

Terms of Reference

Chairman	An independent non-executive director of NatWest Group plc (“NWG”).
Members	At least three independent non-executive directors of NWG, one of whom is the Chairman of the Group Audit Committee.
Attendees	<ul style="list-style-type: none"> • Group Chairman • Group Chief Executive Officer • Group Chief Financial Officer • Group Chief Risk Officer • Group Chief Audit Executive • Group Chief Legal Officer & General Counsel
Additional Invitees	<ul style="list-style-type: none"> • The Chief Executive Officers (or equivalents) of relevant legal entities and franchises will attend as required. • Specialists may be requested to attend for specific items or to make presentations to the Committee.
Quorum	Two members, one of whom is the Chairman of the Committee or Chairman of the Group Audit Committee.
Meeting Frequency	<ul style="list-style-type: none"> • A minimum of four meetings per annum. • Ad hoc meetings can be called, as required, at the request of the Group Chairman, a Committee member, the Group Chief Executive Officer, the Group Chief Risk Officer or the Group Chief Audit Executive.
Secretary	Corporate Governance
This Committee receives its authority from	<ul style="list-style-type: none"> • The Committee operates under delegated authority from the NWG Board. • The Committee is authorised: <ul style="list-style-type: none"> ○ to undertake and investigate any activity within its remit; and ○ to obtain any information it requires from any employee of NWG and/or its subsidiaries and to call any employee to be questioned at its meetings as and when required, acting within the remit and purpose of its Terms of Reference.
Purpose of this Committee	<p>The Committee will be responsible for:-</p> <ul style="list-style-type: none"> • Providing oversight and advice to the NWG Board in relation to (i) current and potential future risk exposures of NWG and its subsidiaries, including indirect subsidiaries (the “Group”) and future risk profile, including oversight of Group risk appetite; and (ii) oversight of the effectiveness of the Enterprise Wide Risk Management Framework (“EWRMF”) and (in conjunction with the Group Audit Committee) internal controls required to manage risk. • Assisting on such other matters as may be referred to it by the NWG Board. • Acting as the Board Risk Committee of the NWG Board. • Promoting a risk awareness culture within the Group.
Scope of this Committee’s oversight and responsibility	<p>Risk Framework and Policy</p> <ul style="list-style-type: none"> • To review the adequacy and effectiveness of the EWRMF across the Group. • To receive management information in relation to material breaches of the

NatWest Group Policy Framework, including resultant actions in respect of such breaches.

Risk Profile

In conjunction with the Group Audit Committee, review the effectiveness of internal controls required to manage risk. In undertaking this responsibility the Committee shall:

- Review the performance of the Group relative to risk appetite and monitor any risk trends and concentrations. Review all material risk exposures and management's recommendations to monitor and control such exposures, including capital, liquidity & funding, earnings volatility, credit risk, pension risk, traded & non-traded market risk, conduct risk, financial crime, operational risk (in particular those risks for which the NWG Board sets risk appetite measures), reputational risk, model risk, and regulatory compliance risk.
- Consider the Group's risk profile relative to current and future Group strategy. Review the due diligence of any proposed material strategic transaction (involving a merger, acquisition or disposal) prior to the NWG Board approval of the transaction, and monitor the risks associated with the delivery of any such transaction.
- Exercise oversight of the material execution risks inherent within material major change programmes Group-wide.
- Receive and review reports from the Chief Legal Officer and General Counsel on key legal and regulatory risks and developments affecting the Group.
- Consider material findings from regulatory reviews and interactions with regulators which impact on risk governance or risk management processes.
- Review whether the prices of liabilities and assets offered to clients take fully into account the business model and risk strategy of the Group.
- Report to the NWG Board on its consideration of the above matters, identifying those areas where improvement is needed and make recommendations as appropriate.

Risk Appetite, Framework and Limits

- To consider and recommend for approval by the NWG Board a Group-wide risk appetite framework (the "Framework").
- To consider and recommend for approval by the NWG Board qualitative statements of appetite for all key risks and quantitative risk appetite measures for those key risks classified as Board Approved, all in accordance with the Framework.
- To review the quantitative risk appetite measures for those key risks classified as Executive Approved under the Framework.
- To oversee management's implementation of the Framework and the embedding of risk appetite within the Group, including management's response to breaches of risk appetite in accordance with the Framework.
- To review and approve the Group's most material credit exposures / transactions, considering the Group's risk appetite for the transaction from the perspective of strategic coherence and capital deployment, in accordance with the Large Transaction Approval Process.

Capital and Liquidity

- To receive reports that explain the impact of crystallisation of risks and
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threats identified through rigorous Enterprise-wide stress and scenario testing of the Group's business and to consider the level of risk mitigation in place.

- To approve the key assumptions, vulnerabilities and scenario themes identified and expanded metrics to be used in both internal and regulatory Group-wide Enterprise-wide stress tests and regulatory submissions.
- To consider and recommend for approval to the NWG Board:
 - the results of material Enterprise-wide stress tests (including mitigants) where appropriate.
 - material Group regulatory submissions and returns following Executive review, in particular in relation to the Internal Capital Adequacy Assessment Process; the Individual Liquidity Adequacy Assessment Process; the Recovery Plan; the Resolution Plan and the report of the Group's assessment of its preparations for resolution.
 - any NWG capital distribution proposals.

Risk Operating Model

- To review the operating model and adequacy and effectiveness of resource within Risk Group-wide, as well as Risk's access to information and independence from management.
- To review and monitor the effectiveness of the Group Chief Risk Officer.

Models

- To receive reports on the management of model risk under the model risk framework including performance against that framework.
- To review compliance with regulatory expectations for the use of models in stress testing.

Risk Data Aggregation and Reporting

- To review and approve the Group's risk data aggregation and risk reporting framework, as well as adequacy of resources deployed.

Remuneration

- To provide advice to the Group Performance and Remuneration Committee ("Group RemCo") to enable the Group RemCo to consider adjustments to the Group bonus pool to reflect risk management.
- To review the annual risk and control performance goals of Group Executive Committee members and formal attendees ("Group ExCo") and recommend these to the Group RemCo.
- To review the year-end performance of Group ExCo against risk and control performance goals and advise the Group RemCo of any specific recommendations as appropriate.
- To consider regulatory reportable events/other significant Group-wide investigations and resulting accountability reviews and to advise the Group RemCo on any concerns as to the appropriateness of the recommendations from a risk perspective.
- To review and provide recommendations to the Group RemCo regarding (i) LTI performance measures of Group ExCo to monitor that risk perspectives are appropriately reflected; and (ii) the effectiveness of risk management during the relevant LTI performance period(s) prior to the grant and vesting of the LTI awards to Group ExCo.

Group Chief Risk Officer

- The Group Chief Risk Officer ("Group CRO") will report directly to the
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Group Chief Executive Officer, with a secondary reporting line to the Chairman of the Committee and a right of access to the Committee.

- The Committee will make recommendations to the NWG Board on the appointment of the Group CRO following recommendation by the Group Chief Executive Officer and the acceptance, agreement and the specific terms of the resignation or termination of contract for the Group CRO as required.
- The Committee Chairman will discuss the remuneration arrangements of the Group CRO with the Chairman of the Group RemCo as required.

Performance Review

- The Committee will arrange periodic assessments of its own performance and review periodically its terms of reference and recommend any changes to the NWG Board for approval.

Other

- The Committee may engage independent counsel and other advisers, as it determines necessary, to carry out its duties. The Committee may also obtain appropriate funding, as it so determines, for payment of compensation to such advisers, to any auditors and for ordinary administrative expenses of the Committee that are necessary or appropriate for carrying out its duties.

Escalation

- The Committee will report to the NWG Board, identifying any matters within its remit in respect of which it considers that action or improvement is needed, and making recommendations as to the steps to be taken.
- The minutes of the Committee will be made available to the NWG Board. The Committee will receive updates from the Group Executive Risk Committee and will review all matters that are referred to it by relevant accountable executives for consideration.
- The members and attendees of NatWest Holdings Limited Board Risk Committee are members of, or attend, the Group Board Risk Committee and meetings are largely held concurrently. The Committee will receive updates from the Risk Committees of NatWest Markets Plc and The Royal Bank of Scotland International (Holdings) Limited and will review all matters referred to it by those fora for consideration.

ToR last approved on

Group BRC – 9 June 2020

The Royal Bank of Scotland Group plc Board – 10 June 2020
