

Carbon Reduction Plan

Supplier Name: NatWest Group plc

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Introduction

NatWest Group plc is publishing this carbon reduction plan (the “Carbon Reduction Plan”) as specified under the Procurement Policy Note (PPN) 06/21 of the UK Government (*Taking Account of Carbon Reduction Plans in the procurement of major government contracts*). Within this Carbon Reduction Plan, we cover our Scope 1, 2 and 3 carbon emissions relating to our Own Operations activities within the UK, including our offshore operations. Scope 3 emissions disclosed here are in line with PPN 06/21 requirements and cover categories 4, 5, 6, 7 and 9; the reported value therefore differs to that in our SECR UK Own Operations table¹ which covers a different range of categories in line with the NatWest Group reporting, this covers Scope 3 categories 5, 6 + 7 as well as paper and water. Our reporting is in tonnes of carbon dioxide equivalent (tCO₂e) and therefore covers all relevant greenhouse gases compliant with the Greenhouse Gas Protocol methodology requirements.

¹ Published in our 2022 Annual Report and 2022 Climate-Related Disclosure Report, available <https://investors.natwestgroup.com>

Commitment to Achieving Net Zero

We are targeting to achieve net zero by 2050 for our operational value chain² emissions covering Scopes 1, 2 and all relevant categories in Scope 3.

For our own operations, this means aiming to reduce by 50% our direct own operations³ by 2025 and our operational value chain by 2030, with a minimum 90% reduction by 2050. We plan to neutralise the residual 10% through the use of carbon credits in line with 'SBTi Corporate Net Zero Standard' released in October 2021.

We purchased and retired 120,000 carbon removal credits, assured under the [Verified Carbon Standard \(VCS\)](#), and Triple Gold certified to the [Climate, Community & Biodiversity Alliance Standards \(CCBA\)](#) to invest beyond our value chain, and provide benefits to climate, especially those that generate additional co-benefits for people and nature.

In accordance with the Greenhouse Gas Protocol, our emission reduction targets are not achieved through the use of carbon credits. Carbon credits will only be used to neutralise the remaining 10% of our 2050 target once reductions have been achieved.

Reductions are reported using the location-based methodology, as such they do not include the use of renewable electricity certificates to reduce emissions.

We achieved 46% carbon reduction in our direct own operations (location-based) and are reporting our upstream and downstream operational value chain for the first time this year.

NatWest Group is therefore committed to achieving Net Zero carbon by 2050. For further information on this, please see our Climate Disclosure Report available on NatWest.com.



² Our operational value chain captures greenhouse gas emissions Scopes 1, 2 and 3 (Categories 1-14, excluding Categories 8, 10, 14). For Category 15, please see section 5.5 of our 2022 climate-related disclosure report on NatWestGroup.com

³ Our direct own operations are greenhouse gas emissions from Scopes 1, 2 and 3 (paper, water, waste, business travel, commuting and working from home).

Own Operations reporting boundary and scope

Scope of Direct Operations ⁴	Scope of Our Upstream Operational Value Chain	Scope of Our Downstream Operational Value Chain
Scope 1	Scope 3	Scope 3
All	Category 1: all purchased goods and services	Category 9: downstream transportation and distribution, such as customers commuting to and from our facilities
Scope 2	Category 2: capital goods	Category 11: use of sold products, such as debit or credit cards used by our customers
All	Category 3: fuel and energy related activities not in scope 1 or 2	Category 12: end of life treatment of sold products, such as disposal of credit cards
Scope 3	Category 4: upstream transportation and distribution, such as our postage	Category 13: downstream leased assets
Category 1: paper and water only		
Category 5: waste (UK and RoI)		
Category 6: business travel		
Category 7: employee commuting and working from home		

⁴ This is the scope for our 50% reduction 2019 - 2025. Both upstream and downstream operational value chain are in scope for our 50% 2019 – 2030 and 2050 net zero targets.

Baseline Emissions

Baseline emissions are a record of the greenhouse gases that have been produced in the past prior to the introduction of any strategies by NatWest Group to reduce its greenhouse gas emissions. Baseline emissions are the reference point against which emissions reduction can be measured. NatWest Group define our baseline year as 2019.

Baseline Year - 2019 ⁵	
Greenhouse Gas (GHG) Emissions	UK and Offshore ⁶ Total (tCO ₂ e)
Scope 1	17,260
Scope 2 (location-based)	81,815
Scope 2 (market-based)	13,217
Scope 3 (waste generated in operations; business travel; employee commuting; upstream transportation and distribution; downstream transportation and distribution)	152,920
Total Emissions (location-based)	251,995
Total Emissions (market-based)	183,397

Table 1 Baseline greenhouse gas emissions covering the period between October 2018 - September 2019 for our Own Operations in the UK and Offshore Area.

Additional Details Relating to the Baseline Emissions Calculations

Reporting of emissions is done at NatWest Group level, however for the purposes of this plan and PPN 06/21 requirements this Carbon Reduction Plan focuses on UK (including offshore) operations. We have reported on all emission sources required under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. Our emissions baseline year runs from October 2018 – September 2019. The emissions reporting boundary is defined as all entities and facilities either owned or under our operational control.

Emissions are reported using the Greenhouse Gas Protocol Corporate Standard and associated guidance and include all greenhouse gases, reported in tonnes of carbon dioxide equivalent (CO₂e) and global warming potential values which cover UK (including offshore) operations for:

- Scope 1 emissions from fluorinated gas losses and fuel combustion in NatWest Group premises/ vehicles.
- Scope 2 emissions from electricity, district heating and cooling used in NatWest Group premises.
- Market-based Scope 2 emissions.
- Scope 3 emissions⁷ associated with waste generated in operations; business travel; employee commuting; upstream transportation and distribution; downstream transportation and distribution.

⁵ Our reporting period covers October 2018 - September 2019.

⁶ Offshore area as defined in The Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon) Regulations 2018.

⁷ Within this Carbon Reduction Plan, we cover our Scope 1, 2 and 3 carbon emissions relating to our Own Operations activities within the UK, including our offshore operations. Scope 3 emissions disclosed here are in line with PPN 06/21 requirements and cover categories 4, 5, 6, 7 and 9; the reported value therefore differs to that in our SECR UK Own Operations table which covers a different range of categories in line with the NatWest Group reporting (paper, water, waste, business travel, commuting and working from home).

When converting data to carbon emissions, we use Emission Factors from UK Government Emissions Conversion Factors for Company Reporting (Department for Business, Energy & Industrial Strategy, 2021), CO₂ Emissions from Fuel Combustion (International Energy Agency, 2021) or relevant local authorities as required. NatWest utilises a third-party software system, to capture and record the Group's environmental impact and ensure that control framework and assurance requirements are met.

All data is aggregated at a regional level to reflect the total regional consumption. The regional consumption results are then collated to reflect the total NatWest Group emissions. CO₂e values are attributed to these sources via an automatic conversion module in the third-party system.

The market-based values reported in the table above include emission reductions from the use of green electricity across the majority of our portfolio.

To our knowledge there are no material omissions. Independent reasonable assurance of total reported emissions in tCO₂e (Scope 1 and 2 location-based and market-based emissions) and limited assurance of total reported Scope 3 emissions has been provided by Ernst & Young LLP⁸.

Current Emissions Reporting

For our Direct Own Operations within the UK (including offshore), we have reduced our location-based emissions from our 2019 baseline by 37% in 2022 – this differs from our Groupwide reductions of 46% due to the variance in scope⁹.

UK and Offshore ¹⁰ Emissions	2019 tCO ₂ e	2022 tCO ₂ e	YoY
Scope 1	17,260	14,877	-14%
Scope 2 (location-based)	81,815	47,546	-42%
Scope 2 (market-based)	13,217	13	-99.9%
Scope 3 (waste generated in operations; business travel; employee commuting; upstream transportation and distribution; downstream transportation and distribution)	152,920	96,706	-37%
Total Location-Based	251,995	159,129	-37%
Total Market-Based	183,397	111,596	-39%

Table 2 NatWest Group UK progress on the 50% emissions reduction target by 2025 (against 2019 baseline) for its Direct Own Operations in the UK and Offshore Areas. Our reporting year of 2022 covers October 2021 - September 2022.

⁸ This can be found in our 2022 Annual Report, available on www.natwestgroup.com

⁹ Within this Carbon Reduction Plan, we cover our Scope 1, 2 and 3 carbon emissions relating to our Own Operations activities within the UK, including our offshore operations. Scope 3 emissions disclosed here are in line with PPN 06/21 requirements and cover categories 4, 5, 6, 7 and 9; the reported value therefore differs to that in our SECR UK Own Operations table which covers a different range of categories in line with the NatWest Group reporting (paper, water, waste, business travel, commuting and working from home).

¹⁰ Offshore area as defined in The Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon) Regulations 2018.

Emissions Reduction Targets

To continue our progress to becoming Net Zero across our operational value chain, we have adopted the following carbon reduction targets. These have been set at the NatWest Group level covering all our international Own Operations activities and therefore apply at both a UK and offshore level.

NatWest Group aims to use resources sustainably, following the key principles of an environmental management system (EMS) by identifying, managing, and monitoring environmental areas and continually improving our approaches.

From our targets, we project that carbon emissions will decrease to ~125,000 tCO₂e by 2025 using a location-based approach. This is a reduction of 50%. Progress against these targets can be seen in the graph below.

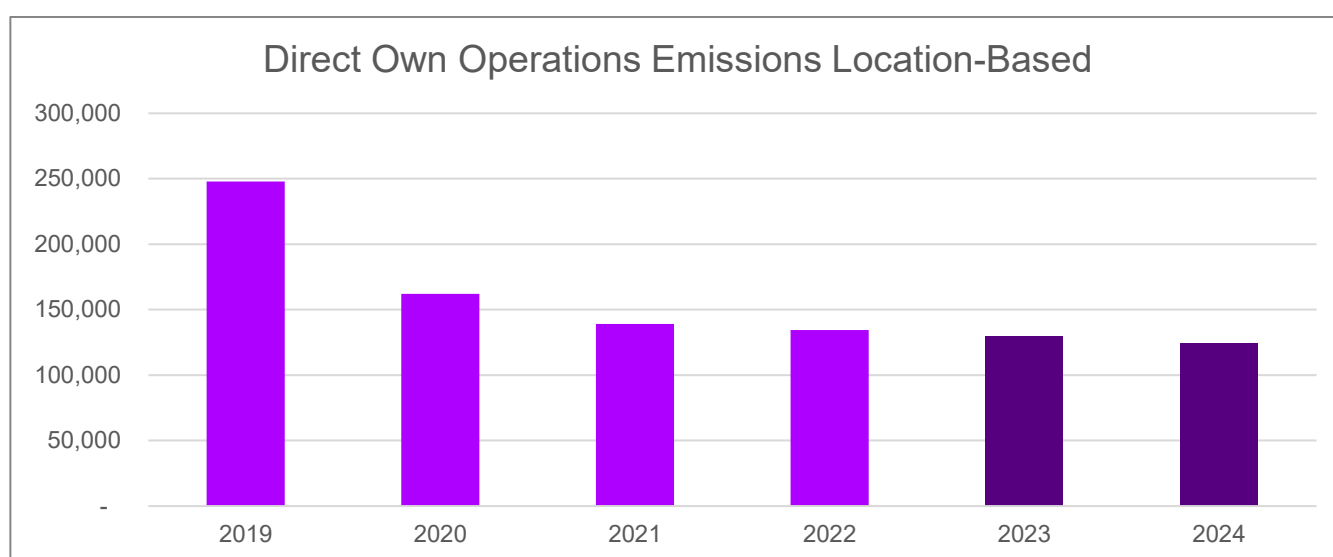


Figure 1 Location-based NatWest Group direct own operations emission projection. We are targeting to achieve a 50% reduction from a 2019 baseline by 2025. The projection covers emissions resulting from Scopes 1, 2 and 3 (paper, water, waste, business travel, working from home and commuting). Projected emissions are in the dark purple and have been estimated linearly assuming the 2025 targets are achieved. For a full list of assumptions around forward-looking values please consult appendix D.

For further information on the NatWest Group Own Operations baseline emissions footprint, current emissions reporting and emissions reduction targets please refer to the 2022 Climate-related Disclosure Report¹¹ and the NatWest Group website¹².

¹¹ <https://investors.natwestgroup.com/results-centre>

¹² <https://www.natwestgroup.com/our-purpose/environment/own-operational-footprint.html>

Carbon Reduction Projects

The following environmental management measures and projects have been completed or implemented since the 2019 baseline. The carbon emission reduction achieved by these schemes equate a 46% reduction for our global direct own operations.

The measures will be in effect when performing a contract by NatWest Group under the Procurement Policy Note – Action Note PPN 06/21 (PPN) which sets out how to take account of suppliers' Net Zero Carbon Reduction Plans in the procurement of major Government contracts¹³.

Carbon

During 2022, we reduced our direct own operations emissions by 46%, against our 2019 baseline, and increased our renewable electricity consumption to 98% globally. Our 2022 total market-based operational emissions of 73,927 tCO₂e covers Scopes 1, 2 and our direct own operations' upstream Scope 3. This includes emission reductions from the use of green electricity covering 98% of our consumption through green tariffs and renewable electricity certificates, but in accordance with the Greenhouse Gas Protocol it does not include emissions reduction from the use of carbon credits

Energy

Following the return to the office after the easing of COVID-19 restrictions, we focused on the practice of using energy more efficiently and effectively in our operations and reviewed our processes to reduce consumption. These reviews include:

1. Building energy optimisation: our building plant equipment is continuously reviewed to maximise energy efficiency. Data analytics are used to proactively identify anomalous consumption, ensuring our buildings run more efficiently.
2. Energy audits: there have been audits carried out in most of our buildings this year to identify where we can improve energy efficiency and reduce consumption and this work will continue in 2023.
3. Data centres: we have consolidated our data centres to allow for more efficient IT architecture using fewer resources. The work carried out ensures that they run more efficiently, with lighting upgrades and optimisation of the data hall environmental controls already seeing a significant reduction in water and power usage.
4. Renewable electricity: in 2021, we committed to a Corporate Power Purchase Agreement (cPPA), bringing additional renewable generation capacity online to facilitate the decarbonisation of the UK grid. We are continuing to work towards this with additional cPPAs, and once constructed they are expected to generate 59% of NatWest Group's electricity demand in the UK by 2024.
5. Leased buildings: for our leased buildings in India, we are working with the landlords to review the scope for identifying energy-saving opportunities, assessing end of life for equipment, and creating an energy efficient replacement plan where possible.
6. Colleague engagement: we launched a bank-wide energy campaign in the second half of 2022 to help educate and engage our colleagues by sharing tips on how to reduce

¹³<https://www.natwestgroup.com/our-purpose/environment/own-operational-footprint.html>

consumption at home and in the office through a series of activities, raising the importance of energy saving actions. This is an ongoing campaign which we will continue to work on in 2023.



Sustainable Resource Use

Since 2019, we have reduced our waste by 37% by working with our colleagues to educate on the importance of the waste hierarchy and circular economy.

- 1. Paper:** Our paper consumption has decreased by 67% from our 2015 baseline through actions such as our digital first options including giving customers the option to switch to paperless, as well as educating colleagues on the technology they can use instead of printing. Over the course of 2022, we have saved 15.7 million envelopes from being sent to our customers.
- 2. Analysis:** We have undertaken analysis of waste at our Gogarburn office to understand how we can achieve zero waste. This highlighted opportunities to reduce single use items by 3 tonnes and increase recycling by an estimated 1.3 tonnes. We are working with our waste suppliers towards this zero waste ambition and engaging key stakeholders to capitalise on any opportunities there are to reduce, reuse and recycle through our findings and investments.
- 3. Design:** In our drive towards a circular economy, we continue to maximise use of pre-loved and up-cycled furniture. Across our branches, we re-used a total of 11,767 assets which diverted 461 tonnes of waste. Also, we continue our aim to remove single use plastics from our properties, with our key catering supplier removing the majority of plastic cups and cutlery from our main offices and our colleagues encouraged to opt for reusable options.
- 4. Cash and Coin:** We have continued our ambition towards a more sustainable cash cycle with cash now leaving our UK cash centres without plastic wrapping and the notes unsleeved in line with our charter.
- 5. New debit cards:** New debit cards, made from 86% of recycled materials, have been introduced saving c.190 tCO₂e over the past year.
- 6. Uniforms:** We have delivered our most sustainable branch uniform yet in 2022, using recycled fabrics and reducing the use of packaging while working to reuse and recycle old uniforms where possible, with internal swap shops and donating non-branded items to charity.

Initiatives

- 1. Carbon Credits:** in 2020 we set an ambition to procure 120,000 tCO₂e each year in carbon removal credits up to 2025. In 2022 we retired 120,000 tCO₂e carbon removal credits, assured under the Verified Carbon Standard (VCS), and Triple Gold certified to the Climate, Community & Biodiversity Alliance Standards (CCBA) to invest beyond our value chain, and provide benefits to climate, especially those that generate additional co-benefits for people and nature. We intend to continue to mitigate our emissions beyond the value chain in line with SBTi recommendations. We recognise the importance of ensuring the integrity of natural capital and we screen nature-based carbon credits against established methodologies that offer leading additional environmental and social co-benefits.
- 2. Nature:** Using equipment funded by NatWest Group, the Wild Carbon Fund with the University of the West of England have begun research into the soil health of naturally

regenerated woodlands in Cambridgeshire. The aim of the research is to develop a methodology that will allow the benefits of soil health and re-wilding to be measured and included in future carbon credit markets. Further, NatWest has partnered with Revere, a collaboration between National Parks and Palladium that aims to restore the UK's best-loved protected landscapes. Large scale nature restoration projects will contribute to the collective strategy of NatWest and UK National Parks in the fight against climate change and biodiversity loss. For further detail on Nature, refer to our 2022 ESG Disclosures Report.

3. **Internal Carbon Pricing:** we are looking at options for an internal price on carbon for our own operations and plan on trialling an approach to help drive sustainable decision-making.
4. **Technology:** a climate dashboard was created in 2022 to allow users to see the emissions for each server, application and domain and drill down into the detail available. This tool will assist with tracking progress of the reduction of our emissions and power utilisation across the group.
5. **Design:** we have a continued focus on delivering sustainable quality assured fit-outs across all of our buildings, using SKA ratings to assess fit-out projects against a set of sustainability criteria. In 2022, we achieved a silver SKA rating for an additional three branches and one office. By achieving silver, we are demonstrating sustainable workplace design and implementation. As part of our commitment to ensure responsible design of our buildings, we are trialling a carbon calculator specifically to understand and review our impact.
6. **Innovation:** in 2022 we trialled remote fixes to our ATMs in our hardest-to-reach branches via augmented reality, allowing our engineers to examine an ATM remotely.

Supply Chain

1. **Emissions:** We have used a spend-based approach to estimate our supplier emissions. In late 2022, we established a (multi-year) Supplier Decarbonisation Programme to support delivery of the 2030 and 2050 carbon reduction ambitions related to our operational value chain. This will involve collaborating with our suppliers to understand their capability, data, where they are on the journey to net zero, and what help they might need to progress.
2. **Assessments:** We are also working with a third party to evaluate our supply chain using evidence-based assessments of sustainability performance enabling us to understand our wider impact and to identify where improvements can be made, and risks mitigated.
3. **Cash and Coin:** As part of increasing the sustainability of our cash and coin operations, we have engaged our suppliers to reduce the amount of single-use plastic coming in and going out of our cash centres and to improve the accuracy of data for our waste streams.
4. **Design:** For our properties, the suppliers we work with must have environment and quality management accreditations and products used in fit-outs should meet all Royal Institution of Chartered Surveyors [SKA](#) criteria as standard.

Partnerships

1. EP100: we continue to be on track for our 2025 ambition with energy productivity increasing by 41% since 2015. Across our global portfolio compared with 2021, natural gas consumption decreased by 17% due to the reduced reliance on airflow required in our offices as COVID safety measures were removed. Also, electricity consumption decreased by 8% following the implementation of energy efficient plans that includes new ways of working and relocating to more efficient sustainable buildings.
2. RE100: in 2022 we increased our consumption of renewable electricity to 98% across our global operations, including 100% of UK and Republic of Ireland consuming renewable electricity. We have achieved this through a combination of green tariffs and purchasing Renewable Electricity Certificates (RECs) for our landlord-supplied properties in India, Europe and the UK, where we are currently unable to specify a requirement for renewable electricity. To achieve our 2025 ambition for 100% global renewable electricity, we continue to work with our principal landlords to advocate for renewable electricity provision for all properties, where possible.
3. EV100: we have installed electric vehicle charging points in 13% of our large office car park spaces across our UK portfolio and have converted 3% of our owned and operated fleet to electric vehicles. Since the EV100 ambition was set, the fleet has reduced in size by approximately 66%, and we are reviewing where we can positively impact other vehicle electrification outside of our ambition. We are reviewing our learnings from the EV100 plan and would like to adopt these practices across our global operations using electric transport where available and provide electric vehicle chargers for staff at our offices in India. We are also developing the design for an electric vehicle mobile branch pilot and supporting charging infrastructure to enable further roll-out.

Future Carbon Reduction Initiatives

In the future we plan to implement further measures such as:

1. We aim to improve the Energy Performance Certificate (EPC) rating across our buildings and are working with a third-party supplier to carry out energy and condition audits to identify and prioritise investment requirements. Through improving the efficiency of our buildings, we reduce the consumption of all energy types and thus reduce emissions.
2. In branches, when we do purchase furniture, it must be made of 90% recyclable materials, supported through our relationship with suppliers. This will help continue to reduce our emissions as fewer virgin materials will be required to be sourced and created for the products we procure.
3. Continue to identify areas of improvement through data analysis and supplier engagement. This will enable us to continue our carbon reduction journey and share learning experiences within our supply chain.

Declaration and Sign Off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol Corporate Standard¹⁴ and uses the appropriate Government emission conversion factors for greenhouse gas company reporting¹⁵.

Scope 1 and Scope 2 emissions have been reported in accordance with Streamlined Energy and Carbon Reporting (SECR) requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard¹⁶.

This Carbon Reduction Plan has been reviewed and signed off by:



Jen Tippin, Group Chief People and Transformation Officer

Date: 31st May 2023

¹⁴ <https://ghgprotocol.org/corporate-standard>

¹⁵ <https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

¹⁶ <https://ghgprotocol.org/standards/scope-3-standard>

Annex A: Selection Criteria

Selection Questionnaire		
1	Please confirm that you have detailed your environmental management measures by completing and publishing a Carbon Reduction Plan which meets the required reporting Standard.	Yes / No Pass / Fail
	Provide a link to your most recently published Carbon Reduction Plan here: <ul style="list-style-type: none"> https://www.natwestgroup.com/our-purpose/environment/own-operational-footprint.html 	
2	Please confirm that your organisation is taking steps to reduce your GHG Emissions over time and is publicly committed to achieving Net Zero by 2050.	Yes / No Pass / Fail
Supplier Emissions Declaration:		
3	Baseline Year:	2019
	Scope 1:	17,260
	Scope 2 (location-based):	81,815
	Scope 2 (market-based):	13,217
	Scope 3: categories 4, 5, 6, 7 & 9	152,920
4	Reporting Year:	2022
	Scope 1:	14,877
	Scope 2 (location-based):	47,546
	Scope 2 (market-based):	13
	Scope 3: categories 4, 5, 6, 7 & 9	96,706

Annex B: Key Terminology

Technical Terminology	NatWest Definition
Greenhouse Gas Protocol	A corporate carbon accounting and reporting standard widely adopted, with methodology available publicly online. Defines carbon emissions into 3 Scopes. https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf .
Direct Own Operations	Scope 1, Scope 2, Scope 3 (paper, water, waste, business travel, commuting and working from home).
Operational Value Chain	Scope 1, Scope 2, Scope 3 (all relevant categories 1-14).
Scope 1	Direct emissions which result from burning fuel directly on site/as a result of operations e.g., natural gas.
Scope 2 Market-Based	Emissions from consuming electricity which takes into account the green electricity we procure.
Scope 2 Location-Based	Emissions from consuming electricity which does not take into account the green electricity we procure.
Scope 3	Indirect emissions resulting from our upstream and downstream activities e.g., business travel. Consists of 15 categories.
Category 1	Purchased goods and services.
Category 2	Capital goods.
Category 3	Fuel-and energy-related activities not included in Scopes 1 or 2.
Category 4	Upstream transportation and distribution e.g., delivery of our mail.
Category 5	Waste generated in operations.
Category 6	Business travel.
Category 7	Employee commuting.
Category 8	Upstream leased assets.
Category 9	Downstream transportation and distribution e.g., our customers commuting to branches.
Category 10	Processing of sold products.
Category 11	Use of sold products.
Category 12	End-of-life treatment of sold products.
Category 13	Downstream leased assets.
Category 14	Franchises.
Category 15	Investments.
BMS	Building Management System.
CCB	Climate, Community and Biodiversity Standards.
EMS	Environment Management System.
EPC	Energy Performance Certificate.
GHG	Greenhouse Gas.
PCAF	Partnership for Carbon Accounting Financials.
SBTi	Science-Based Targets Initiative.
SECR	Streamlined Energy and Carbon Reporting.
TCFD	Taskforce for Climate-Related Financial Disclosures.
tCO ₂ e	Tonnes of Carbon Dioxide Equivalent.
UN SDG	United Nations Sustainable Development Goal.
VCS	Verified Carbon Standard.

Annex C: Basis of Reporting

This Carbon Reduction Plan includes carbon emissions pertaining to NatWest Group. As part of these, assumptions have been made; these are detailed below.

Assumptions within emission projections:

1. We achieve our target of a 50% emission reduction for direct own operations by 2025 with a 2019 baseline.
2. Our reporting scope remains as Direct Own Operations, covering Scopes 1, 2 and 3 (water, paper, waste, business travel, commuting and work from home).
3. Operational value chain Scope 3 categories such as up/downstream transportation and distribution as well as financed emissions are excluded from our 2025 projections.
4. A baseline recalculation is triggered if a 5% change occurs.

Our own direct operational carbon emissions are the aggregation of carbon dioxide equivalent (CO₂e) arising from the consumption and use of:

- Scope 1: natural gas, liquid fossil fuels, fluorinated gas losses and owned/leased vehicles.
- Scope 2: electricity, district heating and cooling used in NatWest Group premises (market-based and location-based).
- Scope 3: paper and water, category 5: waste (UK and RoI only), category 6: business travel including air, rail, hired vehicles and our grey fleet, category 7: employee commuting and working from home.

Our operational value chain carbon emissions are the aggregation of carbon dioxide equivalent (CO₂e) arising from the consumption and use of Scope 3, all upstream and downstream emissions excluding categories 8, 10 + 14. For explanations, please see page 69 of NatWest Group 2021 Climate-related Disclosures Report.

The reporting period for emissions and other own operational metrics is for the 12 months ending the 30th of September each year.

The emissions reporting boundary is defined as all entities and facilities either owned or under our operational control. Where we do not have direct data, we use extrapolations which account for 1.46% of our total Scope 1, 2 and 3 direct own operations emissions in 2022.

Emissions have been reported using the Greenhouse Gas Protocol Corporate Standard and associated guidance and include all greenhouse gases, reported in tonnes of carbon dioxide equivalent (CO₂e) and global warming potential values. When converting data to carbon emissions, we use Emission Factors from UK Government Emissions Conversion Factors for Company Reporting (Department for Business, Energy & Industrial Strategy, 2021), CO₂ Emissions from Fuel Combustion (International Energy Agency, 2021) or relevant local authorities as required. NatWest utilises a third-party software system, to capture and record the Group's environmental impact and ensure that control framework and assurance requirements are met.

All data is aggregated at a regional level to reflect the total regional consumption. The regional consumption results are then collated to reflect the total NatWest Group emissions. CO₂e values are attributed to these sources via an automatic conversion module in the third-party system.

Assumptions within baseline and reporting year:

1. Reporting system:
 - a. NatWest utilises a third-party software system, to capture and record the Group's environmental impact and ensure audit requirements are met. The system generates Key Performance Indicators (KPIs) from the data entered and can generate reports at any level of the organisation, i.e., supplier, site, city, country, NatWest – Global Level. Data gaps are filled with either accruals based on existing data at each site (performed automatically by 3rd party system) or extrapolations based on a country or regional level property type intensity per floor area (performed manually and updated at least once per year).
 - b. All data (actual and estimated) is aggregated at a regional level to reflect the total regional consumption. The regional consumption results will be collated to reflect the total NatWest Group footprint.
 - c. CO₂e values are attributed to these sources via an automatic conversion module in the 3rd party system. The register of default emission factors is maintained by the 3rd party system and updated annually from key sources (e.g., DEFRA, EPA, IEA, GHG Protocol, eGrid). Market-based emission and bespoke factors are also maintained by the 3rd party system.
2. The principles of NatWest's global environmental performance reporting are as follows:
 - a. Consistent reporting - based upon the main requirements of published standards.
 - b. Transparent reporting - with year-on-year comparable data and relevant explanations.
 - c. Significant reporting - that is material and mutually important for NatWest, internal & external stakeholders.
 - d. Robust and accurate reporting - using local environmental knowledge where available, utilising the GHG reporting principles and ensuring environmental reporting has been made as appropriate.
 - e. Relevant reporting - including all environmental data from the Group's active operational footprint.
3. Data assumptions:
 - a. Regions outside the UK and Ireland only make significant use of office paper, other paper types are assumed to be minimal.
 - b. Waste data is based on assumptions agreed with the key waste-related suppliers (e.g., average bag or bin weights used instead of actual weighed data for UK general waste). These weights are regularly updated based on sample surveys, and where actual weights are available these are used.
 - c. It is assumed that water is used at all properties.
 - d. It is assumed that all countries use refrigerants for cooling.
 - e. It is assumed that electricity is used at all properties.
 - f. Other third-party business-related travel is deemed out-of-scope (e.g., mail and package courier services).
 - g. All rail and air travel are assumed to be booked through the external provider, as per NatWest policy – however, expense claims also capture any travel not booked via this approved process.
 - h. The white paper used for the work from home emissions is publicly available.

Annex D: Important Information

Cautionary Note About Climate Metrics

This Carbon Reduction Plan includes climate metrics, particularly targets, projections, forecasts and other forward-looking climate metrics which merit special caution about their usefulness as they are more uncertain than historical financial information.

There are many significant uncertainties, assumptions and judgements underlying climate metrics that limit the extent to which these metrics are useful for decision-making. The most important of these are:

- Lack of reliable emissions and other important data.
- Quality of historical (emission) data.
- Lack of standardisation, transparency and comparability of climate-related forward-looking methodologies.
- Reliance on assumptions and future uncertainty (estimations of forward-looking metrics are complex and require methodological choices and assumptions).
- Variation in approaches and outcomes.
- Limitations of climate scenario analysis and the models that analyse them.

Cautionary Note About Forward-Looking Statements

This Carbon Reduction Plan contains '*forward-looking statements*', such as targets, climate scenarios and estimated emissions, emissions reduction, climate projections and forecasts. Words or phrases such as 'anticipate', 'effort', 'estimate', 'believe', 'budget', 'continue', 'could', 'expect', 'forecast', 'goal', 'guidance', 'intend', 'may', 'objective', 'outlook', 'plan', 'potential', 'predict', 'projection', 'seek', 'should', 'target', 'will', 'would' or similar expressions that convey the prospective nature of events or outcomes generally indicate forward-looking statements.

These statements are based on current plans, expectations, estimates, targets and projections, and are subject to significant inherent risks, uncertainties and other factors, both external and relating to NatWest Group's strategy or operations, which may result in NatWest Group being unable to achieve the current plans, expectations, estimates, targets, projections and other anticipated outcomes expressed or implied by such forward-looking statements. In addition, certain of these disclosures are dependent on choices relying on key model characteristics and assumptions and are subject to various limitations, including assumptions and estimates made by management. By their nature, certain of these disclosures are only estimates and, as a result, actual future results could differ materially from those that have been estimated. Accordingly, undue reliance should not be placed on these statements. The forward-looking statements contained in this document speak only as of the date we make them, and we expressly disclaim any obligation or undertaking to update or revise any forward-looking statements contained herein, whether to reflect any change in our expectations with regard thereto, any change in events, conditions or circumstances on which any such statement is based, or otherwise, except to the extent legally required. This forward-looking statement should not be regarded as a complete and comprehensive statement and should be read together with (i) the 'Risk Factors' included in the NatWest Group 2022 Annual Report and Accounts; and (ii) the '*Cautionary statement regarding forward-looking statements*' in the NatWest Group 2022 Annual Report and Accounts.