

Terms of Reference

Chair	An independent non-executive director of NatWest Group plc (“NWG”).
Members	At least three independent non-executive directors of NWG, one of whom is the Chair of the Group Audit Committee and one of whom is a member of the Group Performance and Remuneration Committee (“Group RemCo”).
Observers	At the invitation of Group BRC, all Double Independent Non-Executive Directors ¹ appointed to the Boards of the NWH Sub Group shall have a right to attend meetings of the Group BRC, subject to appropriate management of any conflicts of interest. The NWH Sub Group comprises NatWest Holdings Limited, The Royal Bank of Scotland plc (“RBS”) and National Westminster Bank Plc (“NatWest”).
Attendees	<ul style="list-style-type: none"> • Group Chair • Group Chief Executive Officer • Group Chief Financial Officer • Group Chief Risk Officer • Group Chief Audit Executive •
Additional Invitees	<ul style="list-style-type: none"> • Discretionary right of attendance at every meeting: Director of Risk, Retail Banking (as holder of the regulatory accountability for safeguarding independent decision-making within the ring-fenced bank) and Director of Non-Financial Risk (as holder of the regulatory accountability for compliance oversight of NatWest and RBS) . • The Chief Executive Officers (or equivalents) of relevant legal entities and franchises will attend as required. • Specialists may be requested to attend for specific items or to make presentations to the Committee.
Quorum	Two members, one of whom is the Chair of the Committee or Chair of the Group Audit Committee.
Meeting Frequency	<ul style="list-style-type: none"> • A minimum of four meetings per annum. • Ad hoc meetings can be called, as required, at the request of the Group Chair, a Committee member, the Group Chief Executive Officer, the Group Chief Risk Officer or the Group Chief Audit Executive.
Secretary	Corporate Governance
This Committee receives its authority from	The Committee operates under delegated authority from the NWG Board.
Purpose of this Committee	The Committee will be responsible for:- <ul style="list-style-type: none"> • Providing oversight and advice to the NWG Board in relation to (i) current and potential future risk exposures of NWG and its subsidiaries (the “Group”) and future risk profile, including Group risk appetite; and (ii) the

¹ An individual who is an independent non-executive director of NatWest Holdings Limited (“NWH”) (and any of NWH’s subsidiaries) and not a non-executive director of any other Group entity

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- approval and effectiveness of the Enterprise Wide Risk Management Framework (“EWRMF”) and internal controls required to manage risk.
 - Assisting on such other matters as may be referred to it by the NWG Board.
 - Acting as the Board Risk Committee of the NWG Board.
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Scope of this Committee’s oversight and responsibility

Risk Framework and Policy

- To consider and recommend for approval by the NWG Board the EWRMF (including the Group’s risk appetite framework (“Risk Appetite Framework”) as a component thereof) and to oversee the effectiveness of the same, including visibility of any material breaches, together with planned remedial action.
- To review and approve Key Risk Policies in accordance with the EWRMF.
- To review and approve the Group Enterprise Wide Risk Management Strategy and oversee effective delivery of the same.

Risk Profile

The Committee will review the effectiveness of internal controls required to manage risk². In undertaking this responsibility the Committee shall:

- Review the performance of the Group and its key franchises relative to risk appetite and monitor any risk trends, concentrations and emerging risks. Review material risk exposures across key franchises and management’s recommendations to monitor, control and mitigate such exposures, including capital, liquidity & funding, earnings stability, conduct risk, information and cyber security, operational resilience, credit risk, pension risk, traded & non-traded market risk, financial crime, operational risk, reputational risk, model risk, regulatory compliance risk and climate & nature risk.
- Consider the Group’s risk profile relative to current and future Group strategy. Review the due diligence of any proposed material strategic transaction (involving a merger, acquisition or disposal) prior to the NWG Board approval of the transaction, and monitor the risks associated with the delivery of any such transaction.
- Exercise oversight of the material execution risks inherent within material major change programmes Group-wide.
- Exercise oversight of the embedding and maintenance of a risk culture within the Group.
- Receive and review reports from the Chief Legal Officer and General Counsel on key legal and regulatory risks and developments affecting the Group.
- Consider material findings from regulatory reviews and interactions with regulators which impact on risk governance or risk management processes.
- Review whether the prices of liabilities and assets offered to clients take fully into account the business model and risk strategy of the Group.
- Report to the NWG Board on its consideration of the above matters, identifying those areas where improvement is needed and make recommendations as appropriate.

Risk Appetite

- To consider and recommend for approval by the NWG Board risk appetite for key risks, in accordance with the Risk Appetite Framework.
 - To oversee management’s implementation of the Risk Appetite Framework and the embedding of risk appetite within the Group, including
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² The Group Audit Committee has responsibility for the oversight of internal controls required to manage financial reporting, as set out in its Terms of Reference.

management's response to breaches of risk appetite in accordance with the Risk Appetite Framework.

Capital and Liquidity

- To receive reports that explain the impact of crystallisation of risks and threats identified through Enterprise-wide stress and scenario testing of the Group's business and to consider the level of risk mitigation in place.
- To approve the key assumptions and scenario themes identified and expanded metrics to be used in both material internal and regulatory Group-wide Enterprise-wide stress tests and regulatory submissions, other than traded risk scenario expansion which will be approved by the Group Chief Financial Officer and Group Chief Risk Officer.
- To consider and recommend for approval to the NWG Board:
 - the results of material Enterprise-wide stress tests (including mitigants) where appropriate.
 - material Group regulatory submissions and returns following Executive review, in particular in relation to the Internal Capital Adequacy Assessment Process; the Individual Liquidity Adequacy Assessment Process; the Recovery Plan and the report of the Group's resolvability self-assessment.
 - any NWG capital distribution proposals.

Risk Operating Model

- To review the operating model and adequacy and effectiveness of resource within Risk Group-wide, as well as Risk's access to information and independence from management.
- To review and monitor the effectiveness of the Group Chief Risk Officer.

Models

- To oversee the effectiveness of the Model Risk Management Framework across the Group³, supported by annual assessments from Internal Audit.
- To review the Group's annual self-assessment of compliance with Prudential Regulatory Authority Supervisory Statement SS1/23 (Model Risk Management Principles for Banks), including any associated remediation plans and progress against plans, as appropriate.

Risk Data Aggregation and Reporting

- To review and approve the Group's risk data aggregation and risk reporting framework and ensure that adequate resources are deployed.

Remuneration

- To provide advice to the Group RemCo to enable the Group RemCo to consider adjustments to the Group bonus pool to reflect risk management performance.
- To review the annual risk and control performance goals of Group Executive Committee members and those attendees holding a Head of Franchise and/or Function position ("Group ExCo") and recommend these to the Group RemCo.
- To review the performance of Group ExCo against relevant risk and control performance goals and advise the Group RemCo of any specific recommendations as appropriate, including any recommended adjustments to variable pay, the grant and/or vesting of Restricted Share Plan awards

³ Excluding those aspects of the Group Model Risk Management Framework specifically requiring oversight by the Group Audit Committee.

or other Long Term Incentive awards to reflect risk management performance.⁴

- To consider regulatory reportable events and resulting accountability reviews and to advise the Group RemCo on any concerns as to the appropriateness of the recommendations from a risk perspective.
- To provide oversight over the Material Risk Taker identification process from a risk perspective and advise the Group RemCo of any concerns.

Group Chief Risk Officer

- The Group Chief Risk Officer (“Group CRO”) will report directly to the Group Chief Executive Officer, with a secondary reporting line to the Chair of the Committee (who exercises oversight over the performance of the Group CRO on behalf of the Committee) and a right of access to the Committee.
- The Committee will make recommendations to the NWG Board on the appointment, resignation or termination of the Group CRO following recommendation by the Group Chief Executive Officer and the acceptance, agreement and the specific terms of the resignation or termination of contract for the Group CRO as required.
- The Committee Chair will discuss the remuneration arrangements of the Group CRO with the Chair of the Group RemCo as required.

Performance Review

- The Committee will arrange periodic assessments of its own performance and review periodically its terms of reference and recommend any changes to the NWG Board for approval.

Other

- The Committee may engage independent counsel and other external advisers, as it determines necessary, to carry out its duties. The Committee may also obtain appropriate funding, as it so determines, for payment of compensation to such advisers, to any auditors and for ordinary administrative expenses of the Committee that are necessary or appropriate for carrying out its duties.

Escalation

- The Committee will report to the NWG Board, identifying any matters within its remit in respect of which it considers that action or improvement is needed, and making recommendations as to the steps to be taken.
- The minutes of the Committee will be made available to the NWG Board.
- The Committee will receive updates from and review matters referred to it by relevant accountable executives as required.
- The members and attendees of the NatWest Holdings Board Risk Committee are members of, or attend, the Group Board Risk Committee and meetings are largely held concurrently. The Committee will receive updates from and review matters referred to it by the Board Risk Committees of NatWest Markets Plc and The Royal Bank of Scotland International (Holdings) Limited.

ToR last approved on

Group BRC – 24 July 2024

NatWest Group plc Board – 25 July 2024

⁴ The Group Audit Committee has responsibility for the oversight of the performance of the Internal Audit function and the Group Chief Audit Executive.