking groups and nine smaller firms. The performance data relates to 2023.

NatWest Group:

- Ranked fourth for reimbursing customers who fell victim to APP scams. We fully reimbursed 89% and partially reimbursed 3% of the APP scam cases reported by customers in 2023.
- Had the third lowest value of APP scams sent per £ million of transactions. For every £1 million of transactions sent in 2023, £92 was APP fraud; down from £134 in 2022.
- Had the second lowest value of APP scams received per £ million of transactions. For every £1 million of transactions received, £61 was APP fraud; down from £76 in 2022.

Read more on the PSR website

(1) UK Finance Half Year Fraud Report

Supporting communities through our business activities

Our Green, Social and Sustainability Financing, as well as other funding and lending activity, is being developed with the aim of enabling positive outcomes that will help address societal challenges.

Key highlights:

£4.1 billion in lending to the UK social housing sector in 2024.

Affordable housing social bond issued in 2024 with a nominal value of €1 billion, meaning we've issued four social bonds with a total nominal value of £2.8 billion since 2019.

Our social housing ambition

We recognise the importance of social housing to society and the role a stable home can play in leading to better socioeconomic outcomes and higher employment rates.

In 2024, we announced a new package of targeted lending and support for the UK social housing sector to help local housing authorities and homeowners deal with ongoing economic pressures. We set an ambition to lend £5 billion over three years, from 1 January 2024 to the end of 2026. We increased this ambition by £2.5 billion to £7.5 billion in February 2025 to provide sustained support to the UK social housing sector.

This funding will support the delivery and maintenance of social housing, which will help families relying on affordable housing and the broader economy. It aims to help housing associations deliver new homes and improve living conditions in existing properties. It will also assist in financing energy efficiency and environmental solutions, such as retrofits.

In 2024, we have completed £4.1 billion of lending, which supported around 65 housing associations across the UK.

Read more on our affordable housing ambition announced in February 2025 at natwestgroup.com

Generating impacts through the proceeds of our social bonds

As at 31 December 2024, since 2019 we had issued four social bonds under three asset classes, with a total nominal value at issuance of £2.8 billion. The proceeds of the social bonds provide funding for loans which can help to address social issues.

Read more on asset class definitions in our Green, Social and Sustainability (GSS) Financing Framework.

Our Employment Generation social bond, issued in 2019 (redeemed on 15 November 2024), aimed to support job creation in the 30% most deprived areas of the UK. The asset pool for the bond was made up of loans to small- and medium-sized businesses based in these areas. Based on the loans in the asset pool as at 31 December 2023, we estimated that our lending to these small businesses had helped to create 9,700 new jobs.

We have issued two social bonds with the aim of supporting the provision of affordable housing. The asset pools for the bonds are made up of loans to housing associations providing affordable housing, including through the provision of social rent units.

Our first Affordable Housing bond, issued in 2021, was estimated to have supported the acquisition or development of 490 new units for the year to 31 March 2023. Our second Affordable Housing bond, issued in September 2024, had a nominal value of €1 billion.

In March 2023, NatWest Group became the first bank in Europe to issue a bond with the intention to use the net proceeds to lend to businesses identified as women-led. From the issuance date of 7 March 2023 to 31 December 2023, the proceeds of the bond supported 14,545 loans to women-led businesses.

Read our 2023 Green, Social and Sustainability Bonds Allocation and Impact Report.

Supporting our communities through giving and volunteering

We're working to support our colleagues and customers to give back to help our communities.

Key highlights:

£10.4 million Ⓛ in direct community investment (2023: £11.1 million)

£4.2 million raised by colleagues (2023: £3.8 million),

Over 140,000 worktime hours volunteered (2023: 125,000)

While we recognise that our core business activities are likely to have the biggest influence on the communities in which we operate, we believe that our community investment activities can help address some of the societal challenges our communities face. Our direct community investment in 2024 amounted to £10.4 million Ⓛ compared with £11.1 million in 2023, as measured using the Business for Societal Impact benchmarking standard. This includes the funding we make available to support colleague giving and the direct costs of delivering our community programmes.

Read more in the 2024 Sustainability Basis of Reporting.

The breadth of our community investment activity makes it difficult to fully understand the overall societal impact of our spend, and this, along with the ongoing need to align our giving efforts with our core business priorities, will be considered during 2025.

Colleague charitable giving

The Do Good Feel Good campaign unites our colleagues to support the causes they care about through volunteering and fundraising. In 2024, we raised £4.2 million for community causes (2023: £3.8 million) and volunteered 140,000 worktime hours (2023: 125,000) to support our communities (refer to page 87).

In 2024, we aligned our series of challenge events to support the Team GB partnership. In June, the Team GB Baton Relay saw 220 colleagues participate in a range of activities and in September over 370 colleagues took part in our Team GB triathlon, using static cycle, running and rowing equipment to virtually travel as many times as possible from London to Paris. These events, along with other fundraising activity in September, led to over £630,000 being raised for charitable causes.

Our longstanding partnership with The Conservation Volunteers (TCV) continued during 2024 with the planting of 40,000 trees and 4,000 colleagues taking part in environmental volunteering days. An audit of the trees we planted at Gogarburn in 2022 suggested a higher than expected attrition rate, so we will be addressing this by aiming to plant new trees grown at our new tree nursery at Gogarburn during 2025.

Customer charitable giving

We have innovated in recent years to make it easier for customers to give digitally. Through our Rewards account, customers donated £810,000 in 2024. We added Social Bite, a charity working to end homelessness, as a Rewards charity and encouraged customers to donate to their Festival of Kindness campaign. The £43,000 raised is enough to fund 8,600 Christmas dinners and winter meals for people who are homeless and vulnerable across the UK.

In October 2024, the Disasters Emergency Committee responded to the humanitarian need in the Middle East by launching an appeal. Our colleagues and customers generously responded by donating £1 million to the appeal including £790,000 through the simple giving functionality on our mobile app, bringing the total raised through this channel to £8.5 million since it was launched in 2020.

Our card payment provider for businesses, Tyl, allows customers to select charities to benefit from its Giveback Community Fund, leading to donations of £118,000 in 2024 (2023: £258,000).

Giving Tuesday

We are a founding partner in the UK of the global Giving Tuesday initiative. We work with our charity partners to share stories of how, together, we are supporting our communities through our giving. We also use this annual day of giving to encourage colleagues to sign up for our payroll giving scheme, or to increase their monthly donation, by offering an incentive payment for their chosen charities. For customers, our Giving Tuesday campaign sees us match donations to charity through their Rewards account. For Giving Tuesday 2024, these two initiatives led to charities receiving an extra £300,000 (2023: £350,000).

NatWest Group independent charities

NatWest Group has two independent charities that continue to support specific activities – the Coutts Foundation and NatWest Social & Community Capital (S&CC). The mission of the Coutts Foundation is to support sustainable approaches to tackling the causes and consequences of poverty in the communities where Coutts has a presence. S&CC provides financial support to social enterprises and community businesses. Since it was founded in 1999, it has provided around £12.5 million in loans to more than 91 organisations across the UK.

Supporting our communities through giving and volunteering continued

Spotlight on colleague volunteering

At NatWest Group, we support our colleagues to volunteer in our communities by providing them with three days annually to contribute their time, skills, and expertise.

Our volunteering leave is flexible, allowing colleagues to work with the causes they choose to support. Additionally, they can participate in bank programmes aligned to community focus areas. To support young people, our colleagues volunteer with youth community programmes as part of our NatWest Thrive programme (refer to page 89), as well as working with The King's Trust to support young people into business, work or further education. Our partnership with TCV allows colleagues to support green space community projects (refer to page 86). In 2023, we implemented a new digital volunteering platform to help colleagues identify activities based on their preferences and in 2024, we increased the volume of available activities on the platform.

In 2024, our colleagues dedicated 140,000 worktime hours to volunteering. We aim to deepen colleague engagement in volunteering, recognising that only 21% of colleagues participated in 2024. During the year, we conducted colleague insight sessions to understand the barriers to participation. We are also engaging with stakeholders to explore ways to further embed volunteering into our culture.

Supporting small businesses

Colleagues have given time back to support small businesses, entrepreneurs and community groups. Our strategic partner, Digital Boost, has enabled our colleagues to provide free digital skills and expertise to support small businesses, with the aim of helping to close their skills gaps. Businesses were supported by our colleagues through mentoring in areas including risk, leadership, marketing, business strategy and growth.

Our independent charity, Social and Community Capital, relies on volunteers to advance its mission to provide financial support to social enterprises and community businesses. Colleagues from NatWest Group have volunteered by being part of the funding panel and reviewing loan applications. Their contributions have helped S&CC to provide financial and non-financial assistance to organisations.

Supporting communities in our non-UK jurisdictions

Outside the UK, our RBS International colleagues have supported their local communities across the six jurisdictions they operate in. They have volunteered their time and skills to support a diverse range of initiatives, from skills volunteering by creating data privacy policies for charities, to inspiring 350 young girls with a series of STEMFest events in Isle of Man, Jersey and Guernsey.

In 2024, colleagues in India collaborated with schools to support education for underprivileged children across Bangalore, Gurugram, and Chennai. In addition, colleagues supported climate projects, including efforts to restore and revive degraded wetlands, grasslands, forests, and agricultural lands in Haryana, Delhi NCR, Karnataka, and Tamil Nadu.

National Emergencies Trust skilled volunteering

Members of our Marketing team volunteered with The National Emergencies Trust in March 2024. The National Emergencies Trust were creating a 'Survivors' Hub', a central resource hub where people affected by a UK disaster can access useful information. After a day exploring the issue, our marketing team put together a deck guiding the Trust on how to market the hub.

Mhairi Sharp, CEO of the National Emergencies Trust said: 'Thanks to support from the NatWest marketing team in shaping our dedicated Survivor Hub, those affected by disasters will be able to receive key guidance and signposting information in the most accessible and inclusive way. We know from previous research there is a need to ensure that support is readily available, so the onus is not on survivors to find it. The aim is to reduce this burden and ensure people can access vital information quickly'.

Accelerating success for small businesses

As one of the UK's biggest banks for business, we know that helping business leaders succeed takes both traditional banking support and wraparound business support.

Key highlights:

401,000(1)(LA)
(Target: 350,000, 2023: 301,000)
Interventions delivered to start, run and grow a business through enterprise programmes.

In-person support (where measurement is possible; excluding digital) was distributed as follows:

78%(2)(LA)

To UK regions outside London and South East
(Target: 75%, 2023: 75%);

79%(3)(LA)

Support provided to women
(Target: 50%, 2023: 55%);

35%(3)(LA)

Support provided to individuals from ethnic minority backgrounds
(Target: 20%, 2023: 34%).

2,000 businesses supported across our 12 Accelerators.

Accelerator

We aim to promote economic growth and drive an environment where businesses can thrive. In 2024, our UK-wide Accelerator supported over 2,000 businesses across our 12 hubs, reflecting our responsibility to fostering entrepreneurial success. In alignment with current economic trends, we have made significant advancements in how we support businesses, with our delivery centred on three outcome pillars for businesses: funding, selling, and leading. To further enhance this focused support, our established partnerships, both at regional and national level, bring world-class capabilities to the Accelerator. These collaborations leverage specialised expertise and resources, to provide tailored solutions to the unique challenges faced by businesses across the UK. Our extensive network of partners not only enhances our mentoring and coaching services but also opens doors to new market opportunities and innovation. By integrating these partnerships into our programme, we are not just guiding businesses towards growth; we are equipping them with the tools and insight necessary to excel in a competitive landscape. Our partners include Enterprise Nation, Federation for Small Businesses, Scottish EDGE, Small Business Sunday and Digital Boost.

Inclusive entrepreneurship

Supporting diverse entrepreneurship, particularly for women and ethnic minority individuals, brings a wealth of benefits to both communities and society and drives innovation in our business.

Women in business

We aim to support female entrepreneurs through our 'women in business' specialists and strategic collaborations. In 2024, through our collaborations with Buy Women Built and Digital Boost we supported around 7,000 individuals of which 75% were women. We also supported 'Begin', a programme aimed at supporting aspiring female entrepreneurs in turning their ideas into actionable plans. MP HERoes Autumn Summit, hosted and sponsored by NatWest Group, took place in Westminster, celebrating women in business owners from across the UK and their positive impact on society.

Ethnic minority support

We continued to collaborate with organisations that work with underrepresented groups, with 35%(LA) of our interventions directed at these groups. We collaborated with the UK Black Business Entrepreneurs Conference and Hatch Enterprise. Our work with Aston University on the 'Time to Change' report, published in 2022, for advancing the growth potential of Ethnic Minority Businesses (EMB) in the UK has continued and expanded its reach to include Northern Ireland. As part of the ongoing work, West Midlands Combined Authority announced an investment of £250,000 into community hubs across the West Midlands to support ethnic minority owned businesses. NatWest Group were part of the decision-making panel to choose which hubs would deliver increased support to EMBs. The community hubs initiative was launched in August 2024.

Regional support

We understand the value of taking a local approach – recognising that different regions and communities require different levels and types of support. We have seven Regional Boards comprising regional partners that work to deliver the bank's strategy at a local level. During 2024, we reached nearly 11,000 people through various events and activities. The Boards use local knowledge to create networks and connections that allow us to listen to and be led by customers' needs, helping to support the diverse businesses across the UK. This includes overseeing Regional Board Grants that helped nearly 3,800 women and under-represented individuals during 2024. Support offered aims to harness a new generation of founders that typically would not approach a bank by providing them with resources, knowledge and support, and to educate individuals on the opportunities founding a business could offer.

'The UK is home to a vast number of innovative start-ups. At NatWest Group, we want to help ambitious business owners to grow and expand. We have distinctive expertise to make a difference, not just through traditional banking services and lending, but with full wraparound support including our Accelerator'.

Darren Pirie
Head of Accelerator

(1) Read more on the interventions delivered through our enterprise programmes in the 2024 Sustainability Basis of Reporting.
(2) Demographic split by regionally supported (outside London and the Southeast England) is a proportion of enterprise programmes that meet the criteria (Digital Boost, Hatch, Regional Partners, Regional Board, Social and Community Capital, Supply chain Sustainability, King's Trust and Accelerator Programme Coaching).
(3) Demographic split by women and ethnic minority is a proportion of enterprise programmes that meet the criteria (Digital Boost, Hatch, Regional Partners, Regional Board, King's Trust and Accelerator Programme Coaching).

Supporting future generations

NatWest Group has been helping young people to build their financial confidence for more than 30 years through community programmes. NatWest Thrive, our financial wellbeing and life readiness programme, aims to build on that heritage by helping young people develop the mindset, self-belief and skills they need to feel more confident about their financial future.

Key highlights:

Over 1.1 million[1] (LA) young people reached in 2024. We want to help them improve their financial wellbeing and feel more confident about their future through our NatWest Thrive programme.

Building on the success of our well-established MoneySense, CareerSense, Dream Bigger and NatWest Thrive Youth Club programmes, we are in the process of transitioning our programmes into one, bringing the best of our existing programmes under NatWest Thrive in 2025. We are aiming to create interactive, relevant content to help inspire and drive action, as we know that engaging young people with financial education can be challenging.

MoneySense

NatWest Thrive MoneySense is our free financial education programme that aims to help 5-to-18-year-olds learn about money and prepare for a better financial future.

In 2024, we engaged with teachers and young people through events such as Global Money Week, Mental Health Awareness Week and My Money Week. As part of Talk Money Week run by the Money & Pensions Service, MoneySense helped parents and families explore topics including budgeting, credit scores, savings and fraud to support conversations about money.

MoneySense reached 1 million young people during 2024. In September, we ran a competition for schools to win a visit from a Team GB athlete, reaching 600 new teachers and 155,000 students across five weeks.

CareerSense

In 2024, NatWest Thrive CareerSense supported 4,600 13-to-24-year-olds across the UK with skills workshops and lessons in schools.

We also provided targeted input through the CareerSense Find Your Path programme for 16-to-24-year-olds not in education, employment or training (NEET) across the UK. This included workshops, mentoring from NatWest Group staff, and paid placements. In 2024, 30 young people enrolled.

Focusing on social mobility, NatWest Group colleagues mentored 35 young people through Career Ready, offering 1:1 guidance and a four-week paid placement. Additionally, 69 young people from the Social Mobility Foundation and The Sutton Trust participated in insight weeks with the bank, exploring industry roles, skills and entrepreneurship opportunities.

Dream Bigger

NatWest Thrive Dream Bigger, our programme for the next generation of aspiring entrepreneurs, brings transferable entrepreneurial skills training into the classroom and our communities. We provide access to inspirational role models and industry leading entrepreneurial education to help prepare young people for the future world of work.

During 2024, we reached 76,000 young people through in-school challenges and colleague supported workshops. Through our partnership with The Inspirational Learning Group, we have supported delivery of The National Careers Challenge, providing students in years 7 to 10 with real life businesses challenges to help them develop the skills they need to make more informed decisions about their future. In 2024, we connected with 69,000 young people through this partnership.

Youth Clubs

We continue to engage with young people in youth clubs through our collaboration with the National Youth Agency (NYA).

The NYA's knowledge and experience of working with young people has helped us build an understanding of the indicators of vulnerability.

In 2024, we engaged 5,000 young people across 156 youth clubs in England, helping them set future goals and learn good money habits, with the aim of making them feel more positive about their financial future. The feedback from participants in our youth clubs continues to develop our thinking, and the challenge will be sustaining this impact over time. Almost half of the young people who have been through the programme felt more confident in creating a plan to achieve their goals.

In 2024, we also developed an employee volunteering programme in partnership with the NYA, giving participating youth clubs access to 32 NatWest Group colleagues, contributing skills that have benefited both young people and the wider youth worker network.

Strengthening the Youth Work Sector

Our £3 million Levy Fund pledge[2] to the NYA continues to bring more qualified youth workers into the sector. Of those beginning a youth work degree apprenticeship qualification in the UK in 2024, NatWest Group supported more than half through our apprenticeship levy funding, bringing much-needed expertise into the sector and supporting its ongoing growth.

(1) Our 2024 target was to reach 1 million young people, to improve their financial wellbeing and help them feel more confident about their future. Refer to 2024 Sustainability Basis of Reporting for further details.

(2) In January 2023, we pledged to transfer £3 million of apprenticeship levy to NYA as part of our collaboration. As of 31 December 2024, we had transferred £1.9 million of pledged ambition.

Respecting human rights

We understand we have an important role in promoting respect for human rights. We retained a Tier 2 position of evolving good practice in the CCLA Modern Slavery benchmark.(1) While there is room for further improvement, we were recognised for providing evidence of due diligence practices on modern slavery informed by experts and civil society partners.

Our approach to human rights is informed and guided by internationally recognised standards including the United Nations Guiding Principles (UNGPs) on Business and Human Rights. In 2024, we continued to enhance policies and practices covering colleagues, customers, investments and suppliers. We participated in benchmarks and monitored developments in regulatory frameworks, such as the EU's Corporate Sustainability Due Diligence Directive (CSDDD), which will guide us further.

Our programme of engagement with various stakeholders including charities, investors and non-governmental organisations (NGOs) continues to help deepen our knowledge and understanding of human rights issues. We remain signatories of the UN Global Compact (UNGC) and continue to adhere to reporting requirements under a range of initiatives, including the Equator Principles. We participated in the UNGC Business & Human Rights Accelerator, and the UK Network's Climate & Human Rights and Modern Slavery working groups.

Human Rights Action Group

The Human Rights Action Group (HRAG) continues to coordinate our activities, and to make recommendations to the NatWest Group Executive Committee, Group Sustainable Banking Committee and Board to develop and strengthen our approach. HRAG aims to accelerate our work across human rights and modern slavery. In 2024, activity focused on developing our processes for managing our six salient human rights issues. Refer to page 91 for further details.

(1) Read more on the CCLA Modern Slavery Benchmark and its outcomes here.

Tackling modern slavery and human trafficking

In June 2024, we published our eighth Modern Slavery and Human Trafficking Statement, which sets out the steps that we are taking to identify and address modern slavery and human trafficking within our own operations and our supply chain. Case studies outlined:

- how our Sexual Exploitation Dashboard helped to identify a customer who was potentially being exploited;
- a branch colleague who recognised a customer's vulnerability and red flags, leading to a human trafficking network being uncovered;
- a colleague concern, reported to our whistleblowing service, about an allegation of attempted trafficking of sex workers.

Read our 2023 Statement on Modern Slavery and Human Trafficking.

To coincide with Anti-Slavery Day, we ran a week-long campaign which included a series of events with modern slavery charities, law enforcement, and colleagues from Financial Crime teams. Colleagues were invited to hear from the Supply Chain Sustainability School about understanding the risks in supply chains. We also hosted a webinar which featured the progress we're making on managing modern slavery, including a case study which detailed how the work undertaken by our Financial Crime teams helped law enforcement to identify and charge four people with a range of offences linked to human trafficking and money laundering.

We continued to strengthen our internal educational resources with the creation of a dedicated human rights and modern slavery intranet hub.

We refreshed our online learning module for all colleagues on 'Preventing Modern Slavery and Human Trafficking in the financial service sector'. We also developed a mandatory standalone learning module for colleagues in our Supply Chain Services and Third Party Risk Management business areas.

Spotlight on accessing rights-holders' voices

We understand the importance of fostering inclusivity and diversity in our operations. As part of this, we recognise the need to consult with communities affected by our business practices and, where possible, to hear their voices and perspectives directly.

In August 2024, we piloted a panel engagement session aimed at helping us gain different perspectives from people with lived experience of some of our salient human rights issues. We heard views on the impacts of climate change, land rights and labour conditions across developing countries. Charity experts who were also in attendance welcomed the opportunity to advocate for rights-holders and encouraged consideration of the intersectionality of our salient human rights issues.

In 2025, we will continue to explore ways to engage with globally impacted communities, with a particular focus on indigenous voices in relation to topics including deforestation and nature and how these impacts intersect with human rights.

2024 progress on our salient human rights issues

We identified six salient human rights issues in 2023 which have the most potential to occur if action is not taken to prevent or address them. Our salient human rights issues are centred on five roles: Employer, Procurer, Retail Banker, Investor and Commercial Banker. We recognise that issues such as contribution to climate change and conflict and security are continuing to unfold within the current global political and environmental landscapes. We will continue to review our salient human rights issues as our business, value chain and operating environment evolve and have provided some illustrative examples of work done in 2024.

NatWest Group's salient human rights issues

- Data protection and privacy
- Labour rights issues and unjust working conditions
- Discrimination and lack of support for the vulnerable
- Contribution to climate change
- Land rights
- Conflict and security

Read more on our salient human rights issues and methodology.

Role	2024 Activity
Commercial Banker	– Began work to embed our Human Rights Risk Acceptance Criteria which requires enhanced due diligence for sectors with human rights risk not already covered by sector-specific ESE Risk Acceptance Criteria. To support implementation, we plan to roll out specific training for front-line relationship managers in 2025. We also have more work to do to enhance our system capabilities to ensure we have efficient processes in place to identify customers in heightened risk sectors and we are developing our internal reporting capabilities to support this. – Formed a working group which focused on internally raising visibility and awareness through case studies pertaining to human rights issues. – Reviewed our Defence Risk Acceptance Criteria to ensure that the frequency and level of human rights due diligence was appropriate to times of both peace and conflict.
Retail Banker	– Through our Banking Facilities for All (BFFA) initiative, improvements have been made to the account opening process for UK residents who face difficulties providing traditional identification documents. This includes simplifying and clarifying guidance on who can provide a Letter of Introduction, which should reduce account opening times for vulnerable customers. – Expanded categories available through our Banking My Way service to include 13 additional options that better reflect customer needs, allowing them to make us aware of any vulnerabilities and related support needs. – Provided 63,000 colleagues with consistent training to recognise and respond to customers in vulnerable situations.
Investor	– Through our voting and engagement, our salient human rights issues remained an area of focus across our Assets Under Management (AUM) through EOS at Federated Hermes. Read more on our approach to voting and engagement on page 70. – Engaged on 298 Human and Labour rights issues and objectives across 176 companies. – Included a case study in the updated Coutts Stewardship policy, demonstrating how we engage on human rights issues.
Employer	– Developed metrics across applicable salient issues and monitored key legislation in this area that could impact future work. – Reviewed several colleague policies from a human rights perspective and no material changes were required. – Began a re-accreditation process to maintain our Regional and Global Living Wage status. – Introduced a new anti-bullying, harassment and discrimination policy with accompanying support material and training to support colleagues and comply with new legislation.
Procurer	– Documented escalation routes for any human rights concerns identified during the onboarding and in-life monitoring of suppliers. – We are likely to fall in scope of the EU's Corporate Sustainability Due Diligence Directive in the coming years and have a planned programme of work to understand and address any new legal obligations this directive creates. – Created a mandatory stand-alone 'Preventing Modern Slavery and Human Trafficking in the financial service sector' e-learning module for procurement colleagues. – Worked with anti-slavery charity Unseen to provide bespoke modern slavery training for our SMEs and small suppliers in UK and India.

Cautionary statements

In this section

Caution about climate metrics and data required for climate reporting

This report includes, among others:

- Climate metrics, such as estimates of historical emissions including, financed emissions, absolute emissions, and various emissions intensity metrics, managed emissions, facilitated emissions, implied temperature rating or estimates of historical climate change, temperatures and other information; and
- Forward-looking climate metrics, such as aims, ambitions, estimates, forecasts, plans projections, targets, climate scenarios and emissions intensity pathways, and estimated climate projections and forecasts.

Climate metrics, whether historical or forward-looking, are more inherently uncertain and therefore less reliable than metrics based on historical financial statements. Further to it, forward-looking climate metrics are more uncertain and less reliable than historical climate metrics due to their forward-looking nature and assumptions about future matters that are not certain.

There are many significant uncertainties, assumptions and judgements underlying climate metrics that limit the extent to which climate metrics are reliable. The most important of these are:

1) Risks inherent in data required for climate reporting and climate metrics.

Climate metrics and data (including data required to report climate-related risks and opportunities and their potential impacts), the models, scenarios used to create them and the measurement technologies, analytical methodologies and services that support them remain in a relatively immature stage. Accordingly, the quality and interoperability of these models, technologies, and methodologies are also at relative early stages.

The financial sector is grappling with risks related to data availability, quality (accurate, verifiable, reliable, auditable, consistent and comparable data (hereinafter referred to as 'Adequate Data')) and access to such data on a timely and verifiable basis. The most important of these risks are:

- Data and climate-related data may not be generally available from counterparties (including suppliers) or customers or, if available, is variable in terms of quality.
- In the absence of Adequate Data publicly available or available directly from individual counterparty (climate-related) data, financial institutions necessarily rely on aggregated information based on high-level sector data developed by third parties that may be prepared in an inconsistent way using different methodologies, interpretations, or assumptions and therefore such data may not be accurate.
- Adequate Data is less readily available for some asset types and there may also be data gaps, that are filled using 'proxy' or other data, such as sectoral averages, again developed in different ways. Where third-party estimates are used, their sources or methodologies may not be disclosed to NatWest Group.
- Particular data challenges for certain customer segment (with a large proportion of SMEs) due to lack of availability of data, which limits the granularity of analysis possible for certain sectors, such as for example for the agriculture sector.
- Counterparty data sourced from external third parties who specialise in collating data from published reports may relate to different dates that do not correspond to NatWest Group balance sheet dates for which emissions are being estimated. This may result in a lag in reflecting any changes in customer circumstances within NatWest Group's financed and managed emission estimates.
- There is no single, global, cross-sector data provider that adequately and consistently covers the needed scope for Adequate Data to analyse emissions and assess physical and transactional risks across operations and portfolios. Voluntary and mandatory climate-related frameworks vary in their data quality measurement, and the way in which customers collect and disclose asset-level data also varies significantly.
- While regulators and standard setters begin to mandate additional disclosure of verified climate-related data by companies across sectors, there are potential gaps between needed and available data.

2) Risks of limited availability of Adequate Data required for climate reporting, particularly data relating to certain industries, industry sub-sectors and geographic sectors.

The absence of widely available Adequate Data, and sub-sector-related information makes it challenging to accurately disclose or estimate climate metrics used to assess climate-related risks and opportunities.

The availability of climate, industrial classification, energy use and efficiency data – including information used as a proxy for that data (for example, EPC rating) – depends on a variety of public, private and civic sector sources. Historically, climate-related data was largely environmental and weather data produced by government agencies. However, the challenge is finding the relevant sources if they exist, and then validating, cleaning, and standardising the data in an accessible form or format.

Significant gaps in sectors, sub-sectors and across asset classes are impeding not only climate risk management, but also the development of mitigation and adaptation strategies, as well as aspects of operations and credit risk and investment analysis that depend on data-informed processes.

Furthermore, data challenges, particularly the lack of granular customer information, create challenges in identifying customers with 'coal-related infrastructure' (for example, transportation and storage) and other customers with 'coal-related operations' within NatWest Group's large and diversified customer portfolios.

For more information on data limitations related to financed and managed emissions, refer to 'Financed emissions – data limitations' on page 43 of this report.

3) Risks inherent in the lack of standardisation, transparency and comparability.

The disclosure frameworks and methodologies for calculating climate metrics are continuing to evolve. Even where companies are using the same methodology, there may be differences in interpretation which limit the comparability of climate metrics. These differences are compounded by a limited international coordination on data and methodology standards. Where methodologies are publicly described, differences across data providers can still make resulting disclosures difficult to compare for investors and others evaluating climate exposure across their holdings.

4) Risks inherent in the reliance on assumptions, scenarios and future uncertainty.

- Climate metrics are complex and require many methodological choices, judgements and assumptions.
- Climate metrics, particularly temperature scenarios generally include a set of assumptions that incorporate existing or planned global or regional policies, a business-as-usual socio-demographic projection, and projections for technological progress (including negative emissions and sequestration technologies), none of which may happen as contemplated, and, therefore, the scenarios, climate metrics and data based on those assumptions may be incorrect.
- Some assumptions attempt to compensate for existing data gaps, such as past emission trends or comparable and reliable company-specific targets and, therefore, the scenarios, climate metrics and data based on those assumptions, may be incorrect.
- Other assumptions rely on given climate scenarios and transition pathway models, the details of which can vary widely despite representing similar outcomes.
- Uncertainty around future climate-related policy in particular can contribute to greater variation in transition pathway models.
- Until other challenges, including the ones listed above, are addressed, there may be a large resource burden associated with calculating and disclosing forward-looking metrics, which often require the assistance of one or more external data and methodology providers.
- In addition, design issues specific to financed emissions raise challenges, particularly around allocating emissions to the wide range of financial activities. Financed emissions from owning 1% of a company might include 1% of that company's emissions; a portfolio can rapidly double count if aggregate financed emissions include each underlying company's own Scope 3 upstream and downstream emissions. The calculation becomes significantly more complex with other activities, such as when a financial institution serves as a counterparty or is one of multiple underwriters of a financing.
- The preparation of this report requires the application of a number of key judgements and also requires assumptions and estimates to be made. These assumptions, judgements and estimates are highly likely to change materially over time, and, when coupled with the longer timeframes used in these climate and sustainability-related disclosures, make any assessment of materiality uncertain.
- The key areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to this report, include financed emissions, managed emissions, facilitated emissions and portfolio alignment and measurement of climate-related risk and operational emissions. There is a high risk that the judgement exercised, or the estimates or assumptions used, may subsequently turn out to be inaccurate. These judgements and resulting data presented in this report are not a substitute for judgements and analysis made independently by the reader.

5) Risk inherent in methodologies for estimating and calculating greenhouse gas (GHG) emissions.

- The methodologies for estimating and calculating GHG emissions, financed emissions (whether absolute emissions or emissions intensities), managed emissions, facilitated emissions and other climate-related metrics are, by comparison to financial metrics, in their early stage of adoption and application and may vary widely.
- Some methodologies use company-specific historical emissions data while others result in estimation of emissions based on sectoral or geographical data or averages. Of those that incorporate emissions targets, there are different criteria for the types of targets that can and cannot be used.
- Methodologies vary in their use of Scope 1, Scope 2, and/or Scope 3 GHG emissions. Some use only Scope 1 data, while others use Scope 1 and 2, and yet others take Scope 1, 2, and 3 GHG emissions into account. Certain methodologies take cumulative historical GHG emissions into account while others incorporate point-in-time assessments of emissions intensity.
- Methodologies may incorporate different climate-related scenarios or emissions pathways, or even utilise internal proprietary future emissions pathways.
- Certain methodologies may be better suited to assessing certain asset classes and may vary in whether some asset classes can be assessed at all.
- Variations in methodologies may also lead to under– or overestimates of implied temperature rise, and consequently an exaggerated indication of climate-related risk.

Moreover, some available methodologies may only include a limited number of technologies and indicators, while other important levers/indicators that are needed to understand transition risks and opportunities in certain sectors may not be included. For more information on limitations and challenges, refer to the section on 'Supporting our customer' and in particular the section on 'Financed emissions – data limitations' on page 43 of this report.

6) Limitations of climate scenario analysis and the models that analyse them.

- Over-reliance by regulators or financial institutions on a limited number of the same prescribed models or scenarios (for example, the scenarios of the Network for Greening the Financial System ('NGFS')) may amplify or downplay systemic climate-related risks. There is increasing industry concern (acknowledged by the NGFS) that model scenarios, including those provided by central banks and supervisory bodies, are too benign and may not adequately capture: (i) the financial implications of increasing frequency and severity of acute physical risks as global temperatures increase; (ii) second- and third-order impacts such as disruptions to supply chains and increased geo-political risks; nor (iii) possible 'tipping points' that could lead to large, irreversible changes in the climate system (for example, the melting of permafrost or the Greenland and Antarctic ice sheets).
- The practice of modelling the impact of climate-related risks on the financial sector is improving rapidly but remains under development. As a result, there are currently a number of limitations with respect to data and analysis techniques, which should be considered.
- Scenarios are not forecasts (they do not mean to predict future outcomes); rather they are projections of alternative plausible futures that are designed to build an understanding of the nature and size of changes that may occur in future. They do not reflect all possible

Caution about climate metrics and data required for climate reporting continued

future pathways. By using a particular scenario, NatWest Group does not intend to imply anything about the probability of that scenario.

– Predicting climate change and quantifying its impacts on the economy is inherently complex, including predicting as to how the impacts of climate change will impact asset values, how companies will react to regulatory and market pressures, as well as how NatWest Group's customers will react and adapt to these impacts.
– Like any modelling, the further out the projection, the greater the uncertainties. When interpreting model outputs, it may be that the direction of change is more useful for decision-making than point estimates within one scenario's results.
– Climate scenarios and the models that analyse them have limitations that are sensitive to key assumptions and parameters, which are themselves subject to some uncertainty.
– Climate scenarios cannot fully capture all the potential effects of climate, policy and technology-driven outcomes. For example, the Intergovernmental Panel on Climate Change (IPCC) projects that substantial deployment of negative emissions technologies, such as biomass energy with carbon capture and storage (CCS), would be required to achieve a 1.5°C outcome, and many analysts draw similar conclusions about reaching 2°C. The cost and availability of such technologies has a significant effect on the estimated price of carbon that would be required to deploy them. Other things being equal, models that assume the availability of low-cost CCS or other as-yet-nascent technology will project more modest carbon prices to achieve stringent climate change mitigation goals. Models that assume limited availability of these technologies at low cost will project higher costs to achieve the same climate goals.
– Scientific understanding of climate change continues to develop. This may enable a more granular and precise understanding of some kinds of climate-related risks in future.
– Finally, models cannot fully capture the range of societal changes that could result from climate change. These could include changes in dietary preferences, migration patterns, and political preferences. As climate continues to change, decision-makers will respond in ways that can both create and alleviate risks. The models do not fully capture the possibility of low-probability but high-impact risks and opportunities. Market actor and policymaker responses are complex and should be considered qualitatively along with a quantitative scenario analysis. Some of these limitations are inherent to many models but are in this case further exacerbated by the often-multi-decade time horizon and the complexity and inter-dependencies of the effects modelled, from ice sheets melting to agricultural yields and migration. To mitigate the limitations of scenarios and modelling, practitioners should analyse multiple scenarios with various underlying assumptions and parameters.

Caution about judgements, assumptions and estimates, the lack of commonly accepted reporting practices, the non-comparability of information and the lack of definitions or standards.

The preparation of certain information in this report – including the classification of climate and sustainable funding and financing activities – requires the application of a number of key judgements, assumptions and estimates. The reported measures in this report reflect 'good faith' estimates, assumptions and judgements at the given point in time. There is a risk that these judgements, estimates or assumptions may subsequently prove to be incorrect and/or may need to be restated or changed.

Climate reporting (as well as other sustainability-related reporting) in our industry is in its infancy compared to financial reporting. Although internationally recognised or accepted climate and sustainability reporting principles and standards are emerging, there is a lack of commonly accepted climate and sustainability reporting practices for NatWest Group to follow or align to. Accordingly, climate and sustainability-related measures between organisations in our industry and between reporting periods within organisations may be non-comparable as reporting principles and standards continue to develop.

In addition, the maturity of underlying data, systems and controls that support non-financial reporting are generally considerably less sophisticated than the systems and controls for financial reporting, and also include manual processes. This may result in non-comparable information between organisations and between reporting periods within organisations as methodologies develop. The further development of accounting and/or reporting standards could materially impact the performance metrics, data points and targets contained in this report and the reader may therefore not be able to compare performance metrics, data points or targets from one reporting period to another, on a direct like-for-like basis. NatWest Group plans to continue to review available data sources and enhance its methodology and processes to improve the robustness of its climate-related reporting over time aligned with recognised industry developments.

There are an increasing number of initiatives focused on developing standardised definitions and criteria for 'green', 'social' and 'sustainable' assets and liabilities, and labelling of 'green', 'social' and 'sustainable' financial products and services.

To date, there is currently no single globally recognised or accepted, consistent and comparable set of definitions or standards (legal, regulatory or otherwise) of, nor widespread cross-market consensus (i) as to what constitutes, a 'green', or 'sustainable' or similarly-labelled activity, product or asset; or (ii) as to what precise attributes are required for a particular activity, product or asset to be defined as 'green', or 'sustainable' or such other equivalent label.

Users of this report must not assume that NatWest Group's reporting or description of activities, products or assets will meet their present or future expectations or requirements for describing or classifying funding and financing activities as 'green', or 'sustainable' or attributing similar labels (unless a definition or standard is specified in this report).

Caution about case studies.

The case studies included in this report are intended for illustrative purposes only. They are provided to demonstrate potential outcomes and should not be construed as definitive evidence. The content and reliability of these case studies are not the responsibility of NatWest Group and we make no representations or warranties regarding their accuracy. The opinions, conclusions and views expressed in these case studies are solely those of the individuals or companies who provided them and do not necessarily reflect the views or policies of NatWest Group. Readers are advised to exercise caution and to assess the relevance and applicability of these case studies and seek independent verification when relying on the case studies included in this report.

Climate-related and other forward-looking statements and metrics

Caution about references to websites, reports and other materials.

This report may contain references to websites, reports and other materials prepared by third parties that are not affiliated with NatWest Group. Reference to such websites, reports and other materials is made for information purposes only and information available on such websites, in such reports and other materials is not incorporated by reference into this report. Readers are advised to exercise caution and conduct their own due diligence when relying on information from these third-party sources. To the extent permitted by law, NatWest Group makes no representation, warranty or assurance of any kind, express or implied, or takes no responsibility or liability as to the fairness, accuracy, reliability, reasonableness, correctness or completeness with respect to any such websites, reports and materials.

Caution about the use of graphics.

This report contains a number of graphics, infographics and text boxes which aim to give a high-level overview of certain elements of this report and improve accessibility for readers. These elements are all illustrative and should be read within the context of this report as a whole.

Climate and sustainability-related forward-looking statements and metrics

Certain sections in this report contain climate and sustainability-related and other forward-looking statements and metrics, such as aims, ambitions, climate scenarios, estimates, forecasts, emissions intensity pathways, plans, projections and targets, including but not limited to,

- NatWest Group's ambition to be net zero by 2050 across its financed emissions, assets under management and operational value chain;
- NatWest Group's ambition to at least halve the climate impact of its financing activity by 2030, against a 2019 baseline, supported by sector-based ambitions/targets;
- NatWest Group's ambition to reduce the carbon intensity of its Managed Assets by 50% by 2030, and to move 70% of Managed Assets to a net-zero trajectory;
- NatWest Group's ambition to reduce emissions for its operational value chain, against a 2019 baseline by: reducing Scope 1 and 2 location-based emissions by 70% and Scope 3 emissions by 50% by 2030;
- NatWest Group's target to provide £100 billion climate and sustainable funding and financing between 1 July 2021 and the end of 2025, including the ambition to provide £10 billion in lending for EPC A or B rating residential properties between 1 January 2023 and the end of 2025 as a sub-set of its wider target;
- NatWest Group's ambition that 50% of its residential mortgage book to have an EPC rating of C or above by 2030, where EPCs are available;
- NatWest Group's sector-level emissions reduction targets validated as science based by SBTi, climate scenarios and emissions intensity pathways, estimated climate projections and forecasts;
- NatWest Group's ambition to fully phase-out of coal for customers who have coal production, coal fired generation and coal related infrastructure globally by 1 January 2030;
- NatWest Group's intention that after 31 December 2025 it will not renew, refinance or extend existing reserve-based lending specifically for the purpose of financing oil and gas exploration, extraction and production;
- NatWest Group's aim to continue the process of embedding nature-related risks into risk management process.

Words or phrases such as 'ambition', 'achieve', 'aim', 'anticipate', 'believe', 'budget', 'continue', 'could', 'effort', 'estimate', 'expect', 'forecast', 'goal', 'guidance', 'intend', 'intention', 'may', 'objective', 'plan', 'potential', 'predict', 'projection', 'seek', 'should', 'target', 'will', 'would' or similar expressions that convey the prospective nature of events or outcomes generally indicate other forward-looking statements.

There are many significant uncertainties, assumptions, judgements, opinions, estimates, forecasts and statements made of future expectations underlying these forward-looking statements which could cause actual results, performance, outcomes or events to differ materially from those expressed or implied in these forward-looking such statements.

The most important of these uncertainties and factors that could cause actual results and outcomes to differ materially from those expressed or implied in forward-looking statements are summarised in the 'Risk Factors' included on pages 408 to 426 of the NatWest Group plc 2024 Annual Report and Accounts (with special regard to the risk factors in relation to 'Climate and sustainability-related risks' that describe several particular uncertainties, climate and sustainability-related risks to which NatWest Group is exposed and which may be amended from time to time).

Other uncertainties and factors include, without limitation:

- the extent and pace of climate change, including the timing and manifestation of physical and transition risks;
- the macroeconomic environment;
- the effectiveness of actions of governments, legislators, regulators and businesses, the response of the wider society, investors, customers, suppliers and other stakeholders to mitigate the impact of climate and sustainability-related risks;
- changes in customer behaviour and demand, appetite for new markets, credit appetite, concentration risk appetite, lending and underwriting opportunities;
- developments in the available technology;
- the roll-out of low carbon infrastructure;
- the timely implementation and integration of adequate government policies;
- the availability of accurate, reliable, auditable, consistent and comparable data;
- lack of transparency and comparability of climate-related forward-looking methodologies;
- variation in approaches and outcomes – variations in methodologies may lead to under- or overestimates, and consequently present an exaggerated indication of climate-related risk; and
- reliance on assumptions and future uncertainty (calculations of forward-looking metrics are complex and require many methodological choices and assumptions).

Refer also to pages 93 to 95 of this report ('Caution about climate metrics and data required for climate reporting').

No duty to update.

The forward-looking statements contained in this report only speak as of the date they were published and are subject to the limitations and qualifications as noted in the 'Cautionary statements' section of this report. Except to the extent legally required, we expressly disclaim any obligation or undertaking to update or revise any forward-looking statements in this report, whether to reflect any change in our expectations regarding those forward-looking statements, any change in events, conditions or circumstances on which any such statement is based, or otherwise.

No offer of securities or investment.

The information, statements and opinions contained in this report do not constitute a public offer under any applicable legislation, an offer to sell or solicitation of any offer to buy any securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments.

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