

Climate and Sustainable Finance Inclusion Criteria

In February 2020, NatWest Group plc together with its subsidiaries (“NatWest Group”) announced that it would provide additional £20 billion funding and financing (including underwriting but excluding M&A advisory activities) for Climate and Sustainable finance between 2020-2022 (the ‘Climate and Sustainable Finance Target’). Having delivered £12 billion in 2020, we are bringing forward our target from 2022 to 2021. This document outlines NatWest Group’s eligibility criteria (the ‘Criteria’) for funding and financing of assets, activities and companies that are to be counted towards the current Climate and Sustainable Finance Target.

These Criteria focus on supporting a transition towards a low-carbon, climate and environmentally resilient and sustainable economy. The assets and activities which are eligible to be considered in scope of this Criteria are informed by the UK Government’s strategy for transitioning to a net-zero economy, the various industry standards and taxonomies including any one of the ICMA Green Bond Principles (2018), the ICMA Climate Transition Finance Handbook (2020), the Loan Markets Association (“LMA”) Green Loan Principles, and relevant transactions (that include a specific carbon or climate related metric) under the LMA’s Sustainability Linked Loan Principles and ICMA Sustainability Linked Loan Bond Principles, the EU Taxonomy for Sustainable Finance and the EU Green Bond Standard and are consistent with the UK Finance White Paper on Sustainable Finance published in November 2020 (the ‘UK Finance White Paper’). The Criteria will evolve to ensure consistency with any developments of the existing and/or new external standards, taxonomies and eligibility criteria (such as the UK Green Finance Taxonomy) and it is therefore expected that over time an updated Criteria will be released.

All transactions are also subject to NatWest Group’s environmental, social and ethical (ESE) risk policies.¹

Criteria category ^Δ	Criteria description	United Nations Sustainable Development Goals
Built environment	<ul style="list-style-type: none"> Retrofits for residential, commercial and public buildings: including, but not limited to, onsite renewable energy generation, insulation of walls and roofs and heat loss reduction, LED lighting, replacement of boilers and other heating/cooling systems, implement energy management systems, refurbishment of heating, ventilation and air conditioning systems. Activities that maximises environmental net gains by promoting biodiversity and nature-based solutions in the built environment. Development of new or retrofit of existing buildings to improve overall building stock. These buildings must possess specific recognised environmental certifications* New or existing residential, commercial and public buildings that have been retrofitted or have been built to high energy standards. These buildings must possess specific recognised environmental certifications* <p>* 1. For new and existing domestic property, that which scores A or B according to its Energy Performance Certificate (“EPC”). This will be reported separately and will not be counted towards the Climate and Sustainable Finance target. 2. For new and existing commercial property: that which scores A or B or greater according to its Non-domestic Energy Performance Certificate (“NDEPC”) or; that which is rated at least “Very Good” according to BREEAM , or “Gold” according to</p>	 7: Affordable and Clean Energy  9: Industry, innovation and infrastructure  11: Sustainable Cities and Communities  13: Climate Action

¹ Available at <https://www.natwestgroup.com/our-purpose/downloads.html>

	<p>LEED , or any other comparable certification where available. 3. Renovation of existing buildings which meet the following criteria: Energy savings of at least 30% in comparison to the baseline performance of the building before the renovation, measured in kWh/m² per year.</p>	
<p>Energy Efficiency</p>	<ul style="list-style-type: none"> Development, manufacture and/or installation of energy efficiency technologies, products and systems but not limited to energy efficient appliances, smart meters, lighting, smart grid technologies, distributed generation, peak demand management. Development, manufacture, distribution and/or installation of products or services that increase the energy efficiency of industrial processes. 	 7: Affordable and Clean Energy  9: Industry, innovation and infrastructure  13: Climate Action
<p>Environmental Impacts</p>	<ul style="list-style-type: none"> Environmental consultancy, groups and services. Environmental monitoring, instrumentation and analysis. Air, soil and water pollution control. Creation, protection, management and restoration of biodiversity, habitat and ecosystems by taking mitigation and compensation measures. Including, but not limited to, soil, peatland, saltmarsh and pasture remediation, agriculture (crop and livestock production), rewilding, forestry (afforestation and reforestation), renewable energy generation, water (supply and waste) and non-fossil fuel transport. Climate change adaptation and mitigation solutions and initiatives; including, but not limited to sustainable coastal zone management and, flood defence and early warning systems, water resource management, extreme weather management, natural resource management and agrobiodiversity, hydroculture, hydroponics, aquaculture. 	 13: Climate Action  15: Life on land
<p>Information Technology</p>	<ul style="list-style-type: none"> Activities that facilitate and develop data-driven sustainable climate and environmental solutions that reduce GHG emissions, improve water management and protection or reverse environmental degradation. Activities that facilitate and develop energy efficient data networks. 	 13: Climate Action
<p>Low Carbon & offsetting technology</p>	<ul style="list-style-type: none"> Low carbon energy sources: including, but not limited to, alternative low carbon fuels (hydrogen), nuclear, anaerobic digestion, agri and bio fuels, energy from waste. Technologies that reduce carbon emission: including, but not limited to carbon capture & storage, transportation, carbon management. Activities that facilitate innovative and sustainable low carbon technologies, systems and processes. 	 7: Affordable and Clean Energy  9: Industry, innovation and infrastructure  13: Climate Action
<p>Renewable Energy</p>	<ul style="list-style-type: none"> Generation of energy from renewable sources: including, but not limited to, wind, solar, biogas, biomass, geothermal, hydroelectric, wave & tidal. Manufacture of components of renewable energy technology including equipment for renewable energy generation and energy storage: including, but not limited to, wind turbines, solar panels, photovoltaic energy projects and battery storage. 	 7: Affordable and Clean Energy  9: Industry, innovation and infrastructure

	<ul style="list-style-type: none"> Electricity transmission and distribution grids or projects, including, but not limited to cables, storage units and interconnectors. Renewable energy consultancy and sector groups. 	 13: Climate Action
Sustainable Transport	<ul style="list-style-type: none"> Low carbon transportation: including, but not limited to, hybrid/electric/alternatively fuelled cars, buses, trucks, trains, aviation, shipping, inland freight water transportation etc. Development, operation and upgrade of low carbon transportation infrastructure, including but not limited to electric vehicles charging infrastructure Transportation methods, systems and providers which contribute to reducing the circulation of vehicles. Transportation infrastructure manufacturers of components above. 	 9: Industry, innovation and infrastructure  11: Sustainable Cities and Communities  13: Climate Action
Water & Waste Management	<ul style="list-style-type: none"> Water collection saving, treatment, recycling, re-use, upgrades, technologies and related infrastructure: including, but not limited to, anaerobic digestion of sewage, sludge and bio-waste. Activities that improve water and soil quality and increase water use efficiency: including but not limited to water treatment facilities and water metering. Non-conventional waste management, disposal and circular economy activities: including, but not limited to, source reduction, in-process recycling, reuse, sorting projects, resource recovery and treatment. 	 6: Clean Water and Sanitation  12: Responsible Consumption and Production  13: Climate Action

Δ Organised alphabetically

Additional funding and financing under the Criteria	Criteria description
Financing for businesses and organisations principally engaged in activities as described in the UK Finance White Paper	<p>The Climate and Sustainable Finance Target will also include any general-purpose lending or wider financing to customers who can evidence (to NatWest Group’s satisfaction through review of the issuer’s or borrower’s most recently published profit and loss statement) that</p> <ul style="list-style-type: none"> 50% or more of their revenues are from the categories and sectors outlined in the Criteria; or the eligibility criteria of one or more of: <ul style="list-style-type: none"> the ICMA Green Bond Principles, the ICMA Climate Transition Finance Handbook, the LMA Green Loan Principles, relevant transactions (that include a specific carbon or climate related metric) under the LMA’s Sustainability Linked Loan Principles and ICMA Sustainability Linked Loan Bond Principles, the EU Taxonomy for Sustainable Finance and the EU Green Bond Standard.

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