

UN Principles for Responsible Banking reporting (PRB)

Natwest Group became a founding signatory of the UN PRB in September 2019, and we are committed to an on-going process to further align our strategy to the objectives of the 2015 Paris Agreement and the UN Sustainable Development Goals (SDGs). In February 2020 we announced a new purpose-led strategy; we champion potential, helping people, families and businesses to thrive.

We recognise that our business can have both positive and negative impacts on the SDGs. Our three areas of focus are climate, enterprise and learning, and across them we seek to take action against climate change, promote entrepreneurship and enhance financial capability.

Our ambitions address negative impacts and tackle the barriers that stand in the way of potential. To achieve our purpose we are working collaboratively with colleagues, customers, communities and expert stakeholders and we strive to make positive contributions to the SDGs, with our commitments aligned to the targets of seven goals where we believe we can make the most impact.

This is our first PRB self-assessment report and demonstrates our year one progress against all six principles. Our report uses the PRB template and our disclosure is included within the scope of EY's limited assurance. **For further details of our assurance refer to page 115.**

Key

A	2020 Annual Report and Accounts
C	Climate-related disclosures report 2020
E	2020 ESG Supplement
W	NatWest Group Website

Reporting and self-assessment requirement

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, the Paris Climate Agreement and relevant national and regional frameworks.

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.

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.

High level summary and some highlights in 2020

NatWest Group is a leading banking and financial services group in the UK and Ireland. We operate through a number of well-known banking brands and have a presence on the high street through our customer facing brands – NatWest, Royal Bank of Scotland and Ulster Bank. We are the largest supporter of UK business, banking around 1 in 4 businesses across the UK. NatWest Markets help our corporate and institutional clients manage their financial risks and achieve their short and long-term financial goals.

We provide financial services to personal, commercial, large corporate and institutional customers. We earn income from interest gained on loans to our personal, business and commercial customers, as well as fees from customer transactions and other services. We pay interest to customers and investors who have placed deposits with us and bought our debt securities. We also pay customer benefits, through loyalty products like our Reward Account. The attributable profit generated is either reinvested to improve products and services for our customers or returned to shareholders.

In February 2020 we announced our new purpose: we champion potential, helping people, families and businesses to thrive. Our purpose guides our strategic decision making and addresses the barriers which hold potential back.

Purpose focus areas – we have prioritised three initial areas of focus:

- **Climate**, and the active role we can play to support the transition to a low carbon economy, including the challenge we set ourselves to at least halve the climate impact of our financing activity by 2030 and do what is necessary to achieve alignment with the objectives of the 2015 Paris Agreement;
- **Enterprise**, and the barriers that too many face to starting a business; and
- **Learning**, and what we can do to improve financial capability and confidence for our customers, as well as establishing a dynamic learning culture for our colleagues.

Our focus areas have been mapped to the 169 UN SDG targets and seven SDG goals were prioritised as ones we will strive to make a positive contribution toward: 4, 5, 7, 8, 10, 13 and 17.

Policies and commitments – in 2020 we have started to update our key policies and commitments to include reference to the relevant SDGs including our new Supplier Charter, our Modern Slavery and Human Trafficking Statement and our updated Human Rights Statement.

Green, Social and Sustainability Bond Framework – our Green, Social and Sustainability (GSS) bond framework that was issued in July 2019 and updated in October 2020 is aligned to the SDGs.

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 UNGC; PCAF; SBTi and the Equator Principles.

2015 Paris Agreement alignment – In February 2020, we set ourselves the challenge to at least halve the climate impact of our financing activity by 2030 and to do what is necessary to achieve alignment with the 2015 Paris Agreement. During 2020, we worked on developing our capabilities to estimate our financed emissions to enable us to identify, assess and manage climate-related risks and opportunities, understand the drivers of climate-related transition risks and opportunities in our business, set emissions reduction goals and act to reduce our climate impact. During 2020, we started to undertake analysis of our financing activities to understand the climate impact of both our portfolio and specific sectors and have collaborated and joined working groups on this including PCAF, the SBTi and the United Nations Collective Commitment to Climate Action (CCCA).

References for further details and full descriptions

A Building a purpose-led bank p16 to 45

E Building a purpose-led bank p5 to 23

A 2020 highlights and progress p4 to 15, Building a purpose-led bank p16 to 45, Our stakeholders p57 to 61, Governance and compliance p69 to 83

E Building a purpose-led bank p5 to 23

W **Downloads; GSS Bond Framework**

UN Principles for Responsible Banking reporting (PRB) continued

Reporting and self-assessment requirement

High level summary and some highlights in 2020

References for further details and full descriptions

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.

In 2020 we continued to develop our understanding and ability to measure the areas where we can have the most significant potential positive and negative impact.

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

PRB Portfolio Impact Assessment tool – we completed a desk top exercise using the UNEP FI excel tool which assists banks with developing the ability to embed impact methodology and capability. The output was aligned to our wider understanding of our key areas of focus. We anticipate working collaboratively in the future to develop an impact methodology and capability.

Purpose-led strategy – we worked with not-for-profit Blueprint for Better Business to set our purpose-led strategy. We have leveraged their framework to inform how we work to embed purpose and ensure we focus on the potential positive and negative impacts areas effectively.

Purpose focus areas – our three initial areas of focus were identified after extensive stakeholder engagement, analysis of megatrends and management and Board consideration. They are the areas we believe we can make the biggest impact for customers, society and the environment.

Our operating environment – we published an integrated materiality assessment of the most important considerations with the potential to influence our ability to serve customers and create value for the long term. Factors that inform our assessment include our stakeholders and the SDGs.

Preliminary estimates of financed emissions – during 2020, we focused on estimating financed emissions and preliminary emissions intensities for four sectors: residential mortgages, agriculture (primary farming), automotive manufacturers and oil and gas extractors. These four sectors were selected based on their proportion of the NatWest Group's total loans and investments as at 31 December 2019 in combination with climate impacts associated with the sector. The different characteristics of these sectors enabled us to build a better understanding of opportunities and challenges for aligning to the 2015 Paris Agreement, specific to these sectors.

A 2020 highlights and progress p12 to 15, Building a purpose-led Bank p16 to 27, Risk management p64, Governance and compliance p69 to 83

C Introduction p8 to 10, Metrics and targets p40 to 61

E Building a purpose-led bank p5 to 23 Climate p24 to 36, Enterprise p37 to 43, Learning p44 to 52

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 but anticipate further development in the future supported by the development of impact analysis and measurement. We anticipate working collaboratively in the future to develop an impact methodology and capability.

Key

- A** 2020 Annual Report and Accounts
C Climate-related disclosures report 2020
E 2020 ESG Supplement
W NatWest Group Website

UN Principles for Responsible Banking reporting (PRB) continued

Reporting and self-assessment requirement

2.2 Target Setting

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 Paris 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.

High level summary and some highlights in 2020

As a PRB signatory we have worked to ensure the targets for our three purpose focus areas contribute positively to the SDGs and are ambitious in alignment with the objectives of the 2015 Paris Agreement.

Climate

- Making our own operations Climate Positive by 2025.
- 50% of our UK and Ireland mortgage customers’ homes at or above EPC or equivalent rating C by 2030.
- At least halve the impact of our climate financing activity by 2030.
- £20bn additional funding and financing for climate and sustainable finance by 2021.
- Stop lending and underwriting to companies with >15% of activities related to thermal and lignite coal and to all major oil and gas producers, unless they have a credible transition plan.

Enterprise

- 50,000 incremental new businesses created by 2023 through inspiring and supporting over 500,000 people.
- 60% of those inspired and supported will be female.
- 20% of those inspired and supported will be Black, Asian and Minority Ethnic.
- 75% of those inspired and supported will be based outside London and the South East.
- 10% are social purpose-led.

Learning

- 2.5m people reached through financial capability interactions each year.
- 2m additional customers helped to start saving by 2023.
- 100% front-line colleagues professionally qualified/ accredited within first 18 months in role.
- Social Mobility Apprenticeship Programme extended across the UK.

In addition to our three purpose focus areas, we have targets for:

Gender

- To be fully gender balanced by 2030.
- To have at least 30% women in our global top three layers of each of our business areas by the end of 2020.

Ethnicity

- To have at least 14% Black, Asian, and Minority Ethnic colleagues in our top four UK leadership layers by 2025.

In 2020 we introduced a new goal to have 3% Black colleagues in our UK senior roles by 2025.

We have joined the UNEP FI working groups on Gender Equality, Financial Inclusion and Biodiversity Target Setting and contributed to the guidance documents that are being prepared. We are also signatories of the CCCA, the first collective action working group on climate action.

In 2020, we took part in Phase II of the UNEP FI pilot alongside 38 peer banks. As part of this, we conducted an exploratory climate scenario analysis on future flooding impacts on our mortgage portfolio, using a combination of analysis within the Group and the UNEP FI tool to estimate future risks resulting from increased flooding. This was published as a case study in the UNEP FI report “Charting a New Climate”. More widely, we have worked extensively to integrate climate into Risk Management and mitigate negative impacts through our ESE Policies.

References for further details and full descriptions

- A** Building a purpose-led bank p16 to 45
- C** Strategy p11 to 28
- E** Building a purpose-led bank p6, 7, 9, 18 and 19, Climate p25, Enterprise p38, Learning p45

Key

- A** 2020 Annual Report and Accounts
- C** Climate-related disclosures report 2020
- E** 2020 ESG Supplement
- W** NatWest Group Website

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

We have demonstrated commitment and progress towards this principle with the targets set and work we have completed with the UNEP FI target setting working group, but we anticipate further development and integration of the ability to measure and track progress including impact measurement and set further targets in the future.

UN Principles for Responsible Banking reporting (PRB) continued

Reporting and self-assessment requirement

2.3 Plans for Target Implementation and Monitoring

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.

High level summary and some highlights in 2020

Purpose and strategic progress – we monitor and report our progress against our purpose and sustainability targets and commitments, either quantitatively or qualitatively as appropriate. Updates have been provided to relevant executive and non-executive governance forums including the NatWest Group Board during the year as well as within our external results.

Assurance – limited assurance is provided by our Auditors EY covering ten specific Sustainability metrics.

References for further details and full descriptions

- A** 2020 highlights and progress p8 to 15, Governance and compliance p69 to 83
- C** Strategy p11 to 28, Metrics and Targets p40 to 65
- E** Building a purpose-led bank p5 to 23, Climate p24 to 36, Enterprise p37 to 43, Learning p44 to 52
- W** **Results & events**

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

We have demonstrated 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.

2.4 Progress on Implementing Targets for each target separately

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).

Purpose and strategic progress – we have made significant progress on our purpose, areas of focus and related targets. Our progress includes:

Climate:

- We have achieved Net Zero Carbon on our own operations in 2020 and remain committed to making them Climate Positive by 2025.
- 36% of Retail Banking mortgages in England and Wales are at or above EPC rating C.
- Since launching in October 2020, we have received 1,229 applications for Green Mortgages, with a value of £315 million. These mortgages are only available on the most energy efficient properties.
- £12 billion climate and sustainable financing and funding has been completed, enabling us to bring forward our £20 billion target from 2022 to 2021.
- NatWest Markets has helped our clients issue 36 green bonds totalling £23 billion to support their environmental activities.
- NatWest Group became the principal banking partner for the COP26 summit, a clear demonstration tackling climate change is at the core of our purpose.
- We achieved a score of A- in the 2020 CDP Climate Change Survey, one of the strongest scores amongst our peers.

Enterprise:

- 1,926 incremental businesses created in 2020, below our 2020 target of 6,500 new businesses, reflecting the impact of COVID-19 on business creation.
- 80% of 60,788 people inspired and supported identified as female.
- 72% of 60,788 people inspired and supported were based outside London and the South East, slightly below our target of 75%.
- 52% of 60,788 people inspired and supported were social purpose-led.
- 26% of 60,788 people inspired and supported were Black, Asian and Minority Ethnic.

- A** 2020 highlights and progress p4 to 5, Building a purpose-led bank p17 and 19 to 21
- C** Strategy p11 to 28
- E** Building a purpose-led bank p5 to 23, Climate p24 to 36, Enterprise p37 to 43, Learning p44 to 52
- W** **Results & events**

Key

- A** 2020 Annual Report and Accounts
- C** Climate-related disclosures report 2020
- E** 2020 ESG Supplement
- W** NatWest Group Website

UN Principles for Responsible Banking reporting (PRB) continued

Reporting and self-assessment requirement	High level summary and some highlights in 2020	References for further details and full descriptions
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis We have demonstrated 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.</p>	<p>Learning</p> <ul style="list-style-type: none"> • 2.9m people reached through financial capability interactions. • 600,000 additional customers helped to start saving. • 98% of frontline colleagues are professionally qualified/ accredited within first 18 months in role. • Over 760 interns, graduates and apprentices were hired during 2020 and a commitment made to hire a further 1,000 by the end of 2021. 	
<p>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.</p>		
<p>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.</p>	<p>We have a range of policies and practices in place to promote responsible relationships with our customers. The Responsible Business section of this report provides a detailed overview of our approach and some specific focus areas include:</p> <p>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.</p> <p>Culture & conduct – Our Code sets out the behaviours that are expected when employees are living our values in their everyday work. Our Yes Check was updated in line with our Purpose and is a simple tool that asks five questions to guide the thinking behind our decisions and actions. When in doubt, we use the Yes Check for guidance. Speak Up is the bank's whistleblowing service for reporting any wrongdoing. To help measure our progress we use Our View, the Colleague Advisory Panel and the UK's Banking Standards Board.</p> <p>Front-line incentives – the decision was taken a number of years ago to remove remuneration incentives for large numbers of employees to support the desired culture.</p> <p>ESE policies – we assess our customer lending through a robust Environmental, Social and Ethical risk framework (ESE framework) to ensure minimal impact on sensitive sustainability related sectors. All credit approvals are subject to these ESE policies which restrict exposures to high carbon emitting subsectors including mining and energy for example.</p> <p>Other policies – our updated statements on Human Rights, Modern Slavery, and our new Supplier Charter include our own actions and expectations on suppliers and customers to uphold human rights.</p> <p>PRI – Coutts are signatory to the Principles for Responsible Investment (PRI) which encourages investors to use responsible investing to enhance returns and better manage risks.</p>	<p>A 2020 highlights and progress p8 to 15, Building a purpose-led bank p16 to 45, Our stakeholders p57 to 61, Governance and Compliance p69 to 83, Governance p119 to 130</p> <p>C Strategy p21, Metrics and Targets p52</p> <p>E Building a purpose-led bank p5 to 23, Responsible business p53 to 82</p> <p>W Downloads, Compliance & Conduct</p>

Key

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UN Principles for Responsible Banking reporting (PRB) continued

Reporting and self-assessment requirement

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.

High level summary and some highlights in 2020

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 specific focus areas in the year included:

Climate Opportunities Group – manages delivery of climate-related opportunities. This forum is an evolution from the Commercial Banking Green Forum in place since 2011 and will complete ten years of delivering climate opportunities for the bank in 2021. Members meet on a monthly basis to oversee delivery and review progress against climate opportunities for customers, in order to support the bank's climate ambition. Responsibilities of the forum include overseeing development of new products and initiatives to help customers transition to a low carbon economy, such as our Green Mortgage and the Carbon footprint tracking pilot a tool which helps our customers understand their carbon footprint.

ESG advisory services – we offer ESG Advisory and Sustainable Finance support to our corporate and institutional customers, assisting clients across every aspect including ESG strategy, reporting, ratings and structuring all sustainable financing products. We offer this service to all customers; it is not limited to those who have accessed our ESG related products or who have ESG at the heart of their business. In addition, we champion thought leadership on corporate impact of ESG through our NatWest on Point hub.

Issuances under the Green, Social and Sustainability (GSS) Bond Framework – we issued the first exclusively social bond under ICMA's Social Bond Principles in the UK by any financial institution in Q4 2019, and in Q2 2020 we issued a green MREL bond, the first green bond issued in USD by a UK bank, with \$600 million of proceeds allocated to renewable energy projects across the UK.

Customer philanthropy – Coutts was the first private bank in the UK to establish a dedicated philanthropy team which offers advisory services to clients at all stages of their philanthropy journeys. Our Retail bank also proactively facilitates customer philanthropy through our Reward Accounts and ATM charitable giving.

Responsible Investing – Coutts Asset Management provide investment expertise for wealth clients. Responsible Investing is fully embedded by integrating ESG in all of the investment decision-making processes, this yielded us an A+ for Strategy & Governance in our 2020 PRI assessment.

Supporting through COVID-19 – we migrated 12 entrepreneur accelerator hubs to digital channel delivery, with over 45,000 attendees since the start of lockdown, and approved £14.1 billion of lending through government schemes. We provided over 250,000 mortgage repayment holidays and delivered £5 million cash to vulnerable customers who couldn't access ATMs. Further details of our support measures can be found in the references provided.

References for further details and full descriptions

- A** 2020 highlights and progress p8 to 15, Building a Purpose-led bank p16 to 45, Governance and compliance p69 to 83
- C** Strategy p14 to 16 Governance p32, Metrics and Targets p40 to 65
- E** Building a purpose-led bank p5 to 23, Learning p44 to 52, Responsible business p53 to 82
- W** **Society, Coutts-Philanthropy, COVID-19 – Supporting our customers**

Key

- A** 2020 Annual Report and Accounts
- C** Climate-related disclosures report 2020
- E** 2020 ESG Supplement
- W** NatWest Group Website

UN Principles for Responsible Banking reporting (PRB) continued

Reporting and self-assessment requirement

High level summary and some highlights in 2020

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 stakeholder engagement – to be purpose-led and create long term sustainable value we need to consider appropriately the interests of all stakeholders. Listening, engaging and partnering with stakeholders helps us to address our business impacts and improve outcomes for customers, society and the environment. Our key stakeholder groups are customers, colleagues, communities, investors, regulators and suppliers. Our approach to stakeholder engagement in 2020 was significantly influenced by the COVID-19 pandemic.

Collaborations and consultation – across our three focus areas we continue to identify collaborations, collective action groups, frameworks and standards and work with stakeholders to implement change across our business. For example, in 2020 NatWest Group was the first major UK bank to join Partnership for Carbon Accounting Financials (PCAF). We also joined Science Based Targets initiative (SBTi) following the launch of the Financial Sector Science-based Targets Guidance in 2020. We were also fully engaged with the UNEP FI as sustainability policy standard setters and other relevant bodies.

Civil society – we openly engage with NGOs, campaign groups and any interested stakeholders on ESG issues. For example, we proactively engage charities and advocacy groups who can offer insight to support our progress on identifying and mitigating modern slavery, helping customers with gambling addictions and helping victims of financial abuse. We work with debt advice charities and Citizens Advice to support customers in financial hardship or facing issues which could put them in a vulnerable situation.

A Our stakeholders p46 to 61, Governance and compliance p69 to 83, Governance p116 to 117

C Strategy p20 and 21

E Building a purpose-led bank p11, p12 and p20 and p21, Learning p45 and 48

W **Stakeholder engagement**

Key

A	2020 Annual Report and Accounts
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UN Principles for Responsible Banking reporting (PRB) continued

Reporting and self-assessment requirement

High level summary and some highlights in 2020

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/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.

The Board – the Board is collectively responsible for promoting the long-term success of NatWest Group, driving both shareholder value and contribution to wider society. The Board establishes NatWest Group's purpose and monitors its progress and performance as a purpose-led organisation. The Board has established a number of Board committees with particular responsibilities. Full details of our governance structures, policies and procedures can be found in the references provided. Several Board Committees play a prominent role in overseeing the interaction between climate change, strategy and risk appetite, and executive leaders have been assigned to purpose workstreams which cover enterprise, learning and climate

Executive committees – the Group Chief Executive Officer and senior executives are responsible for delivery of our purpose and Principles of Responsible Banking commitments. In 2020 a number of updates were presented to executive committees that support the Group Chief Executive Officer and senior executives in discharging their responsibilities including a paper framing how Purpose and the Principles for Responsible Banking work together.

Group Sustainable Banking Committee (Group SBC) – Group SBC holds the primary role of overseeing sustainable banking progress. This year, it was agreed that the Committee's remit would be amended to focus on the Group's purpose framework and priorities, launched in February 2020. While the Board sets NatWest Group's strategic direction and oversees the Group's progress and performance as a purpose-led organisation, it was agreed that the Group SBC would oversee progress towards achieving NatWest Group's purposeful commitments and ambitions on behalf of the Board. In addition, oversight of progress against Principles for Responsible Banking and SDG implementation has also been added to the Terms of Reference for the Group SBC.

Climate Governance – a map detailing the relevant roles and responsibilities of the Board, Board committees, management committees and individuals, as well as operational working groups is set out in the Climate-related disclosures report.

Independent advisors – in 2020, Lord Stern was appointed as independent climate advisor to NatWest Group. His advice will help to inform the implementation and delivery of our ambitious targets, as well as its future strategic direction on the environment and climate change.

A Building a purpose-led bank p16 to 45, Governance and compliance p65 to 83, Governance p99 to 105, 116 to 117

C Governance p29 to 32

E Building a purpose-led bank p15 to 16, Responsible business p54 to 59 and p64 to 70

W **Terms of reference for the board**

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

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.

Key

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Reporting and self-assessment requirement

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.

High level summary and some highlights in 2020

Embedding purpose – we have a group wide programme supporting embedding our Purpose in how we operate and building knowledge and capacity in terms of what that means including the concept of responsible banking.

Our Code and Our Values – these support the effective implementation of the principles.

Training and learning – All colleagues receive compulsory learning including customer focused modules such as supporting customers in vulnerable situations. In 2020, new modules were added on climate change and inclusion with purpose. Our Learning Academy has a wealth of resources to support colleagues in building responsible relationships with customers, learning with purpose to build performance.

Climate training – In addition to approving the purpose-led strategy and receiving progress updates at the spotlight in October, the Board also received targeted training on the topic to support ongoing oversight and upskilling. This has included a learning module on the impact of climate change on financial services, and a Board Climate training session in October 2020. Management's Climate Advisor, Lord Stern of the Grantham Institute, provided the Board with an external perspective and the session also covered progress against strategic aims and updates on key areas including the Group-wide Climate Change Programme, the Bank of England's CBES and Paris alignment. Expert external support continues to be valuable as the organisation builds its own capabilities, with optional training from the Cambridge Institute for Sustainability Leadership being offered to Directors. A number of directors of the Board and subsidiaries have undertaken this training.

Education amongst all colleagues has been a key focus during 2020 to help embed climate into our culture, including identification and management of climate-related risks and opportunities across NatWest Group. Examples include: Priority role training – c.800 colleagues participated in a 12 week programme launched during Q3 2020. This programme was developed specifically for NatWest Group and run by the University of Edinburgh's Centre for Business, Climate Change and Sustainability; Senior leaders – c.500 senior leaders participated in a programme on climate change developed and run by the Cambridge Institute for Sustainability Leadership. The programme was developed specifically for NatWest Group with the objective of enhancing knowledge and skills required to lead on NatWest Group's climate ambition within the bank, the financial services industry and the wider economy.

Remuneration targets – our executive long term incentive targets include purpose and sustainability objectives relating to Climate, Enterprise, Gender and Ethnic diversity.

PRB working groups – we have joined and engaged in the various working groups that UNEP FI established to support the embedding of the principles.

References for further details and full descriptions

- A** Building a purpose-led bank p16 to 45, Our stakeholders p57 to 61, Governance and compliance p69 to 83, Governance p119 to 148
- C** Strategy p18
- E** Building a purpose-led bank p6 to 7, Responsible business p54 to 59 and 74 to 82

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

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.

Key

- A** 2020 Annual Report and Accounts
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UN Principles for Responsible Banking reporting (PRB) continued

Reporting and self-assessment requirement

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:
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.

High level summary and some highlights in 2020

The governance structure and sources signposted in 5.1 govern our purpose and sustainability matters including targets.
Our purpose has been integrated into governance decision paper format to ensure that all decision papers will require to explain how the proposal, business area or update aligns to our purpose.
Our purpose and sustainability targets have been integrated into our Executive remuneration to drive purpose-led decision-making.

References for further details and full descriptions

A Governance and compliance p65 to 83. Governance p99 to 105

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

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.

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.

This is the first year NatWest Group has reported against PRB. Our progress on implementing the principles is detailed in the sections above and will be reported on annually going forward. Our Reporting suite, including the 2020 Annual Report and Accounts, alongside this ESG Supplement and the Climate-related disclosures report give a comprehensive overview of targets, measures and impact, which cover a wide range of purpose and sustainability topics, including our strategic focus areas of climate, enterprise and learning.

Set out below are specific examples of where we have considered existing and emerging international best practices in our activities.

Purpose-led strategy – the announcement and embedding of our purpose-led strategy with three focus areas demonstrates commitment to tackling the barriers that stand in the way of societal and environmental goals as defined in the SDGs. We now have recognised alignment to a number of SDGs where we strive to make positive impact, and embedding our purpose and the six principles of the PRB go hand-in-hand.

Climate-related disclosures – NatWest included a standalone Climate-related disclosures report for the first time in our 2020 reporting suite and as part of our ongoing commitment to tackle the climate challenge we have signed up to the UN CCCA, were the first major bank to join the Partnership for Carbon Accounting (PCAF) and also joined the Science Based Targets initiative (SBTi) following the launch of the Financial Sector Science-based Targets Guidance in 2020.

Sustainable reporting frameworks – we have been reporting with reference to IIRC and GRI for a number of years. In 2020, in recognition of the increased focus from investors on the SASB standards and the newly issued UN Global Compact and WEF IBC's Stakeholder Capitalism Metrics, we present roadmaps in this document detailing our current alignment and will work to develop further alignment in the future.

Annual report suite including
2020 Annual Report and Accounts, Climate-related disclosure report, this document and resources on natwestgroup.com

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 but anticipate further development in the future.

Key

A	2020 Annual Report and Accounts
C	Climate-related disclosures report 2020
E	2020 ESG Supplement
W	NatWest Group Website

This document is an extract from the NatWest Group 2020 Environmental, Social and Governance Supplement, available in full at Natwestgroup.com