

NatWest Group plc

# Supplier Charter

## A message from our Head of Supply Chain Services

NatWest Group plc (the Group) is committed to becoming a more sustainable business that can deliver better outcomes for our customers, colleagues, shareholders, and for wider society. At the heart of this approach is our purpose statement:

*We champion potential, helping people, families and businesses to thrive.*

Our purpose is something we aspire to live by every day and apply to everything we do, including our commitment to managing the wider social, environmental and economic impacts of our operations. To ensure that we maximise our positive influence, we need the support of our suppliers.

Our Charter replaces our previous Supplier Code of Conduct and sets out our aims and expectations in the areas of ethical business conduct, human rights, environmental sustainability and diversity and inclusion. It details what we expect from our suppliers, but importantly now clearly outlines what our own commitments are in these key areas and the outcomes we will aim to achieve by working together.

The size of our business means we purchase goods and services from a large number of suppliers, who will have their own sustainability standards and ambitions. We expect all of our suppliers to meet the requirements set out in legislation, regulation, and good industry practice and to ensure that their suppliers do the same.

We are committed to work with our suppliers to ensure that the principles set out in this Supplier Charter are met by ourselves, our suppliers and throughout our supply chain.

We are proud to be part of a diverse supply chain where no organisation, that shares our values, is precluded from working with us. Working together, towards common aims, we will encourage and enable a supply chain that is not only sustainable, but has a long-term positive impact on the global community as a whole.

The Charter is an important and foundational change, and is the start of a broader conversation about how we work together to share, measure and monitor progress. In support of this, we have partnered with a third party, who will help us to understand and measure our performance and the performance of our suppliers, enabling us to identify social, environmental and ethical improvements.

The Chief Administrative Officer is the Accountable Executive of our Supplier Charter, which is reviewed annually. Regular review ensures that the Charter continues to help us become a more sustainable business, delivering better outcomes for our customers, our shareholders and the communities in which we operate.

**John Hayes,**

Head of Supply Chain Services

## Business Conduct - Procurement Processes and the Supply Chain

Our relationships with our suppliers are based on fairness, transparency and integrity. It is our desire to be part of a supply chain that is based on those values and, as such, we encourage our suppliers to engage with their suppliers on the same basis.

<p><b>We are committed to</b></p> <ul style="list-style-type: none"> <li>• Complying with the highest standards of corporate governance, business integrity and professionalism in all our activities</li> <li>• Following our Supply Chain Policy; conducting our supplier tendering process in a fair and transparent manner and seeking to minimise barriers to working with us</li> <li>• Working collaboratively to encourage and support improvement throughout the supply chain, especially on Sustainability</li> <li>• Managing conflicts of interest fairly, effectively and efficiently</li> <li>• Carrying out due diligence and regular assessments of our key suppliers including screening against applicable sanctions lists</li> <li>• Welcoming whistleblowing reports from those acting on behalf of, or representing the bank. The bank's global whistleblowing service, is operated independently and enables concerns to be reported in confidence and anonymously, via: <a href="https://wrs.expolink.co.uk/rbs">https://wrs.expolink.co.uk/rbs</a></li> </ul>	<p><b>Our expectations of suppliers</b></p> <ul style="list-style-type: none"> <li>• Adhere to applicable national and international laws and regulations, including not providing services to the Group from a sanctioned territory</li> <li>• Carry out your own supplier tendering and assessment process in a transparent manner and with openness and integrity</li> <li>• Identify, prevent or manage conflicts of interest that might arise through the engagement with the Group, including any personal conflicts of interest that your staff may have</li> <li>• Eradicate Corruption, extortion or bribery in your own organisation and supply chain</li> <li>• Provide a grievance and whistleblowing mechanism for your own workforce</li> <li>• Implement the standards of this Charter with your own suppliers</li> </ul>
<p><b>What we will achieve</b></p> <p>Strong and secure supply chains that operate in line with best practice, free from corruption and wrong doing</p>	

## Prompt Payment

We are determined to pay our suppliers promptly for the services that they provide to us, and to make the process as easy as possible. Our standard payment terms are 30 days, which goes beyond our commitment undertaken as a signatory to the Government’s Prompt Payment Code, which requires payment to be made in 60 days.

<p><b>We are committed to</b></p> <ul style="list-style-type: none"> <li>• Paying our suppliers on time or early and giving them clear guidance on our payment procedures</li> <li>• Transparent reporting of our compliance to on time payment under the Payment Practices and Performance reporting statutory requirement</li> <li>• Using electronic invoicing channels to simplify and speed up the payment process, in key regions. Including offering early payment discounts</li> <li>• Encouraging our suppliers to adopt best practice, paying their suppliers on time and within 60 days</li> </ul>	<p><b>Our expectations of suppliers</b></p> <ul style="list-style-type: none"> <li>• Commitment to adopt the Prompt Payment benchmark of payment practice, paying 95% of invoices in 60 days</li> <li>• Consider paying suppliers early</li> <li>• Encourage your suppliers to adopt minimum standards of practice, paying 95% of invoices in 60 days</li> </ul>
<p><b>What we will achieve</b></p> <p>A strong supply chain where payment is made on time from the first link in the chain to the last, including, better support for Small to Medium Enterprise (SME) suppliers through early payment</p>	

## Real Living Wage

We believe that it is important to go beyond the minimum government standards and to pay employees a wage that meets the true cost of living. As such, we have gained accreditation as a Living Wage Employer from the Living Wage Foundation. This means that as well as paying our own employees the Real Living Wage, we have extended this commitment to our contractors and suppliers across the UK.

<p><b>We are committed to</b></p> <ul style="list-style-type: none"> <li>• Extending the real living wage to our contractors and suppliers across the UK</li> <li>• Encouraging our suppliers to gain accreditation to the Living Wage Foundation</li> </ul>	<p><b>Our expectations of Suppliers</b></p> <ul style="list-style-type: none"> <li>• Meet Minimum and National Living Wage requirements and consider becoming accredited to the Living Wage Foundation</li> <li>• Apply the Real Living Wage to employees, where agreed contractually with us</li> </ul>
<p><b>What we will achieve</b></p> <p>A supply chain where employees feel valued and are paid a wage that supports the cost of living</p>	

## Environmental Sustainability

We view climate change, resource scarcity, and biodiversity loss, and their associated impacts as major risks to the livelihoods of our customers and society at large, both currently and in the years to come. Climate change is one of the biggest challenges of our lifetime and we are determined to not just play our part, but to lead on the collaboration and cooperation that is so critical to influencing the transition to a low carbon economy. Our Purpose Led Strategy includes Climate Change as a key focus area.

<p><b>We are committed to</b></p> <ul style="list-style-type: none"> <li>• Alignment with the 2015 Paris Agreement, making our own footprint net carbon zero in 2020 and climate positive by 2025</li> <li>• Halving the climate impact of our financing activity by 2030</li> <li>• Climate Group initiatives on energy productivity, electric vehicles, and renewable power (EP, EV &amp; RE 100)</li> <li>• Reducing waste and paper consumption and eliminating single use plastic by 2025</li> <li>• Working collaboratively with suppliers to quantify the impact of supplier activities and create a framework for engagement by 2022</li> <li>• Collaborative innovation with select suppliers to develop products and services and improve our shared environmental performance by 2025</li> <li>• Supporting <u>Sustainable Development Goals</u>. The focus area of Climate in our Purpose Led Strategy aligns with Goal 7 Affordable and Clean Energy, 13 Climate Action and 17, Partnering for the Goals</li> <li>• Operating in accordance with the ten principles of the United Nations Global Compact, upholding these throughout our sphere of influence including suppliers</li> <li>• Supporting our stakeholders in transitioning to a low carbon economy with an additional £20bn of funding 2020-22</li> <li>• Working proactively to fight against the illegal wildlife trade as a member of the United for Wildlife task force</li> </ul>	<p><b>Our expectations of suppliers</b></p> <ul style="list-style-type: none"> <li>• Abide by all legislation and regulation relating to the protection of the environment</li> <li>• Consider how your business could support the transition to net zero in line with the 2015 Paris Agreement</li> <li>• Consider how your business could support our transition to net zero in 2020 and climate positive by 2025</li> <li>• Measure performance and manage operations in accordance with good environmental practice, including policies and procedures to reduce greenhouse gas emissions, energy, travel, water, waste, paper, single use plastic and pollution of land, air and water</li> <li>• Collaborate with us and innovate to develop products and services which will help improve environmental performance</li> <li>• In your sector and supply chain: identify the direct and associated environmental opportunities and risks to maximise benefits and avoid threats</li> <li>• Support Sustainable Development Goals which seek environmental progress for the planet</li> <li>• Not cause environmental damage to nationally or internationally protected areas including UNESCO World Heritage sites, Ramsar sites, Man &amp; Biosphere sites, Marine Protected Areas and FSC High Conservation Value Forests</li> <li>• Not damage plants and animals listed on the IUCN Red List of critically endangered species and be working to enhance biodiversity</li> </ul>
<p><b>What we will achieve</b></p> <p>A supply chain which consistently upholds high standards in environmental protection and actively collaborates to maximise environmental benefit and mitigate environmental risks</p>	

## Human Rights and Modern Slavery

We are committed to our responsibilities to respect and uphold human rights across our business and sphere of influence. The Modern Slavery Act 2015 (MSA) is integral to our approach to Human Rights.

<p><b>We are committed to</b></p> <ul style="list-style-type: none"> <li>Aligning our approach to human rights with the following standards and principles; The Equator Principles, International Labour Organisation’s Declaration of Fundamental Principles and Rights at Work, OECD Guidelines for Multinational Enterprises, United Nations Global Compact, Universal Declaration of Human Rights, United Nations Guiding Principles on Business and Human Rights, Women Empowerment Principles and the Living Wage Foundation</li> <li>Meeting the requirements of the Modern Slavery Act 2015 (MSA), including the annual publication our MSA Statement</li> <li>Never using child labour, forced labour, or unacceptable working hours and conditions and at all times, upholding the right to collective bargaining, freedom of association, safety in the workplace, freedom to work without being harassed</li> <li>Providing flexible working arrangements for the bank, employees and workers. We do not offer zero hours contracts</li> <li>Support <u>Sustainable Development Goal 8</u> Decent Work &amp; Economic Growth, including target 8.7 to take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms</li> </ul>	<p><b>Our expectations of suppliers</b></p> <ul style="list-style-type: none"> <li>Comply with the Modern Slavery Act, which covers the offences of slavery, servitude, forced and compulsory labour and human trafficking</li> <li>Not to use child labour, including but not limited to Article 3 ILO Convention 182, or forced labour, as defined by the ILO Convention C029</li> <li>Ensure working hours are in accordance with local regulation &amp; industry best practice and avoid zero hours contracts</li> <li>Uphold the freedom of association and the effective recognition of the right to collective bargaining</li> <li>Provide a healthy and safe working environment in accordance with national and international legislation and create a culture of wellbeing</li> <li>Respect the human rights of the local communities within your business operations</li> <li>Identify and help mitigate social and ethical risks that exist within your sector and your own supply chain</li> <li>Support Sustainable Development Goal target 8.7</li> </ul>
<p><b>What we will achieve</b></p> <p>A supply chain that upholds the highest possible standards in human rights, eradicating modern slavery</p>	

## Diversity and Inclusion

We are proud to be building an inclusive bank which is a great place for all colleagues to work. In support of this we have inclusion guidelines and plans which apply to all our colleagues globally, ensuring that everyone feels included and valued, regardless of their background.

<p><b>We are committed to</b></p> <ul style="list-style-type: none"> <li>• Eliminating all forms of discrimination on the grounds of age, disability, gender reassignment, race, religion or belief, gender, sexual orientation, marriage and civil partnership, and pregnancy and maternity</li> <li>• Ensuring that our people policies and processes are inclusive and accessible – from how we attract and recruit, to how we reward and engage colleagues</li> <li>• Achieving an inclusive workplace, supporting our strong colleague led networks and providing flexible working practices across the organisation</li> <li>• Providing inclusion and diversity learning to create a solid platform for behavioural and cultural change</li> <li>• Treating our suppliers with integrity and respect. Promoting the principles of inclusion and diversity throughout our supply chains</li> <li>• Building a fully gender balanced organisation by 2030 and improving representation of Black, Asian and Minority Ethnic (BAME) colleagues in our top four leadership layers</li> <li>• Supporting <u>Sustainable Development Goals</u> 5 Gender Equality, and 10 Reduced Inequalities through the focus areas of Enterprise and Learning in our Purpose Led Strategy</li> </ul>	<p><b>Our expectations of suppliers</b></p> <ul style="list-style-type: none"> <li>• Meet the requirements of the Equality Act (2010) by ensuring that all products, services, devices and environments are fully inclusive and accessible for customers, clients and staff</li> <li>• Seek to eliminate all forms of discrimination on the grounds of age, disability, gender reassignment, race, religion or belief, gender, sexual orientation, marriage and civil partnership, and pregnancy and maternity within their organisation and across their own supply chains</li> <li>• Develop a view on implementing gender and ethnicity targets in leadership teams</li> <li>• Consider making external commitments in relation to your organisations own inclusion agenda</li> <li>• Use the best available guidance to identify and address unconscious bias in your organisation</li> <li>• Support Sustainable Development Goals which seek to eradicate inequality</li> </ul>
<p><b>What we will achieve</b></p> <p>Diverse and inclusive workplaces with environments that allow everyone to bring the best of themselves to work for our colleagues and our supply chain partners. Resulting in a stronger, better, supply chain, able to draw on varied resources for the benefit of all, representing and supporting local communities.</p>	