

NatWest Group

Nature and Biodiversity

We view climate change, the continued significant global decline in nature and biodiversity, resource scarcity and their associated impacts as significant dangers to the livelihoods of our customers and society at large, both currently and in the years to come. Climate change and environmental degradation are inextricably linked, and each require immediate and significant action to avert potentially irreversible impacts. The impacts of rapid climate change are causing significant biodiversity loss; protecting biodiversity can make a substantial contribution to both climate change mitigation and adaptation. Our ambition is to be a leading bank in the UK and Ireland helping to address climate change by setting ourselves the challenge to at least halve the climate impact of our financing activity by 2030 and achieve net zero by 2050.

In 2020, NatWest Group established the Emerging Environmental Issues Working Group, a cross-bank group that meets monthly to start to examine and track a wide range of environmental topics and areas relevant to our business, markets, stakeholders and society. This group seeks to consider, and better understand the impact the environment has on the bank, and vice versa. In 2021, in response to the issues related to environment, we classified 'Environmental Degradation, Biodiversity and Nature Loss' as a formal emerging risk for NatWest Group, underlining the importance of this to our organisation and our stakeholders.

In working towards net zero, NatWest Group and its customers need to reduce the negative impact of biodiversity and nature loss and restore natural capital. We are at the start of this journey, and in 2023 we will work to better understand nature related risks and opportunities piloting in NatWest Markets NV as part of the European Banking Authority's pillar 3 disclosures on ESG risks including environmental assessment.

This is an area which requires collaborative approaches with partners, stakeholders, and peers to help mitigate negative impacts of financing activities on the environment and nature as well as supporting the growing sector of nature-based solutions, habitat restoration, and biodiversity markets.

Measuring environmental and nature-related impacts as a result of lending and financing activities is a developing area for the financial services industry. We recognise the need for more progress. However, action currently tends to be restricted to limited scope initiatives due to the financial services industry lacking a common set of standards, agreed measurement methods as well as comparable quantitative disclosure tools. We will work with others to help develop these notably, through forum membership of the Taskforce for Nature related Financial Disclosures (TNFD).

Collaborating on Nature and Biodiversity

NatWest Group is helping to drive collective action on nature and biodiversity through number of exploratory collaborative groups including but not limited to:

- The Taskforce on Nature-Related Financial Disclosures (TNFD) Informal Working Group 2020, Forum Member 2021. A key part of the taskforce is working to delivering a risk management and disclosure framework for organisations to report and act on nature-related risks and opportunities.
- In 2022, NatWest Group collaborated with Cambridge Institute for Sustainability Leadership, the lead academic partner for TNFD, to publish [joint research](#) into nature-related financial risks for crop farming on degraded soils.
- UNEP FI PRB Biodiversity sub-group which is focusing on developing indicators, metrics and methodologies for target setting on biodiversity.
- The Sustainable Markets Initiative (SMI). As part of the Financial Services Taskforce, it aims to accelerate the flow of private investment into sustainable infrastructure projects, which includes restoring the balance sheet of natural capital.
- Banking Environment Initiative working group have participated in projects including Soft Commodities Compact and BEI Financial Risks arising from Biodiversity Loss and Land Degradation.
- Members of the United for Wildlife taskforce since its establishment in 2016. The taskforce is working to protect endangered species and tackle the illegal wildlife trade which is often connected to organised crime.

Innovating for Nature and Biodiversity

In addition to the above collaborations, we are also keen to partner on innovations that help nature, biodiversity, and sustainable economies. We recognise that work is ongoing at an industry level to better understand and measure nature dependencies of finance. Below is a selection of some of the initiatives NatWest Group is currently participating:

Global Farm Metric

NatWest Group and the Sustainable Food Trust have joined forces to support the development of a common framework of farm sustainability metrics. This includes an accompanying assessment tool that will enable farmers to measure their environmental and social impact, giving them actionable insight to help them to reduce their emissions. The framework, which is being piloted and refined, assesses against several categories including but not limited to, soil, water, air, climate and biodiversity and nature.

Carbonplace

In July 2021, NatWest Group along with Canadian Bank CIBC, Brazilian bank ITAU and Australian bank NAB collaborated to launch Carbonplace. A global carbon credit settlement platform and exchange for the voluntary marketplace. It uses blockchain amongst other technologies to increase transparency, supporting our bid to tackle climate change and expand nature-based solutions including tree planting.

Carbonplace has teamed up with Climate Impact X, to lower entry barriers for organisations seeking high-quality carbon credits on the voluntary carbon market while delivering a seamless experience for customers to discover, compare, buy and retire credits.

NatWest Group Sustainability India

NatWest Group Sustainability India was formed to contribute to India's UN Sustainable Development Goals (then Millennium Development Goals) to focus on the intersection of critical natural ecosystems and excluded communities. NatWest Sustainability India focuses its Corporate Social Responsibility funding on climate change mitigation through nature-based solutions, like restoring forests and wetlands. Climate science shows that if we are to limit the global temperature rise to 1.5 degrees Celsius, the world needs to halve emissions over the next decade and reach net zero carbon emissions by 2050.

The focus for funding for Sustainability India 2022-2023 is on nature-based solutions for climate change mitigation in urban areas. The work will support the restoration of urban wetlands and forests close to those cities in which we operate, our employees will also be given opportunities to engage in these activities through volunteering.

Protecting and restoring nature is integral for the pathway to reach net zero emissions. According to the UN Convention on Biological Diversity, forests hold 70% of terrestrial biodiversity and wild habitats play a crucial role in our air, water and food security.

NatWest Group Sustainability India's projects, initiated in 2021-22, will reach out to approximately 2,750 families in over 120 villages and help restore approximately 3,500 hectares of degraded forests and agricultural lands, and over 1,500 hectares of wetlands.

Since inception NatWest Group Sustainability India's projects have restored in excess of 130,000 hectares of degraded forest and agricultural lands. We have reached out to 182,000 families across 2,100 villages in 13 of India's 28 states.

Island Saver by NatWest

NatWest Group launched Island Saver in 2020, a free to download video game that teaches children about the environment and money. Alongside the money management elements, Island Saver features important environmental concepts. The game is a complex series of island worlds depicting the ecosystem suffering from pollution and neglect. As a player journeys through the game, through various work-to-earn activities, they eliminate pollution, feed the animals and restore the islands' natural environment. The game, which is available free on consoles and mobile platforms, has been downloaded over 4 million times and in 2021 received the 'Mumsnet Rated' badge.

Integrating Nature & Biodiversity

We are integrating nature and biodiversity considerations where possible as described below, noting that it is not part of core bank functions such as day-to-day credit processes.

Environment, Social and Ethical Lending Policies

At NatWest Group, our Environmental, Social, and Ethical (ESE) risk management framework, includes Risk Acceptance Criteria (RAC) for nine sectors that are exposed to heightened ESE risk, including biodiversity and nature related risks. This helps us to identify, assess and manage ESE risks that NatWest Group is exposed to through client association. For customers that engage in activities included within any of the nine sectors covered by RAC, or where ESE risk concerns have been identified, enhanced due diligence is performed. Sector ESE risk acceptance positions define the level of ESE risk the bank is prepared to accept. Our Forestry, Fisheries and Agribusiness sector RAC, encourages our customers (growers and companies involved in the supply chain) to work towards the requirements of relevant soft commodity certification schemes, and in addition, requires that the Equator Principles are applied for certain projects. In 2021 we expanded our soft commodities reporting to include the seven imported commodities noted for high deforestation risk and high overseas land use in a [2020 report](#) by the Royal Society for the Protection of Birds, and, the World Wildlife Fund.

Sustainable and Climate Finance

Climate and sustainable funding and financing is critical to achieving the transition to a net-zero carbon and climate-resilient economy. Having surpassed our previous £20bn target in the first half of 2021, in October 2021 NatWest Group announced an additional £100 billion climate and sustainable funding and financing by the end of 2025. Our [Climate and Sustainable Finance Inclusion](#) criteria includes lending to projects that protect and restore biodiversity, habitat and ecosystems.

Engaging our People

NatWest Group's Sustainable Futures Network is a bank-wide employee-led network that supports our people to embed sustainability at work and at home. Connecting and supporting them to act on their sustainability ideas and amplify the great work going on across NatWest Group. In 2022, the Sustainable Futures Network has also launched Biodiversity 101 training to its c. 2,800 members.

In 2022, the Sustainable Futures Network won the prestigious Business Green 'Employee Engagement Campaign of the Year' award and were finalists in the 'Employee engagement and behaviour change initiative of the year' category in the annual Edie Sustainability Leaders Awards.

We launched Giki Zero Pro to our colleagues on Net Zero Day 2021. Giki Zero Pro is an employee sustainability programme that uses science-based methodologies to provide a personalised journey for reducing impact on our environment. Supporting colleagues with over 130 actions they can take according to their lifestyle and budget, to measure and reduce impacts on carbon, water, land, and plastic use. Since launch over 4,100 of our people have signed up and saved 292 tonnes of carbon, 12m litres of water, 42,900 single-use plastic items and reduced land use needed by 126,100m², as at Q4 2022, according to the Giki app.

Working in partnership with our charity partner, The Conservation Volunteers (TCV), we are now able to provide UK colleagues tree planting volunteering opportunities. In 2021, we started working with TCV and our colleagues to plant 100,000 trees, enabling colleagues to positively contribute to the climate challenge we all face. In the 2021/22 season (1 November 2021 to 31 March 2022) we planted 69,899 trees, with additional trees due to be planted in Q4 2022 and beyond.

Working with Our Suppliers

We recognise that our impact on the environment extends into the supply chain. In 2019 [CDP](#) identified that supply chain impact is 5.5 times that of an organisation's own operations. In 2020, NatWest Group started working with EcoVadis and launched our new Supplier Charter. The NatWest Group Supplier Charter sets out the sustainability requirements that suppliers must meet in order to do business with us. Nature and biodiversity requirements are part of the [Supplier Charter](#). EcoVadis are helping us to understand and measure our performance and the performance of our suppliers against the Supplier Charter, enabling us to identify social, environmental and ethical improvements.

Private Banking

Our private bank, Coutts & Co, gained B Corp accreditation in 2021. Coutts & Co is the largest private bank and wealth manager in the UK to achieve B Corp status. Part of B Corp accreditation includes an assessment of environmental performance and credentials. In July 2022, Coutts also published their first annual B Corp [Impact Report](#).

Coutts & Co are signatories to 'Terra Carta' launched by King Charles III, it provides a roadmap to 2030 for businesses to move towards an ambitious and sustainable future. Signatories recognise the urgency of the global climate, biodiversity, health crises and the stewardship with which we must act. Coutts & Co are platinum supporters of The Queen's Green Canopy, which will make a significant difference in its mission to inspire tree planting across the UK, creating a legacy to honour the late Queen Elizabeth II's leadership of the nation, for the benefit of future generations.

Nature in our own operations

As part of working to mitigate our direct emissions beyond the value chain, we aim to help restore nature.

Wild Carbon Fund

Using equipment funded by NatWest, 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 rewilding to be measured and included in the carbon credit markets of the future.

National Parks

NatWest is 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.

Carbon Credits

We purchased and retired 120,000 high quality carbon removal credits, assured under the Verified Carbon Standard (VCS), and Triple Gold certified to the Climate, Community & Biodiversity Alliance Standards (CCBA). These carbon credits mitigate direct operational emissions, while we continue to decarbonise in line with the Science Based Targets initiative.