

Our Climate strategy

Our Purpose

To **champion potential**, helping people, families and businesses to thrive

Our climate ambition

To be a leading bank in the UK helping address the climate challenge

We have an ambition to be net zero by 2050 across our financed emissions, assets under management (AuM) and our operational value chain

Our 2030 climate ambitions

We have an ambition to at least halve the climate impact of our financing activity by 2030, against a 2019 baseline, and align with the 2015 Paris Agreement.

We plan to reduce the carbon intensity of our in-scope AuM by 50%, against a 2019 baseline, and to move 70% of in-scope AuM to a net-zero trajectory.⁽¹⁾

We plan to reduce emissions for our operational value chain by 50%, against a 2019 baseline.

How we are helping to address the climate challenge

Supporting customer transition to net zero

We have a target to provide £100 billion climate and sustainable funding and financing between 1 July 2021 and the end of 2025. As part of this we aim to provide at least £10 billion in lending for EPC A and B rated residential properties between 1 January 2023 and the end of 2025.

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 portfolio has an EPC rating of C or above by 2030.

Helping to end the most harmful activities

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.



Powerful partnerships and collaborations

We plan to collaborate cross industry and create products and services to enable customers to track their carbon impact.

Getting our own house in order

Each year, we plan to include targets for executive remuneration that reflect our latest climate ambitions.

We plan to continue the integration of the financial and non-financial risks arising from climate change into our enterprise-wide risk management framework (EWRMF).

We have a target to reduce our direct own operations emissions by 50% by 2025, against a 2019 baseline.

We plan to use only renewable electricity in our direct own global operations by 2025 (RE100) and improve our energy productivity 40% by 2025 against a 2015 baseline.

For details on our approach to Nature and Biodiversity refer to the 2022 NatWest Group plc Environmental, Social and Governance (ESG) Disclosures Report.

Notes:

(1) Refer to pages 38 to 39 of the Net Zero Asset Managers Initiative's Initial Target Disclosure Report (May 2022).

Climate transition plan and dependencies

Achievement of our Climate transition plan is dependent on timely, appropriate government policy, technology developments, as well as on our customers and society to respond. At the same time, as a purpose-led organisation, we aim to engage and support our customers' transition to a net-zero economy.

Refer to section 3 of the 2022 NatWest Group plc Climate-related Disclosures Report for further details.

For further detail on our climate ambitions and SBTi targets refer to sections 1.3 and 3.3 of the 2022 NatWest Group plc Climate-related Disclosures Report.

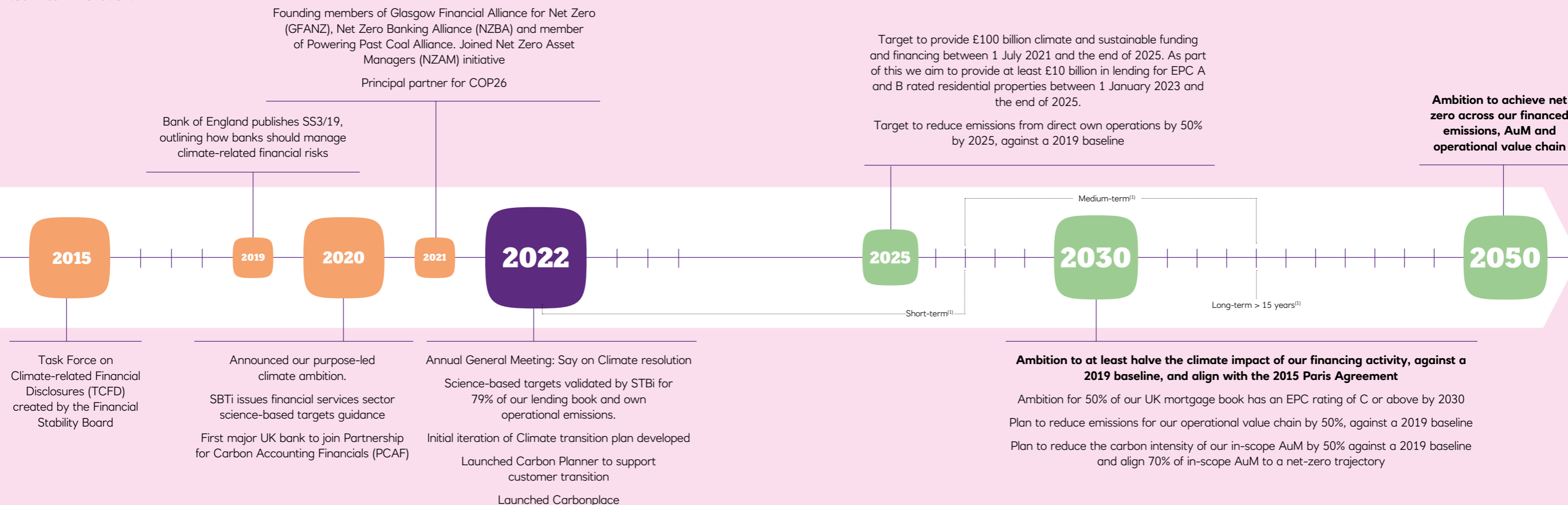
The table below outlines progress during 2022 – which supports our ambition to be a leading bank in the UK helping to address the climate challenge. Aligned with our ambition to set sector specific targets, during 2022 we published 2030 targets validated by the SBTi as science based. These targets included our own operational footprint as well as 79% of our 2019 lending book. For further details on the initial iteration of our Climate transition plan, our 2030 ambitions and our ambition to be net zero by 2050 across our financed emissions, assets under management and operational value chain refer to the 2022 NatWest Group plc Climate-related Disclosures report.

Climate ambition	Progress update
Supporting customer transition to net zero	<ul style="list-style-type: none"> In the year ended 31 December 2022, we provided £24.5 billion⁽¹⁾ of climate and sustainable funding and financing. We have now provided £32.6 billion⁽¹⁾ of climate and sustainable funding and financing towards our £100 billion target between 1 July 2021 and the end of 2025. This includes £5.4 billion for EPC A and B rated residential properties.
<p>We have a target to provide £100 billion climate and sustainable funding and financing between 1 July 2021 and the end of 2025. As part of this we aim to provide at least £10 billion in lending for EPC A and B rated residential properties between 1 January 2023 and the end of 2025.</p>	<ul style="list-style-type: none"> As at 31 December 2022, 41.5%⁽¹⁾ (31 December 2021 38.3%) of our UK residential mortgages portfolio that had EPC data available⁽²⁾ was rated as EPC C or higher.
Helping to end the most harmful activities	<ul style="list-style-type: none"> Exposure to coal customers⁽³⁾, as defined in the Credible Transition Plan (CTP) assessment completed in 2021, was £0.3 billion⁽¹⁾ as at 31 December 2022 (£0.6 billion as at 31 December 2021). For further details refer to page 41 and section 5.1 of the 2022 NatWest Group plc Climate-related Disclosures Report.
<p>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>	<ul style="list-style-type: none"> Engaged with policymakers and officials on a range of climate-related topics, recognising the importance of collaboration and significant role that policy has to play in providing the long-term frameworks, incentives and certainty required for progress on net zero. As part of the Sustainable Homes and Buildings Coalition, we engaged on the need to improve the energy efficiency of the UK's housing stock, focusing on how this can be accelerated. Engaged with peers, policy makers and stakeholders through GFANZ, Transition Plan Taskforce, NZBA, Financial Markets Stability Board and NZAM initiative to facilitate a net-zero transition.
Powerful partnerships and collaborations	<p>We plan to collaborate across industry and create products and services to enable customers to track their carbon impact.</p>
<p>We plan to collaborate across industry and create products and services to enable customers to track their carbon impact.</p>	<ul style="list-style-type: none"> Climate considerations continue to be included in senior executive remuneration as part of the bonus pool assessment for our wider workforce, recognising its central role in our strategy. Increasing use of quantification in risk assessments with enhanced analytics capabilities under development for integration in the EWRMF. Enhancement of core strategic climate risk modelling capabilities and initial integration into risk management and customer journeys.
Getting our own house in order	<ul style="list-style-type: none"> We reduced our direct⁽³⁾ own operations emissions by 46% against a 2019 baseline. We increased our consumption of renewable electricity to 98% across our global operations. For operations in the UK and Republic of Ireland, electricity consumption used 100% renewable electricity. Energy productivity has increased by 41% since 2015, and electricity consumption decreased by 8% since 2021.
<p>Each year, we plan to include targets for executive remuneration that reflect our latest climate ambitions.</p>	<ul style="list-style-type: none"> We increased our consumption of renewable electricity to 98% across our global operations. For operations in the UK and Republic of Ireland, electricity consumption used 100% renewable electricity. Energy productivity has increased by 41% since 2015, and electricity consumption decreased by 8% since 2021.
<p>We plan to continue the integration of the financial and non-financial risks arising from climate change into our enterprise-wide risk management framework (EWRMF).</p>	<ul style="list-style-type: none"> As at 31 December 2022, we have installed electric vehicle charging points in 13% of our large office car park spaces across our UK portfolio. In addition, as part of our ambition to electrify our fleet, we reviewed and reduced our fleet size from 300 to approximately 100 vehicles, of which 3% are EVs.
<p>We have a target to reduce our direct own operations emissions by 50% by 2025, against a 2019 baseline.</p>	<ul style="list-style-type: none"> As at 31 December 2022, we have installed electric vehicle charging points in 13% of our large office car park spaces across our UK portfolio. In addition, as part of our ambition to electrify our fleet, we reviewed and reduced our fleet size from 300 to approximately 100 vehicles, of which 3% are EVs.
<p>We plan to use only renewable electricity in our direct own global operations by 2025 (RE100) and improve our energy productivity 40% by 2025 against a 2015 baseline (EP100).</p>	<ul style="list-style-type: none"> As at 31 December 2022, we have installed electric vehicle charging points in 13% of our large office car park spaces across our UK portfolio. In addition, as part of our ambition to electrify our fleet, we reviewed and reduced our fleet size from 300 to approximately 100 vehicles, of which 3% are EVs.
<p>We plan to install electric vehicle charging infrastructure in 15% of large office space across our UK portfolio by 2025 and upgrade our fleet of 100 vehicles to electric by 2025 (EV100).</p>	<ul style="list-style-type: none"> As at 31 December 2022, we have installed electric vehicle charging points in 13% of our large office car park spaces across our UK portfolio. In addition, as part of our ambition to electrify our fleet, we reviewed and reduced our fleet size from 300 to approximately 100 vehicles, of which 3% are EVs.

(1) As at 31 December 2022, £138.8 billion, 68%, of the total residential mortgages portfolio had EPC data available.
 (2) As defined in the Credible Transition Plan (CTP) assessment. Refer to pages 30 – 31 of the NatWest Group plc 2021 Climate-related Disclosures Report for further details on the assessment of CTPs for oil and gas majors and in-scope coal customers.
 (3) Direct own operations is defined as Scope 1, Scope 2 and Scope 3 (paper, water, waste, business travel, commuting and work from home) emissions. It excludes upstream and downstream emissions from our value chain
 (*) Within scope of EY assurance. Refer to page 70.

Our transition to net zero

NatWest Group has been a signatory to the United Nations Environment Programme Finance Initiative (UNEP FI) since 1997 and the Equator Principles since 2003. We have come a long way since activists protested against our financing of oil, gas and coal in 2010. In 2011, we launched our Environmental, Social & Ethical (ESE) Risk Framework, which required enhanced due diligence for certain lending and loan underwriting customer relationships, transactions, activities and projects. We recognise that through our financing activity NatWest Group may contribute to climate change. As the initial iteration of our Climate transition plan illustrates, we are committed to playing our part in addressing the climate challenge, but we cannot transform the real economy on our own. Ultimately, success will be determined by society's willingness to adapt, supported by consistent, long-term government policy and continuing technical innovation.



Key opportunities to support the transition

There is a dependency on timely, appropriate Government policy, technology developments, as well as on our customers and society to respond. At the same time, as a purpose-led organisation, we aim to engage and support our customers' transition to a net-zero economy. Further detail on how we are exploring potential opportunities and dependencies for transition is available in section 3 of the **2022 NatWest Group plc Climate-related Disclosures Report**.

Financed emissions

- Provision of £100 billion climate and sustainable funding and finance between 1 July 2021 and the end of 2025. As part of this we aim to provide at least £10 billion in lending for EPC A and B rated residential properties between 1 January 2023 and the end of 2025.
- Development of carbon tracking tools.
- Enhanced customer and colleague education tools.
- Building powerful partnerships to support customer transition.

Refer to the **2022 NatWest Group plc Climate-related Disclosures Report, section 3.4, 3.5, 5.3, 5.5 for details**

Assets Management

- Move 50% of our assets under management to a net-zero trajectory by 2025.
- Voting and engagement in line with net zero, including support for climate-related shareholder resolutions.
- Continue to build net zero into our investment process and our engagement with funds.

Refer to the **2022 NatWest Group plc Climate-related Disclosures Report section 3.2, 3.4 for details**

Own operational footprint

- Install electric vehicle charging infrastructure in 15% of large office space across our UK portfolio by 2025
- 100% renewable electricity for global operations by 2025.
- Continue to increase energy efficiency in our buildings through updated technology, design and data analysis.
- Review the buildings we occupy and move to more sustainable buildings where appropriate.

Refer to the **2022 NatWest Group plc Climate-related Disclosures Report, section 3.7 and 5.4 for details**

(1) Our climate transition planning uses different time frames than those used in financial reporting. Accordingly, the references to "short", "medium" and "long-term" in climate reporting are not indicative of the meaning of similar terms used in this report or in certain of our other disclosures, including our annual, periodic and interim reports.

TCFD: Climate-related disclosures overview



NatWest Group confirms that it has:

- made climate-related financial disclosures for the year ended December 31, 2022 that it believes are consistent with the Task Force on Climate-related Financial Disclosures (“TCFD”) Recommendations and Recommended Disclosures (as defined in the FCA’s Listing Rules, as amended by the Disclosure of Climate-Related Financial Information (No 2) Instrument 2021) which include (i) “Recommendations of the Task Force on Climate-related Financial Disclosures” (June 2017) (focusing in particular on the four recommendations and the eleven recommended disclosures set out in Figure 4 of Section C of the TCFD Final Report); (ii) “Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures” (October 2021 version); (iii) “Guidance on Metrics, Targets and Transition Plans” (October 2021 version); (iv) Technical Supplement - “The Use of Scenario Analysis in Disclosure of Climate-related Risks and Opportunities” (June 2017); and (v) “Guidance on Risk Management Integration and Disclosure” (October 2020) and summarised in the tables on pages 58-61;
- set out these disclosures in this report and in its “2022 NatWest Group Climate-related Disclosures Report”, both published on 17 February 2023 (and available on natwestgroup.com); and
- adopted this approach given the detailed and technical content of the climate-related financial disclosures as it believes these presentations best present its climate-related financial disclosures in a decision-useful manner to the users of these reports.

Governance

■ ■ ■ ■ NatWest Group’s governance around climate-related risks and opportunities

The Board’s oversight of climate-related risks and opportunities

2022 progress

- 92.58% of votes cast were in favour of our Say on Climate resolution, indicating strong shareholder support for our climate strategy.
- The NatWest Group Board and Board committees oversaw the development of the initial iteration of our Climate transition plan and approved the plan prior to publication.

Future priorities

- Board and Executive Committee (ExCo) continuing oversight of delivery, and ongoing development, of the initial iteration of NatWest Group’s Climate transition plan, development of customer level decision-making tools as well as regular monitoring of climate ambitions.

NatWest Group plc 2022 Climate-related Disclosures Report sections 2.1, 2.2

Management’s role in assessing and managing climate-related risks and opportunities

2022 progress

- Business areas have enhanced local governance forums to support an integrated management response to delivering our climate ambitions, development of the initial iteration of our Climate transition plan, the identification of climate-related opportunities and the effective management of climate-related risks. In addition, cross-bank climate-related forums continue to provide strategic insight and expertise, supporting collaboration and ensuring a One Bank approach to climate governance.

Future priorities

- Continue to build knowledge and further embed operating models and business processes across the organisation to support the oversight and management of climate-related risks and opportunities within NatWest Group’s overall business strategy and risk appetite.

NatWest Group plc 2022 Climate-related Disclosures Report sections 2.1, 2.3, 2.4

Strategy

■ ■ ■ ■ The actual and potential impacts of climate-related risks and opportunities on NatWest Group’s businesses, strategy and financial planning

Climate-related risks and opportunities identified over the short, medium and long term

2022 progress

- NatWest Group’s climate ambition, announced in February 2020, recognises various short, medium and long-term⁽¹⁾ climate-related risks and opportunities to embed climate in our business and culture, as well as support our customers in their transition to net zero.

Future priorities

- Continue to integrate climate-related decision-making in business activities.

NatWest Group plc 2022 Climate-related Disclosures Report sections 3.1, 3.2, 4.2, 5.1

The impact of climate-related risks and opportunities on our businesses, strategy and financial planning

2022 progress

- We developed the initial iteration of our Climate transition plan. This plan focuses on the delivery of our 2030 decarbonisation ambitions and will inform further work on our journey to net zero by 2050 across our financed emissions, assets under management and our operational value chain.
- We have enhanced the financial planning process to incorporate actions included within the initial iteration of our Climate transition plan and also used the financial forecasts to consider impacts on our Climate transition plan.
- We continued to harness climate-related opportunities including providing climate and sustainable funding and financing and a range of green loan products and services.

Future priorities

- We will continue to work on aligning the financial planning and transition planning processes.
- We will further enhance carbon planning, measurement and tracking capability to support the ongoing development of our Climate transition plan.

NatWest Group plc 2022 Climate-related Disclosures Report sections 1.2, 1.3, 1.4, 2.3, 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.7, 4.2, 4.2a, 4.3, 5.4, 5.5, 5.7

The resilience of our strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

2022 progress

- We ran internal scenario analysis and completed round two of the Bank of England’s Climate Biennial Exploratory Scenario (CBES) exercise, as well as developing internal scenario analysis tools and core strategic climate risk modelling capabilities to embed within our existing risk management processes.
- This work allowed us to assess our exposure to climate-related risk across our lending book and provided insights which we continue to incorporate within our climate strategy and to inform work on the initial iteration of our Climate transition plan.
- One of the key lessons from this work is that while climate-related risks could potentially amplify other risk drivers, for example resulting in effects such as the erosion of competitiveness, profitability, or reputational damage, overall NatWest Group is resilient to these risks, within the context of the scenarios tested, and we will continue to monitor and manage this through our enterprise-wide risk management framework (EWRMF).
- A priority area of focus for NatWest Group in 2022 has been the continued enhancement of how we incorporate climate risk into our capital adequacy assessment process (ICAAP) and strategic planning process. This ensures that we have sufficient capital for the most material source of climate risk over the capital planning horizon.

Future priorities

- Continue to enhance scenario modelling and analytic capabilities.
- Address significant challenges related to the availability of granular, reliable and verifiable customer data.
- Respond to developing regulatory requirements on the approach to climate-related risk within the regulatory capital regime.

NatWest Group plc 2022 Climate-related Disclosures Report sections 4.2a, 5.5

(1) Our climate transition planning uses different time frames than those used in financial reporting. Accordingly, the references to “short”, “medium” and “long-term” in climate reporting are not indicative of the meaning of similar terms used in certain of our other disclosures, including our annual, periodic and interim reports.



Risk Management

□ □ ■ □ How NatWest Group identifies, assesses and manages climate-related risks

Our processes for identifying and assessing climate-related risks

2022 progress

- We reviewed and refreshed our assessment of the relative significance of climate risk on other principal risks. This assessment used the judgement of risk subject matter experts combined with scenario analysis, increased granularity of climate data, as well as improved understanding of evolving regulatory guidance to understand the current and potential impact of physical and transition climate-related risk as a causal factor to other principal risks.
- We identify and assess climate-related risks through three principles:
 - Undertaking scenario analysis to understand the potential impacts of climate-related risks.
 - Identifying segments of our portfolio and operations with heightened climate-related risk exposure. In 2022 we established an increasingly quantitative methodology for the identification and assessment of heightened climate-related risk sectors and subsectors.
 - Assessing individual customer and supplier climate-related risk exposure. In 2022, we completed the development and launch of qualitative climate risk scorecards and conducted sustainability assessments of our suppliers.
- NatWest Group regularly considers existing and emerging regulatory requirements related to climate change through external horizon scanning and monitoring of emerging regulatory requirements.

Future priorities

- Scaled implementation of quantitative scorecards within credit assessment processes.

NatWest Group plc 2022 Climate-related Disclosures Report sections 4.2, 4.2a

Our processes for managing climate-related risks

2022 progress

- We launched preliminary shadow operational limits supported by EPC for transition risk and physical flood risk data, to monitor the performance of the current Retail Banking mortgage portfolio and new mortgage business.
- Credit assessment processes have been improved to support customer interactions, including mandatory climate conversations with in-scope⁽¹⁾ customers. These conversations reflect the specificity of sector and asset class, and the size and sophistication of these customers.

Future priorities

- Evolution and application of appropriate credit limits informed by climate-related risk and transition plans.
- Continued evolution and monitoring of Environmental, Social and Ethical Risk Acceptance Criteria in accordance with framework.
- Review of internal control standards in response to the outcomes of the non-financial risk scenario.

NatWest Group plc 2022 Climate-related Disclosures Report sections 4.3

How our processes for identifying, assessing, and managing climate-related risks are integrated into overall risk management

2022 progress

- We continued to mature our integration of climate risk within NatWest Group's risk management. This involved increasing use of quantification in risk assessments with enhanced analytics capabilities under development for integration in the enterprise-wide risk management framework (EWRMF).
- Enhanced reporting to relevant senior governance forums covering areas of risk concern across all material sectors and portfolios.
- Regular monitoring of an initial suite of quantitative key risk indicators for climate risk.

Future priorities

- Work will continue to further integrate climate-related risks across business processes to work towards full integration within our risk management framework and business-as-usual decision-making.

NatWest Group plc 2022 Climate-related Disclosures Report sections 4.1

Metrics and Targets

□ □ □ ■ The metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

The metrics used to assess climate-related risks and opportunities in line with our strategy and risk management process

2022 progress

Metrics used to assess climate-related risks:

- Exposures to heightened climate-related risk sectors;
- Energy efficiency and flood risk assessment for UK residential mortgage portfolio;
- NatWest Group's own operational footprint;
- Estimates of financed emissions based on absolute emissions and emissions intensities, including progress against sectoral decarbonisation pathways;
- Estimates of facilitated emissions from corporate bond underwriting.

Metrics used to assess climate-related opportunities:

- Climate and sustainable funding and financing;
- NatWest Group Own Green Bond issuance.

Refer to the Directors' Remuneration Report in the NatWest Group plc 2022 Annual Report and Accounts for further details on integration of climate considerations into remuneration.

Future priorities

- Continue to develop metrics and measurement capabilities to monitor and manage climate-related risks and opportunities.
- Continue to develop measurement, monitoring and reporting capabilities for Asset management.
- Continue to monitor evolving carbon measurement standards and enhance capabilities including continuing engagement with PCAF on finalisation of the financed emissions standard.

NatWest Group plc 2022 Climate-related Disclosures Report sections 3.2, 5.1, 5.2, 5.3, 5.4, 5.5, 5.6, 5.7

Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks

2022 progress

- We continued to develop and enhance capabilities to measure emissions in relation to our own operations as well as financed emissions.
- We reduced emissions from our direct own operations by 46%, against a 2019 baseline, and increased our renewable electricity consumption to 98%.

Future priorities

- Continue our work to enhance the availability of data and data quality to support future calculations of financed emissions including absolute emissions and emissions intensities.

NatWest Group plc 2022 Climate-related Disclosures Report sections 5.4, 5.5, 5.7

The targets used to manage climate-related risks and opportunities and performance against targets

2022 progress

- Our stated climate ambition is to be a leading bank in the UK helping to address the climate challenge. We have an ambition to achieve net zero by 2050 across our financed emissions, assets under management and our operational value chain. Progress is monitored via climate-related targets and ambitions across the following thematic opportunities: supporting customer transition to net zero, helping to end the most harmful activities, powerful partnerships and collaborations and getting our own house in order.
- NatWest Group was the first UK bank, and one of the largest banks globally to date, to have science-based targets validated by the SBTi. Our portfolio targets cover 79% of lending activities by outstanding exposure as at 31 December 2019.

Future priorities

- Continue to monitor our performance against our climate-related targets and ambitions and revise as appropriate.

NatWest Group plc 2022 Climate-related Disclosures Report sections 1.2, 1.3, 1.4, 3.1, 3.3, 3.4, 5.4, 5.5, 5.7

⁽¹⁾ Guidance on in-scope customers is tailored to each business area and detailed in the Climate Transaction Acceptance Standards Handbook. For example, for Business Banking Relationship Managers the criteria is – new or increased lending applications of £50,000 and above.

Own operational footprint

During 2022⁽¹⁾, we reduced our direct own operations⁽²⁾ emissions by 46%, against our 2019 baseline, and increased our renewable electricity consumption to 98% globally.

In 2021, we disclosed an initial view of our upstream⁽³⁾ emissions, and for 2022 we are disclosing both our upstream and our downstream⁽⁴⁾ emissions to report on our full operational value chain⁽⁵⁾ emissions for the first time, covering Scopes 1, 2 and 3 (all relevant categories 1-14, with category 15 financed emissions covered in section 5.5 of the 2022 NatWest Group plc Climate-related Disclosures Report).

Our 2022 total market-based operational emissions of 73,927 tCO₂e covers Scopes 1, 2 and our direct own operations upstream Scope 3. This includes emission reductions from the use of green electricity covering 98% of our consumption through green tariffs and renewable electricity certificates, but in accordance with the Greenhouse Gas Protocol it does not include emissions reduction from the use of carbon credits.

We purchased and retired 120,000 carbon removal credits, assured under the Verified Carbon Standard (VCS), and Triple Gold certified to the Climate, Community & Biodiversity Alliance Standards (CCBA) to invest beyond our value chain, and provide benefits to climate, especially those that generate additional co-benefits for people and nature⁽⁶⁾. By investing beyond our value chain, these carbon credits mitigate direct operational emissions of 73,927 tCO₂e in 2022, while we continue to decarbonise in line with SBTi. Further detail of our decarbonisation plans can be found in the initial iteration of our Climate transition plan in section 3.7 of the 2022 NatWest Group plc Climate-related Disclosures Report and on our website at natwestgroup.com.

Our operational emission reductions are linked to remuneration. For further information, refer to the Directors' Remuneration Report on page 138.

Supply chain

We have used a spend-based approach⁽⁷⁾ to calculate our supplier emissions. In late 2022, we established a (multi-year) Supplier Decarbonisation Programme to support delivery of the 2030 and 2050 carbon reduction ambitions related to our operational value chain. This will involve collaborating with our suppliers to understand their capability, data, where they are on the journey to net zero, and what help they might need to progress.

We are also working with a third party to evaluate our supply chain using evidence-based assessments of sustainability performance enabling us to understand our wider impact and to identify where improvements can be made, and risks mitigated.

As part of increasing the sustainability of our cash and coin operations, we have engaged our suppliers to reduce the

amount of single-use plastic coming in and going out of our cash centres and to improve the accuracy of data for our waste streams.

For our properties, the suppliers we work with must have environment and quality management accreditations and products used in fitouts should meet all Royal Institution of Chartered Surveyors SKA criteria as standard.

Energy

Following the return to the office after the easing of COVID-19 restrictions, we focused on the practice of using energy more efficiently and effectively in our operations and reviewed our processes to reduce consumption.

- **Building energy optimisation:** our building plant equipment is continuously reviewed to maximise energy efficiency. Data analytics are used to proactively identify anomalous consumption, ensuring our buildings run more efficiently.
- **Energy audits:** there have been audits carried out in most of our buildings this year to identify where we can improve energy efficiency and reduce consumption and this work will continue in 2023.
- **Data centres:** we have consolidated our data centres to allow for more efficient IT architecture using fewer resources. The work carried out ensures they run more efficiently, with lighting upgrades and optimisation of the data hall environmental controls already seeing a significant reduction in water and power usage.
- **Renewable electricity:** in 2021, we committed to a Corporate Power Purchase Agreement (cPPA), bringing additional renewable generation capacity online to facilitate the decarbonisation of the UK grid. We are continuing to work towards this with additional cPPAs, and once constructed they are expected to generate 59% of NatWest Group's electricity demand in the UK by 2024.
- **Leased buildings:** for our leased buildings in India, we are working with the landlords to review the scope for identifying energy-saving opportunities, assessing end of life for equipment, and creating an energy efficient replacement plan where possible.
- **Colleague engagement:** we launched a bank-wide energy campaign in the second half of 2022 to help educate and engage our colleagues by sharing tips on how to reduce consumption at home and in the office through a series of activities, raising the importance of energy saving actions. This is an ongoing campaign which we will continue to work on in 2023.

Streamlined energy and carbon reporting (SECR)

	2022		2021	
	UK and offshore ⁽¹⁾ area	Global total (excluding UK and offshore)	UK and offshore ⁽¹⁾ area	Global total (excluding UK and offshore)
Greenhouse gas (GHG) emissions				
Emissions from the combustion of fuel and operation of any facility (Scope 1 ⁽²⁾ Direct) CO ₂ e (tonnes) ⁽¹⁾	14,877	1,363	17,560	1,650
Emissions from the purchase of electricity, heat, steam or cooling by the company for its own use (Scope 2 ⁽³⁾ Indirect) location-based CO ₂ e emissions (tonnes) ⁽¹⁾	47,546	15,430	56,461	18,159
Total gross Scope 1 & Scope 2 (location-based) emissions CO ₂ e (tonnes) ⁽¹⁾	62,423	16,793	74,021	19,809
Energy consumption used to calculate above emissions (kWh)	298,262,392	35,070,567	329,317,585	40,484,981
Intensity ratio: Location-based CO ₂ e emissions per FTE (Scope 1 & 2) (tonnes/FTE)	1.6	1.0	1.8	1.1
Scope 3 ⁽⁴⁾ CO ₂ e emissions from direct operations ⁽⁵⁾ (tonnes) ⁽¹⁾	39,559	15,743	36,197	8,967
Total gross Scope 1, 2 & 3 direct own operations (location-based) emissions CO ₂ e (tonnes) ⁽¹⁾	101,982	32,536	110,218	28,776
Intensity ratio: Location-based CO ₂ e emissions per FTE (Scope 1, 2 & direct operations Scope 3) (tonnes/FTE)	2.5	2.0	2.7	1.7
Scope 2 ⁽⁶⁾ (Indirect) market-based CO ₂ e emissions (tonnes) ⁽¹⁾	13	2,372	8	2,186

Emissions methodology and basis of preparation

Boundary: this statement has been prepared in accordance with our regulatory obligation to report greenhouse gas (GHG) emissions pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 which implement the government's policy on Streamlined Energy and Carbon Reporting. Our reporting year runs from 1 October 2021 to 30 September 2022. The emissions reporting boundary is defined as all entities and facilities either owned or under our operational control.

Calculation: emissions have been calculated using the Greenhouse Gas Protocol Corporate Standard and associated guidance and include all greenhouse gases, reported in tonnes of carbon dioxide equivalent (CO₂e) and global warming potential values. When converting data to carbon emissions, we use Emission Factors from UK Government Emissions Conversion Factors for Company Reporting (Department for Business, Energy & Industrial Strategy, 2021, CO₂ emissions from fuel combustion (International Energy Agency, 2021) or relevant local authorities as required. NatWest Group uses a third-party software system, to capture and record our environmental impact and ensure that control framework and assurance requirements are met. All data is aggregated at a regional level to reflect the total regional consumption. The regional consumption results are then collated to reflect the total NatWest Group footprint. CO₂e values are attributed to these sources via an automatic conversion module in the third-party system. For more information, please see the own operational footprint page at natwestgroup.com.

(1) Offshore area as defined in The Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon) Regulations 2018. This includes Jersey and Guernsey but not our overseas sites in America, EMEA and Asia-Pacific. These are included in the global total (excluding UK and offshore).
 (2) NatWest Group defines direct own operations as our Scope 1, Scope 2 and Scope 3 (paper, water, waste, business travel, commuting and work from home) emissions. It therefore excludes upstream and downstream emissions from our value chain.
 (3) Upstream emissions relate to the Scope 3 Categories 1-8 under the Greenhouse Gas Protocol.
 (4) Downstream emissions relates to the Scope 3 Categories 9-15 under the Greenhouse Gas Protocol.
 (5) Our operational value chain is Scope 1, Scope 2, Scope 3 (Categories 1-15, with categories 8, 10, 14 excluded and Category 15 reported in section 5.4 of the 2022 NatWest Group plc Climate-related Disclosures Report. Refer to the 2021 NatWest Group plc Climate-related Disclosure Report where these categories are described in more detail.
 (6) The SBTi recommends that companies invest to mitigate emissions beyond their value chain while they transition towards a state of net zero emissions. In accordance with the Greenhouse Gas Protocol, emission reductions cannot be achieved through the use of carbon credits.
 (7) Category 1 and 2 emissions have been calculated using spend data and publicly sourced sector-specific emission factors.
 (*) Within the scope of EY assurance (2022 only). Refer to page 70.

Risk overview

Effective risk management ensures that NatWest Group delivers its long-term strategy and fulfils its purpose.

Our approach to risk management

The enterprise-wide risk management framework (EWRMF) sets out our approach to managing risk across NatWest Group and provides a common risk language and framework to facilitate effective risk management. The framework applies to all subsidiary legal entities, business segments and functions and links each component of the framework to help deliver NatWest Group's strategy in a safe and sustainable way.

Risk culture

NatWest Group's multi-year programme to enhance risk management capability at every level of the organisation continued in 2022, with an ongoing emphasis on risk culture. We refreshed our approach to risk culture under a new banner of intelligent risk-taking, intensifying focus on robust risk management behaviours and practices.

Evolving our risk culture, in line with our purpose-led strategy and our values across all three lines of defence, enables us to support better customer outcomes, develop a stronger and more sustainable business, and deliver an improved cost base. During 2022, five key outcomes to deliver on the intelligent risk-taking approach were also identified. These outcomes focused on behaviours, leadership, risk practices, decision-making, and roles and responsibilities.

Risk governance

NatWest Group's governance structure facilitates sound risk management decision-making, in line with standards of good corporate governance. The Board reviews and approves the EWRMF and monitors performance against risk appetite. In addition, the key risk committees have the following roles and responsibilities:

- The Board Risk Committee (BRC) is responsible for providing oversight of current and potential future risk exposures, risk profile, risk appetite and risk culture. The BRC also oversees the effectiveness of the EWRMF across NatWest Group, and reviews the performance of NatWest Group relative to risk appetite and risk policy.
- The Group Executive Risk Committee (ERC) reviews, challenges and debates all material risk and control matters across NatWest Group. It supports the CEO and other accountable individuals in discharging their risk management accountabilities. It considers NatWest Group's risk profile relative to current strategy and oversees implementation of the risk management framework.

Three lines of defence

In line with industry best practice and sound risk governance principles, NatWest Group adopts a three lines of defence model of risk governance. Everyone has a responsibility for the intelligent management of risk in day-to-day activities. This includes actively demonstrating risk practices and behaviours that are consistent with NatWest Group's desired risk culture.

As the second line of defence, the Risk function has a clear mandate to undertake proactive risk oversight and monitoring of all risk management activities. The Risk function designs and maintains the EWRMF. The Chief Risk Officer leads the Risk function and plays an integral role in advising the Board on NatWest Group's risk profile. This includes continuous monitoring activities to confirm that NatWest Group engages in sustainable risk-taking activities in pursuit of strategic objectives.

Risk appetite

The risk appetite framework is a component of the EWRMF and establishes the extent of permissible risk-taking to support business outcomes and delivery of the strategy. The EWRMF sets out the requirements on how risk appetite is implemented through risk policies and standards and translated into operational procedures. This consistent approach is followed for all principal risks, frameworks, tools and techniques to support efficient and effective consolidation and interpretation.

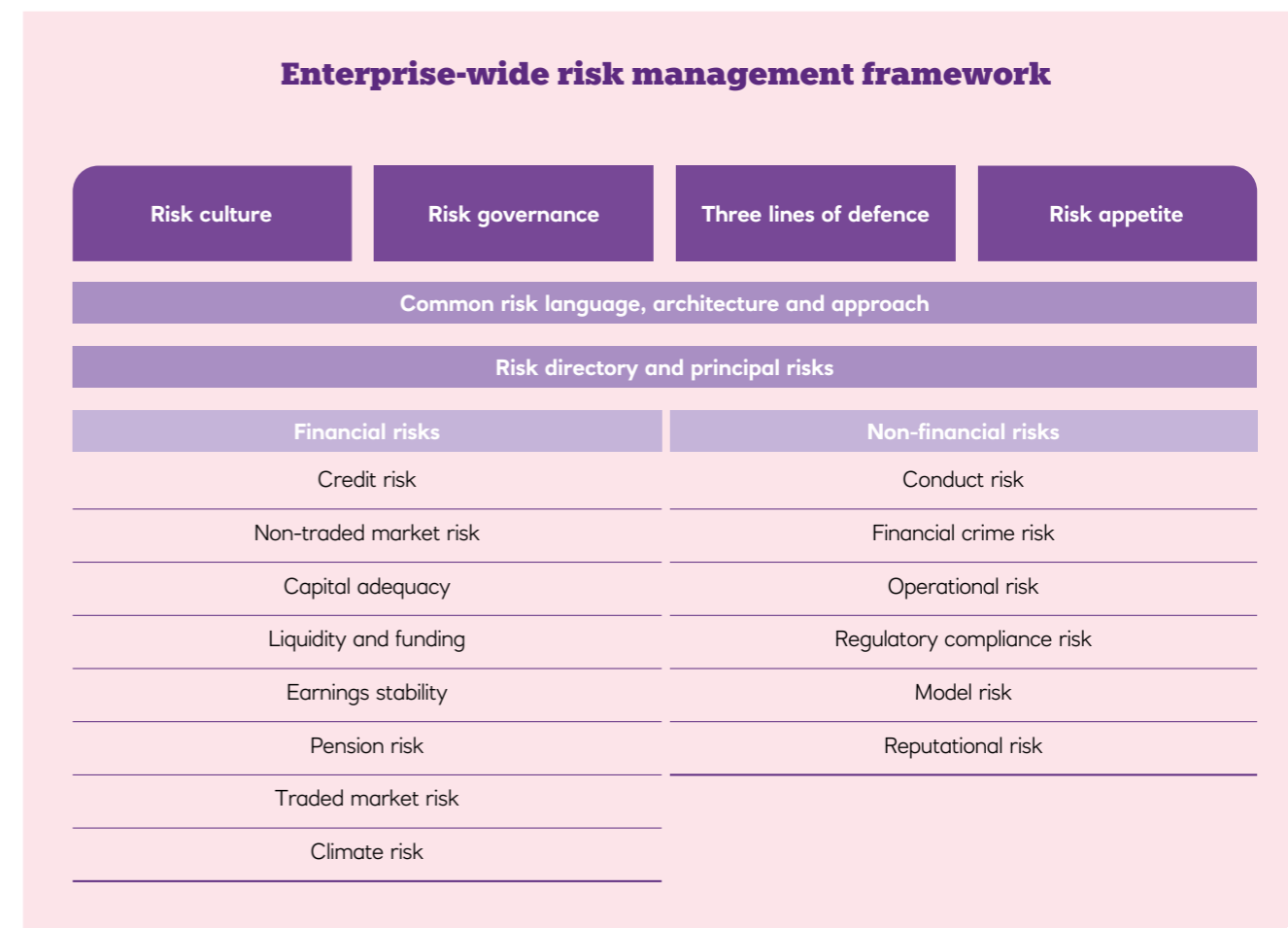
Risk directory and principal risks

To ensure common language and a consistent approach across NatWest Group, the risk directory defines and documents all principal risks that NatWest Group may face, categorised into financial and non-financial risks. The risk directory is an important component of the EWRMF, underpinning the linkage between strategy, risk appetite, risk reporting and governance.

Anti-bribery and corruption (ABC)

NatWest Group is committed to ensuring it acts responsibly and ethically, both when pursuing its own business opportunities and when awarding business. Consequently, it has embedded appropriate policies, procedures and controls so that its employees, and any other parties it does business with, understand these obligations and abide by them whenever they act for NatWest Group. ABC training is mandatory for all staff on an annual basis, with targeted training appropriate for certain roles. NatWest Group considers ABC risk in its business processes including, but not limited to, corporate donations, charitable sponsorships, political activities and commercial sponsorships. Where appropriate, ABC contract clauses are required in written agreements.

Enterprise-wide risk management framework – core components



Top and emerging threats

Top and emerging threats are a component of the EWRMF and identify and manage threats that could have a significant negative impact on our ability to operate or deliver NatWest Group's strategy. They are specific scenarios that usually combine elements of several principal risks and require a coordinated management response. Top and emerging threats are subject to regular review by senior governance forums including the Board, ERC and BRC.











Horizon-scanning is an important activity, enabling NatWest Group to identify, assess and mitigate top and emerging threats including via strategic planning. A range of methods are used including internal working groups, scenario analysis and consulting with external experts to ensure an external perspective is incorporated. In 2022, there was increased focus on assessing and understanding how different individual risks and threats are correlated with each other, including via scenario analysis. This approach helps to integrate strategic risk considerations into business processes and planning and strategy.











Additional areas of risk focus

Operational risk: A payment review was initiated in late 2022, to assess control enhancements in response to manual payment risk.

Model risk: Models are increasingly used as a key basis for informing important business decisions. It is therefore necessary to understand the potential for adverse consequences from model errors and the potential for inappropriate use of modelled outputs. Ensuring models used by NatWest Group are designed effectively – and that model assumptions and techniques remain fit for purpose – continued to be a key risk management focus in 2022. This included a programme of ongoing work to upgrade a number of models to improve performance and compliance with new regulatory requirements.

Compliance and conduct: Further progress was made on the compliance agenda during 2022. The first line of defence ring-fencing hub, established to provide an aggregated view of ring-fencing compliance and risk management, continued to work across business areas, functions and legal entities to support completion of the attestation of compliance with the PRA rules, as at the end of December 2022. From a conduct risk perspective, the focus on consumer protection continued during 2022, given cost of living challenges and their impact on customers in vulnerable situations, as well as the FCA's increased expectations under Consumer Duty. The establishment of the Consumer Duty One Bank programme will ensure continued focus on delivering the required 'paradigm shift' in the levels of consumer protection.

Externally-focused top and emerging threats		Trend
 Economic and political risks	<p>NatWest Group was affected by uncertain and volatile economic conditions in 2022 which created a challenging operating environment. The outlook for the UK and global economy remains uncertain including due to falling economic activity, high inflation, rising interest rates, elevated energy prices, and the Russian invasion of Ukraine.</p> <p>These conditions could deteriorate, depending on a number of factors including market volatility, volatility in commodity prices, escalating geopolitical tensions or concerns regarding sovereign debt or sovereign credit ratings. Economic conditions could also be affected by changing demographics in the markets that NatWest Group serves including increasing social inequalities or the threat of new and widespread public health crises (including any future epidemics or pandemics).</p> <p>The UK experienced significant political uncertainty in 2022, which may persist into the future. This could lead to a loss of confidence in the UK by investors, which could in turn negatively impact NatWest Group. NatWest Group also faces political uncertainty in Scotland, as a result of a possible second Scottish independence referendum.</p> <p>A range of complementary approaches is used to mitigate these risks, such as targeted customer reviews, including for customer segments most vulnerable to inflationary impacts, scenario analysis, stress tests and review of risk appetite.</p>	
 Climate change	<p>Climate-related risks represent a source of systemic risk in the global financial system. Financial and non-financial risks from climate change can arise through physical and transition risks. In addition, physical and transition risks can trigger further losses, stemming directly or indirectly from legal claims, litigation and conduct liability (referred to as liability risk). As a result, NatWest Group and its customers, suppliers and counterparties face significant climate-related risks. Further progress was made in 2022 in managing climate-related risks, including progress with embedding climate risk into NatWest Group's risk framework, financial planning and the initial iteration of our Climate transition plan.</p> <p>The successful implementation of NatWest Group's climate change-related strategy, ambitions and transition plan will depend to a large extent on many factors and uncertainties beyond NatWest Group's control including the macroeconomic environment, and the effectiveness of actions of governments, regulators, businesses, investors and customers to mitigate the impact of climate-related risks.</p>	
 Cyber threats	<p>NatWest Group experiences a constant threat from cyberattacks across the entire NatWest Group and against NatWest Group's supply chain. In 2022, NatWest Group witnessed a small number of attempted Distributed Denial of Service attacks and our supply chain was victim to a small number of ransomware attacks. The focus is to manage the impact of the attacks and sustain availability of services for NatWest Group's customers. As cyberattacks evolve and become more sophisticated, NatWest Group continues to invest in additional capability designed to defend against emerging threats.</p>	
 Competitive environment	<p>NatWest Group operates in markets that are highly competitive and with increasing competitive pressures and technology disruption, raising the threat of reduced revenue and lower profitability. The risks mainly relate to changes in regulation, developments in financial technology (including digital currency), new entrants to the market and shifts in customer behaviour. NatWest Group closely monitors the competitive environment and adapts strategy as appropriate to deliver innovative and compelling propositions for customers.</p>	
 Regulatory, legal and conduct risks	<p>NatWest Group is subject to extensive laws and regulations and disclosure requirements, which present ongoing compliance and conduct risks. For example, in 2022 these included increased regulatory focus on customer protection via the FCA's Consumer Duty policy statement and final rules and guidance. NatWest Group implements new regulatory requirements, where applicable, and incorporates the implications of related changes in its strategic and financial plans. NatWest Group expects government and regulatory focus on the financial services industry to remain high for the foreseeable future.</p>	

Internally-focused top and emerging threats		Trend
 Change risk	<p>The implementation of NatWest Group's purpose-led strategy, including the refocusing of NatWest Markets and creation of the Commercial & Institutional segment, carry significant execution and operational risks. NatWest Group continues to manage and implement change in line with its strategic plans, while assessing execution risks and taking appropriate mitigating action. In addition, NatWest Group continues to monitor and strengthen its control environment via robust governance and controls frameworks.</p>	
 Financial crime	<p>Financial crime continues to evolve, whether through fraud, scams, or other criminal activity. NatWest Group has made and continues to make significant, multi-year investments to strengthen and improve its overall financial crime control framework with prevention systems and capabilities. As part of its ongoing programme of investment, there is current and future investment planned to further strengthen financial crime controls, including investment in new technologies and capabilities to further enhance customer due diligence, transaction monitoring, sanctions and anti-bribery and corruption systems. NatWest Group continues to work with law enforcement agencies, industry bodies and regulators to develop intelligence and collaborative solutions to prevent financial crime.</p>	
 People risk	<p>NatWest Group's success depends on its ability to attract, retain and develop highly-skilled, qualified and diverse personnel, including for technology and data-focused roles, in a highly competitive market and under internal cost reduction pressures. A combination of developing a strong people proposition, close monitoring of attrition levels and colleague wellbeing including versus industry benchmarks are key mitigants.</p>	
 Third-party suppliers	<p>Operational risks arise from NatWest Group's reliance on third-party suppliers and outsourcing of certain activities across a broad range of activity including the provision of IT services and the adoption of new technology. While the ineffective management of risks related to third-party suppliers could adversely affect NatWest Group, significant resources and planning have been devoted to mitigate the risks. These include robust due diligence, identification of strategic suppliers, appropriate oversight, and monitoring and building close working relationships with the third parties on which NatWest Group relies.</p>	
 Data management	<p>NatWest Group relies on the effective use of accurate data to support, monitor, evaluate, manage and enhance its operations and deliver its strategy. The availability of current, complete, detailed and accurate data, together with appropriate governance and accountability for data, is fast becoming a critical strategic asset, which is subject to increased regulatory focus. Failure to have that data or the ineffective use or governance of that data could result in a failure to manage and report important risks and opportunities or satisfy customers' expectations including the inability to deliver innovative products and services. NatWest Group continues to be focused on delivering a long-term data strategy alongside enhancing control and policy frameworks governing data usage.</p>	

Arrows indicate risk profile trend in 2022 versus 2021

-  increased risk
-  decreased risk
-  stable risk

Viability statement

In accordance with Provision 31 of the UK Corporate Governance Code, the Board is required to make a statement in the Annual Report and Accounts regarding NatWest Group's viability over a specified time horizon.

Considerations

In assessing NatWest Group's future viability, the Board considers a period of three years to be appropriate. The budget and business planning processes are based on a five-year horizon. However, a three-year period is considered more suitable given levels of uncertainty increase as the time horizon extends.

In assessing NatWest Group's viability over the three-year time frame, the Board has considered a wide range of information including:

Strategic and financial outlook

- NatWest Group's business and strategic plans.
- Current capital position and projections over the relevant period.
- Liquidity and funding profile and projections over the relevant period.
- Internal scenarios and stress tests, which consider the material risks and uncertainties facing NatWest Group.

Risk management and risk profile

- NatWest Group's enterprise-wide risk management framework (EWRMF) including the processes by which risks are identified and mitigated.
- NatWest Group's risk profile including any breaches of risk appetite and top and emerging threats that could have a significant negative impact on NatWest Group's ability to operate.

Regulatory

- Mandatory regulatory requirements including activity related to the completion of the Bank of England annual cyclical stress (ACS) test, the 2022 Internal Capital Adequacy Assessment Process (ICAAP) and the 2022 Internal Liquidity Adequacy Assessment Process (ILAAP).

Operating environment

- Consideration of the wider operating environment for NatWest Group including legal, regulatory and competitive factors.

Assessment

NatWest Group's business and strategic plans, which are reviewed and evaluated on an annual basis at minimum, provide long-term direction and assess resilience to a range of risks across the planning horizon. These plans include multi-year forecasts assessing NatWest Group's expected financial position throughout the planning period.

A suite of economic scenarios supports NatWest Group's financial planning processes. Stress testing is a key risk and financial management tool and is also integrated with financial planning processes. It is used to quantify and evaluate the potential impact of material risks on the financial strength of NatWest Group, including its liquidity and capital position.

Given elevated levels of uncertainty in 2022, a broad range of economic scenarios was designed to capture uncertainties and risks faced by NatWest Group. The scenarios were continuously refined and reviewed. In the second half of 2022, this included benchmarking against external forecasts and regulatory stress tests. These scenarios explored principal risks and uncertainties including:

- Elevated geopolitical risks including Russia and Ukraine and the impact of high and volatile energy prices.
- Deep simultaneous recessions in the UK and global economy.
- High and sustained levels of inflation and higher-than-anticipated UK interest rates.
- A sharp slowdown in the UK housing market including large falls in UK house prices, reduced mortgage lending and an increase in mortgage servicing costs.
- Climate-related risks including those related to a disorderly climate transition.

These internal scenarios were used to examine going concern capital requirements on a forward-looking basis by assessing the resilience of capital adequacy and leverage ratios. The assessment included assumptions about regulatory and accounting factors (such as IFRS 9). They also incorporated key assumptions on balance sheet and P&L drivers, such as impairments, to demonstrate that NatWest Group maintains sufficient capital. Applying the scenarios to NatWest Group's capital, liquidity and funding positions did not result in a breach of any regulatory thresholds.

Reverse stress testing is also carried out in order to identify circumstances that may lead to specific, defined outcomes such as business failure. Reverse stress testing allows potential vulnerabilities in the business model to be examined more fully. During 2022, reverse stress testing considered the impact of sustained income challenges and increased impairments in a recession. The analysis concluded that a significant drop in UK GDP (-15% to -20%), coupled with high unemployment (13% to 16%), a collapse in house prices (-44% to -48%) and a dramatic reduction in asset prices (commercial real estate values falling by up to 78%) is required for NatWest Group to breach its defined thresholds, which are currently deemed to be implausible scenarios.

Consideration was also given to the operational resilience of NatWest Group across a range of operational risk scenarios including conduct, financial crime, climate and a cyberattack. While NatWest Group has not been subject to a material cyberattack and operates a multi-layered system of defences, there is a possibility that a cyberattack could have a severe effect on operations. The evolving threat is continually monitored with a focus on managing the impact of any attack and sustaining availability of services for NatWest Group's customers. As cyberattacks evolve and become more sophisticated, NatWest Group continues to invest in additional capability designed to defend against emerging threats.

Risks facing NatWest Group are identified and assessed through NatWest Group's EWRMF which is outlined in the Risk overview section. The Board reviews and approves the EWRMF and monitors performance against risk appetite.

Despite elevated economic and political uncertainty, NatWest Group's risk profile remained stable in 2022. Risk appetite is a key consideration in assessing the risk profile and the Board monitors performance against risk appetite including in relation to credit risk, liquidity and funding, financial crime, conduct and operational risk. In 2022, there were no material breaches in risk appetite that were viewed as a threat to the viability of NatWest Group.

NatWest Group's top and emerging threats process also highlights threat scenarios that could have a significant negative impact on NatWest Group's ability to operate or deliver its strategy. In 2022, the top and emerging threats were subject to regular review by the Executive Risk Committee and the Board Risk Committee. This included horizon scanning activity, to enable early identification and mitigation of emerging strategic threats. Top and emerging threats are also a significant consideration in internal scenario planning as well as the ICAAP and ILAAP.

NatWest Group is impacted in the longer term by a wide range of macroeconomic, political, regulatory, technological, social and environmental developments. The evolving operating environment presents opportunities and risks which NatWest Group continue to evaluate including via top and emerging threats.

The 2022 Annual Report and Accounts were considered as part of the assessment. This includes review of the principal risks and uncertainties set out on pages 64 to 67 and highlights the possible impact of legal, regulatory and competitive factors on NatWest Group. The detailed disclosure of financial performance of NatWest Group was considered as part of the assessment. This included:

- NatWest Group's robust capital position; CET1 ratio of 14.2%. The current capital position provides significant headroom above both NatWest Group's minimum requirements and its maximum distributable amount threshold requirements.
- The sustainable profitability and capital generation of the business.
- NatWest Group's strong liquidity and funding position with a robust liquidity coverage ratio of 145%, £52 billion of excess over the regulatory minimum of 100% and a net stable funding ratio of 145%.

NatWest Group participates in stress tests run by regulatory authorities to test industry-wide vulnerabilities under crystallising global and domestic systemic risks. The Bank of England returned to the annual cyclical scenario (ACS) stress-test framework in 2022 and published the scenario in September 2022. The ACS scenario was considered when calibrating the internal scenarios and therefore informed the Board's assessment of viability.

The 2022 ACS was aimed at testing the resilience of the UK banking system to deep simultaneous recessions in the UK and global economies, large falls in asset prices and higher global interest rates, and a separate stress of misconduct costs. The Bank of England will publish results of the ACS in summer 2023.

NatWest Group also took part in the Bank of England's Climate Biennial Exploratory Scenario (CBES) conducted in late 2021 and early 2022, with the results published by the Bank of England in May 2022. Insight from the analysis carried out to support participation in the CBES supported further embedding of climate risk into NatWest Group's business model, operations and risk framework in line with regulatory expectations.

Based on the factors outlined above, the current financial forecasts including the strength of its capital and liquidity positions, the management of NatWest Group's principal risks, including mitigating actions, the Board has a reasonable expectation that NatWest Group will be able to continue in operation and meet its liabilities over the three-year period of the assessment.

Non-financial information statement

This non-financial information statement provides an overview of topics and related reporting references in our external reporting as required by sections 414CA and 414CB of the Companies Act 2006. We integrate non-financial and Environmental, Social and Governance (ESG) information across the Strategic report and wider reporting suite, thereby promoting cohesive reporting of non-financial and ESG matters.

ESG reporting frameworks and guidance

We are actively monitoring developments including in relation to metrics. In 2022, our focus included the Sustainability Accounting Standards Board (SASB) standards, the Global Reporting Initiative (GRI) standards, the Task Force on Climate-related Financial Disclosures (TCFD) and the World Economic Forum (WEF) International Business Council (IBC) metrics. As signatories of the UN Principles for Responsible Banking, our ambition is to further align our strategy with the 2015 Paris Agreement and the UN Sustainable Development Goals (SDGs).

Further information on non-financial and ESG matters can be found within our reporting suite.

- Climate-related Disclosures Report
- ESG Disclosures Report
- ESG Frameworks Appendix
- natwestgroup.com

Assurance Approach

NatWest Group plc appointed Ernst & Young LLP (EY) to provide independent assurance over certain sustainability metrics and elements of the UN Principles for Responsible Banking (UN PRB) Template. These sustainability metrics are marked with an asterisk (*) within this report and the UN PRB Template is presented within the ESG Frameworks Appendix. The assurance engagement was planned and performed in accordance with the International Standard on Assurance Engagements (UK) 3000 (July 2020) Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE (UK)3000 (July 2020)").

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.

UN Principles for Responsible Banking

We became signatories to the UN Principles for Responsible Banking (PRB) in September 2019 and our ambition is to further align our strategy with the Paris Climate Agreement and the UN Sustainable Development Goals (SDGs). In 2022, we were invited to join the PRB Framework Review Taskforce, which led to an updated self-assessment report template which was launched in September 2022. We have adopted this new template, and in line with requirements for our third self-assessment, elements of our PRB reporting are subject to limited assurance.

Further information on the PRB can be found in the ESG Disclosures Report and our third self-assessment PRB report can be found in the ESG Frameworks Appendix available at natwestgroup.com.

Reporting requirement		Page references in this report	Relevant policy or document available at natwest.com
Business model	<ul style="list-style-type: none"> • Investment case • Our purpose framework • Our business model • Our strategy • Our purpose-led areas of focus • Business performance • Climate-related disclosures 	<ul style="list-style-type: none"> • 10 • 12 to 13 • 18 to 21 • 22 to 23 • 26 to 28 • 29 to 35 • 53 to 63 	2022 Climate-related Disclosures Report
Our stakeholders	<ul style="list-style-type: none"> • Our stakeholders • Section 172(1) statement • Stakeholder focus areas 	<ul style="list-style-type: none"> • 36 to 39 • 40 to 41 • 42 to 52 	
Environment	<ul style="list-style-type: none"> • Market environment • Climate-related disclosures • Risk management • Risk factors 	<ul style="list-style-type: none"> • 16 to 17 • 53 to 63 • 64 to 67 • 404 to 425 	Environmental, social and ethical policies
Our colleagues	<ul style="list-style-type: none"> • Colleagues • Diversity and Inclusion 	<ul style="list-style-type: none"> • 46 to 47 • 48 to 49 	Our code of conduct
Governance	<ul style="list-style-type: none"> • Governance at a glance • Section 172(1) statement • Boardroom Inclusion Policy • Corporate governance • Directors' remuneration report • Report of the directors 	<ul style="list-style-type: none"> • 92 to 93 • 40 to 41 • 93 • 84 to 133 • 138 to 151 • 171 to 174 	Boardroom Inclusion Policy
Social matters	<ul style="list-style-type: none"> • Market environment • Our strategy • Stakeholder focus areas • Our business model 	<ul style="list-style-type: none"> • 16 to 17 • 22 to 23 • 42 to 52 • 18 to 21 	Supplier Charter
Respect for human rights	<ul style="list-style-type: none"> • Respecting human rights 	<ul style="list-style-type: none"> • 52 	Human Rights Position Statement
Anti-bribery and corruption (ABC)	<ul style="list-style-type: none"> • Risk management • Risk and capital management • Training 	<ul style="list-style-type: none"> • 64 to 67 • 176 to 283 • 64, 178 	Statement on Anti-Bribery and Corruption
Risk management	<ul style="list-style-type: none"> • Risk management • Risk and capital management • Risk factors 	<ul style="list-style-type: none"> • 64 to 67 • 176 to 283 • 404 to 425 	Environmental, social and ethical policies