



UN Principles for Responsible Banking (PRB) reporting

NatWest Group became a founding signatory of the PRB in September 2019, and we are committed to an ongoing process to further align our strategy to the objectives of the 2015 Paris Agreement and the UN Sustainable Development Goals (SDGs).

This is our second PRB self-assessment report and demonstrates our progress against all six principles, using the PRB template.

Reporting and self-assessment requirement	High-level summary and some highlights in 2021	References for further details and full descriptions
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Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals (SDGs), the 2015 Paris Climate Agreement and relevant national and regional frameworks.

<p>1.1 Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	<p>NatWest Group provides a comprehensive range of banking and financial services to personal, business and commercial customers via our franchises. Examples include current and savings accounts, credit cards, mortgages and investments for our personal customers; to banking, lending, project finance, risk management and trading solutions for our large commercial customers.</p> <p>We earn income from interest charged on lending to our customers and fees from transactions and other services. We pay interest to customers who place deposits with us and to investors who buy our debt securities. We also make reward payments on products like our Reward bank accounts and credit cards. The attributable profit generated is either returned to shareholders or retained and reinvested into new and improved products and services for our customers.</p> <p>We support our personal, business, commercial and institutional customers with financial services that meet their needs, which include keeping their funds safe and secure, improving financial capability and supporting enterprise. We believe in treating customers fairly, offering flexibility to our customers in how they choose to bank with us and providing extra help to customers in vulnerable situations or financial difficulty.</p>	<p>A Strategic report p35</p> <p>E Committed to our focus on ESG p9</p>
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Key: **A**= 2021 Annual Report and Accounts, **C**= 2021 Climate-related Disclosures Report, **E**= 2021 ESG Supplement, **W**= NatWest Group Website, **S**= Coutts Sustainability Report



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<p>1.2 Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the 2015 Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>We recognise the huge responsibilities that our role brings from supporting the day-to-day financial needs of 19 million customers, to the positive impacts we can have on the environment and wider society.</p> <p>Purpose focus areas – We have identified three focus areas where we can make a meaningful contribution and build long-term value in our business:</p> <p>Climate: We have made addressing the climate challenge and supporting our customers in their transition to net zero a key strategic priority.</p> <p>Enterprise: We are committed to removing barriers to enterprise and providing business in the UK the support they need to grow.</p> <p>Learning: We are helping people to take control of their finances, to make the most of their money, safely and securely – now and in the future.</p> <p>We aim to create value for all our stakeholders while having a positive impact on the environment and wider society, supporting SDGs particularly: 4, 5, 7, 8, 10, 13 and 17.</p> <p>Policies and commitments – SDGs are embedded into our green, social and sustainability (GSS) bond framework and our Climate and Sustainable Funding and Finance criteria. Our policies, including our Human Rights Statement, our Modern Slavery and Human Trafficking Statement and our Supplier Charter reinforce our commitment to SDGs.</p> <p>National and regional frameworks – We align with, and support, a number of frameworks and external commitments, including the UK Strategy for Financial Capability; HM Treasury's Alison Rose Review into Female Entrepreneurship; Business in the Community's Race at Work Charter for colleague inclusion; the UK Government's Code of Practice on Taxation for Banks; the Soft Commodities Compact for Consumer Goods; the United Nations Global Compact (UNGCG); UN Guiding Principles (UNGP), Partnership for Carbon Accounting Financials (PCAF); Science Based Targets initiative (SBTi), Principles for Responsible Investment (PRI); and the Equator Principles. We are signed up to the Collective Commitment on Climate Action (CCCA) and joined the industry-led UN-convened Net-Zero Banking Alliance. In April 2021, alongside 42 other banks and UNEP FI, we became founding members of the Glasgow Financial Alliance for Net Zero (GFANZ).</p> <p>2015 Paris Agreement alignment – We have set ourselves the challenge to at least halve the climate impact of our financing activity by 2030 and align with the 2015 Paris Agreement.</p>	<p>A Strategic report p13</p> <p>C Introduction p1, Strategy p18-46, Metrics and Targets p57-94</p> <p>E Committed to our focus on ESG p4, Climate p20-23, Enterprise p24-28, Learning p29-37</p> <p>W ESG Policies and Downloads Repository, GSS bond framework</p>



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High-level summary and some highlights in 2021

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Principle 2: Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis:

Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfils the following elements:

- Scope: The bank's core business areas, products/services across the main geographies that the bank operates in as described under 1.1. have been considered in the scope of the analysis.
- Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.
- Context & Relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.
- Scale and intensity/salience of impact: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services. (Your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))

Show that building on this analysis, the bank has:

Identified and disclosed its areas of most significant (potential) positive and negative impact.

Identified strategic business opportunities in relation to the increase of positive impacts/reduction of negative impacts.

PRB Portfolio Impact Assessment tool – In 2021 we undertook an initial Portfolio Analysis working alongside United Nations Environment Programme Finance Initiative (UNEP FI) using the PRB tool for an initial assessment of potential impacts in our lending book.

Scope and scale of exposure – We are predominately a UK business supporting retail, business banking, commercial and large corporate and institutional customers with a range of banking products.

Context & Relevance – The scope of portfolio analysis focused on data from our core business portfolios and the main geographies where we operate: Retail Banking and Commercial Banking in the mainly in the UK.

Scale and intensity/salience of impact – Our three areas of focus (Climate, Enterprise and Learning), seek to make positive impacts aligned with seven SDGs. The preliminary findings from the PRB tool were useful in identifying other possible positive and negative impact areas which complemented other processes of monitoring emerging areas of risk including ongoing stakeholder engagement, a 2021 ESG materiality assessment and emerging risk working groups and monitoring.

While the tool is still in its infancy, we will continue to work collaboratively with UNEP FI to address challenges and use the tool and its methodology to deepen our understanding of positive and negative impacts in our lending.

A Strategic report p2-80

E Committed to our focus on ESG p15

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.

We have demonstrated commitment and significant progress towards this principle by undertaking an initial portfolio impact analysis using the PRB tool, supplemented by new and existing processes to identify and monitor areas of impact. We anticipate further development of impact analysis and measurement and are committed to working collaboratively through the PRB.



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<p>2.2 Target Setting</p> <p>Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Timebound (SMART) targets, which address at least two of the identified 'areas of most significant impact', resulting from the bank's activities and provision of products and services. Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the 2015 Paris Climate Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline. Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximise the net positive.</p>	<p>As a PRB signatory we have been working to ensure that the ambitions for our three purpose focus areas contribute positively to the SDGs and we strive that they are aligned with the objectives of the 2015 Paris Agreement.</p> <p>Climate (SDG 7.1, 7.2, 13.1, 13.3, 17.17)</p> <ul style="list-style-type: none"> – We have an ambition to support our UK mortgage customers to increase their residential energy efficiency and incentivise purchasing of the most energy efficient homes, with an ambition that 50% of our mortgage book has an EPC or equivalent rating of C or above by 2030. – We plan to reduce the carbon intensity of our funds and discretionary portfolios by 50% by 2030 and to achieve net zero on discretionarily managed assets by 2050. – We intend to: 1) By 1 October 2024: phase out of coal for UK and non-UK customers who have UK coal production, coal fired generation and coal infrastructure. 2) By 1 January 2030: full phase out of coal. – We have an ambition to provide £100 billion Climate and Sustainable Funding and Financing between 1 July 2021 and the end of 2025. – We have an ambition to at least halve the climate impact of our financing activity by 2030 and align with the 2015 Paris Agreement. To do this, we plan to quantify our climate impact and set sector-specific targets by the end of 2022. – We plan to reduce carbon for our direct own operations by 50% by 2025, against a 2019 baseline. 	<p>A Strategic report p2-80</p> <p>C Introduction p3, Strategy p18-46, Metrics and Targets p57-94</p> <p>E Committed to our focus on ESG p4-19, Climate p20-23, Enterprise p24-28, Learning p29-37</p> <p>S Becoming a Net Zero Investor p20</p> <p>W Results & events, ESG Disclosures, Building a more inclusive bank</p>



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2.2 Target Setting continued	<p>Enterprise (SDG 5.5, 8.3, 10.2, 17.17)</p> <ul style="list-style-type: none"> – Support 35,000 businesses or individuals through enterprise programmes. 60% to female-led businesses, 20% to Black, Asian, and Minority Ethnic-led businesses; and 10% to people intending to create purpose-led businesses. – 200,000 interventions or interactions to start, run and grow a business. <p>Learning (SDG 4.4, 4.6, 10.2, 17.17)</p> <ul style="list-style-type: none"> – 15 million people reached through financial capability interactions delivered by 2023. – 2 million additional customers helped to start saving by 2023. – 100% front-line colleagues professionally accredited within first 18 months in role. – UK Social Mobility Apprenticeship Programme extended across multiple UK locations. <p>In addition to our three purpose focus areas, we have targets for:</p> <p>Gender</p> <ul style="list-style-type: none"> – We have a target to have full gender balance in our CEO-3 and above global roles by 2030. <p>Ethnicity</p> <ul style="list-style-type: none"> – Introduced in 2018, our ethnicity target is to have 14% Black, Asian and Minority Ethnic colleagues in our top four layers (CEO-4 and above) in the UK by 2025. – In 2020, we launched the Racial Equality Taskforce to listen, learn and better understand the barriers faced by colleagues, customers and communities from Black, Asian and Minority Ethnic backgrounds. The Taskforce set out ten commitments in the Banking on Racial Equality report, including a new UK target to have Black colleagues occupying 3% of UK roles (CEO-5 and above) by 2025. 	

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.

We have demonstrated commitment and progress towards this principle with the targets set and on-going participation of the UNEP FI target setting working groups. We anticipate further development and integration of the ability to measure and track progress including impact measurement and set further targets in the future.



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<p>2.3 Plans for Target Implementation and Monitoring</p> <p>Show that your bank has defined actions and milestones to meet the set targets. Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent</p>	<p>Purpose and strategic progress – We monitor and report our progress against our focus area targets and commitments, either quantitatively or qualitatively, where possible. Updates are provided to relevant executive and non-executive governance forums including the NatWest Group Board during the year, as well as within our external results.</p> <p>Baseline – In Q3, we published an overview of NatWest Group’s performance and measurement for a selection of our climate, purpose and ESG measures. This supplemented our business performance summary section of the NatWest Group plc Q3 2021 Interim Management Statement. The report details progress against targets and rationale for any changes. For example, we explained that during H1 2021 NatWest Group exceeded its 2020-21 target of providing an additional £20 billion Climate and Sustainable Funding and Financing in the two years ended 2021. Therefore, in October 2021, NatWest Group announced a new target to provide an additional £100 billion of Climate and Sustainable Funding and Financing between 1 July 2021 and the end of 2025.</p> <p>Assurance – NatWest Group plc appointed Ernst & Young LLP (EY) to provide independent assurance over certain sustainability data and disclosures presented in the Group’s 2021 Strategic Report, the 2021 Environmental, Social and Governance (ESG) Supplement, and the 2021 Climate Related Disclosure Report. An assurance report was issued and is available at natwestgroup.com. This report includes further details on the scope, respective responsibilities, work performed, limitations and conclusion.</p> <p>Net-zero carbon – While there was previously no standard definition of net zero, as part of COP26, in October 2021 the SBTi released the ‘SBTi Corporate Net-Zero Standard’, the world’s first net-zero framework which encapsulates the full value chain of Scope 3 and deep decarbonisation targets. For own operations to support NatWest Group’s public commitments to the Net Zero Banking Alliance, we plan to align to the SBTi’s definition and account for the wider value chain, including suppliers. We continue to aim to halve our direct own operational carbon footprint by 2025 and set stretching targets for the wider operational value chain to halve by 2030, with minimum 90% decarbonisation by 2050 for all emissions (excluding financed emissions, which is covered in more detail in section 5.7 page 80 of our Climate-related Disclosures Report 2021).</p>	<p>A Strategic report p2-80</p> <p>C Metrics and Targets p57-94</p> <p>E Committed to our focus on ESG p4-19, Climate p20-23, Enterprise p24-28, Learning p29-37</p> <p>W ESG Disclosures, External assurance</p>

Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.

We have demonstrated further commitment and progress towards this principle with the targets set and updates provided during the year. We anticipate further development on the ability to measure and track progress and set further targets in the future.



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<p>2.4 Progress on Implementing Targets for each target separately</p> <p>Show that your bank has implemented the actions it had previously defined to meet the set target. Or explain why actions could not be implemented/needed to be changed and how your bank is adapting its plan to meet its set target. Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)</p>	<p>Purpose and strategy progress – We have made significant progress on our purpose, areas of focus and related targets. Our progress includes:</p> <p>Climate (SDG 7.1, 7.2, 13.1, 13.3, 17.17)</p> <ul style="list-style-type: none"> – We have an ambition to support our UK mortgage customers to increase their residential energy efficiency and incentivise purchasing of the most energy efficient homes, with an ambition that 50% of our mortgage book has an EPC or equivalent rating of C or above by 2030. 38% of Retail Banking mortgages are at or above EPC rating C. £728 million Retail Banking Green Mortgage completions. – In 2021, the Coutts Asset Management Centre of Expertise reduced the carbon intensity of the equity holdings of all funds and discretionary portfolios, joined the Net Zero Asset Managers Initiative Asset Management and committed to reach net zero emissions across managed investments by 2050. Carbon intensity is calculated as carbon emissions per \$1 million of sales. Currently, this is only measured for equity holdings as data availability is better than for other asset classes. On average, equity holdings make up 60% of the total assets in the funds and portfolios. Carbon intensity data is sourced from external credible sources, at fund and underlying company level, and is used to calculate the weighted average carbon intensity for all in-scope assets under management. Where external data isn't available, proxies are selected that match the company/fund characteristics. Reductions compared to a 2019 baseline were due to actions taken within the funds and discretionary portfolios to shift to lower-carbon investments and through engagement with the companies and funds we invest in to encourage them to reduce their carbon emissions. As we work towards the ambition of reducing carbon intensity by 50% across all investments by 2030, we continue to enhance our data availability and expand coverage across all asset classes. The Coutts Asset Management Centre of Expertise has also divested from high-impact fossil fuels in its Coutts funds managed by BlackRock by excluding any companies that derive more than 5% of their revenue from thermal coal extraction, Arctic oil and gas and tar sands, and more than 25% of revenue from thermal coal energy generation. Following the launch of the BlackRock-managed funds at the end of 2020, we increased our voting activity five-fold and we continue to engage with more than 500 companies in the UK, EU and North America, supported by our stewardship partner EOS at Federated Hermes. The Coutts Asset Management Centre of Expertise reduced the carbon intensity of equity holdings of all funds and discretionary portfolios by an average of 38% compared with 31 December 2019. – We have an ambition to provide £100 billion Climate and Sustainable Funding and Financing between 1 July 2021 and the end of 2025. £17.5 billion Climate and Sustainable Funding and Financing completed, including £8.1 billion contribution towards our £100 billion target. – We have an ambition to at least halve the climate impact of our financing activity by 2030 and align with the 2015 Paris Agreement. To do this, we plan to quantify our climate impact and set sector-specific targets by the end of 2022. During 2021, we worked on enhancing our capabilities across additional corporate carbon intensive sectors. In addition, we extended the scope of emissions calculation for the Oil and Gas sector beyond extraction activities covered in 2020. We have now analysed 52% of our loans and investment portfolio based on our 2019 balance sheet and estimated financed emissions for a further eight high carbon emitting sectors. This builds upon progress in 2020, where we developed financed emissions estimates for four sectors. – During 2021, we reduced our direct own operations carbon footprint 46% against 2019 baseline. We plan to continue making significant emission reductions within our own operations, alongside investments to mitigate GHG emissions through carbon removal projects, programmes and solutions that provide benefits to climate, especially those that generate additional co-benefits for people and nature, in line with SBTi guidance. 	<p>A Strategic report p2-80</p> <p>C Introduction p3, Strategy p18-46, Metrics and Targets p57-94</p> <p>E Committed to our focus on ESG p4-19, Climate p20-23, Enterprise p24-28, Learning p29-37</p> <p>S Becoming a net-zero Investor p20</p> <p>W Results & events, ESG Disclosures, Building a more inclusive bank</p>



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<p>2.4 Progress on Implementing Targets for each target separately continued</p>	<ul style="list-style-type: none"> - We intend to: 1) By 1 October 2024: phase out of coal for UK and non-UK customers who have UK coal production, coal fired generation and coal infrastructure. 2) By 1 January 2030: full phase out of coal. Credible transition plan assessments completed for oil and gas majors and in scope coal customers: In 2021, we made additional enhancements to our power generation and mining and metals sector RAC which confirm that we will have no new exposure to thermal and lignite coal (coal). We plan to phase out of coal for UK and non-UK customers who have UK coal production, coal fired generation and coal related infrastructure by 1 October 2024, with a full global phase out by 1 January 2030. <p>Enterprise (SDG 5.5, 8.3, 10.2, 17.17)</p> <ul style="list-style-type: none"> - c.55,000 individuals and businesses supported through enterprise programmes. The distribution for the individuals or businesses supported is c.75% to UK regions outside of London and the South East; c.60% to female-led businesses, c.26% to Black, Asian, and/or Minority Ethnic-led businesses; and c.52% to people intending to create purpose-led businesses. - c.200,000 interventions delivered to start, run or grow a business in 2021. (Note: Represents approximate number of interventions delivered by and individuals supported through enterprise programmes during 2021, which is based upon data provided by third parties delivering these interventions without further independent verification by NatWest Group.) <p>Learning (SDG 4.4, 4.6, 10.2, 17.17)</p> <ul style="list-style-type: none"> - 8.95 million financial capability interactions delivered by the end of 2021. (Note: Includes additional initiatives approved during 2021 which met the criteria for inclusion in the financial capability target.) - 1.07 million additional customers helped to start saving by the end of 2021. (Note: Includes instances where customers had existing savings with other banks and transferred them into a NatWest Group account) - 99.6% front-line colleagues professionally accredited within first 18 months in role. 	



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<p>2.4 Progress on Implementing Targets for each target separately continued</p>	<p>Gender:</p> <ul style="list-style-type: none"> – We have a target to have full gender balance in our CEO-3 and above global roles by 2030. At 31 December 2021, we had, on aggregate, 38% women in our top three layers, a decline of 1% since 31 December 2020. While representing an increase of 9% since targets were introduced in 2015, we know we have more to do and we continue to focus on the recruitment, retention and advancement of women to meet our 2030 target. <p>Ethnicity:</p> <ul style="list-style-type: none"> – Introduced in 2018, our ethnicity target is to have 14% Black, Asian and Minority Ethnic colleagues in our top four layers (CEO-4 and above) in the UK by 2025. At 31 December 2021, of 86% of colleagues who disclosed their ethnicity in the top four layers in the UK, we have on aggregate 11% Black, Asian and Minority Ethnic colleagues. This represents a 3% increase since targets were introduced. Overall, of those who disclose their ethnicity, 17% of colleagues in the UK identify as Black, Asian and Minority Ethnic. – In 2020, we launched the Racial Equality Taskforce to listen, learn and better understand the barriers faced by colleagues, customers and communities from Black, Asian and Minority Ethnic backgrounds. The Taskforce set out ten commitments in the Banking on Racial Equality report, including a new UK target to have Black colleagues occupying 3% of UK roles (CEO-5 and above) by 2025. At 31 December 2021, we have 1.5% of colleagues who identify as Black in the top five layers in the UK. Overall, of those who disclose their ethnicity, 2% of our colleagues in the UK identify as Black. In 2021, we published a first anniversary update on the report, for full details refer to natwestgroup.com. 	

Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Implementing Targets.

As a PRB signatory we strive to positively contribute to the SDGs and align with the objectives of the 2015 Paris Agreement through our three purpose focus areas.



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High-level summary and some highlights in 2021

References for further details and full descriptions

Principle 3: Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.

We have a range of policies and practices in place to promote responsible relationships with our customers. Some examples include:

Purpose-led strategy – We are focusing on embedding purpose across our businesses and practices to further promote responsible relationships with our customers. Our four strategic priorities include supporting customers at every stage of their lives and being simple to deal with.

Culture & conduct – Our Code sets out our purpose and the values and behaviours we expect from each other. It underpins all our actions and interactions within the bank and in our external relationships and defines the principles for making responsible decisions, as well as the values behind our purpose and culture. Our ‘Yes Check’ is a key tool to help guide our thinking and decision-making, and includes questions to help us consider the perspectives of different stakeholders and the potential impact we could have before making the best decision. ‘Speak Up’ is the bank’s whistleblowing service for reporting any wrongdoing. Our colleague listening strategy which includes our colleague opinion surveys; a ‘Colleague Advisory Panel’ (**CAP**) that connects colleagues directly with our Board; the Colleague Experience Squad, a group of colleagues who volunteer to provide feedback on colleague products and services; and ‘Workplace’, our social media platform – all contribute to a deeper understanding of colleague sentiment. We also track metrics and key performance indicators to benchmark with sector and high-performing comparisons.

Environmental, social and ethical sensitive sectors – We acknowledge that the provision of products and services to customers operating in environmental, social and ethical (**ESE**) sensitive sectors creates the potential for harm to NatWest Group’s reputation through customer association. This includes association with customers that engage in activities linked to climate change. Our ESE risk framework gives clear guidance when dealing with customers, projects and transactions that present heightened ESE risk and includes specific risk acceptance criteria (**RAC**) for nine sectors. Customers that engage in activities included within a sector RAC are subject to enhanced due diligence at onboarding and throughout the customer lifecycle. In 2021, there were 305 customer ESE assessments completed and 166 of these fell within heightened climate risk sectors that have an ESE RAC in place (power, oil and gas, mining and metals, and forestry, fisheries and agribusiness).

Tackling modern slavery and human trafficking – Tackling modern slavery forms an integral part of our approach to human rights. We seek to tackle modern slavery and human trafficking through continued implementation of training and policies covering our customers, colleagues and suppliers and by monitoring our financing and supply chain for this activity.

Our Supplier Charter – The charter sets out our aims and expectations in the areas of ethical business conduct, human rights, environmental sustainability, diversity and inclusion, the Living Wage and prompt payment. It details what we expect from our suppliers, but also outlines our own commitments in these key areas and the outcomes we aim to achieve by working together. In 2021, led by NatWest Group’s Chief Administrative Officer and with collaboration from subject matter experts and policy owners, we have completed our first annual review of the charter.

A Strategic report p2-80

E Committed to our focus on ESG p4-19, Responsible business p38-59

W **ESG Policies and Downloads Repository, Conduct & Compliance, Business, human rights and modern slavery, Supplying goods and services**



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<p>3.2 Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>To achieve our targets outlined in 2.1, each purpose focus area is required to work with customers and clients from across our business to tackle the barriers faced. Some examples included:</p> <p>Climate Opportunities Group – In December 2020, the Climate Opportunities Group (COG) was established to support our ambition to be a leading bank in the UK in helping to address the climate challenge. It was recognised that to do so, a one-bank approach was required on climate opportunities. COG brings together colleagues from all business segments and sector specialties to conceptualise and develop opportunities that complement the NatWest Group climate ambition. The COG has looked to develop opportunities across five key themes: Green Finance, Clean Transport, Clean Buildings, Clean Energy and Carbon Tracking & Behaviours.</p> <p>ESG Advisory services – We offer ESG Advisory support to our corporate customers, providing tailored strategic ESG advice across a breadth of areas including ESG ratings management, benchmarking corporate sustainability strategies and disclosures, and structuring of all sustainable financing instruments including loans, private placements and bonds. We offer this service to all customers; it is not limited to those who have accessed our ESG-related products or those who have inherently sustainable business activities. In addition, we champion thought leadership on the corporate impact of ESG through our NatWest ‘On Point’ hub.</p> <p>Issuances under the GSS Bond Framework – In November 2019 we established our Green, Social and Sustainability Bond Framework(1) (the ‘GSS Framework’), which was further updated in October 2020 to include a wider range of eligible loans to support specified use of proceeds bonds that have a positive environmental and/or social impact. Green and social issuance represented c.43% of NatWest Groups senior unsecured funding in 2021, demonstrating our ongoing commitment to the growth of GSS bonds and providing further diversification to our investor base. To date, NatWest Group has issued two green bonds under its GSS Framework, both of which directly support our commitments to finance more renewable energy projects and provide more mortgage funding for energy efficient homes.</p> <p>Inspire & Enable Action in our Clients – Coutts clients are concerned about climate change and would like support to address it. We aspire to enable and support our clients to reduce their carbon footprint. Coutts will also work with the government, industry peers and stakeholders to achieve net-zero emissions.</p> <p>B Corp Assessment – In July 2021, Coutts officially became a B Corporation and scored 83.2 in the B Corp Impact Assessment (BIA) – a verified assessment of our environmental and societal performance. This compares to the median score for ordinary businesses of 50.9 and pass mark of 80.</p> <p>Responsible Investing – Coutts Asset Management Centre of Expertise incorporates ESG into every stage of its investment process. Research from the Coutts Council has illustrated that the vast majority of Coutts clients are concerned about climate change and would like their bank to address it. Having committed to net-zero investments by 2050, Coutts helps clients manage climate risks and reduce the carbon footprint of their investments. It will also work with stakeholders, industry peers and the government to achieve net-zero emissions.</p>	<p>A Strategic report p2-80</p> <p>C Introduction p3, Strategy p18-46</p> <p>E Committed to our focus on ESG p4-19, Climate p20-23, Enterprise p24-28, Learning p29-37</p> <p>S Becoming a net-zero Investor p20</p> <p>W Results & events, ESG Disclosures, Coutts B Corporation</p>



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<p>3.2 Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved. Continued</p>	<p>Supporting Business Customers – Against a backdrop of continued disruption due to COVID-19, we supported over 55,000 individuals and businesses through c.200,000 interventions in support of starting and growing a business. In 2021, we expanded the focus of our Business Builder programme, an online tool providing learning resources, to support businesses at all stages of their lifecycle.</p> <p>Over the past 12 months we have continued to deliver our award-winning Accelerator programmes virtually through coaching, workshops and events. By offering access to business expertise and a network of like-minded peers, the programme removes multiple barriers to enterprise, empowering UK entrepreneurs to scale their businesses to the next level. In addition, we launched the first of our Specialist Accelerators to allow us to bring network support to high-growth businesses in specific sectors across the UK.</p> <p>Research and experience tells us that access to experts and mentors is important for businesses at all stages. To support our customers, we launched our Mentor matching platform pilot with 100 NatWest Accelerator businesses now having access to 50 Coutts clients to act as mentors.</p> <p>Supporting Retail Banking Customers- In July 2021, we announced the launch of our carbon tracking app in collaboration with CoGo to enable personal customers to track their carbon footprint as they spend within our mobile app. Following a successful pilot, the carbon tracking feature went live in our mobile app in November 2021 and means we will be able to track and show customers the carbon footprint of their monthly spend. As a result, eight million customers can now see their carbon footprint within their NatWest, Royal Bank of Scotland or Ulster Bank NI banking app. We are the first bank in Europe to introduce features that will help customers analyse their spend and associated carbon footprint, and understand the impact of their spending on the environment and how to spend in a way which reduces their carbon footprint.</p> <p>Green Mortgages – In August 2021 we launched our Green remortgage product to complement the existing Green Mortgage purchase product which went live in October 2020. Retail Banking Green Mortgage products offer a lower interest rate for customers purchasing, porting or remortgaging a property with an EPC rating of A or B, rewarding them for helping drive the UK transition towards a net-zero economy. In November 2021 Retail Banking extended its Green Product offering to include Green buy-to-let Mortgages. The reduced interest rate for EPC A or B rated Buy to Let properties intends to encourage the purchase of energy efficient homes in this market.</p>	<p>E Committed to our focus on ESG p4-19, Responsible business p38-59</p>



UN Principles for Responsible Banking (PRB) reporting

Reporting and self-assessment requirement

High-level summary and some highlights in 2021

References for further details and full descriptions

Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.

Our approach to stakeholder engagement – When forming our purpose, we worked closely with 'Blueprint for Better Business', an independent charity which aims to enable a better society through better business. Its principles allow us to think more widely about our purpose and what is needed to bring it to life across our organisation: by being honest and fair with our customers and suppliers; acting as a responsible employer; operating as a good citizen in our communities; and being guardians for the next generation.

Our approach to stakeholder engagement covers board and company engagement with customers, colleagues, communities, suppliers, investors and regulators.

In 2021, our ESG materiality assessment involved a programme of stakeholder engagement to deepen our understanding of the ESG issues that matter most to them. The findings are used to inform our reporting, as well as our ongoing strategic thinking and help us remain focused on the right issues.

We identified climate, enterprise and learning as the three focus areas of our purpose where we can make a meaningful contribution, and our 2021 materiality assessment confirmed that broader ESG issues and those related to our core business responsibilities, are also important for many of our stakeholders.

Section 172(1) statement – The Board reviews and confirms its key stakeholder groups for the purposes of section 172 annually. For 2021, they remained customers, colleagues, communities and environment, investors, regulators and suppliers. For examples of how the Board has engaged with key stakeholders, including the impact on principal decisions refer to page 52 of our 2021 Strategic Report.

Communities – We were also once again in constant contact with our communities, including through our regional boards, leveraging existing relationships and forming new ones. Our seven regional boards are key to delivering the bank's strategy at a local level and championing potential across the UK. With membership drawn from across the bank, the local insight and strong teamwork of the boards is vital in demonstrating our purpose to the communities we are part of.

Partnership for the Goals – A strategic priority of NatWest Group is to be powered by partnerships, and progress across our three focus areas can only be achieved with collaboration. Refer to page 16 for some examples of our signatories, memberships and accreditations.

A Strategic report p2-80

E Committed to our focus on ESG p4-19

W Stakeholder engagement



Reporting and self-assessment requirement

High-level summary and some highlights in 2021

References for further details and full descriptions

Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

5.1 Describe the relevant governance structures, policies and procedures your bank has in place/its planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.

The Board – The Board establishes NatWest Group’s purpose, values and strategy and leads the development of NatWest Group culture. It oversees NatWest Group progress and performance as a purpose-led organisation. We are committed to the highest standards of corporate governance, business integrity and professionalism in all our activities. With the launch of our new purpose, we opted for an integrated approach to governance, ensuring purpose was appropriately embedded within our existing corporate governance framework and processes, and that these would support appropriate levels of oversight on ESG issues.

Executive committees – The Group Chief Executive Officer and senior executives are responsible for delivery of our purpose and Principles of Responsible Banking commitments.

Group Sustainable Banking Committee (Group SBC) – The SBC supports the Board in overseeing and challenging actions being taken by management to run NatWest Group as a sustainable business including challenging ESG ambitions and overseeing commitments to the PRB.

Group Executive Disclosure Committee – Chaired by Group CFO and supported by the ESG Disclosure Steering Group. Responsible for disclosure controls and procedures. Reviews all significant disclosures and ensures these are accurate and complete and fairly represent business and financial condition. This includes significant ESG disclosures.

Climate Governance – In line with the wider purpose and ESG governance model, climate governance is integrated in existing committees and builds areas of responsibility and expertise. Details of this and management’s role in assessing and managing climate-related risks and opportunities can be found in our 2021 Climate-Related Disclosures Report. Additional information on our approach to corporate governance can be found in the 2021 Annual Report and Accounts.

Independent advisors – Lord Stern continued as an independent advisor, highlighting our determination to be a leading bank in addressing the climate challenge.

Emerging Environmental Issues Working Group – In 2020, NatWest Group established the Emerging Environmental Issues Working Group, a cross-bank group that meets monthly to start to identify and track a wide range of environmental issues relevant for our business and make recommendations on the view to take on these issues. In 2021, in response to the issues related to environment we classified biodiversity and nature loss as a formal emerging risk for NatWest Group, underlining the importance of this to our organisation and our stakeholders. This is an evolving and complex 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.

Human Rights Steering Group – We have established a human rights steering group, a management group that brings representatives from across NatWest Group together to coordinate our activities, and to make recommendations to NatWest Group Executive Committee and Board to develop and strengthen our approach. In 2021, we worked with a specialist human rights consulting firm, twentyfifty, to undertake an analysis of how our existing policies, processes and governance perform against the global standard set out in the UNGPs. The analysis involved an assessment to identify our salient human rights issues. This work is ongoing and we will continue to report on our progress.

One Bank Diversity, Equity & Inclusion Action Committee – In line with our ‘One Bank’ transformation, which aims to break down internal barriers and build relationships across the organisation, we created a ‘One Bank Diversity, Equity & Inclusion Action Committee.’

A Strategic report p2-80

C Governance p12-17

E Committed to our focus on ESG p13, Responsible business p47

W **Terms of reference for the board, Business, human rights and modern slavery**

Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.

We have demonstrated commitment and progress towards this principle with the sustainability considerations and alignment with the principles being embedded in existing governance structures and responsibilities, we will continue to monitor our governance approach and work to update as needed to support the embedding of the principles.



UN Principles for Responsible Banking (PRB) reporting

Reporting and self-assessment requirement	High-level summary and some highlights in 2021	References for further details and full descriptions
<p>5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<p>Our Values – Our values are at the heart of how we deliver our purpose-led strategy, shaping our culture and guiding our actions. In 2021, responding to feedback from stakeholders, we have engaged with colleagues, customers and communities to re-envision a modernised set of values that fully align with our strategic priorities. These collaborative and evolved values will be launched in 2022 and will form an integral part of our company’s cultural identity.</p> <p>Our Code and policy documents – Our Code and the YES Check are supplemented by a number of key policies and supporting guidance to ensure legal and regulatory requirements are met. They outline the expectations of the Group, customers and regulators as well as the processes and procedures that must be followed. The policies also seek to ensure risk is managed in a way that protects our customers and enables business continuity, even during challenging times. They include policies relating to anti-bribery and corruption, anti-money laundering, sanctions, inside information and personal account dealing as well as complaints management, privacy and client confidentiality and our records management.</p> <p>Training and learning – We provide all colleagues with access to build future skills through the NatWest Group Academy (regardless of role, level, working pattern or location), bringing together learning opportunities and curated content into a single place. This supports our commitment for all colleagues to be upskilled in future-focused skills by 2025. A total of 80% of colleagues have used it since it launched in 2020, and in 2021 we’ve offered new topics including cybersecurity and innovation. The NatWest Group Academy has helped increase learning across NatWest Group by 10%, with our target (aligned to the UN Sustainable Development Goals) to increase NatWest Group colleague learning by 50% by 2023.</p> <p>Climate training – The annual Board climate training session in October helped to enhance directors’ climate-related knowledge. This was a comprehensive training session where representatives from executive management were joined by NatWest Group’s independent climate adviser, Lord Stern of Brentford, the Chair of the Grantham Research Institute on Climate Change and the Environment. Areas of focus included recent key external developments and their impact on NatWest Group, including evolving regulatory and investor expectations, as well as rising external expectations relating to the banking sector as a whole. Directors also discussed expectations for COP26 from a policy, business, and banking perspective.</p> <p>Chartered Banker Institute – In February 2020 we became the first bank to be awarded Corporate Chartered status by the Chartered Banker Institute in recognition of our continuing investment in professional development and our commitment to professional values and advocacy. 185 colleagues, predominantly in front-line and risk roles have undertaken professional qualifications in Green and Sustainable Finance and Climate Risk through the Chartered Banker Institute in 2021.</p>	<p>A Strategic report p2-80</p> <p>C Strategy p34</p> <p>E Committed to our focus on ESG p4-19, Climate p20-23, Learning p24-28, Enterprise p29-37</p> <p>W Compliance statements and remuneration policy</p>



UN Principles for Responsible Banking (PRB) reporting

Reporting and self-assessment requirement	High-level summary and some highlights in 2021	References for further details and full descriptions
<p>5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others. Continued</p>	<p>Sustainable Futures Network – Sustainable Futures (SF) is an employee-led network that connects and supports our people to embed sustainability at work and at home. Over 5,000 colleagues were upskilled through the Sustainable Futures Employee Led Network in 2021, including Climate Change 101 and the newly launched Biodiversity 101 training, which supports the Bank’s central education strategy to embed the climate knowledge and capability at a grass roots level.</p> <p>Climate-related education – We have focussed on three key education priorities throughout 2021 to support the achievement of our climate ambition:</p> <ol style="list-style-type: none"> 1. Providing easily accessible climate awareness content for colleagues, customers and communities through our NatWest Group Academy 2. Equip colleagues in priority and customer facing roles with the necessary climate capability to do their job, support customers transition and meet regulatory requirements 3. Inspire climate action and innovation through learning, thought leadership and global outreach <p>Some examples include:</p> <p>Climate Change Awareness Module – Launched a new Climate Change Awareness module in March, in collaboration with the University of Edinburgh Centre for Business, Climate Change and Sustainability (UoE B-CCaS). Over 12,000 colleagues completed this module in 2021, helping them to understand the impacts of climate change and the positive actions they can take.</p> <p>Climate Change Transformation programme – A bespoke Climate Change Transformation Programme was provided for 1,007 priority and customer facing colleagues during 2021, developed in partnership UoE B-CCaS. Developed specifically for NatWest Group to build climate capability through blended self-paced exercises and recorded discussions from a range of academics, all experts in their field. 85% of those that completed the programme were confident ‘knowing how to respond and make decisions on climate change impacts within the organisation’ compared to 32% at the start of the programme.</p> <p>Aligning executive remuneration to delivery of ESG measures: The value of long-term incentive awards made to executive directors (ED) is based on performance against a range of measures and targets. Over the past few years, these targets have increasingly been aligned to NatWest Group’s purpose, including targets related to climate, enterprise and financial capability with ESG metrics fully embedded. The ‘Blueprint for Better Business’ (BfBB) framework was used to complement the existing balanced scorecard.</p> <p>Full details of the 2021 performance assessment and the 2022 ED performance measures can be found in the NatWest Group Directors’ Remuneration Report.</p>	<p>E Committed to our focus on ESG p4-19, Climate p20-23</p>

Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles

We have demonstrated commitment and progress towards this principle with the sustainability considerations and alignment with the principles being embedded in existing governance structures and responsibilities. We will continue to monitor our governance approach and work to update as needed to support the embedding of the principles.



UN Principles for Responsible Banking (PRB) reporting

Reporting and self-assessment requirement	High-level summary and some highlights in 2021	References for further details and full descriptions
<p>5.3 Governance Structure for Implementation of the Principles Show that your bank has a governance structure in place for the implementation of the PRB including:</p> <ul style="list-style-type: none"> a) target-setting and actions to achieve targets set b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected. 	<p>The governance structure and sources signposted in 5.1 govern our purpose and sustainability matters including targets.</p> <p>Our purpose has been integrated into the format of governance-decision documentation to ensure that these are required to explain how the proposal, business area or update aligns to our purpose.</p> <p>Our targets have also been integrated into our executive remuneration to drive purpose-led decision-making.</p> <p>During 2021, we reinstated the Climate Education Working Group as part of climate governance and introduced climate governance within product lifecycle and conducted training across retail customer journey teams.</p> <p>PRB working groups – we have joined and engaged in the various working groups that UNEP FI established to support the embedding of the principles.</p>	<p>A Strategic report p2-80</p> <p>C Governance p12-17</p> <p>E Committed to our focus on ESG p4-19</p>

Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.

We have demonstrated commitment and progress towards this principle with the sustainability considerations and alignment with the principles being embedded in existing governance structures and responsibilities. We will continue to monitor our governance approach and work to update as needed to support the embedding of the principles.



UN Principles for Responsible Banking (PRB) reporting

Reporting and self-assessment requirement	High-level summary and some highlights in 2021	References for further details and full descriptions
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Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Progress on Implementing the Principles for Responsible Banking

Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas.

Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.

Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.

We have now been signatories to the Principles for Responsible Banking (PRB) for over two years. We remain committed to further aligning our strategy with the 2015 Paris Agreement and the UN Sustainable Development Goals.

In 2021, we responded to the collective progress survey, helping to build a global picture of the progress made by over 200 signatories. We welcomed recommendations on the report from the Civil Society Advisory Board, including recognising the importance of the UNGP, which we are striving to further align with through our approach to Human Rights.

We are signed up to the Collective Commitment on Climate Action (CCCA) and continue to support working groups and UNEP FI pilot programmes, such as the one on biodiversity impact.

We have welcomed the opportunity to participate in UNEP FI events and are grateful for presentations given to our colleagues through our Talent Academy and Sustainable Futures Network as we work to further embed the principles.

Climate-related Disclosures Report – Our 2021 reporting suite brings together NatWest Group's financial, non-financial and risk performance for the year including our 2021 Climate-related Disclosures Report. The reports are designed primarily to meet the expectations of our investors and debt holders (including green, social and sustainability (GSS) bonds), as well as regulators, ESG conscious investors and our wider stakeholders, including customers, colleagues and society more broadly.

Sustainable reporting frameworks – NatWest Group has been reporting with reference to the International Integrated Reporting Council (IIRC) and the Global Reporting Initiative (GRI) for a number of years. In 2020, in recognition of the increased focus from investors on the Sustainability Accounting Standards Board (SASB) standards, the newly issued UN Global Compact and World Economic Forum's Annual Meeting of the New Champions (better known as WEF IBC), Stakeholder Capitalism Metrics. We present roadmaps in this document detailing our current alignment and will work to develop further alignment in the future.

E Committed to our focus on ESG p15

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking.

We have demonstrated commitment and significant progress towards this principle but anticipate further development in the future.