

# Investor Factsheet

# Sustainable Banking

This presentation relates to The Royal Bank of Scotland Group plc ("RBSG plc"). RBSG plc is intended to be renamed NatWest Group plc later this year.



NatWest Group

March 2020

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

<p><b>Supporting customers at every stage of their lives</b> Evolve our propositions to reflect changing customer behaviour</p>	<p><b>Simple to deal with</b> Reengineering-led simplification to drive better customer experience and colleague engagement</p>	<p><b>Powered by innovation and partnerships</b> Strong pace of business model innovation and partnership</p>	<p><b>Sharpened customer and capital allocation focus</b> Refocus NWM<sup>1</sup> to meet the needs of customers – capital ratio accretive</p>
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## Sustainable Returns

Financially and operationally resilient.

<p><b>Commitment to issue ~£1bn of MREL in Green, Social or Sustainable Bond format</b></p>	<p><b>First bank to be awarded Corporate Chartered Status by the Chartered Banker Institute</b></p>	<p><b>Leading lender to the UK renewables sector by number of transactions (last 10 years, 2009-2019)</b></p>	<p><b>Founding Signatory of the UN PRB<sup>2</sup>, while Coutts is a signatory to the UN PRI<sup>3</sup></b></p>	<p><b>Goal to be fully gender balanced across the bank by 2030</b></p>	<p><b>Reduced operational carbon footprint by 61% between 2014-2019, exceeding target of 45% reduction by 2020</b></p>
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A purpose led bank, responding to the changing needs of all stakeholders.

Our areas of focus

<b>Enterprise</b>	<b>Learning</b>	<b>Climate</b>
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Our ambition

The biggest supporter of start-ups in the UK & Rol

Leading learning organisation; enhancing the financial ability of the UK & Rol and the skills of employees

Leading bank in the UK & Rol helping to address the climate challenge

Successes to date

<b>12</b>	Accelerator hubs operated	<b>25</b>	Years of operation of MoneySense education programme	<b>£10bn</b>	Funding and financing to sustainable energy (since 2018)
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Our targets

<b>50k</b>	Incremental new businesses created by 2023 through inspiring and supporting 500k+ people	<b>2.5m</b>	People reached through financial capability interactions each year	<b>Climate positive<sup>4</sup></b>	Own operations by 2025
<b>60%</b>	We'll aim for 60% of our new entrepreneurs to be female	<b>2m</b>	Additional customers helped to start saving by 2023	<b>Halved</b>	Impact of our financing activity by 2030
<b>75%</b>	Of those inspired and supported will be based outside London & South East	<b>100%</b>	Front-line colleagues professionally qualified/accredited within first 12 months in role	<b>50%<sup>5</sup></b>	Of our UK & Rol customers' homes at or above EPC or equivalent rating C by 2030
				<b>£20bn<sup>6</sup></b>	Additional funding and financing for climate and sustainable finance by 2022

UN SDG<sup>7</sup> alignment

<b>5</b> GENDER EQUALITY	<b>8</b> DECENT WORK AND ECONOMIC GROWTH	<b>4</b> QUALITY EDUCATION	<b>10</b> REDUCED INEQUALITIES	<b>7</b> AFFORDABLE AND CLEAN ENERGY	<b>13</b> CLIMATE ACTION
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17 PARTNERSHIPS FOR THE GOALS



Powered by innovation, collaboration and partnerships

1 NWM is NatWest Markets. 2 PRB is the Principles for Responsible Banking. 3 PRI is the Principles for Responsible Investment. 4 Climate positive refers to an organisation capturing more carbon than it emits over a given period of time. 5 Percentage of aggregate UK & Rol mortgage book exposure 6 Pursuant to Climate and Sustainable Finance Inclusion Criteria, available on RBS.com. 7 SDG is UN Sustainable Development Goals.

# A leading UK & RoI bank helping to address the climate challenge.

## Supporting clients

Helping to end most harmful activity

## Achievements

- ✓ No project finance to new coal fired power stations and new thermal coal mines
- ✓ No lending to mining/power companies with 40%+ of activities from coal<sup>1</sup>
- ✓ Mobility Opportunity Group created to support drive to decarbonise UK transport

## Short-to-medium term commitments

- ☐ Stop lending and underwriting to companies<sup>2</sup> with more than 15% of activities related to coal<sup>3</sup>, unless they have a credible transition plan in line with the 2015 Paris Agreement by end of 2021; **full phase-out from coal by 2030**
- ☐ Stop lending and underwriting to major oil & gas producers without a credible transition plan in line with the 2015 Paris Agreement by end of 2021

## Internal ambition

Embedding into our culture and decision making

- ✓ 61% reduction in emissions from operational footprint vs. 2014
- ✓ Board Committee on sustainability
- ✓ Principles for Responsible Banking signatory
- ☐ Revise **executive remuneration** to reflect achieving climate targets
- ☐ **Quantify our climate impact, and define sector-level targets by 2022**

1 Except where an existing customer is demonstrating a clear transition towards this threshold. 2 Mining/trading and power generation/retail. 3 Thermal and lignite coal.

## Reducing our carbon-intensive exposures.

Sector	% <sup>1</sup>
Personal Mortgages	40.3%
Automotive	2.2%
Power Utilities	2.0%
Agriculture	1.3%
Oil and gas	1.0%
Water	0.8%
Chemicals	0.3%
Mining and metals	0.3%

We are working to reduce our lending to carbon intensive parts of the global economy. Noted here are exposures for certain sectors that could be considered relevant for climate risk purposes.

## ESG Ratings and Benchmarks.

ESG Rating	2019 <sup>2</sup>	Scale <sup>3</sup>
ISS ESG	C	A+ to D-
Prime Status	Prime	
Sustainalytics Risk Report	27.7	Negligible to Severe
Industry Rank	242/933	
MSCI ESG	BBB	AAA to CCC
FTSE4Good	Included	
CDP (Climate Change)	B	A to D-
Industry Average	C	

**Our Supplier Code of Conduct**, available on rbs.com, continues to be a contractual requirement and we expect our suppliers to uphold the same values and commitments we have made on social and environmental impacts.

1 Exposure percentage represents the gross lending and related off balance sheet exposure to a sector as a percentage of total gross lending and the related off balance sheet exposures. 2 Scores correct as of 7 February 2020. 3 From highest to lowest.

## A focus on ESG products across the Group.

- RBSG Green, Social and Sustainability Bond Framework launched in November 2019.
- Inaugural Social Bond of EUR750m issued, focussed on SMEs in some of the UK's most deprived areas, showing commitment to addressing regional inequality and promoting economic growth.

- NWM ESG Product Framework launched in July 2019, providing clients with ESG-linked investments, including SSA qualifying bonds.
- NWM also helps develop the sterling green market to meet a growing focus on responsible investment including contribution to achieving our 2020 £10bn funding target.



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