



NatWest
Group

Succeeding with customers

NatWest Group plc

2025 Climate Transition Plan Report



We're the bank that turns possibilities into **progress**

A vital and trusted partner to over 20 million customers across our Retail Banking, Private Banking & Wealth Management and Commercial & Institutional businesses.

Read more on our
Sustainability Disclosures at
natwestgroup.com.

Purpose of this report

The NatWest Group plc 2025 Climate Transition Plan Report, together with the [NatWest Group plc 2025 Annual Report and Accounts](#), forms part of our 2025 annual reporting suite, supported by the [NatWest Group plc 2025 Sustainability Basis of Reporting](#) and the [NatWest Group plc 2025 Sustainability Datasheet](#).

This report includes the latest iteration of NatWest Group's climate transition plan and seeks to effectively communicate progress against our plan and our strategic climate objectives to a broad range of stakeholders for the year 2025.

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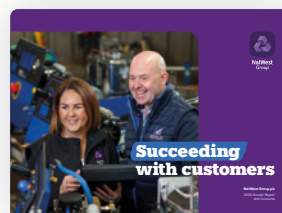
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Our 2025 reporting suite



Climate Transition Plan Report

Disclosures related to progress against our climate transition plan.



Annual Report and Accounts

Disclosures related to our strategic performance, governance and remuneration, risk and capital management, along with our financial statements and related notes, including the independent auditor's report.



Annual Results

Our latest company information, including our financial performance for the year.

Supported by our

Sustainability Basis of Reporting

Outlines the scope, approach and controls for climate and sustainability-related metrics assured by EY under 2025 Sustainability Limited and Reasonable Assurance.

Sustainability Datasheet

Outlines our key climate and sustainability-related metrics and progress against selected industry-wide standards.

Read more and download our reports at natwestgroup.com

Name and address

'NatWest Group' means NatWest Group plc and its subsidiaries and associated undertakings. Principal office: NatWest Group plc, PO Box 1000, Gogarburn, Edinburgh, EH12 1HQ

→ [NatWest Group glossary and abbreviations](#)

Important information

Evolution of our reporting suite

We published the initial iteration of our climate transition plan in the [NatWest Group plc 2022 Climate-related Disclosures Report](#), followed by updates on the progress of our climate transition plan in the [NatWest Group plc 2023 Climate-related Disclosures Report](#) and in the [NatWest Group plc 2024 Sustainability Report](#).

For 2025, our previous standalone NatWest Group plc 2024 Sustainability Report has been replaced by this standalone Climate Transition Plan Report and complemented by a new Sustainability Review in the [NatWest Group plc 2025 Annual Report and Accounts](#).

Together, these changes seek to align our reporting structure with evolving regulatory expectations and ensure information is presented in the most appropriate place.

Future developments

NatWest Group continues to monitor legal and regulatory reporting requirements, such as the recent Financial Conduct Authority consultation on Aligning listed issuers' sustainability disclosures with international standards, with the aim to ensure that its disclosures are transparent, robust, and aligned with applicable legal and regulatory requirements and market expectations. In addition, we continue to monitor reporting and other industry standards and evolving market practice to inform the ongoing development of our approach.

Our approach to defining the scope and content of this report

In 2025, NatWest Group has made climate-related disclosures within this report, the [NatWest Group plc 2025 Annual Report and Accounts](#), the [NatWest Group plc 2025 Sustainability Basis of Reporting](#), and the [NatWest Group plc 2025 Sustainability Datasheet](#).

The scope and content of this report have been defined with a primary focus on meeting our regulatory climate-related disclosure obligations and providing transparent, decision-useful information to our stakeholders.

In preparing the climate-related disclosures across our reporting suite and supporting documents, we have sought to comply with the FCA Listing Rules applicable to UK-listed companies, including the requirement for climate-related disclosures consistent with the Task Force on Climate-related Financial Disclosures (TCFD), including the expectations regarding transition planning as set out in the TCFD Guidance on Metrics, Targets and Transition Plans (October 2021). These requirements have been a material factor in determining both the scope of the report and the level of detail provided, and we have sought to ensure that the disclosures address relevant climate-related financial risks and opportunities and are consistent, comparable and aligned with applicable regulatory expectations. We align the calculation and estimation of emissions with suitable industry standards and methodologies, where available, to support consistency and comparability in our reporting.

In addition, the content of the 'Investment products and solutions' chapter of this report has been prepared to meet the requirements of the FCA ESG Sourcebook applicable to asset managers and certain FCA regulated asset owners.

We have also had regard to a number of emerging and developing frameworks and standards, including the Transition Plan Taskforce (TPT) Disclosure Framework and the UK Sustainability Reporting Standards (UK SRS). While these frameworks have informed our approach to the evolution of our climate-related disclosures, particularly in relation to transition planning and the future proofing of our reporting processes, our disclosures are not fully aligned with them due to their evolving status and the timing of regulatory implementation and they have therefore been considered only where appropriate to enhance clarity and consistency.

Challenges and limitations

This report uses longer time frames to assess potential climate-related impacts than the time frames customarily used in certain of our other disclosures, including our annual, periodic and interim financial reports filed with the London Stock Exchange ('LSE') in the UK and the Securities and Exchange Commission ('SEC') in the US. This approach means that our climate-related disclosures included in this report, including with respect to climate-related risks and opportunities, use a greater number and level of assumptions and estimates than many of our LSE and SEC annual and interim financial reports and include certain information that we have not included in our LSE and SEC filings. The disclosure in this report is therefore not directly comparable with the disclosure included in our annual and interim financial reports filed with the LSE and the SEC.

The processes we have adopted to define, collect and report data on our climate-related performance, as well as the associated metrics and disclosures in this document, are not subject to the same formal processes adopted for financial reporting in accordance with established reporting standards. They involve

a higher degree of judgement, assumptions and estimates, including in relation to the classification of climate-related funding, financing and facilitation activities, than is required for our reporting of historical financial information prepared in accordance with established reporting standards. As a result, we may in the future amend, update, recalculate and/or restate certain disclosures made in this report as the quality and completeness of our data and methodologies continue to improve.

Readers of this report should take into consideration this together with the 'Caution about climate-related metrics and data required for climate reporting' on [page 70](#) of this report, the 'Cautionary statement regarding forward-looking statements' on [page 74](#) of this report, and the 'Climate and sustainability-related risks' included on pages 420 to 422 of the [NatWest Group plc 2025 Annual Report and Accounts](#).

Assurance approach

NatWest Group plc appointed Ernst & Young LLP (EY) to provide external independent assurance over certain sustainability metrics, indicated with (RA) (Reasonable Assurance) or (LA) (Limited Assurance) in this report. The assurance engagement was planned and performed in accordance with the International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information as promulgated by the International Auditing and Assurance Standards Board (IAASB). An assurance report was issued and is available at natwestgroup.com. This report includes further details of the scope, respective responsibilities, work performed, limitations and conclusion.

→ EY Independent Assurance Report

(LA) Metric subject to independent Limited Assurance by EY⁽¹⁾
(RA) Metric subject to independent Reasonable Assurance by EY⁽¹⁾

(1) This indicates that the metric was subject to external independent limited/reasonable assurance by EY. Refer to the [NatWest Group plc 2025 Sustainability Basis of Reporting](#).



Group Chief Executive's review

At NatWest Group, our ambition is to succeed with our customers. As a trusted partner, our role is to help customers to unlock opportunities and navigate the dynamics of a changing external landscape, as many choose to invest in a low carbon future.

Supporting our customers' transition

Throughout 2025, our focus has been on providing practical solutions, whether that is helping businesses invest in self-generation, energy efficiency, and electrification; backing large-scale renewable projects; or supporting homeowners to make their homes more sustainable.

More broadly, we exceeded our £100 billion target for climate and sustainable funding and financing early and set a new target to expand our customer support by providing £200 billion in climate and transition finance by the end of 2030 – recognising the role that transition finance plays in decarbonising the real economy, especially in hard-to-abate sectors.

Managing our own emissions

Responding to climate change also involves making changes in our own operations and supply chain. In 2025, we continued reducing operational emissions and improving energy efficiency across offices and buildings through targeted investments and innovative solutions. This has helped us to make progress towards our 2030 climate ambitions.

‘By leveraging our scale, regional presence and deep-rooted expertise, we are well positioned to support our customers to achieve their goals.’

Financing decarbonisation

Last year, we reviewed our climate ambitions and wider environmental and social policies, refining our climate transition plan to focus on the areas where we can deliver the greatest influence. This reflected our progress to date and aligns with the evolving policy landscape, including the advice issued in the UK Climate Change Committee's Seventh Carbon Budget Report. The path to achieving net zero by 2050 is far from clear at this stage but we continue to focus on supporting our customers' transition and reducing our emissions.

Having completed our review, we are focusing our targets on the most material activities across a range of sectors and have retained our ambition to at least halve the climate impact of our financing activity by 2030 – against a 2019 baseline – as we work towards our long-term 2050 net-zero ambition. As part of this, we conducted an energy system review which reflected on the complexity of the energy transition. And whilst we've made changes to our policies, our approach continues to prioritise renewables and low-carbon solutions but also recognises the important yet declining role of oil and gas in the UK.

We continue to collaborate with policymakers, regulators and the wider industry to support decarbonisation of the UK. And by leveraging our scale, regional presence and deep-rooted expertise, we are well positioned to support our customers to achieve their goals – while progressing towards our own ambition of becoming net zero by 2050.

Paul Thwaite

Group Chief Executive Officer

How climate connects with our approach to sustainability

Building enduring, trusted relationships with our customers sits at the heart of our strategy. It connects our purpose with our ambition and is supported by three strategic priorities: disciplined growth, leveraging simplification, and active balance sheet and risk management. We believe that as a bank we can make a positive difference for our customers, communities, and the UK economy. Our success is rooted in the success of our customers, so we focus on the impact that comes from the core of our business, what we do as a bank, building a strategy that is sustainable.

Supporting the climate transition is one of our key sustainability topics and our climate ambitions, targets and climate transition plan enable us to focus on actions we can take to succeed with our customers and deliver sustainable shareholder value over time.

- Read more in our 2025 Annual Report and Accounts: Our business model on page 12 to 13, Our strategy on page 15, Key sustainability topics for our stakeholders and our business on page 40.
- Read more on our Sustainability Disclosures at natwestgroup.com.



Read more about how implementing our climate transition plan supports progress against our bank-wide strategic priorities on page 11 of this report.

Refreshing our climate ambitions

We have an ambition to be net zero across our financed emissions, assets under management and operational value chain by 2050. This is aligned with the UK's legal obligation to be net zero by 2050. While the path to net zero by 2050 is far from clear at this stage, we continue to focus on supporting our customers' transition and our own ambitions to be net zero. Achievement of our climate ambitions and targets is dependent on a range of factors, including timely and appropriate government policy, technology developments, and on suppliers, customers and society supporting the transition.

→ Refer to pages 38 and 51 for details on external dependencies and our approach to policy engagement and advocacy.

We have retained our ambition to at least halve the climate impact of our financing activity by 2030, against a 2019 baseline

In February 2025, we disclosed that we continued to consider the achievement of our ambition to at least halve the climate impact of our financing activity by 2030, against a 2019 baseline, to be increasingly challenging. We also disclosed our intention to review our climate ambitions and targets during 2025 in light of the advice issued by the UK Climate Change Committee (UK CCC) to the UK Government on setting the Seventh Carbon Budget. Following this review, we have retained our ambition to at least halve the climate impact of our financing activity by 2030, against a 2019 baseline, having achieved a 39% reduction between 2019 and 2024, primarily through strategic decisions, methodology and data enhancements. We acknowledge that emission reductions are unlikely to be linear and that the UK Parliament will legislate a new legal limit on greenhouse gas emissions as part of the Seventh Carbon Budget by June 2026.

We have made a number of changes to our climate ambitions, targets and Environmental and Social (E&S) Risk Acceptance Criteria:

Operational emissions

We continue to aim for a 70% reduction in Scope 1 and location-based Scope 2 emissions and a 50% reduction in Scope 3 operational emissions from applicable categories 1–14 by 2030, against a 2019 baseline. We also continue to consume 100% renewable electricity across our global operations in line with our RE100 commitment. While we will maintain a science-based pathway to 2030, we have withdrawn our three science-based targets which were validated by the Science Based Targets initiative (SBTi).

→ Refer to pages 13 to 16 for further details.

Financing the transition

In July 2025, we set a new target to provide £200 billion in climate and transition finance between 1 July 2025 and the end of 2030. Our climate and transition finance framework has replaced the climate and sustainable funding and financing inclusion criteria that underpinned our previous £100 billion target, which was exceeded in Q1 2025. This evolution recognises that supporting the alignment and transition of the real economy towards net zero needs significant investment across a broader spectrum of industries, including hard-to-abate and emission intensive sectors, alongside those delivering climate solutions.

→ Refer to pages 19 to 20 for further details.

A simplified and focused approach

In 2022, we set 16 science-based portfolio-level sector targets for 2030. These targets were validated by the Science Based Targets initiative (SBTi) and covered 79% of our lending book and 57% of debt securities and equity shares, excluding sovereign debt securities as at 31 December 2019. They had a 2019 baseline and underpinned the development of our initial climate transition plan and the opportunities we identified to help our customers transition to a more sustainable economy.

We have continued to refine our climate transition plan to focus on the most material activities across a range of sectors, including the metrics and methodologies used to track progress against our plan. As a result we have withdrawn our 16 portfolio-level sector targets and replaced these targets with nine portfolio-level activity-based targets for 2030. Our new targets are science-based, have a 2023 baseline and have been developed using the UN Environment Programme Finance Initiative (UNEP FI) Guidance for Climate Target Setting for Banks, ensuring coverage of carbon-intensive sectors, material sources of emissions and adequate coverage of our balance sheet. They cover 61% of our lending book and 0.02% of debt securities and equity shares, excluding sovereign debt as at 31 December 2023. We have not sought SBTi validation of our new portfolio-level activity-based targets.

The scope of our new targets reflect our role as a provider of finance to a range of industries and the activities recognised by the UK CCC as playing a critical role in enabling the UK's transition to net zero by 2050. This helps us to better understand the transition risks and opportunities that may impact our customers and to better support the UK's transition to net zero.

→ Refer to pages 23 to 25 for further details.

Responsible investment

In 2025, we reviewed our responsible investing approach, including our climate ambitions, to ensure alignment with customer needs and market standards. Following the review, we have withdrawn portfolio alignment from our entity level 2030 ambitions, recognising a lack of market consensus on how to define portfolio alignment within a wealth management context. We have retained our 2030 Weighted Average Carbon Intensity (WACI) ambition, which reflects market best practice and continues to provide a standardised measure through which we can monitor progress towards our net zero by 2050 ambition.

→ Refer to pages 59 to 67 for further details.

Energy system review

We also stated that we would review our Environmental, Social and Ethical (ESE) Risk Acceptance Criteria for major oil and gas customers. The scope of the energy system review was broader than the ESE Risk Acceptance Criteria for major oil and gas customers. From 1 January 2026, we updated the name of our ESE Risk Framework to the Environmental and Social (E&S) Risk Framework. Recognising the complexity of the energy transition, we conducted an energy system review during 2025 to ensure our strategy reflects the interconnected risks and opportunities across the energy value chain as the economy transitions toward net zero. The energy system review considered the systemic nature of the energy transition which anticipates further growth in renewables, the important yet declining role of oil and gas, significant infrastructure investment and demand-side electrification. Reflecting the outcome of our energy system review, we have published a new E&S Energy Supply Sectors Risk Acceptance Criteria.

→ Refer to page 26 to 28 for further details.

Refreshing our climate ambitions

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

Our climate ambitions and targets⁽¹⁾ enable us to focus on actions we can take to succeed with our customers and deliver sustainable shareholder value.

Refer to the Directors' Remuneration Report in the [NatWest Group plc 2025 Annual Report and Accounts](#) for details of sustainability considerations included in executive remuneration.

We have an ambition to **at least halve the climate impact**

of our financing activity by 2030, against a 2019 baseline, supported by portfolio-level, activity-based targets⁽²⁾

We have an ambition to **reduce the Weighted Average Carbon Intensity**

of our Managed Assets by 50% by 2030, against a 2019 baseline⁽³⁾

We have an ambition to **reduce emissions**

for our operational value chain,⁽⁴⁾ against a 2019 baseline by: reducing Scope 1 and location-based⁽⁵⁾ Scope 2 emissions by 70% and Scope 3 emissions by 50% by 2030, while continuing to consume 100% renewable electricity in our direct own global operations

We have a target to **provide £200 billion**

of climate and transition finance⁽⁶⁾ between 1 July 2025 and the end of 2030

We have an ambition for **50% of our UK residential mortgages**

to have an Energy Performance Certificate (EPC) rating of C or better by 2030, where EPCs are available

We have an ambition to **phase-out of coal⁽⁷⁾**

for customers who have coal production, coal-fired generation and coal-related infrastructure globally by 1 January 2030

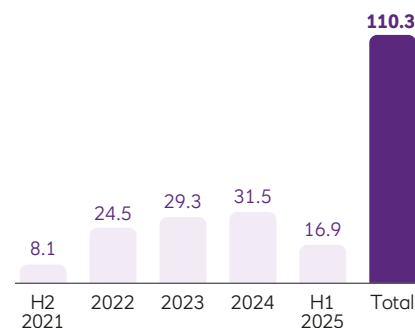
- (1) Achievement of our climate ambitions and targets is dependent on a range of factors, including timely and appropriate government policy, technology developments, and on suppliers, customers and society supporting the transition. For details on dependencies applicable to and reliance on our climate and sustainability-related ambitions, targets and commitments, refer to 'Forward-looking statements' on [page 74](#) of this report.
- (2) In 2025, we moved from portfolio-level sector targets to portfolio-level activity-based targets, refer to [pages 6](#) and [24](#) for further details.
- (3) Our Weighted Average Carbon Intensity (WACI) ambition includes listed equity and corporate fixed income asset classes. We consider Managed Assets (those assets we invest on our customers' behalf, which represented 81% of AUM as at 31 December 2025) to be in-scope for our WACI ambition. Due to improved data sourcing, current WACI measurement includes additional data for government bond asset classes and Bespoke portfolios. Our WACI ambition applies to equity and corporate fixed income assets only. Our net zero by 2050 ambition encompasses total Assets under Management. Refer to [page 60](#) for details.
- (4) Our operational value chain captures greenhouse gas emissions Scopes 1, 2 and 3 (categories 1-14, excluding categories 8, 10, 14) and does not include Scope 3 category 15 financed emissions, refer to [page 12](#).
- (5) Our ambition is location-based to drive absolute reductions in consumption. Location-based GHG emissions method reflects the grid-average emissions. Market-based emissions reflect purchased electricity sources (e.g. renewables), which have near-zero emissions. Refer to Streamlined Energy and Carbon Reporting (SECR) disclosure, included on page 56 of the [NatWest Group plc 2025 Annual Report and Accounts](#), for further details of the basis of GHG emissions reporting.
- (6) Climate and transition finance as defined in our [climate and transition finance framework](#).
- (7) The phase-out of coal refers to the exit of the customer relationship by NatWest Group. This relates to all grades of thermal coal (e.g. bituminous, sub-bituminous, and lignite) typically used as a fuel for coal-fired generation. Data challenges, particularly the lack of granular customer information, create challenges in identifying customers with 'coal-related infrastructure' and other customers with coal-related operations within NatWest Group's large and diversified customer portfolios. As such, the scope excludes (i) companies who generate less than 5% of their revenues via coal-related activity (in line with the [UN Environment Programme Finance Initiative \(UNEP FI\) Guidance for Climate Target Setting for Banks](#)) (ii) companies with a turnover of <£50 million and (iii) commodity traders. Metallurgical coal is excluded from scope.

Progress against our climate ambitions and targets

Climate and sustainable funding and financing⁽¹⁾ (£bn)

£110.3bn^(LA)

provided between 1 July 2021 and 30 June 2025



We exceeded our target to provide £100 billion climate and sustainable funding and financing between 1 July 2021 and the end of 2025.

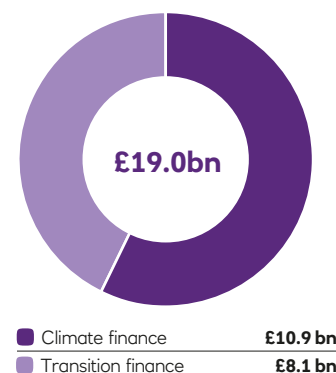
As part of this, we also achieved our aim to provide £10 billion in lending for EPC A and B rated residential properties between 1 January 2023 and the end of 2025.

✓ **Exceeded £100 billion target**

Climate and transition finance⁽¹⁾

£19.0bn^(LA)

provided 1 July to 31 December 2025

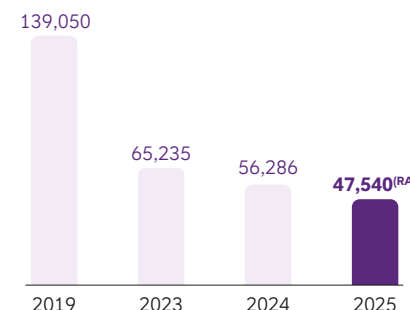


We have a target to provide £200 billion of climate and transition finance between 1 July 2025 and the end of 2030.

Operational emissions⁽²⁾ Scope 1 and Scope 2 (tCO₂e)

66%

reduction against a 2019 baseline (2024: 60%)

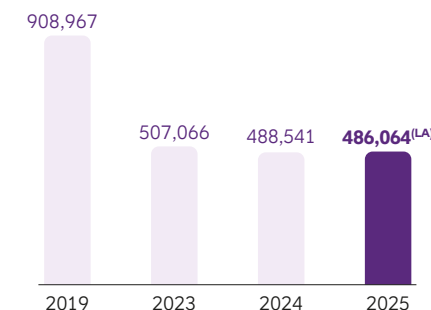


We have an ambition to reduce emissions for our operational value chain, against a 2019 baseline by: reducing Scope 1 and location-based Scope 2 emissions by 70% by 2030, while continuing to consume 100% renewable electricity in our direct own global operations.

Operational emissions Scope 3⁽²⁾ (tCO₂e)

47%

reduction against a 2019 baseline (2024: 44%)



We have an ambition to reduce emissions for our operational value chain, against a 2019 baseline by: reducing Scope 3 emissions by 50% by 2030.

(1) Climate and sustainable funding and financing, as defined in our climate and sustainable funding and financing inclusion criteria and climate and transition finance, as defined in our [climate and transition finance framework](#), represents only a relatively small proportion of our overall funding, financing and facilitation activities. Refer to [pages 19 and 20](#) for further details. A 2024 comparative is not provided for climate and transition finance as this is a new target.

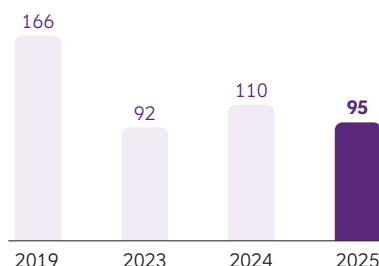
(2) Our operational emissions comprise greenhouse gas emissions Scopes 1, 2 and 3 (categories 1–14, excluding categories 8, 10 and 14) and does not include Scope 3 category 15 financed emissions. The reporting year runs from 1 October to 30 September.

Progress against our climate ambitions and targets continued

Weighted Average Carbon Intensity (WACI) reduction against 2019 baseline (tCO₂e/US\$m revenue)⁽¹⁾

43%

2024: 34%



We have an ambition to reduce the WACI of our Managed Assets by 50% by 2030 against a 2019 baseline.⁽¹⁾

Reduction in the climate impact of our financing activity against a 2019 baseline (MtCO₂e)⁽²⁾

39%

2023: 33%

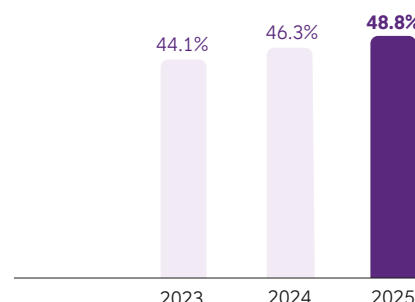
Portfolios aligned to decarbonisation convergence pathways⁽³⁾

6 out of 9

We have an ambition to at least halve the climate impact of our financing activity by 2030, against a 2019 baseline, supported by nine portfolio-level, activity-based targets.

UK residential mortgage portfolio rated at EPC C or better, where EPCs are available, as at 31 December 2025

48.8%^(RA)



We have an ambition for 50% of our UK residential mortgages to have an Energy Performance Certificate (EPC) rating of C or better by 2030, where EPCs are available.

Exposure to coal customers remained in line with the prior year

£0.6bn^(LA)

We have an ambition to phase-out of coal⁽⁴⁾ for customers who have coal production, coal-fired generation and coal-related infrastructure globally by 1 January 2030.

(1) Our WACI ambition includes listed equity and corporate fixed income asset classes. We consider Managed Assets (those assets we invest on our customers' behalf, which represented 81% of AUM as at 31 December 2025) to be in-scope for our WACI ambition. Due to improved data sourcing, current WACI measurement includes additional data for government bond asset classes and Bespoke portfolios. Our WACI ambition applies to equity and corporate fixed income assets only.

(2) Scope 3 category 15 financed emissions (customer Scope 1 and 2) from lending and investments, refer to [pages 12 and 40](#) for further details. Financed emissions are reported as at 31 December 2024. Our financing activity may result in a non-linear emissions profile, both within and across sectors.

(3) Based on 2024 emissions estimates, reflecting the nine portfolio-level, activity-based targets for which convergence pathways have been developed with reference to external scenarios. Refer to [page 24](#) for details of the portfolios aligned to decarbonisation convergence pathways. Refer to [page 6](#) and to the [NatWest Group plc 2025 Sustainability Basis of Reporting](#) for further information on refreshing our climate ambitions. A 2023 comparative is not provided as these are new targets. In general, year-on-year fluctuations in convergence status are expected as the availability of customer emissions data improves and methodologies are refined.

(4) The phase-out of coal refers to the exit of the customer relationship by NatWest Group. This relates to all grades of thermal coal (e.g. bituminous, sub-bituminous, and lignite) typically used as a fuel for coal-fired generation. Data challenges, particularly the lack of granular customer information, create challenges in identifying customers with 'coal-related infrastructure' and other customers with coal-related operations within NatWest Group's large and diversified customer portfolios. As such, the scope excludes (i) companies who generate less than 5% of their revenues via coal-related activity (in line with the [UN Environment Programme Finance Initiative \(UNEP FI\) Guidance for Climate Target Setting for Banks](#)) (ii) companies with a turnover of <£50 million and (iii) commodity traders. Metallurgical coal is excluded from scope.



Supporting the climate transition

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Implementing our climate transition plan supports progress against our bank-wide strategic priorities




As a predominantly UK-focused bank, our climate transition plan is designed through a UK lens, while also incorporating global considerations for our Investment Products and Solutions and our focused international footprint in Corporate and Institutional Banking.

We identify and assess climate-related opportunities and risks at NatWest Group level and within our business segments, Retail Banking; Private Banking & Wealth Management; and Commercial & Institutional, through an integrated governance model, prioritising those most significant to our strategy and financial planning.

Opportunities include aligning our balance sheet, assets under management and operational value chain with our 2030 and 2050 climate ambitions. Our climate transition plan also sets out how we aim to help customers invest in growth, efficiency and resilience, for example through access to financing, tools and guidance. These activities form part of how we seek to make progress against our climate ambitions and targets.

We define short-term risks and opportunities as those within our five-year planning horizon, medium-term as five to 15 years, and long-term as beyond 15 years. The information on this page summarises key opportunities and risks, potential financial impacts, and cross-references to further details in this report.

Oversight of climate-related opportunities and risks is embedded within our governance framework, with Board-level responsibility supported by executive committees. Climate considerations are integrated into lending decisions and portfolio strategies, where relevant, to help ensure our climate transition plan is aligned with overall business strategy, aiming for actions that have the potential to reduce emissions, while also contributing to financial resilience and risk management.

 Disciplined growth	 Leveraging simplification	 Active balance sheet and risk management
Climate-related opportunities and risks		
<p>Supporting customers' climate transitions by providing products, tools and insights that help them reduce emissions, build resilience and access sustainable finance opportunities.</p>	<p>Ongoing integration of climate into customer journeys, decision-making and financial planning, as well as supplier engagements. We are also reducing complexity around our transition plan to enable clear, transparent progress.</p>	<p>Evolving our policies and procedures to identify, assess, and manage climate and nature-related risks⁽¹⁾. Providing finance to support the UK's transition strengthens resilience and reduces exposure to higher-risk sectors.</p>
Potential financial impacts		
<ul style="list-style-type: none"> Increased volume of climate and transition finance. Increased balance sheet volumes through demand for new products and services that support transition. Additional expenditure to develop new products and services to support the transition. Additional fee income through advisory and underwriting activities. 	<ul style="list-style-type: none"> Increased investment to support reduction in carbon footprint and nature-related impacts in our own operations. Continue to invest in the Climate Decisioning Framework (CDF) and Environmental Decisioning Framework (EDF). These tools deepen customer engagement on transition progress and climate-related risks. 	<ul style="list-style-type: none"> Reduced exposure and geographical footprint related to prohibited and restricted activities as identified in our Environmental & Social Risk Acceptance Criteria Changes in expected credit losses (ECL).
Relevance to climate transition plan		
<ul style="list-style-type: none"> Our ambitions to support the climate transition Progress made towards financing the transition Climate and transition finance Action through engagement 	<ul style="list-style-type: none"> Operational emissions Engaging customers through the Climate Decisioning Framework Refreshing our climate ambitions 	<ul style="list-style-type: none"> Energy system review Risk and scenario analysis

(1) While our approach to nature-related risk is less mature than our approach to climate-related risk, we continued to make progress during 2025.

→ **Refer to pages 53 to 58 for further details on our approach to risk and scenario analysis.**

Total emissions and emissions estimates for NatWest Group

During 2025, we continued to progress actions aligned with our ambition to be net zero across our financed emissions, assets under management and operational value chain. Our climate transition plan mainly focuses on Scope 3 category 15 (customer Scope 1 and Scope 2) estimated financed emissions as these represent 88% of our total emissions and emissions estimates. The operational emissions and estimates of financed emissions in the table below are based on methodologies outlined in the [NatWest Group plc 2025 Sustainability Basis of Reporting](#).

Data availability and emissions estimate methodologies continue to evolve, and variations in estimated emissions may not always reflect changes in customer activity. Our work has been guided by the available methodologies for estimating financed emissions, most notably from the [Partnership for Carbon Accounting Financials \(PCAF\)](#).

Scope 1 and Scope 2 operational emissions

Scope 1 emissions are direct emissions from sources owned and controlled by NatWest Group, for example, fuel consumption. Scope 2 emissions are indirect emissions from energy which NatWest Group purchases, for example, electricity used for lighting, heating and cooling.

We have an ambition to reduce our Scope 1 and location-based Scope 2 emissions by 70% by 2030, against a 2019 baseline, while continuing to consume 100% renewable electricity in our direct own global operations in line with our RE100 commitment.

Refer to [pages 8](#), and [13](#) to [16](#).

Scope 3 operational emissions categories relevant to NatWest Group

Scope 3 category 1-14 emissions include both upstream and downstream emissions. We only disclose the categories that are relevant to NatWest Group.

We have an ambition to reduce our Scope 3 operational emissions by 50%, against a 2019 baseline, by 2030.

Refer to [pages 8](#), and [13](#) to [16](#).

Scope 3 category 15: Estimated financed emissions

Scope 3 category 15 estimated emissions are those associated with NatWest Group's lending and investment activities. Our estimation work is guided by the PCAF standard.

We have an ambition to at least halve the climate impact of our financing activity by 2030, against a 2019 baseline, supported by portfolio-level activity-based targets. Refer to [pages 9](#), and [23](#) to [42](#).

	2025 MtCO ₂ e	2024 MtCO ₂ e	2023 MtCO ₂ e	2019 MtCO ₂ e	Primary source of NatWest Group emissions
Scope 1 and Scope 2 operational emissions ^{(1)(RA)}					
Scope 1	0.01	0.01	0.01	0.02	Fuel consumption
Scope 2 (location-based)	0.04	0.05	0.05	0.12	Purchased electricity
Total Scope 1 and Scope 2 (location-based)	0.05	0.06	0.06	0.14	
Scope 3 operational emissions categories relevant to NatWest Group ^{(1)(LA)}					
1. Purchased goods and services	0.28	0.29	0.32	0.51	Supply chain
2. Capital goods	0.04	0.03	0.05	0.04	
3. Fuel and energy-related activities	0.01	0.02	0.02	0.03	Employee activities
4. Upstream transportation and distribution	–	–	0.01	0.02	Supply chain
5. Waste	–	–	–	–	
6. Business travel	0.03	0.03	0.03	0.05	Employee activities
7. Commuting and working from home	0.06	0.06	0.04	0.07	
9. Downstream transportation and distribution	0.05	0.04	0.03	0.16	
11. Use of sold products	–	–	0.01	–	Customer activities
12. End-of-life treatment for sold products	–	–	–	–	
13. Leased assets	0.02	0.02	0.01	0.03	Tenant activities
Total applicable Scope 3 operational emissions categories	0.49	0.49	0.52	0.91	
Scope 3 category 15: Estimated financed emissions ⁽²⁾					
15. Estimated financed emissions: Lending and investments	NF	13.4	14.9	22.1	Financing activities
15. Estimated financed emissions: AUM ⁽³⁾	1.3	1.1	1.2	NF	
Total Scope 3 category 15: Estimated financed emissions	14.5	16.1			
Estimated facilitated emissions from bond underwriting and syndicated lending					
Estimated facilitated emissions ⁽⁴⁾	0.5	1.1	1.5	NF	Facilitation activities

■ Easier to directly influence
 ■ Partially influenceable
 ■ Harder to directly influence

NF (no figures): where no data is calculated, refer to footnotes. A dash (–) indicates where data is calculated but rounds to 0.00 MtCO₂e.

- Our operational emissions comprise greenhouse gas emissions Scopes 1, 2 and 3 (categories 1–14, excluding categories 8, 10 and 14) and do not include Scope 3 category 15 financed emissions. The reporting year runs from 1 October to 30 September. We have re-baselined or restated several applicable Scope 3 categories for our 2019 and 2024 operational emissions, to reflect improved data quality and methodology used for our 2025 estimates and aligned with our approach to re-baselining and restatement, outlined on [page 45](#). Previously reported totals were: 2024: 0.48 MtCO₂e and 2019: 0.86 MtCO₂e. Revised totals are: 2024: 0.49 MtCO₂e and 2019: 0.91 MtCO₂e. MtCO₂e refers to million tonnes of CO₂ equivalent.
- Scope 3 category 15 financed estimated emissions are calculated based on exposure and emissions as at 31 December 2024. 2025 is therefore marked NF, reflecting the time it takes to prepare and review estimated emissions. In line with our approach to emissions re-baselining and restatement, refer to [page 45](#). 2023 estimated financed emissions for lending and investments has been re-baselined. The previously disclosed 2023 customer Scope 1 and Scope 2 financed emissions estimate of 15.1 MtCO₂e has been updated to 14.9 MtCO₂e, reflecting improved data quality and alignment with our updated methodologies. We are also now including total 2019 estimated financed emissions for lending and investments, whereas previously 2019 was marked as NF, as estimates were limited to specific sectors. The financed emissions estimates included in this table should be read in conjunction with the data limitations noted on [page 42](#), the cautionary statements on [pages 70 to 73](#) of this report and risk factors on [pages 420 to 422](#) of the [NatWest Group plc 2025 Annual Report and Accounts](#).
- Scope 3 category 15 estimated financed emissions for AUM are calculated based on equity, corporate fixed income and government bond values as at 31 July 2025 and estimated emissions as at 31 December 2024. These figures were first disclosed in 2023, 2019 is therefore marked as NF. Comparatives have been represented in this report to ensure the latest available data is included in the current reporting period.
- Estimated facilitated emissions relate to emissions from off balance sheet activities such as the facilitation of bond issuance and syndicated lending. Since 2024, we applied a 33% weighting factor to emissions, aligned with the December 2023 PCAF Standard. In 2023, we applied a 100% weighting factor. Due to a change in reporting scope, the 2024 estimated facilitated emissions comparative has been updated from 1.28 MtCO₂e to 1.07 MtCO₂e. Estimated facilitated emissions were calculated for the first time in 2023, therefore 2022 and 2019 are marked NF. Refer to [pages 43 to 45](#) for further detail.

Operational emissions

- 14 Progress toward our operational emissions ambitions
- 15 Improving the energy efficiency of our offices and buildings
- 16 Supply chain sustainability

Reducing our operational emissions is a key part of our net zero ambition and is supported by ambitions to reduce our Scope 1 and 2 emissions by 70% against a 2019 baseline and our Scope 3 emissions by 50% by 2030, against a 2019 baseline, while continuing to consume 100% renewable electricity in our direct own global operations.

Key insights

Reduction in Scope 1 and location-based Scope 2 operational emissions as at 30 September 2025, against a 2019 baseline

66%

Reduction in Scope 3 operational emissions from applicable categories 1-14 as at 30 September 2025, against a 2019 baseline

47%

Operational emissions

Progress toward our operational emissions ambitions

The context and NatWest Group's ambition

We recognise that addressing climate change requires action across all areas of our organisation. Although operational emissions⁽¹⁾ represent a small proportion of the bank's total footprint (3% as at 31 December 2025), reducing them helps us to contribute towards the UK's legal obligation and respond to increasing legal, regulatory and stakeholder expectations. In February 2025, we refreshed our ambition to reduce Scope 1 and location-based Scope 2 emissions⁽²⁾ from 50% to 70% by 2030, against a 2019 baseline. Our focus has since shifted to delivering against this enhanced ambition, while also progressing towards our ambition of reducing Scope 3 operational emissions from applicable categories 1-14 by 50% by 2030, against a 2019 baseline.⁽³⁾ We remain committed to aligning our ambitions with pathways grounded in the latest climate science and consistent with global climate goals, however we will no longer seek formal validation of our targets from SBTi. The adjacent table and the following pages highlight key progress made to date.

Ambition	Progress	Key actions to deliver our ambitions	Risks and dependencies
70% reduction in Scope 1 and location-based Scope 2 emissions for our operational value chain against a 2019 baseline.	2025: Absolute operational emissions decreased by 16% compared to the 2024 reporting year ⁽³⁾ . Cumulative since 2019: 66% reduction	<ul style="list-style-type: none"> We continue to reduce location-based Scope 2 emissions through targeted energy efficiency initiatives. In addition, ongoing decarbonisation of the UK electricity grid further lowers emissions from our operations beyond our RE100 commitment, supporting overall progress toward our ambitions. Scaling energy efficiency across our property portfolio⁽⁴⁾, with an emphasis on new innovations and addressing harder-to-abate emissions. 	<ul style="list-style-type: none"> Rising energy demand from artificial intelligence (AI) (both in-house and via third-party services) may increase our footprint as we are still assessing the impacts. Supplier emissions reductions rely on voluntary action, with a risk that progress may fall short of stated targets. National and regional decarbonisation policies, government priorities, and infrastructure changes could influence our ability to meet our operational emissions ambitions.
50% reduction in Scope 3 emissions for our operational value chain against a 2019 baseline.	2025: Absolute operational emissions decreased by 1% compared to the 2024 reporting year. Cumulative since 2019: 47% reduction	<ul style="list-style-type: none"> A reduction in supply chain emissions, supported by reduced emissions intensities across UK service industries, contributed to an overall reduction from the baseline year. As we predominately use spend-based methods, changes in influenced spend⁽⁵⁾ directly impact reported emissions. We intend to continue driving supplier engagement by encouraging suppliers to make disclosures to CDP, set science-based targets⁽⁶⁾ and adopt transparent transition plans up to 2030 and beyond. 	<ul style="list-style-type: none"> Market access and affordability of renewable certificates, high-integrity carbon credits, and low-carbon technologies (such as electrified heating) along with supply chain resilience, remain critical considerations. All activity is supported by an ambition for continuous improvement in data quality and methodology enhancements to align to best practice carbon accounting guidance.⁽⁷⁾
Continue to consume 100% renewable electricity in our direct own global operations. <input checked="" type="checkbox"/> Achieved, ongoing	Since meeting our RE100 commitment in 2023, we have continued to source 100% renewable electricity across our global operations.	<ul style="list-style-type: none"> We achieve this through a mix of two corporate power purchase agreements (CPPAs), green tariffs⁽⁸⁾, on-site solar, and Renewable Electricity Certificates for landlord-supplied properties, where we can't buy directly. 	<ul style="list-style-type: none"> We anticipated that 39% of our UK electricity would be sourced via CPPAs in 2025. However, delays in connecting the Tye Lane solar farm and outages at the Porth Wen solar farm due to grid works and storm damage meant actual delivery was 38%. Despite these challenges, we remain committed to increasing the share of electricity procured through CPPAs and expect this to reach 53% in 2026.

(1) Our operational emissions comprise greenhouse gas emissions for Scopes 1, 2 and Scope 3 (categories 1-14, excluding categories 8, 10, 14) and do not include Scope 3 category 15 financed emissions. For details of the Greenhouse Gas Protocol including upstream and downstream refer to [diagram of scopes and emissions](#) across the value chain.

(2) Our ambition is location-based to drive absolute reductions in consumption. Location-based GHG emissions method reflects the grid-average emissions. Market-based emissions reflect purchased electricity sources (e.g. renewables), which have near-zero emissions. Refer to Streamlined Energy and Carbon Reporting (SECR) disclosure, included on page 56 of the [NatWest Group plc 2025 Annual Report and Accounts](#), for further details of the basis of GHG emissions reporting.

(3) Our 2019 baseline runs from 1 October 2018 to 30 September 2019 and our operational emissions reporting year runs from 1 October to 30 September.

(4) Property portfolio here refers specifically to NatWest Group's UK offices, branches, and data centres, as well as offices in India, where energy efficiency measures are most relevant.

(5) Influenced spend refers to spend associated with the procurement of purchased goods and services over which NatWest Group has direct control. It excludes spend categories such as regulatory fees, commission and general fees, international taxes, and customer pass-through costs.

(6) Science-based targets are emissions-reduction goals grounded in the latest climate science, designed to achieve the pace and scale of decarbonisation consistent with keeping global temperature increases well below 2°C, in line with internationally agreed temperature limits.

(7) We incorporated data quality improvements into the 2025 emissions estimates. To maintain consistency and accuracy, where possible, in 2019 and 2024 we also updated estimates as a result of exceeding our 5% re-baseline threshold. Refer to [page 45](#) for details.

(8) Using green tariffs and purchased renewable electricity certificates. Tariffs are labelled as green if some or all of the units of electricity are 'matched' by units generated from a verified renewable energy source.

Operational emissions continued

Improving the energy efficiency of our offices and buildings

Our Scope 1 and location-based Scope 2 operational emissions reductions in 2025 were driven by a multi-year programme of energy efficiency and decarbonisation initiatives.

Key actions in our offices and branches included LED upgrades, modernised Heating, Ventilation, and Air Conditioning (HVAC) systems, and AI-powered analytics in Building Management Systems, delivering an estimated 6,500 megawatt-hour (MWh) energy reduction against 2024. At two UK data centres, targeted improvements, including advanced air-cooling systems, LED upgrades, and optimised temperature set-points, delivered a further combined electricity savings of over 425 MWh in 2025.

We also piloted energy-saving technologies from draught-proofing measures to supporting the development of a new-to-market electric heating technology for potential use in our branches. These pilots are shaping future solutions for our estate, as adopting innovative technologies and improving energy management remain key priorities.

We achieved SKA gold certification at our office in Birmingham in 2025 and silver certification for seven other offices and branches, with more sites underway, demonstrating our commitment to recognised sustainability standards in building retrofits.

We have installed new backup generators at our Gogarburn campus in Edinburgh that run on hydrotreated vegetable oil (HVO) instead of diesel. In addition, our Bristol office has transitioned from diesel to HVO for its existing standby generators. These changes mark the start of a wider plan to replace diesel and kerosene with HVO across selected NatWest Group sites requiring standby power. HVO delivers significantly lower emissions⁽¹⁾ compared to diesel, supporting our operational emissions ambitions.

In 2025, we reduced waste⁽²⁾ tonnage by 60% compared to 2019 and achieved zero waste to landfill accreditation for commercial waste across our UK and Republic of Ireland sites, except where no permitted alternative exists.

Over the course of 2025, we expanded our returnable container, cup and lid solution to three more key office locations, replacing single-use packaging in canteens. This builds on earlier roll-outs at other large offices that have already helped avoid around 225,000 disposable items. We intend to extend the initiative to more catering locations in 2026.

Paper use also continued to fall, with 7.8 million fewer envelopes and 13.5 million fewer sheets of paper used in 2025 than in 2024, driven by digitisation and paperless initiatives.

Having met our electric vehicle commitment (EV100) in 2024, we continue to support the transition to electric transport by expanding electric vehicle charging infrastructure at two UK offices and grew our electric mobile bank fleet to five vehicles, exploring next-generation models to improve range.

Preparing for residual emissions

As part of our strategy to achieve net zero by 2050, we are proactively addressing anticipated residual emissions through investment in nature-based solutions. In 2025, we invested in UK Woodland Carbon Code credits at The Broughton Sanctuary, an initiative projected to generate approximately 37,000 carbon credits over 50 years while enhancing biodiversity and improving community access to green spaces. This represents an initial step in a broader approach to managing residual emissions within our decarbonisation roadmap⁽³⁾.

Nature and biodiversity in our own operations

During 2025, we built on last year's location-specific analysis, with enhanced nature risk screening for high-risk UK and international properties. Using the Integrated Biodiversity Assessment Tool, we assess proximity to protected areas, threatened species and restoration potential. These insights may help to guide actions at high-risk sites and strengthen how we manage nature-related risks across our operations.

Spotlight

Sustainability features at our new Bengaluru office

Our Bengaluru office in India, which opened in September 2025, includes key sustainability features to reduce environmental impact and support long-term resilience:

- EV charging infrastructure to support low emission commuting
- Energy-efficient lighting throughout the building
- Solar-powered emergency lighting for renewable backup
- 80% of electricity sourced from renewables with a goal of 100% in 2026, subject to grid availability
- Targeting LEED Platinum Certification, to meet global standards for sustainable design.

These efforts are part of our broader intention to embed measurable and transparent sustainability practices across our operations.



(1) Source: UK Government Greenhouse Gas Reporting: Conversion Factors 2025 (DESNZ). HVO emits ~98.6% less CO₂e per litre than average diesel (0.03558 vs 2.57082 kgCO₂e/litre).

(2) Routine operational waste includes waste from our UK and Republic of Ireland offices, branches and data centres, and excludes construction waste.

(3) In accordance with the Greenhouse Gas Protocol, our absolute emission reductions of 70% for Scope 1 and Scope 2, 50% for Scope 3 by 2030, and 90% for all operational emissions by 2050 are not achieved through the use of carbon credits.

Operational emissions continued

Supply chain sustainability

In 2025, supply chain emissions⁽¹⁾ of 0.3 MtCO₂e accounted for around 60% of our operational emissions, underscoring the important role of supplier engagement in achieving our 2030 ambitions.

While reducing these emissions is only partly within our control, due to supplier autonomy and market factors, proactive engagement remains critical to driving progress.

Since 2019, these emissions have reduced by 44%, driven primarily by lower UK service industry emissions and changes in influenced spend, as we predominately use spend-based methods.

As part of our commitment to responsible sourcing, we refreshed our [Supplier Code of Best Practice](#), updating our climate-related expectations and responsible sourcing principles. We continue to use [EcoVadis](#) to assess supplier sustainability performance and encourage annual assessments. 66% of NatWest Group's contracted supplier⁽²⁾ spend have an active EcoVadis scorecard⁽³⁾ or have submitted for reassessment. Collectively, supplier performance improved year-on-year,

exceeding the EcoVadis global benchmark by 13%. In 2025, NatWest Group achieved EcoVadis gold status with a score of 80% (2024: 68%) placing us in the top 4% globally.

In 2025, as part of NatWest Group's supplier decarbonisation maturity framework assessment, we engaged 329 suppliers representing the largest share of our 2024 supply chain emissions, covering 74%.

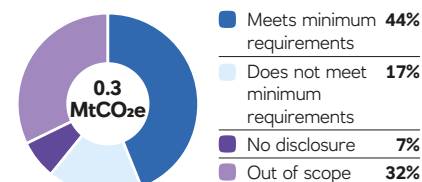
Emissions disclosure

We continue to work closely with suppliers to obtain supplier-specific emissions data⁽⁴⁾, reducing reliance on industry-level emission factors. Through CDP and annual reports, 43% of NatWest Group's 2025 supply chain emissions was calculated using supplier-specific data, up from 39% in 2024. Increasing both the volume and quality of supplier disclosures remains a priority for 2026 and beyond, as it is important for enhancing transparency and enabling more accurate tracking of decarbonisation progress.

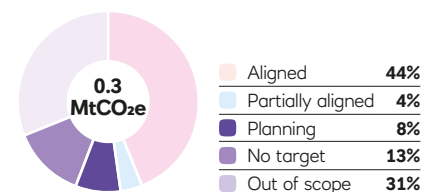
Net-zero-aligned supply chain

To further assess suppliers against the maturity framework, we initiated engagement on science-based targets with suppliers contributing most to our emissions. In 2025, 161 suppliers were deemed net-zero-aligned⁽⁵⁾, representing 44% of 2025 supply chain

Emissions from CDP disclosure⁽⁶⁾



Net-zero-aligned supply chain



emissions of 0.3 MtCO₂e. Suppliers without Scope 1, 2 and 3 targets received tailored support via webinars, training and drop-in sessions, reinforcing the role of CDP and EcoVadis in driving progress and encouraging suppliers on their journey towards a science-based trajectory.

Transition planning

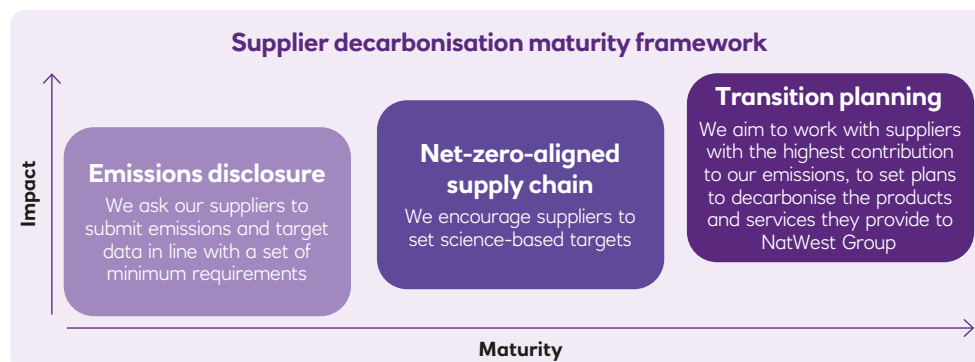
In 2025, we piloted a Service Carbon Footprint (SCF)⁽⁴⁾ and decarbonisation roadmap with the supplier that contributed most to our emissions, laying the groundwork for scaling across our supply chain. Looking ahead, we intend to deepen focus on transition planning and product-level emissions data in high-impact areas such as technology and property.

→ **For further detail on our action through engagement, refer to page 46 to 52.**

Spotlight

Artificial intelligence and technology-driven emissions

In 2025, we piloted a proof of concept integrating 72-hour carbon intensity forecasts for third-party cloud hosting regions into the Technology Climate Dashboard. These forecasts show the expected electricity-grid carbon intensity where providers operate data centres. Using this data, we can schedule cloud workloads during lower-intensity periods, reducing emissions from cloud services within our supply chain. We also partnered with a supplier to estimate emissions from AI prompt generation and usage. These insights inform our AI adoption roadmap and support reconciliation of our supply chain emissions estimates.



- (1) Supply chain emissions are Scope 3 categories 1 (Purchased Goods and Services), 2 (Capital Goods), and 4 (Upstream Transportation and Distribution).
- (2) Contracted suppliers are vendors matched to a contract and managed by a Supply Chain Services Manager.
- (3) EcoVadis valid scorecard data is from 1 January 2025 to 31 December 2025.
- (4) Supplier-specific emissions data uses verified Scope 1, location-based Scope 2 and upstream Scope 3 emissions reported by the supplier, rather than industry-average emission factors applied by spend category or SCFs. SCF emissions are measured using activities typically involved in delivering a service, rather than allocating based on spend.
- (5) We define net-zero-aligned suppliers as those with Scope 1, 2 and 3 science-based targets; partially aligned suppliers have either Scope 1 and 2 targets or a Scope 3 target only.
- (6) For emissions from CDP disclosure to meet minimum requirements for inclusion in NatWest Group supply chain emissions calculations, suppliers' Scope 1 and 2 data must be third-party verified or internally validated by NatWest Group to prevent year-on-year anomalies. Out of scope emissions relate to suppliers not included within the 2025 engagement process.

Financing activity

18	Considerations informing our approach to climate transition planning
19	Exceeding our climate and sustainable funding and financing target
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43	Estimates of facilitated emissions from bond underwriting and syndicated lending
45	Emissions re-baselines and restatements

We aim to mobilise capital and collaborate across sectors to support progress towards net zero, supporting our customers climate transitions and our ambition to at least halve the climate impact of our financing activity by 2030, against a 2019 baseline.

Key insights

Climate and sustainable funding and financing
(1 July 2021 – 30 June 2025)⁽¹⁾

£110.3 billion^(LA)

Portfolios aligned to decarbonisation convergence pathways based on 2024 emissions estimates

6 out of 9

⁽¹⁾ Climate and sustainable funding and financing represents only a relatively small proportion of our overall funding and financing activities.

Financing activity continued

Considerations informing our approach to climate transition planning

Systems thinking helps us identify where investment need, commercial opportunity and decarbonisation potential align for maximum impact. By focusing on energy, mobility, property, food and the foundational materials that underpin the UK economy, our climate transition plan prioritises the actions that best support our customers' daily lives.

UK context

The [UK Climate Change Committee's \(UK CCC\) Seventh Carbon Budget Report](#), published in February 2025, establishes an ambitious and achievable route for the UK to reach net zero. This balanced pathway can be achieved by decarbonising electricity supply and the demand-side electrification of heating, transport and industry. It also requires the restoration of natural ecosystems to increase adaptive capacity as well as developing technologies, such as carbon capture and storage (CCS) to remove and store carbon.

Accelerating the energy transition

The [UK Government's Clean Power Action Plan](#), [Modern Industrial Strategy](#) and [Infrastructure Strategy](#) support electricity decarbonisation by 2030 through scaling renewable energy, grids and battery deployment. Expanding renewable electricity generation combined with demand-side electrification will be essential to replacing fossil fuel consumption. The Seventh Carbon Budget Report's Balanced Pathway anticipates a 52% reduction in UK emissions between 2025 to 2030 as a result, with electrification of demand accelerating post-2030.

Mitigation and adaptation

Published by the Green Finance Institute and WWF-UK in 2025, [Business Investment in Nature: Supporting UK Economic Resilience and Growth](#) projects a 4.7% reduction in UK GDP by 2030 because of climate and nature

risks. Water shortages have the potential to cost the UK economy up to £25 billion over the next five years due to delays to housing projects. Flooding and storms caused more than £585 million in UK insurance claims in 2024, while UK farmers felt the impact of up to a 38% reduction in key crop yields. The report highlights the benefits of investing in nature, improving climate mitigation and adaptation and, in doing so, increasing economic and ecological resilience. The UK CCC's Seventh Carbon Budget Report highlights the need to invest in nature-based solutions now to scale emission reductions post-2030.

The importance of transition finance

Investments into upgrading infrastructure and retrofitting buildings relies on hard-to-abate materials (e.g. the manufacturing of cement, iron and steel). [The UK's Modern Industrial Strategy](#) provides transition finance opportunities for clean industrial processes. While the UK CCC acknowledges the immaturity of clean industrial technologies, investment in pilot projects is required now to mature and scale post-2030. Incentives from the UK, EU and international emissions trading schemes – including the EU and UK Carbon Border Adjustment Mechanism – create a price incentive for both domestic and foreign industries to harness transition finance to decarbonise and help retain competitiveness across EU and UK markets.

Our approach

Our strategy – built on disciplined growth, leveraging simplification, and active balance sheet and risk management – helps us support customers in the context of the UK's legal obligation to be net zero by 2050, enabling us to finance our customers' transition plans and improve business resilience.

NatWest Group's target to provide £200 billion in climate and transition finance between 1 July 2025 and the end of 2030 is a key enabler in driving disciplined growth while decarbonising our balance sheet.

→ [Refer to page 20 for details of our CTF target and framework.](#)

We are committed to helping finance the transition. However, customer demand for transition, driven by a robust investment case, is dependent on timely and credible Government policy and emerging technologies, supply chains and business models to deploy solutions. Our climate transition plan incorporates these external dependencies in the context of the advice issued by the UK CCC on setting the Seventh Carbon Budget to estimate emission reductions to our portfolio.

Implementing our climate transition plan has helped us identify the key policy and market barriers that prevent customers from investing into the transition. We advocate how government, the private sector and finance can collaborate to overcome these barriers through policy support, industry engagements and innovation.

→ [Refer to page 38 and 51 for details on external dependencies and policy engagement activities.](#)

As a leading lender to the UK renewable energy supply and infrastructure sector, and number one commercial bank with a strong UK regional presence, we aim to provide propositions that help customers access sustainable solutions, build capability and may remove barriers to transition.

As customers transition, the reduction in emissions intensities is expected to accelerate over time, gradually resulting in the decarbonisation of our balance sheet. This may result in non-linear emissions reductions, both within and across sectors.

→ [Refer to pages 26 to 37 for details of how we help decarbonise the energy, property, food and mobility systems.](#)

NatWest Group recognises the role of nature-based solutions in supporting climate resilience and adaptation. While we continue to develop our understanding of the climate-nature nexus in terms of opportunities, risks, impacts and dependencies, increasing pressure on water resources is one emerging area of focus where the need for public-private investment is clear. Our work in this area is demonstrated by our role as lead arranger for United Utilities, helping to finance the Haweswater Aqueduct Refurbishment Project.

In addition to our climate scenario analysis, NatWest Markets N.V.⁽¹⁾ continued to embed environmental risks, including water stress, into its stress testing frameworks.

→ [For details on our approach to climate and nature risk and scenario analysis refer to page 53 to 58.](#)

(1) NatWest Markets N.V. (NWM N.V.) is an EU subsidiary of NatWest Group.

Financing activity continued | Considerations informing our approach to climate transition planning continued

Exceeding our climate and sustainable funding and financing target

Between 1 July 2021 and 30 June 2025 we provided £110.3 billion in climate and sustainable funding and financing⁽¹⁾ therefore exceeding our target to provide £100 billion between 1 July 2021 and the end of 2025.

In addition, as at 31 December 2025, we had also provided £12.3 billion in lending for EPC A and B-rated residential properties, exceeding our ambition to provide £10 billion in lending for EPC A and B-rated residential properties between 1 January 2023 and the end of 2025.

We used our climate and sustainable funding and financing inclusion (CSFFI) criteria⁽¹⁾ to determine the assets, activities, targets and companies that were eligible to be included towards our target. Eligibility towards the climate and sustainable funding and financing target was assessed at inception of transactions, and not continually monitored. Any changes to the qualifying eligibility of a transaction during that transaction's lifecycle (post-submission towards the target) did not result in its removal from, adjustment or reduction in, ongoing progress towards our target. Climate and sustainable funding and financing represents only a relatively small proportion of our overall funding and financing activities.

	1 Jan 2025 to 30 June 2025 (£bn)	Full year ended 31 December 2024 (£bn)	Total contribution to £100bn target (since 1 July 2021) (£bn)
Lending commitment			
Specific purpose wholesale lending ⁽²⁾	3.6	7.1	20.0
Residential mortgages with EPC A or B ⁽³⁾	2.2	3.5	14.9
Sustainability-linked loans ^(2,4)	2.1	4.3	19.2
Other general purpose wholesale lending within CSFFI criteria ^(2,4)	0.7	0.8	4.9
	8.6	15.7	59.0
Underwriting activity			
Specific purpose public bonds and private placements ⁽⁵⁾	8.1	14.4	47.6
Sustainability-linked bonds and private placements ⁽⁴⁾	0.2	0.1	1.4
Other general purpose wholesale underwriting within CSFFI criteria ⁽⁶⁾	-	1.3	2.3
	8.3	15.8	51.3
Total	16.9^(LA)	31.5	110.3^(LA)

(1) Climate and sustainable funding and financing as defined in the [climate and sustainable funding and financing inclusion criteria](#). For the reporting periods ended 31 December 2024 and 30 June 2025, the NatWest Group CSFFI criteria published in March 2024 were used to determine eligible assets, activities, targets and companies for inclusion. For previous reporting periods and CSFFI criteria used, refer to page 20 of [NatWest Group's 2024 Sustainability Report](#). Details of all CSFFI criteria used can be found under Environment and climate. NatWest Group's own Green, Social and Sustainability bond issuances are not included towards the target.

(2) Lending amounts represent total commitment and include any undrawn portion of committed credit limits.

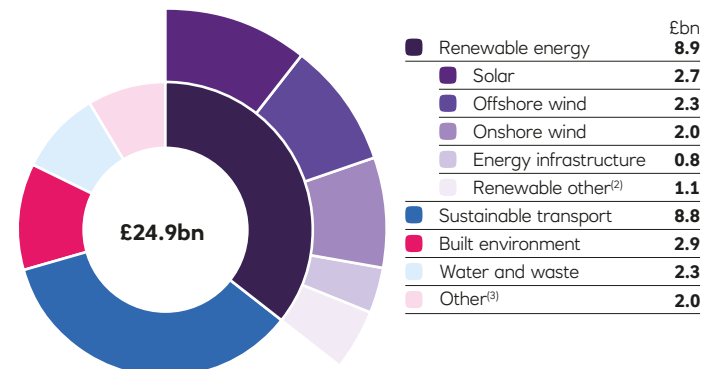
(3) Refer to [page 42](#) for data availability and limitations related to EPC data.

(4) Sustainability-linked loans, bonds and private placements aligned with the LMA's sustainability-linked loan principles (SLLPs) and ICMA's sustainability-linked bond principles (SLBPs) where deal targets include specific carbon, climate or environmental-related performance indicators.

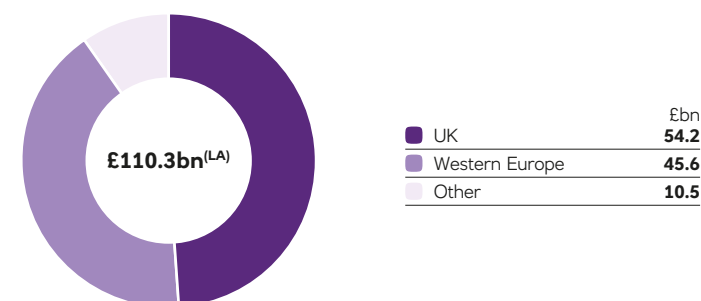
(5) Underwriting of specific use of proceeds debt capital market issuance for project expenditures, sovereign and EU green bond auctions which meet the CSFFI criteria. Amounts represent the NatWest Group share (total underwriting amount lead managed or placed by NatWest Group) of the notional deal amount and the allocated auction bond volumes.

(6) In addition to transactions based on use of proceeds for climate and sustainable purposes, our eligibility criteria also included certain general purpose loans and wider financing (including, but not limited to, bonds and private placements) to customers who met specific counterparty requirements. Refer to page 4 of our [CSFFI criteria](#) for details.

Wholesale lending by CSFFI criteria category⁽¹⁾ (1 July 2021 to 30 June 2025)



Geographical split of climate and sustainable funding and financing⁽⁴⁾ (1 July 2021 – 30 June 2025)



(1) Includes both specific purpose and other general purpose wholesale lending. Excludes sustainability-linked loans.

(2) Primarily relates to lending to funds that invest in multiple types of renewable energy.

(3) Consists mainly of energy efficiency (£766 million) and general purpose lending (£516 million).

(4) Geography for bond issuance is linked to the region of the issuer; for loans it is linked to the region of operation of the borrowing customer.

Financing activity continued | Considerations informing our approach to climate transition planning continued

Climate and transition finance

Significant investment in climate change mitigation and adaptation, including nature-based solutions, will be essential for the transition to net zero. This represents an opportunity for the public and private sectors to work together to support the scaling of solutions necessary to meet customer need. Supporting the real economy's transition towards net zero will require investment not only in those industries delivering climate solutions, but also across hard-to-abate and emission intensive sectors.

In July 2025, we announced a new target to provide £200 billion in climate and transition finance between 1 July 2025 and the end of 2030. The CSFFI criteria, which underpinned our previous £100 billion target, has been retired and replaced with our climate and

transition finance framework. The framework has been developed to include what NatWest Group identifies as climate and transition finance (as defined in the framework), acknowledging the importance of the transition, as articulated by the Transition Finance Market Review.

Between 1 July 2025 and 31 December 2025, we provided £19.0 billion in climate and transition finance.⁽¹⁾ Eligibility towards our climate and transition finance target (see framework for details) is assessed at inception of transactions and may not be continually monitored. Climate and transition finance represents only a relatively small proportion of our overall financing and facilitation activities.

	Cumulative progress towards £200bn target (1 July 2025 to 31 Dec 2025) (£bn)
Climate finance lending commitments	
Specific purpose wholesale lending ^(2,3)	3.9
Residential mortgages with EPC A or B ⁽⁴⁾	2.7
General purpose wholesale lending ^(2,5)	0.3
Transition finance lending commitments	
Specific purpose wholesale lending ^(2,3)	1.0
Sustainability-linked loans ^(2,6)	2.0
General purpose wholesale lending ^(2,5)	1.8
	11.7
Climate finance underwriting activity related to:⁽⁷⁾	
Specific purpose loans, public bonds and private placements ⁽⁸⁾	3.4
General purpose loans, public bonds and private placements ⁽⁵⁾	0.6
Transition finance underwriting activity related to:⁽⁷⁾	
Specific purpose loans, public bonds and private placements ⁽⁸⁾	0.1
Sustainability-linked loans, public bonds and private placements ⁽⁶⁾	-
General purpose loans, public bonds and private placements ⁽⁵⁾	3.2
	7.3
Total	19.0^(LA)

(1) NatWest Group's own Green, Social and Sustainability bond issuances are not included towards our CTF target.

(2) Lending amounts represent total commitment and include any undrawn portion of committed credit limits. Includes any vanilla and structured repurchase agreements and securitised products which meet our CTF framework.

(3) This includes dedicated purpose (i) lending meeting criteria in CTF framework Section 3a, and (ii) market-labelled lending meeting criteria in CTF framework Section 3b.

(4) Refer to [page 42](#) for data availability and EPC data limitations.

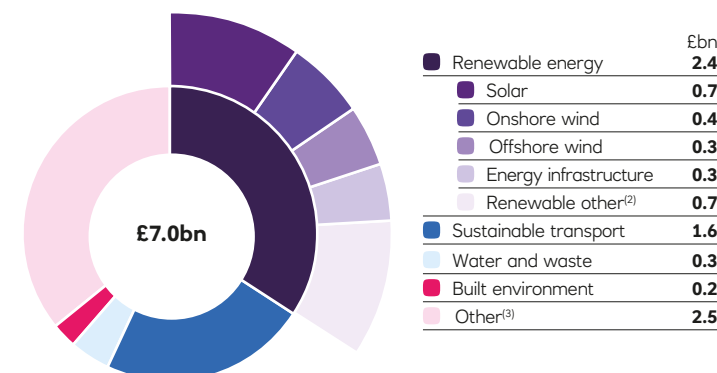
(5) Our CTF framework eligibility includes general purpose climate and transition financing and facilitations to eligible counterparties meeting the criteria in CTF framework Section 3c (and Section 4 as applicable). General purpose financing and facilitation may be delivered through a range of financial instruments, including transactions which meet the LMA's, Loan Syndications and Trading Association's (LSTA) or Asia Pacific Loan Market Association's (APLMA) SLLPs or ICMA's SLBPs where a specific climate, nature or greenhouse gas reduction metric is not included.

(6) Sustainability-linked loans, and underwriting of bonds, loans and private placements aligned with LMA's, LSTA or APLMA SLLPs and ICMA SLBPs where deal targets include climate, nature or greenhouse gas reduction metrics.

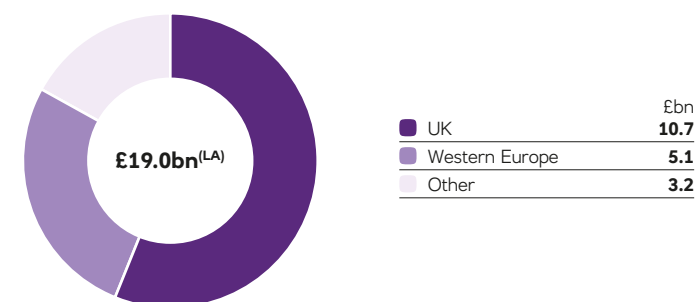
(7) Underwriting amounts represent the NatWest Group share (total underwriting amount lead managed or placed by NatWest Group, including co-manager roles) of the notional deal amount and the allocated auction bond volumes. This section also includes any loans where we acted as an active best efforts arranger, where amounts represent the notional amount placed by NatWest Group.

(8) Includes underwriting of dedicated purpose (i) debt capital market issuance for project expenditures, sovereign and bond auctions meeting criteria in CTF framework Section 3a and, (ii) market-labelled debt capital market issuance meeting criteria in CTF framework Section 3b (iii) loans meeting the criteria in CTF framework Section 3a and (iv) market-labelled loans meeting criteria in CTF Section 3b.

Wholesale lending by climate and transition finance category⁽¹⁾ (1 July 2025 – 31 December 2025)



Geographic split of climate and transition finance and facilitation⁽⁴⁾ (1 July 2025 – 31 December 2025)



(1) Includes both specific purpose and general purpose wholesale lending. Excludes sustainability-linked loans.

(2) Primarily relates to lending to funds that invest in multiple types of renewable energy.

(3) Consists mainly of general purpose (£1,826 million).

(4) Geography for bond issuance is linked to the region of the issuer; for loans it is linked to the region of operation of the borrowing customer.

Financing activity continued | Considerations informing our approach to climate transition planning continued

Exposure to climate-related risk

While climate change and the associated political, societal, technological and environmental responses to it present opportunities to NatWest Group, they also present risks.

These risks impact NatWest Group's other principal risks. For example, climate-related physical risks and the transition to a net-zero economy could heighten credit risk by reducing customers' creditworthiness through changes in asset values, income, and costs.

→ **Refer to pages 254 to 256 of the NatWest Group plc 2025 Annual Report and Accounts for more information.**

Aligned with NatWest Group's key strategic priority of active balance sheet and risk management, our climate transition plan aims to support the reduction of NatWest Group's exposure to climate-related risk over time. This is done by increasing balance sheet exposure to climate and transition-aligned financing, and factoring climate-related risk considerations into capital allocation tools.

Addressing risk through our transition plan

Our heightened climate-related risk sector assessment evaluates sectors which may experience increased credit risk due to climate-related factors over a 10-to-15-year time horizon. The foundation of the assessment is the quantitative outputs of our scenario analysis, covered on [pages 55 to 57](#).

There is alignment between portfolios and sectors identified as being exposed to heightened climate related risk and those included in our climate transition plan. Actions taken by NatWest Group to support its customers' transition are intended to reduce the bank's climate related risk exposure over time.

Managing risk as part of business activity

The effective management of climate risk requires the integration of climate-related risk drivers into strategic planning, transactions and decision-making. We continue to mature our capability to manage a relatively new prudential risk.

Commercial & Institutional business segment

In 2025, we worked to enhance our business teams' understanding of where climate-related risks exist within their portfolios. Teams focused on energy-, mobility- and manufacturing-related sectors within our Commercial & Institutional business segment attended climate risk deep-dive sessions, with the aim of enabling climate risk considerations to inform the development of sector and sub-sector strategy and climate transition plans within the business.

The breadth and depth of action taken to identify, assess, manage, mitigate and report on climate-related risks is assessed annually. Risk management is supported by Operational Limits and Key Risk Indicators focused on heightened climate-related risk sectors. These measures are reviewed annually and, where data maturity allows, refined or expanded to strengthen climate risk oversight over time.

Climate-related information is considered in financing decisions through our E&S Risk Framework which applies to all legal entities in NatWest Group for the onboarding of non-personal customers and applies to the management of E&S risk throughout these customers' life-cycles. It is comprised of E&S Risk Acceptance Criteria (RAC) for seven sectors which present heightened E&S risk, including energy supply sectors and forestry, fisheries and agribusinesses, and a RAC for human rights. Customers whose activities fall within these sector RAC are subject to enhanced due diligence.⁽¹⁾

→ **Refer to natwestgroup.com for more on our E&S Risk Framework.**

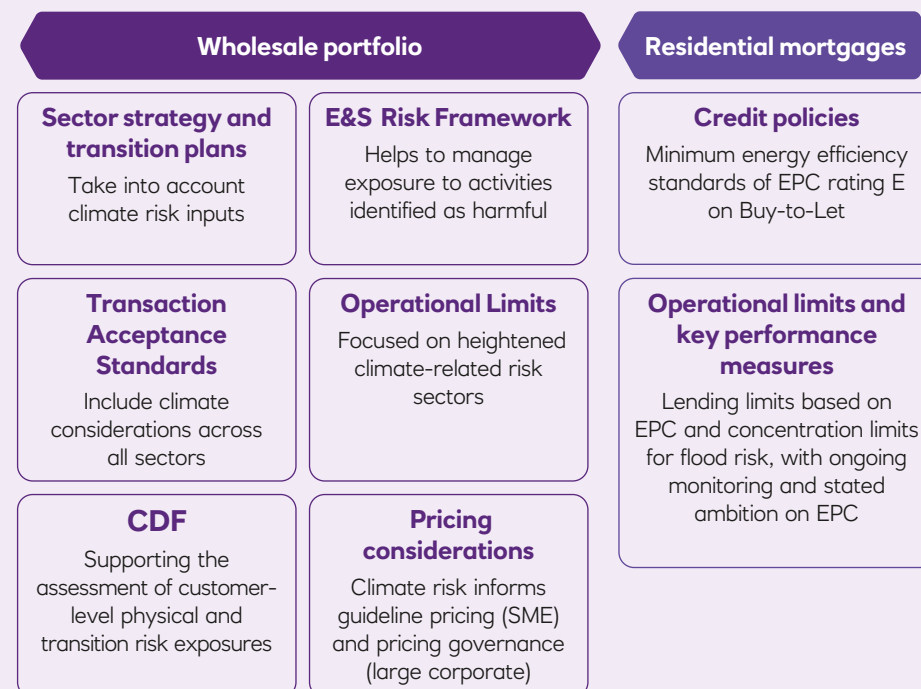
We have continued to develop our Climate Decisioning Framework (CDF) to engage customers on their climate transition progress and to understand how they are managing climate-related risk across their business. In late 2025, we have started to integrate CDF outputs as a complementary trigger for enhanced oversight in decision-making processes for certain transactions with large corporate customers. Refer to [pages 49 and 50](#).

Climate factors also influence guideline pricing for SME customers and pricing governance for large corporate customers, alongside a range of other factors.

Residential mortgage portfolio

We manage climate-related risks in our residential mortgage portfolio through operational lending limits to limit exposure to transition risk. We monitor and aim to increase exposure to properties rated EPC C and above, where EPCs are available. This is supported by our green mortgage products and retrofitting support. We also seek to mitigate physical risks through the application of concentration limits for flood risk. Refer to [page 30](#) for more information.

Managing climate-related risk across our business



(1) From 1 January 2026, we updated the name of our ESE Risk Framework to the E&S Risk Framework. This change better reflects the framework's underlying methodology which focuses on a risk-based approach aligned to our organisational risk appetite, rather than values based judgements. Refer to [page 28](#) for information on our E&S Energy Supply Sectors Risk Acceptance Criteria.

Financing activity continued | Considerations informing our approach to climate transition planning continued

Heightened climate-related risk sector assessment

The table opposite shows sectors classified as being exposed to heightened climate-related risk, as determined by our internal heightened climate-related risk sector assessment.⁽¹⁾ The assessment considers transition risk (including liability risk) and physical risk. A granular review of climate-related risk exposure is completed at a sub-sector level, reflecting the variability of subsector exposure to climate-related risk within a sector. The amounts reported in the table include all lending to customers including climate, sustainable and transition lending. The residential mortgage portfolio has been identified as exposed to heightened climate-related risk, and exposure is consolidated in the table for completeness.

In 2025, we refreshed our methodology to incorporate updated internal stress test outputs for physical and transition risks. Additionally, the liability risk assessment has been integrated into the transition risk assessment, meaning that drivers of risk are indicated as only physical or transition.

Of the total NatWest Group exposure of £577.1 billion as at 31 December 2025, £510.5 billion was subject to the heightened climate-related risk assessment. This includes amounts not considered to be at heightened climate-related risk, and therefore not disclosed within the table opposite. Sectors and sub-sectors totalling £66.6 billion were not subject to the heightened climate-related risk assessment.

As at 31 December 2025, total heightened climate-related risk exposure represented 57.9%^(LA) of NatWest Group's total sector exposure, compared to 60.5% in 2024. The reduction reflects a smaller share of exposure in the leisure, land transport and logistics, and food and consumer sectors being assessed as subject to heightened climate-related risk, driven by ongoing refinements to our assessment approach. Reduction was partly offset by exposure growth in residential mortgages, power utilities, commercial real estate and housing associations, as well as by exposures within health gaining heightened climate-related risk status.

	As at 31 December 2025						As at 31 December 2024				
	Main driver(s) for inclusion	Loans £m	Off-balance sheet exposure £m ⁽²⁾	Total sector exposure ⁽³⁾	Of which heightened	Heightened as a % of NatWest Group total ⁽⁴⁾	Loans £m	Off-balance sheet exposure £m	Total sector exposure	Of which heightened	Heightened as a % of NatWest Group total
Wholesale heightened climate-related risk sector		103,305	62,077	165,382	103,842	18.0	96,480	61,502	157,982	109,302	19.9
Commercial real estate	■ ■	19,404	6,808	26,212	26,212	4.5	18,141	6,804	24,945	24,945	4.5
Power utilities	■ ■	8,260	10,316	18,576	18,576	3.2	7,175	8,910	16,085	16,085	2.9
Housing associations	■ ■	12,764	5,229	17,993	17,993	3.1	10,801	6,011	16,812	16,812	3.1
Construction	■	4,048	1,611	5,659	5,659	1.0	4,218	1,407	5,625	5,625	1.0
Water and waste	■	3,546	1,686	5,232	5,232	0.9	4,008	1,926	5,934	5,934	1.1
Land transport and logistics	■ ■	5,909	3,210	9,119	4,734	0.8	5,020	3,462	8,482	7,184	1.3
Agriculture	■ ■	4,727	1,026	5,753	4,242	0.7	4,822	1,019	5,841	5,582	1.0
Industrials	■ ■	2,626	2,586	5,212	3,998	0.7	2,637	2,915	5,552	3,768	0.7
Oil and gas	■ ■	1,229	2,183	3,412	3,412	0.6	756	1,846	2,602	2,602	0.5
Automotive	■	8,457	4,787	13,244	3,123	0.5	7,891	4,188	12,079	2,563	0.5
Building materials	■	1,719	1,370	3,089	3,089	0.5	1,665	1,521	3,186	3,186	0.6
Health ⁽⁵⁾	■ ■	4,998	635	5,633	2,422	0.4					
Airlines and aerospace	■ ■	2,814	2,581	5,395	1,585	0.3	2,720	2,202	4,922	2,299	0.4
Chemicals	■ ■	735	654	1,389	1,389	0.2	478	698	1,176	1,176	0.2
Leisure	■	6,664	2,115	8,779	999	0.2	6,663	2,317	8,950	5,039	0.9
Mining and metals	■ ■	189	288	477	477	0.1	222	405	627	627	0.1
Retail	■	6,966	5,249	12,215	356	0.1	7,510	4,965	12,475	316	0.1
Telecommunications	■	3,888	4,502	8,390	159	-	3,282	3,163	6,445	187	-
Textiles	■	80	51	131	131	-	112	83	195	195	-
Shipping	■	233	135	368	54	-	264	111	375	296	0.1
Food and consumer ⁽⁶⁾		2,130	4,132	6,262			2,197	3,848	6,045	4,560	0.8
Finance companies ⁽⁶⁾		1,919	923	2,842			1,909	851	2,760	321	0.1
Business services ⁽⁷⁾							4,019	2,850	6,869		
Residential mortgage portfolio	■ ■	215,220	14,799	230,019	230,019	39.9	209,846	13,806	223,652	223,652	40.6
Total NatWest Group		429,916	147,181	577,097	333,861 ^(LA)	57.9 ^(LA)	410,225	140,016	550,241	332,954	60.5

■ Physical risks ■ Transition risks

Totals in table may not cast due to rounding.

→ For a breakdown by location, asset quality and residual maturity, refer to the NatWest Group plc 2025 Sustainability Datasheet.

- (1) The heightened climate-related risk sector assessment within this disclosure provides an aggregate view at industry level; within each sector there will be a diverse mix of counterparties, and as such climate-related risk will vary from customer to customer. As a UK-focused bank, the majority of climate-related transition risks and opportunities influencing our strategy are driven by UK policy. However, we recognise that the international footprint of some of our client base requires a broader view to be taken.
- (2) Off-balance sheet includes loan commitments and contingent liabilities.
- (3) Exposure is based on loans, loan commitments and contingent obligations, which are in scope for International Financial Reporting Standard 9 (IFRS 9).
- (4) Represents 'of which heightened' as a % of 'total sector exposure' for NatWest Group (£577.1 billion).
- (5) This sector was identified as a heightened climate-related risk sector under the updated methodology in 2025 for the first time.
- (6) This sector was not identified as a heightened climate-related risk sector under the updated methodology in 2025. The row is retained in the table for comparability with prior year disclosures; heightened exposure is therefore reported as £0m.
- (7) Business services was classified as a heightened climate-related risk sector in 2023. It was not considered heightened in 2024 or 2025. The row is retained in the table for comparability with prior year disclosures; heightened exposure is therefore reported as £0m.

→ For more information on our methodology, refer to the NatWest Group plc 2025 Sustainability Basis of Reporting.

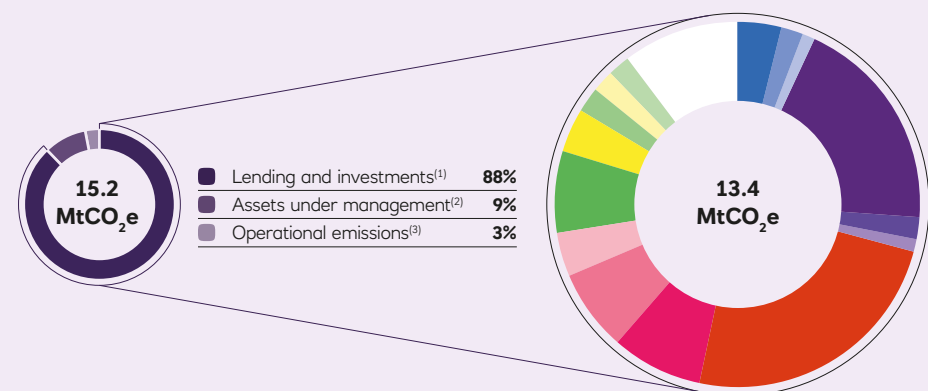


Financing activity continued

Climate transition plan approach

We continued to progress our climate transition plan to support our 2050 net-zero ambition across our financed emissions, assets under management and operational value chain. We also support our customers' transition to a net-zero economy through a range of products and services, including specialist advisory, engagement and education tools. As financed emissions from lending and investments represent 88% of our total estimated emissions, shown in the smaller pie chart below, the following pages focus on the activities and the actions we are taking to make progress against our 2030 ambition to at least halve the climate impact of our financing activity, against a 2019 baseline.

Breakdown of NatWest Group's emissions (MtCO₂e)



Breakdown of NatWest Group's emissions (MtCO₂e) from lending and investments. The scale of our current emissions varies across sectors.

Products, services and business model

Supporting our customers in their transition to a net-zero economy remains central to our climate transition plan. Teams across our business segments and sectors, supported by our Sustainable Finance Advisory team, have identified relevant products, services, and business model changes to enable this, with sub-sector level analysis where possible for tailored actions.

→ Refer to pages 26 to 37.

Financial planning

Our climate transition plan is embedded within our financial planning process, ensuring climate-related opportunities and risks inform strategic decisions. We continue to enhance this integration so colleagues across our business segments and sectors can make choices aligned with our climate ambitions and business objectives. In 2025, our financial planning tools were used to forecast climate-related initiatives across all segments and sectors, enabling senior stakeholders to review and challenge both financial plans and associated emissions profiles. Through this approach, we identify some of the financial opportunities and actions to contribute towards

our climate ambitions. To strengthen integration further, we are embedding climate considerations within other financial and non-financial factors, such as cost and risk, within planning processes. This is intended to be a mechanism to monitor progress against decarbonisation targets and evaluate trade-offs transparently in strategic decision-making.

Scenario analysis

NatWest Group's climate transition plan operates within the framework of the UK Climate Change Act, legislation that commits the UK to net zero by 2050. To strengthen the plan, we assess key policies on a sector-by-sector basis and have updated our progress-adjusted scenario using the UK CCC's June 2025 policy credibility assessments⁽⁵⁾. This scenario reflects potential delays in achieving decarbonisation pathways set out in the UK CCC's Seventh Carbon Budget Report. As the UK CCC's 2025 Progress Report only includes policies announced up to May 2025, our plan does not yet incorporate subsequent UK Government initiatives such as the Industrial Strategy, Infrastructure Strategy, and June 2025 Spending Review.

→ Refer to page 38.

(1) As methodologies and data used to estimate customer Scope 3 emissions continue to develop, the percentages included in the chart are based on customer Scope 1 and Scope 2 estimated emissions. Figures presented are reflective of estimated emissions from lending and investment as at 31 December 2024.

(2) Refer to page 67 for further details of estimated emissions from underlying investments (financed emissions and other metrics). Figures presented reflect estimated emissions from equity, corporate fixed income and government bond values as at 31 July 2025 and issuer's estimated greenhouse emissions as at 31 December 2024.

(3) Refer to pages 13 to 16 for details of our operational emissions progress. Figures presented reflect the reporting year 1 October 2024 to 30 September 2025 and are shown gross of purchased renewable electricity.

(4) Other sectors represents estimated financed emissions on 24% of our in-scope loans and investments (10% estimated customer Scope 1 and Scope 2 financed emissions) as at 31 December 2024, primarily relating to: business services 0.2 MtCO₂e, health 0.2 MtCO₂e, shipping 0.1 MtCO₂e, chemicals 0.1 MtCO₂e, financial institutions 0.07 MtCO₂e, housing associations 0.06 MtCO₂e and assorted other activities 0.57 MtCO₂e. Estimates of sovereign financed emissions excluded from this chart and the table on page 40, are 4.3 MtCO₂e at 31 December 2024 (4.1 MtCO₂e at 31 December 2023) and primarily relate to UK and US sovereign debt. Refer to pages 39 to 42 and 45 for further details of emissions from lending and investments, including data limitations associated with financed emissions data.

(5) Included within the 'Progress in reducing emissions 2025 report to Parliament'.

Financing activity continued

Climate transition plan: progress update

In February 2026, we announced the withdrawal of our science-based portfolio-level sector targets that had been validated by the SBTi, and the introduction of our new portfolio-level activity-based targets. These targets focus on the physical emissions intensity of specific activities rather than sectors.

Progress varies depending on actions taken by NatWest Group and its customers, as well as government policies, which help advance technologies and enable societal responses resulting in reduced emissions. Our targets are designed to align with net zero pathways by 2050, with a published 2030 target that reflects our expected trajectory toward that convergence. The convergence points indicate the level of physical intensity reduction NatWest Group should achieve each year to remain on track for the 2030 target.

This approach ensures our targets are aligned with a 2050 net zero pathway and supports the transition to a net zero economy, and this is applied consistently across all target activities.

The baseline year for our new portfolio-level activity-based targets is 2023. This reflects that these are new targets, designed using a different methodology and scope from our previous portfolio-level sector targets. Establishing a 2023 baseline provides an up-to-date position from which to track future progress. The 2019 baseline used for our 2030 ambition to at least halve the climate impact of our financing activity remains unchanged.

The table shows estimated physical emissions intensities against convergence points, with graphs illustrating each activity's pathway relative to external scenarios shown on the following page.

→ For details of our methodologies and scenario selection for our portfolio-level activity-based targets, refer to the NatWest Group plc 2025 Sustainability Basis of Reporting.

Portfolio-level activity	Target metric	2024 estimate			2023 baseline		2030 target vs. 2023 baseline
		Physical emissions intensity	Convergence point	Convergence status	Physical emissions intensity		
Electricity generation	kgCO ₂ e/MWh	32.9 ^(LA)	42.1	■	44.5 ^(LA)		-41%
Oil and gas production	tCO ₂ e/TJ	69.5 ^(LA)	68.5	■	69.8 ^(LA)		-13%
Residential mortgages	kgCO ₂ e/m ²	33.6 ^(LA)	33.2	■	33.9 ^(LA)		-26%
Secured commercial real estate	kgCO ₂ e/m ²	37.9 ^(LA)	40.8	■	42.7 ^(LA)		-45%
Agriculture - primary farming	tCO ₂ e/t fresh weight	1.0 ^(LA)	1.1	■	1.1 ^(LA)		-9%
Manufacture of automobiles	gCO ₂ e/v-km	185.9 ^(LA)	181.3	■	188.8 ^(LA)		-77%
Aircraft operators and lessors	tCO ₂ e/Mn RTK	907.6 ^(LA)	908.0	■	936.0 ^(LA)		-19%
Freight road - vehicle operation and leasing	gCO ₂ e/t-km	79.3 ^(LA)	79.9	■	83.4 ^(LA)		-27%
Passenger road - vehicle operation and leasing	gCO ₂ e/p-km	98.0 ^(LA)	100.5	■	102.4 ^(LA)		-35%

■ Under or equal to 2024 convergence point ■ Above 2024 convergence point by up to 5% ■ Above 2024 convergence point by over 5%

Six out of nine portfolio-level activity-based targets are aligned to decarbonisation convergence pathways as at 31 December 2024. In general, year-on-year fluctuations in convergence status are expected as the availability of customer emissions data improves and methodologies are refined.

As this is the first year of reporting against these portfolio-level activity-based targets, the trend should be interpreted with caution, as it does not yet provide a meaningful indication of long-term progress.

- Oil and gas production continues to play a role in supplying energy to many industries. We have included this activity in our refreshed activity targets due to its carbon-intensive nature and because significant reductions in emissions intensity are required to align with and support the UK's net-zero ambitions. Physical emissions intensity for oil and gas production is currently 1.5% above the convergence pathway. This variance is primarily due to challenges in customer Scope 3 reporting, including limitations in the granularity of available category-level data.
- Improving the energy efficiency and carbon intensity of UK housing stock is a critical enabler of the UK's transition to net zero. Residential mortgages represent a significant proportion of NatWest

Group's balance sheet. Currently, the portfolio is tracking above its convergence pathway by 1.2%. A key driver of this variance is the reliance on EPC data, which tends to overestimate energy usage, noting that around 50% of properties in our mortgage book have an EPC rating of D or worse, as shown on [page 30](#).

- The manufacture of automobiles plays a key role in the transition to net zero, with vehicle lifecycle emissions expected to decline as electric vehicles become more widespread. Leading target-setting authorities recommend that banks establish specific targets for this activity. Based on 2024 estimates, physical emissions intensity is tracking 2.5% above its convergence pathway. This variance reflects data quality limitations. Additionally, government-provided average emissions for combustion vehicles represent the UK fleet as a whole, which is weighted toward older, higher-emitting cars.

→ Refer to pages 26 to 37 for actions being taken to support the transition to net zero and to pages 39 to 42 for further details of our estimates of financed emissions.

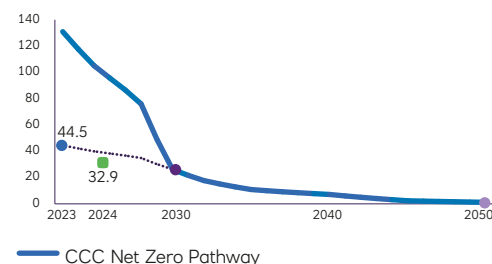
Financing activity continued | Climate transition plan: progress update continued

Our ambition to be net zero by 2050 is aligned with the 2015 Paris Agreement's overarching goal to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels. The charts below present the pathways aligned to externally recognised scenarios, developed by independent and respected organisations, that form the basis of our new portfolio-level activity-based targets. The charts shown on this page should not be directly compared to those previously disclosed on page 26 of the [NatWest Group plc 2024 Sustainability Report](#), which relate to our portfolio-level sector targets.

Energy-related activities

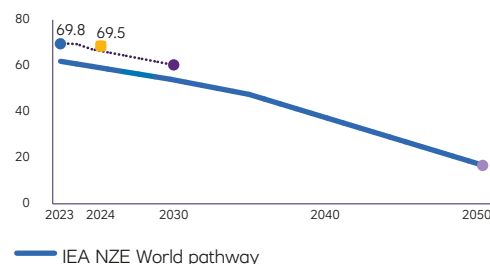
Electricity generation

Emissions intensity (kgCO₂e/MWh)



Oil and gas production

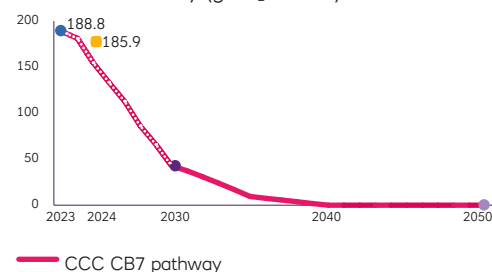
Emissions intensity (tCO₂e/TJ)



Mobility-related activities

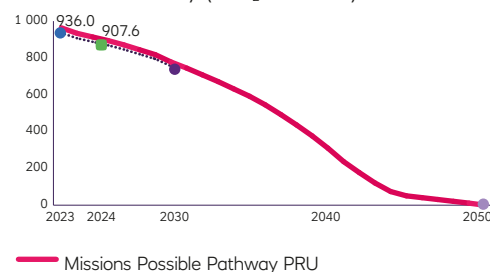
Manufacture of automobiles

Emissions intensity (gCO₂e/v-km)



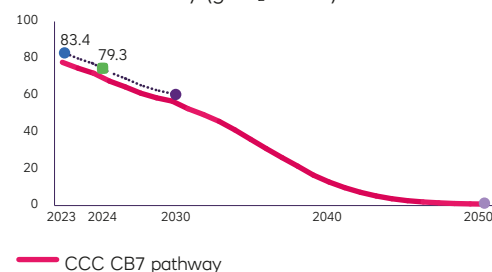
Aircraft operators and lessors

Emissions intensity (tCO₂e/MnRTK)



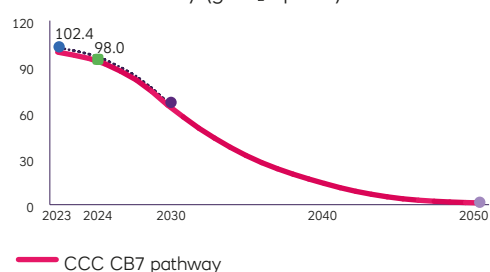
Freight road - vehicle operation and leasing

Emissions intensity (gCO₂e/t-km)



Passenger road - vehicle operation and leasing

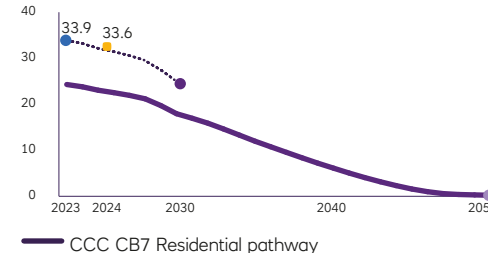
Emissions intensity (gCO₂e/p-km)



Property-related activities

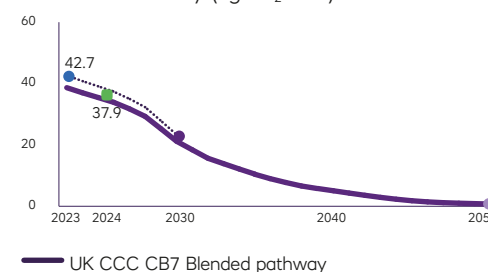
Residential mortgages

Emissions intensity (kgCO₂e/m²)



Secured commercial real estate

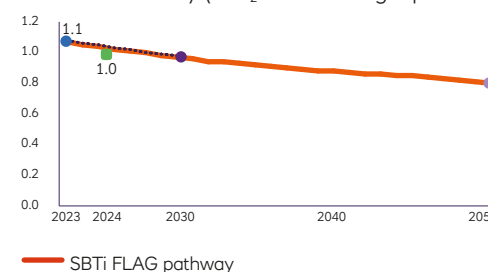
Emissions intensity (kgCO₂e/m²)



Food-related activities

Agriculture – primary farming

Emissions intensity (tCO₂e/t fresh weight produced)



Key

- 2023 estimates
- 2030 target
- 2050 convergence point
- Estimated convergence pathway
- 2024 NatWest Group convergence status**
- Under or equal to the convergence pathway
- Above convergence pathway by up to 5%
- Above convergence pathway by over 5%

The 2023 estimates and 2024 emissions intensities (convergence status) shown in these charts are subject to independent limited assurance by EY. Other values (including targets) are not assured.

→ For more information on our methodologies, refer to the **NatWest Group plc 2025 Sustainability Basis of Reporting**



Financing activity continued

Energy-related sectors

The context of NatWest Group's ambition

The UK CCC's Seventh Carbon Budget Report states that electricity generation, storage and transmission accounted for 9% of UK emissions in 2023, making it the fifth-highest emitting sector in the economy. Decarbonisation of electricity is critical to the UK's legal obligation to achieve net zero by 2050 given the increasing electrification of heating, transport and growing demand driven by technology.

Demand for electricity is expected to materially increase. According to the advice issued by the UK CCC on setting the Seventh Carbon Budget by 2050, annual electricity demand could be more than double 2023 levels while overall primary energy demand falls due to efficiency gains.

Meeting that demand and delivering the UK Government's Clean Power by 2030 Action Plan will require significant upfront investment to enable consumers to benefit from reliable, low-cost and low-carbon electricity. Increased storage capacity, smart demand flexibility, and greater interconnection will be essential to future grid stability.

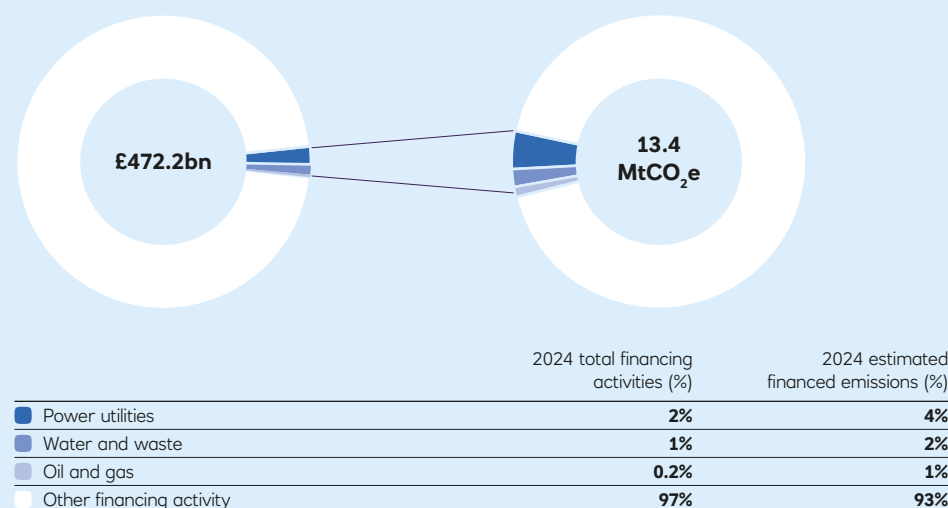
2024 estimated emissions and associated exposure for energy-related sectors⁽¹⁾

3%

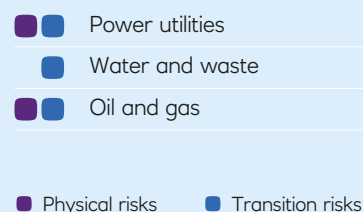
of NatWest Group total financing activities as at 31 December 2024 are aligned to energy-related sectors

7%

of estimated Scope 3 category 15 financed emissions (customer Scope 1 and 2) at 31 December 2024 are aligned to energy-related sectors



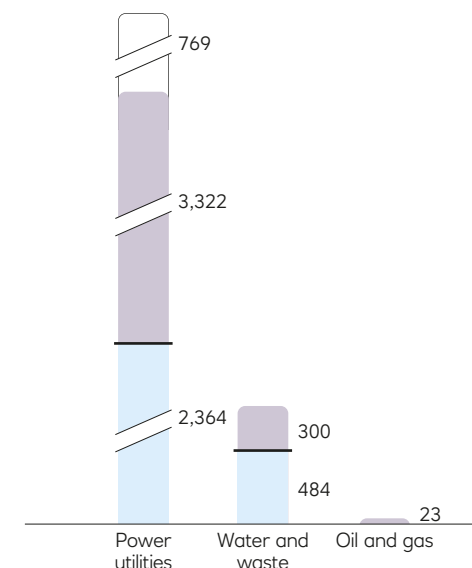
Heightened climate-related risk drivers for energy-related sectors⁽²⁾



Energy-related sector-specific finance provided in 2025 through climate and sustainable funding and financing and climate and transition finance (£m)

NatWest Group continues to support the real economy's alignment and transition towards net zero through the deployment of our balance sheet lending and facilitation activities.⁽³⁾

For further sector-specific details of finance provided, refer to the [NatWest Group plc 2025 Sustainability Datasheet](#).



H1 2025

Climate and sustainable funding and financing (£m)

H2 2025

Climate finance (Climate and transition finance) (£m)

Transition finance (Climate and transition finance) (£m)

(1) Comprises loans and advances and debt securities accounted at amortised cost and Fair Value through Other Comprehensive Income (FVOCI), including disposal group, gross of Expected Credit Loss. Refer to [page 39](#) for further detail of amounts analysed for financed emissions.

(2) Refer to [page 22](#) for details of our 2025 heightened climate-related risk sector assessment, including methodology.

(3) Climate and sustainable funding and financing and climate and transition finance represent only a relatively small proportion of NatWest Group's overall funding, financing and facilitation activities. Refer to [pages 19 and 20](#) for further details.

Financing activity continued | Energy-related sectors continued

Action to support our customers

As a UK-focused bank, NatWest Group is well positioned to further support the financing needs of our energy-related customers and the ongoing decarbonisation of the UK electricity grid. Through our [climate and transition finance framework](#), opportunities exist to:

- Support power utilities customers with large-scale renewable energy projects.
- Finance transmission network upgrades and battery storage systems to balance supply and demand and improve network stability.
- Investing in natural resource management, critical mineral recovery, biogas recovery and leak detection technologies in water utilities.
- Finance technology innovation for hard-to-abate emissions, such as carbon capture and storage for industrial processes, and sustainable biofuels for aviation.

NatWest Group remains a leading loan arranger to the UK energy infrastructure and renewables sector.⁽¹⁾ In 2025, we provided £2.6 billion of financing to renewables projects (£1.8 billion in 2024).

Our climate and transition finance framework is one of the means by which we support the global allocation of capital towards hard-to-abate sectors through novel financing structures such as hybrid green bonds, sustainability-linked structures, EU Green Bond Standard (EU GBS) issuances, and taxonomy-aligned instruments.

In 2025, we provided £40 million in financing, as well as hedging solutions and ancillary roles, as part of a £307 million package to support Encyclis in delivering the UK's first large-scale carbon capture unit at the Protos Energy Recovery Facility. The project is expected to capture up to 380,000 tonnes of CO₂ annually, transporting emissions via the HyNet CCS cluster for storage in Liverpool Bay.

‘Electricity networks will need to expand to enable consumers to benefit from reliable, low-cost, and low-carbon electricity. Investment in advance of increases in demand is essential to ensure the network is an enabler and not a barrier to the transition.’

UK Climate Change Committee's Seventh Carbon Budget Report

In the power utilities sector, we acted as joint bookrunner for Elia's €500 million 10-year EU Green Bond in 2025 – the first EU Green Bond from a Belgian issuer. This transaction was structured under the EU GBS, with proceeds earmarked for electricity transmission projects supporting renewable integration. We also served as active bookrunner on Eurogrid's dual-tranche debut EU GBS issuance (four-year and 15-year maturities), marking the first German corporate EU GBS transaction, enabling critical investment in electricity infrastructure.

We have been members of the [Powering Past Coal Alliance](#) since 2021 and following the achievement of our ambition to phase-out of coal⁽²⁾ for UK and non-UK customers who have UK coal production, UK coal-fired generation and UK coal-related infrastructure by 1 October 2024, we aim to phase-out of coal⁽²⁾ for customers who have coal production, coal-fired generation or coal-related infrastructure globally by 1 January 2030. As a result, we have stopped providing financing for any coal-related activity to these customers where it exceeds the phase-out date above.

Our exposure to coal⁽²⁾ customers of £0.6 billion^(L4) and our reserve-based lending⁽³⁾ exposure of £0.2 billion^(L4) as at 31 December 2025 remained in line with the prior year.

Risks and challenges to transition

Energy-related sectors face a mixture of climate-related physical and transition risks. Extreme weather events threaten production facilities, pipelines and electricity networks. The oil and gas sector continues to play a role as the energy system transitions to net zero, facing shifting markets and policy. The pace of transition is dependent on key policy initiatives such as the UK Government's North Sea Transition Deal, as well as the deployment and scaling of CCS and biofuel technology.

The power utilities sector faces challenges from shifting market dynamics and price volatility.

Our 2025 scenario analysis sought to deepen our understanding of risks within energy-related sectors. This included assessing the potential impacts at a company level of carbon costs driven by changing climate policy, shifts in energy demand and the dynamic of rising carbon costs and pricing. This supported the identification of potential risks in our portfolio. Across oil and gas and power utilities, investment to capitalise on low-carbon energy opportunities was shown to mitigate transition risk through the reduced exposure to carbon costs. Refer to [page 56](#).

Spotlight

Quinbrook Infrastructure Partners

In 2025, NatWest Group was approached by Quinbrook to help finance Cleve Hill Solar Park, the UK's largest under construction solar and battery storage project; the first solar project to be consented as a nationally significant infrastructure project (NSIP) by the UK Government.

Located on the north Kent coast, Cleve Hill is the largest operational solar park in the UK, delivering 373MW of solar capacity to the grid. Work continues on a co-located 150MW/300MWh Battery Energy Storage System, which is expected to be connected in 2026.

As a long-standing customer, Quinbrook engaged NatWest Group to structure the innovative financing package, including support on both rate and inflation hedging. We were one of two banks financing the project, taking an equal share of the £218.5 million term loan and £20 million VAT facility.



Quinbrook's Cleve Hill Solar Park in Kent

(1) Source: Information for Renewables (UK) 31 December 2025.

(2) The phase-out of coal refers to the exit of the customer relationship by NatWest Group. This relates to all grades of thermal coal (e.g. bituminous, sub-bituminous, and lignite) typically used as a fuel for coal-fired generation. Data challenges, particularly the lack of granular customer information, create challenges in identifying customers with 'coal-related infrastructure' and other customers with coal-related operations within NatWest Group's large and diversified customer portfolios. As such, the scope excludes (i) companies who generate less than 5% of their revenues via coal-related activity (in line with the [UN Environment Programme Finance Initiative \(UNEP FI\) Guidance for Climate Target Setting for Banks](#)) (ii) companies with a turnover of <£50 million and (iii) commodity traders. Metallurgical coal is excluded from scope.

(3) Reserve-based lending is available only when lending is secured against reserves and not for other types of oil and gas financing.

Financing activity continued | Energy-related sectors continued

Energy system review

Recognising the complexity of the energy transition, we conducted an energy system review during 2025 to ensure our strategy reflects the interconnected risks and opportunities across the energy value chain as the economy transitions toward net zero. The energy system review considered the systemic nature of the energy transition which anticipates further growth in renewables, the important yet declining role of oil and gas, significant infrastructure investment and demand-side electrification.

In February 2025, we committed to reviewing our Environmental, Social and Ethical (ESE) Risk Acceptance Criteria (RAC) for major oil and gas customers in the context of the advice issued by the UK CCC to the UK Government on setting the Seventh Carbon Budget. The scope of the energy system review was broader than the ESE RAC for major oil and gas customers. From 1 January 2026 we updated the name of the ESE Risk Framework to the Environmental and Social (E&S) Risk Framework. Refer to page 21 for further detail.

The E&S Risk Framework applies to all legal entities in NatWest Group for the onboarding of non-personal customers for the purpose of providing financing and applies to the management of E&S risk throughout these customers' life-cycles. It is comprised of E&S RAC for seven sectors which present heightened E&S risk and a RAC for human rights. Customers whose activities fall within a sector RAC, or any other customer where associated E&S risk concerns have been identified, are subject to enhanced due diligence. From 13 February 2026 the scope of the E&S Risk Framework was expanded from lending and loan underwriting to cover a broader definition of financing by including bond underwriting.

Our new E&S Energy Supply Sectors RAC⁽¹⁾ applies from 13 February 2026. It acknowledges that oil and gas will continue to play an important yet declining role in energy supply in the medium term. With regards to the UK, this was indicated in the advice issued by the UK CCC to the UK Government on setting the Seventh Carbon Budget. We will continue to engage with and support this sector, rather than disengage prematurely. When allocating finance to the energy supply sectors, we seek to balance a range of considerations including prioritising opportunities that support the transition and local economic development. In the context of producers in the oil and gas sector, we will prioritise direct financing towards the North Sea or activities that support the transition. We remain confident that the most effective way to decarbonise and reduce reliance on oil and gas over time is to support our customers' investment in renewables and low-carbon solutions.

The changes to the E&S Risk Framework enable NatWest Group to better support its customers through the complexities of the energy transition in a considered and practical manner and will be implemented in conjunction with enhanced governance, monitoring and oversight to ensure robust risk and balance sheet management. We will continue to review our policies in line with our enterprise wide risk management framework (EWRMF), which considers a range of factors in the external economic, political, legal and regulatory environment.

An important part of executing our approach is the ongoing governance of our financing activities in line with our sector and bank-wide strategy, including our ambition to at least halve the climate impact of our financing activity by 2030, against a 2019 baseline, which is supported by portfolio-level activity-based targets. This includes a 2030 target to

reduce the physical emissions intensity of our financing activity related to oil and gas production by 13%, against a 2023 baseline.

Our approach is aligned to how we seek to manage climate-related risks in our wholesale portfolio, as outlined on page 21. Noting that the natural resources portfolio limit remains unchanged following the energy system review, we are implementing the following oversight and governance framework to help ensure that our financing activity aligns with our sector and bank-wide strategy and remains within the portfolio limit and other constraints:

- All financing⁽²⁾ ≥£50 million to the oil and gas sector is assessed by an oversight forum which considers factors such as energy transition contribution, transition planning and ESG ratings (where available).
- While the total NatWest Group oil and gas sector exposure may increase in future periods the cumulative impact of financing decisions on our climate ambitions and targets is monitored on a quarterly basis. Our financing activity may result in a non-linear emissions profile, both within and across sectors.
- The Commercial & Institutional Risk Committee receives a breakdown of the oil and gas portfolio, including sub-sector composition, deal pipeline (including declines), and any required corrective action. In parallel, the Wholesale Credit Risk Framework ensures adherence to restrictive financial and strategic parameters, including operating within the natural resources portfolio limit.
- We will continue to conduct customer life-cycle or event driven reviews of all oil and gas customer relationships.
- We will continue to develop our capabilities to identify, assess and manage the climate-related risks and opportunities relevant to our energy supply sectors.

In light of the energy system review we have published a new E&S Energy Supply Sectors RAC⁽⁴⁾, which includes the following updates:

- Removing the prohibition to (i) renew, refinance or extend existing reserve-based lending specifically for the purpose of financing oil and gas exploration, extraction and production; and (ii) provide reserve-based lending specifically for the purpose of financing oil and gas exploration, extraction and production for new customers. We also plan to retire our reserve-based lending metric during 2026. We continue to prohibit direct financing (including project finance) for the specific purpose of exploration for new oil and gas reserves.
- Removing the prohibition for oil and gas majors unless they had a credible transition plan aligned with the 2015 Paris Agreement in place.
- Removing the prohibition for upstream oil and gas companies where the majority (>51%) of their assets being financed are not based in the UK (onshore or offshore UK Continental shelf).
- Adding a prohibition on providing general corporate purpose finance to companies who generate (at the time of financing) more than 10% of their revenues from any combination of (i) onshore exploration, development or production of shale oil and gas in the UK, (ii) exploration, development or production of oil from oil sands, or (iii) exploration, development or production of oil and/or gas using coal-bed methane or coal liquefaction.
- Clarifying our remaining prohibitions e.g. arctic, deep water and oil sands.
- Clarifying our position to prohibit all project finance for the specific purpose of exploration for new metallurgical coal⁽³⁾ or developing new metallurgical coal mines.

(1) We have combined our positions across our Oil and Gas, Power Generation and coal elements of the Mining and Metals RAC into the E&S Energy Supply Sectors RAC. Where material concerns relating to human rights violations are identified, the E&S Human Rights RAC will apply.

(2) For refinancing of previously assessed transactions, assessment will only apply where there has been a material change in customer strategy.

(3) Metallurgical coal is typically used to make coke for steel production.

Financing activity continued

Property-related sectors

The context of NatWest Group's ambition

The UK CCC's Seventh Carbon Budget Report states that in 2023, the UK's built environment accounted for approximately 17% of UK emissions.

Natural gas remains the dominant fuel used for residential heating and hot water, accounting for 80% of emissions produced by UK homes according to the UK CCC. Energy conservation and efficiency measures, coupled with the electrification of heating our homes, are central to reducing residential emissions, lowering fuel bills, and reducing fuel poverty for our customers.

To support the decarbonisation of property, NatWest Group offers a number of green mortgage products as well as free-to-access help, advice and assessment tools for homeowners and landlords seeking to understand the potential benefits of investing in energy efficiency improvements.

2024 estimated emissions and associated exposure for property-related sectors⁽¹⁾

51%

of NatWest Group total financing activities as at 31 December 2024 are aligned to property-related sectors

22%

of estimated Scope 3 category 15 financed emissions (customer Scope 1 and 2) at 31 December 2024 are aligned to property-related sectors



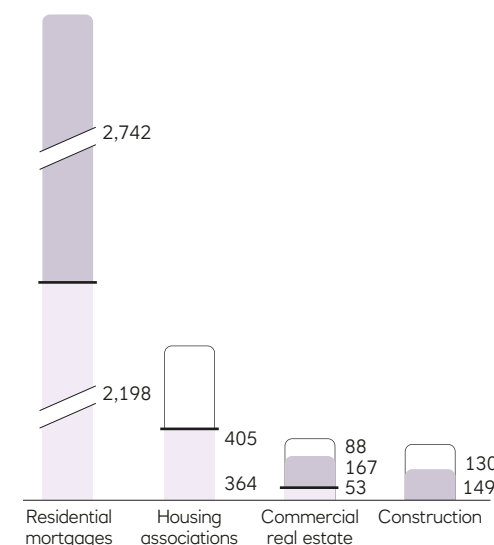
Heightened climate-related risk drivers for property-related sectors⁽²⁾



Property-related sector-specific finance provided in 2025 through climate and sustainable funding and financing and climate and transition finance (£m)

NatWest Group continues to support the real economy's alignment and transition towards net zero through the deployment of our balance sheet lending and facilitation activities.⁽³⁾

For further sector-specific details of finance provided, refer to the NatWest Group plc 2025 Sustainability Datasheet.



H1 2025
 Climate and sustainable funding and financing (£m)

H2 2025
 Climate finance (Climate and transition finance) (£m)
 Transition finance (Climate and transition finance) (£m)

(1) Comprises loans and advances and debt securities accounted at amortised cost and Fair Value through Other Comprehensive Income (FVOCI), including disposal group, gross of Expected Credit Loss. Refer to page 32 for further detail of amounts analysed for financed emissions.
 (2) Refer to page 22 for details of our 2025 heightened climate-related risk sector assessment, including methodology.
 (3) Climate and sustainable funding and financing and climate and transition finance represent only a relatively small proportion of NatWest Group's overall funding, financing and facilitation activities. Refer to pages 19 and 20 for further details.

Financing activity continued | Property-related sectors continued

Action to support our customers

Residential mortgages

As one of the largest residential mortgage lenders in the UK, NatWest Group has an important role to play in supporting homeowners to transition to more energy-efficient homes that are comfortable, cheaper to heat and generate lower emissions.

Recognising this opportunity to support our customers, and forming part of our £100 billion climate and sustainable funding and financing target, we set an ambition to provide £10 billion in lending for EPC A and B rated UK residential mortgages, between 1 January 2023 and the end of 2025. As at 31 December 2025, NatWest Group had exceeded this ambition, lending £12.3 billion. This comprised £11.7 billion in Retail Banking and £0.6 billion from Private Banking & Wealth Management.

Our Retail Banking business segment continues to offer a suite of incentivised green mortgage products including purchase, re-mortgage and buy-to-let products for properties rated EPC A or B. In 2025, Retail Banking provided £2.1 billion^(1A) in Green Mortgages (£1.6 billion in 2024), £8.1 billion^(1A) since launch in Q4 2020. Private Banking & Wealth Management also offers discounted mortgage arrangement fees for purchasing an energy-efficient home with an EPC rating of A or B, or for improvements resulting in an EPC rating of A to C.

‘Supply chains for low-carbon heating and energy efficiency need to be scaled up rapidly. The domestic heating industry urgently needs to develop a workforce with the skills to design, install, and service heat pumps at scale.’

UK Climate Change Committee’s Seventh Carbon Budget Report

Home energy hub

Linked to our ambition for 50% of our UK residential mortgages to have an EPC rating of C or better by 2030, NatWest Group continues to offer free access to our Home Energy Hub.

Our Home Energy Hub has been designed to provide UK homeowners with a wide range of online advice and support to help overcome barriers to retrofit and unlock their energy efficiency potential.

The website offers a free Home Energy Plan, which includes high-level retrofit recommendations, advice on practical next steps and financial support as well as access to a discounted in-home energy assessment supplied in collaboration with Vibrant Energy. The tool also provides grant information and connects customers with trusted tradespeople through our partners British Gas, Hive and Trustmark.

Managing climate-related risks to the residential mortgage portfolio

Transition risk

We recognise the importance of managing climate-related risks in relation to our residential mortgage portfolio. Transition risks to our mortgage portfolio include impacts on property values and customer affordability from increasing energy costs and changes in regulatory expectations, particularly in the buy-

to-let market. Our 2025 annual scenario analysis exercise confirmed that transition risks were greater for properties with lower EPC ratings. Refer to [page 57](#).

We have an ambition for 50% of our UK residential mortgages to have an EPC rating of C or better by 2030, where EPCs are available. As at 31 December 2025, 48.8%^(1A) of our UK residential mortgage portfolio was rated EPC C or better, where EPCs are available. This compares to 46.3% in 2024. During 2025, we continued to apply lending limits based on climate characteristics. This relates to buy-to-let properties with potential EPC rating between D and G. Additionally, our credit policies do not allow buy-to-let mortgages to properties with an EPC rating of F and G. Along with the products and propositions described opposite, this approach aims to mitigate transition risk.

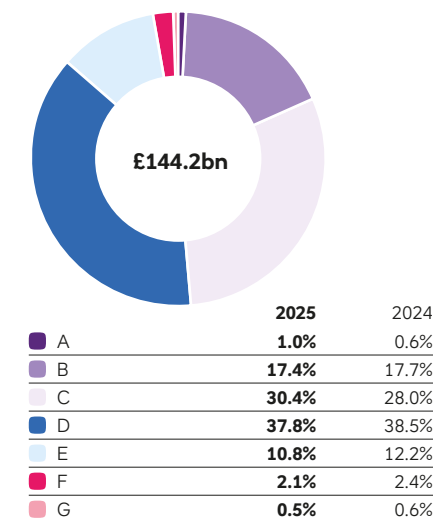
Physical risk

Climate change impacts exacerbate the risk of flooding for properties within our mortgage portfolio, increasing the risk of adverse impacts on property values, insurance availability and customer affordability. We apply concentration limits on properties not eligible for the Flood Re scheme (buy-to-let, flats and properties built after 2009) at high or very high risk of flood. Limits are reviewed annually to reflect changes in flood modelled data and market conditions, such as the future of Flood Re.

Our 2025 scenario analysis assessed the potential impacts of floods and windstorms on our residential mortgage portfolio, refer to [page 57](#).

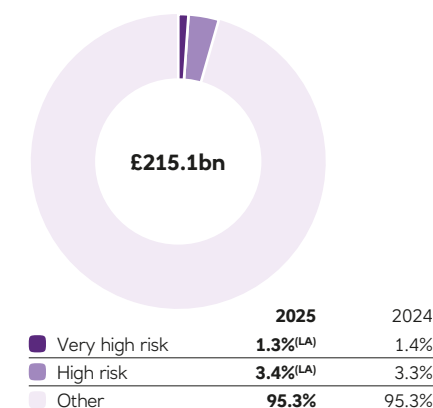
→ Refer to the NatWest Group plc 2025 Annual Report and Accounts and the NatWest Group plc 2025 Sustainability Datasheet for regional breakdowns of NatWest Group’s proportion of residential properties at high and very high risk of flood, and the NatWest Group plc 2025 Sustainability Basis of Reporting for details of our EPC and flood risk methodologies.

UK residential mortgage portfolio by EPC, where EPCs are available (£bn)⁽¹⁾



(1) As at 31 December 2025 £144.2 billion, 67%, of the total UK residential mortgages portfolio had EPC data available (31 December 2024 – £139.1 billion, 66.3%).

Flood risk profile of UK residential mortgage portfolio (£bn)



Presented on a total volume basis. ‘Other’ includes 0.7% to which no flood risk rating can be assigned.

Financing activity continued | Property-related sectors continued

Construction

Pressures on UK housing combined with growing demand for retrofit to improve energy efficiency create significant opportunity for the construction sector. Given its dependence on carbon-intensive material inputs – such as concrete, steel, and glass – the construction sector has significant potential to contribute to a circular economy. The sector can also be vulnerable to physical climate risks through delays caused by extreme weather events and consequential supply chain disruption.

Delivering net zero requires a national retrofit strategy, prioritising insulation and accelerating the deployment of low-carbon technologies such as heat pumps and solar panels. In 2025, NatWest Group contributed industry insights to [The Business Case for Integrated Retrofit Report](#), published in June 2025 by the Cambridge Institute for Sustainability Leadership. The Report advocated for retrofit as a national priority, highlighting its economic, social, and health benefits and potential boost to long-term productivity.

Supply Chain Sustainability School

Since its launch in November 2023, our strategic partnership with the Supply Chain Sustainability School (SCSS), an external collaborative learning platform, has helped embed sustainability within the built environment. The first phase of the partnership focused on enabling suppliers engaged in retrofit to build capability and capacity, helping to build skills and understanding on how to adopt retrofit practices. Through the SCSS retrofit programme, we helped to upskill more than 2,260 companies, providing free-to-access resources and training.

The partnership has responded to growing demand. More than 2,700 companies have now engaged with the school, accessing training events and learning resources, helping them to navigate sustainability-related challenges – from net-zero commitments to social value creation. We continue to provide insights and expertise into the development of future learning materials.

Commercial Real Estate (CRE)

While the public sector continues to drive progress on the decarbonisation of non-residential buildings, opportunities exist to support the electrification of heating and energy efficiency improvements in the commercial real estate sector.

We continue to offer a range of funding solutions to support eligible UK businesses finance sustainable infrastructure, development, and transformation projects.

Deals in 2025 included our Private Banking & Wealth Management business segment providing financing for a new rehabilitation and wellness centre for post-operative and neuro-rehabilitation patients in London, as well as energy-efficiency student accommodation and hotel developments in the UK.

Physical risks to the CRE sector (including housing associations) encompass increased exposure to flooding, overheating, and extreme weather events. These impact asset values, insurance costs and availability, business continuity and occupancy levels. Transition risks for both sectors stem from evolving regulations, market expectations, and retrofit costs required to meet tightening minimum energy efficiency standards (MEES).

NatWest Group's Buildings Efficiency Assessment Tool (BEAT) provides a free, data-driven tool designed to help customers improve building energy efficiency. It provides insights on retrofit costs and potential energy savings across residential and commercial properties, from single assets to large portfolios.

Since launch in October 2024, more than 7,000 properties have been assessed through the tool. Over 23% of our CRE customer base has used BEAT, providing them with guidance to inform decisions relating to property portfolio decarbonisation.

We continued to update and apply climate transaction acceptance standards, which include requirements for an EPC transition plan for assets with an EPC rating of D-G. This ensures our internal policies align with future MEES regulation and extend beyond compliance to address broader climate risks. We also monitor and input into market standards, such as the UK Government's [Future Homes Standard](#), helping us to upskill our relationship managers and support customers as the industry evolves.

Housing associations

In July 2025, we announced a first-to-market £500 million loan product, featuring no arrangement fees and discounted interest rates, to help finance the building of social rented homes across the UK. Following strong demand, we increased the level of lending to £1 billion in December 2025. To qualify for the financing, all new developments must achieve an EPC rating of A or B, ensuring we promote the delivery of sustainable homes for the future. As at 31 December 2025, we had provided £168.5 million in lending.⁽¹⁾

Our social loan supports the delivery of new homes, improved living conditions and the UK's progress towards net zero. It forms part of our £7.5 billion lending ambition to the social housing sector between 1 January 2024 and the end of 2026. Having delivered £8.7 billion in lending between 2024 and 2025 and achieving our ambition early, we are now aiming to lend £10 billion for the period 2026-2028. This ambition is supported by our range of funding solutions, including the green loan backed by a guarantee from the National Wealth Fund that supports the retrofit of existing social homes – see Spotlight on right.

By collaborating with industry, we continued to champion retrofit initiatives throughout 2025. This involved pilot projects across Greater Manchester, London, Scotland, and other regions of the UK. We will continue sharing lessons learned from these pilots with our customers to help develop appropriate solutions.

Spotlight

Collaboration with National Wealth Fund on social housing retrofit

In 2025, NatWest Group announced £500 million of additional support for the retrofit of UK social housing stock. The package was made possible thanks to a collaboration with the National Wealth Fund, which provided a financial guarantee of up to £400 million.

This lending aims to cut energy consumption and accelerate the decarbonisation of social housing by funding energy-efficient heating and lighting, insulation, renewable energy generation, improved resilience against climate-related physical risks as well as biodiversity improvements.

£500m

new loans available for retrofitting social housing stock in the UK



(1) Social finance represents only a relatively small proportion of our overall financing and facilitation activities.

Financing activity continued

Food-related sectors

The context of NatWest Group's ambition

The agriculture sector is vital for the UK economy, as British farmers produce approximately 60% of the nation's food. However, according to the [UK CCC's Seventh Carbon Budget Report](#), agriculture accounted for approximately 11% of the UK's GHG emissions in 2022; the fourth-highest emitting sector.⁽¹⁾

We recognise the importance of stable policy in providing farming businesses with the necessary confidence in the long-term sustainability of their business. Through ongoing policy advocacy and collaboration with a wider range of stakeholders, including other financial institutions, we continue to highlight the need for bold action to help accelerate private finance towards future-proofing UK agriculture.

According to the UK CCC, nearly two-thirds of UK agricultural emissions in 2022 were associated with livestock farming. As a result, we continue to focus on our engagement in this area.

We continue to use guidance from our work with the [World Wide Fund for Nature \(WWF UK\)](#) on how to support the transition of the UK dairy farming sector.

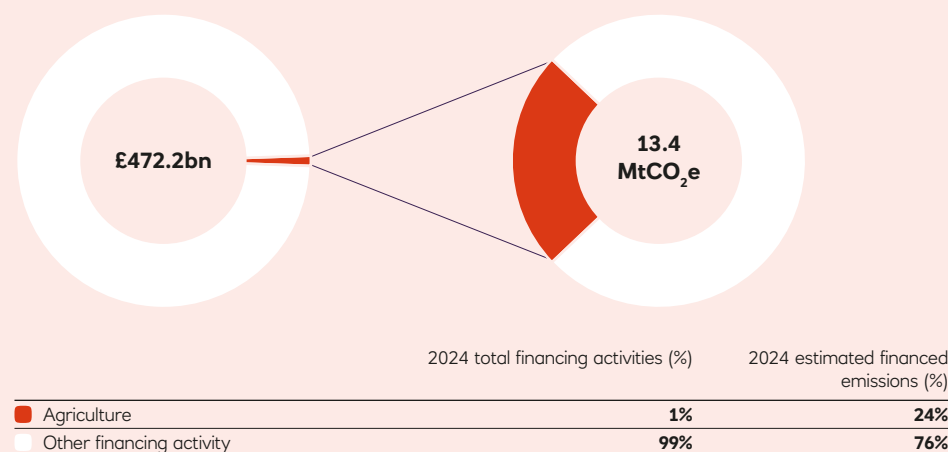
2024 estimated emissions and associated exposure for food-related sectors⁽²⁾

1%

of NatWest Group financing activities as at 31 December 2024 are aligned to food-related sectors

24%

of estimated Scope 3 category 15 financed emissions (customer Scope 1 and 2) at 31 December 2024 are aligned to food-related sectors



Heightened climate-related risk drivers for food-related sectors⁽³⁾

■ Agriculture

■ Physical risks ■ Transition risks

Food-related sector-specific finance provided in 2025 through climate and sustainable funding and financing and climate and transition finance

NatWest Group continues to support the real economy's alignment and transition towards net zero through the deployment of our balance sheet lending and facilitation activities.⁽⁴⁾

The journey towards decarbonising UK farming faces a complex set of challenges, particularly aligning climate and transition financing with the critical goals of food security and affordability. At the heart of this challenge lies the need to reduce greenhouse gas emissions and enhance environmental stewardship, while simultaneously ensuring that the nation's food systems remain resilient, accessible, and affordable for all.

While we continue to provide financing to the agriculture sector, enabling farmers to invest in the transition, NatWest Group's support for food-related sectors encompasses industry collaborations that extend beyond primary agriculture, into food manufacturing, processing and retail to help influence transition across the wider food value chain.

Between 1 January and 30 June 2025, we provided £2 million in climate and sustainable funding and financing to the agricultural sector, with a further £2 million in climate and transition finance between 30 July and 31 December 2025.

For further sector-specific details of climate and sustainable funding and financing, as well as climate and transition finance provided, refer to the [NatWest Group plc 2025 Sustainability Datasheet](#).

(1) Provisional 2023 emissions data unavailable at time of publication of UK CCC's Seventh Carbon Budget Report. GHGs other than CO₂ make up the majority of emissions in this sector.
 (2) Comprises loans and advances and debt securities accounted at amortised cost and Fair Value through Other Comprehensive Income (FVOCI), including disposal group, gross of Expected Credit Loss. Refer to [page 39](#) for further detail of amounts analysed for financed emissions.
 (3) Refer to [page 22](#) for details of our 2025 heightened climate-related risk sector assessment, including methodology.
 (4) Climate and sustainable funding and financing and climate and transition finance represent only a relatively small proportion of NatWest Group's overall funding, financing and facilitation activities. Refer to [pages 19 and 20](#) for further details.

Financing activity continued | Food-related sectors continued

Achieving emissions reductions across UK agriculture and a sustainable food system in the UK by 2030 will require a significant increase in investment across the supply chain.

We are continuing to work to accelerate the transition to more sustainable food and farming systems by exploring tailored financing solutions in partnership with our large corporate clients. Examples include asset financing to enable farm suppliers to invest in new equipment, supply chain finance to support supplier cash flow, and the sharing of expertise in the developing area of carbon and nature markets.

Regenerative farming practices often require upfront investment and involve long-term payback periods. Farmers may face reduced yields during transition periods, while manufacturers and processors may need to invest in traceability, certification, as well as supplier engagement. It is in this context that blended finance could potentially offer solutions.

With these challenges in mind, we collaborated with WWF-UK to co-publish a report in April 2025 aimed at the UK dairy sector, 'A path to profit and sustainability', highlighting the opportunities from the switch to sustainable, financially viable systems.

Throughout 2025, NatWest Group continued to work with McCain Foods (GB) and UK retailer Tesco to provide financial support for supply chain farming businesses seeking to invest in regenerative farming practices and, in the case of Tesco, low-carbon energy solutions.

Food and Drink Federation collaboration

NatWest Group often plays a central role in convening industry stakeholders, helping to facilitate knowledge exchange. Extending our work across the food and drink value chain, we collaborated with the Food and Drink Federation (FDF) in 2025 to co-create a targeted webinar mini-series aligned with the FDF's Ambition 2030 strategy. The strategy sets out the sector's role in tackling climate change and the decline in natural ecosystems, both of which threaten food production and food security.

The webinars, which engaged 90 businesses in 2025, explained how the Ambition 2030 strategy can help businesses of all sizes to set targets. It explored sustainability themes such as reducing emissions across supply chains and operations, embedding nature into business strategy to help enhance resilience and the commercial benefits of circularity. Circular practices across both food waste and packaging may help to reduce emissions and costs. For packaging specifically, material choices can also support compliance with Extended Producer Responsibility requirements.

We also collaborated with the FDF on the launch of their Nature Handbook, published in October 2025, which outlines how food and drink manufacturers can drive investment in nature restoration and regenerative farming. Our Head of Nature joined a panel discussion at the launch event, exploring the challenges facing farmers, food and drinks manufacturers and retailers in understanding their nature-related impacts, dependencies, risks and opportunities, and how the financial sector can support.

Spotlight**Sustainability underpins organic 'grass to glass' dairy**

Dumfriesshire-based business, Firth Farming was named Sustainable Farm of the Year at the 2025 Scottish Agriculture Awards. The Jamieson family has been farming 270 hectares over three units since the early 1950s and considers sustainability as essential to future proofing the business. Their 'Firth' herd of 260 pedigree Holstein Friesian dairy cows produces organic milk for principal customer Mueller.

John Jamieson took the decision to convert to an organic system in 1999, helping to add value to the farm's produce, reduce input costs and improve yields while encouraging wildlife and biodiversity to flourish through recent replanting programmes. John's passion for sustainability is shared by his son, Graham and the rest of the family as the business seeks to continually innovate and diversify.

In 2020, the business – a long-standing NatWest Group customer – modernised its dairy unit with support from Lombard Asset Finance. An energy-efficient 40-point rotary parlour was installed, enabling the farm to adopt three times a day milking.

The Jamiesons also adopted a rotational grazing system, harnessing a Scottish Organic Milk Producers 'grass to milk' grant to improve silage yields. New winter cow accommodation, featuring sand beds and better ventilation has helped improve herd health and wellbeing, while a three-year breeding programme is harnessing genomics to reduce methane emissions.



Financing activity continued | Food-related sectors continued

Improving data

Assessing the sustainability of agricultural supply chains requires reliable, standardised data. As part of our lending assessment criteria, our agriculture sector specialist Relationship Managers collect farm-level data through our bespoke NatWest Group Farming Statement of Assets and Liabilities (FSAL) tool, which provides a detailed overview of individual farm activities.

Throughout 2024 and 2025, we digitised FSAL and introduced climate-related questions to support the assessment. These enhancements enable calculation of farm-level emissions by source rather than revenue, improving data accuracy to better reflect farm management decisions while maintaining a familiar process for customers and colleagues.

Alongside improved data, the enhanced FSAL supports Relationship Managers in understanding individual farm sustainability goals, tailoring discussions to specific energy use and building stronger relationships with customers. Automated central collation of FSAL data enables sector comparisons and actionable insights, helping customers identify opportunities to reduce emissions and supporting their wider sustainability journey.

Embracing Agri-tech

There is potential to transform UK agriculture through the adoption of regenerative farming practices, smart farming and increased automation. Through targeted communications and strategic partnerships with organisations such as the UK Agri-Tech Centre, we are helping to drive research and commercialisation of technologies to help unlock precision agriculture.

→ For further detail on our support for regenerative agriculture, refer to pages 48 and 51.

Managing deforestation risk

Forestry, fisheries and agribusiness industries provide vital resources that when managed responsibly and fairly, can help deliver food security, economic stability and facilitate the energy transition through provision of outputs that can be used as bioenergy. In addition, natural resources associated with these industries can help protect against climate change by serving as carbon sinks, natural flood defences and soil erosion barriers.

Global population growth and shifting consumer appetite, can place natural resources under strain, leading to deforestation, habitat loss including peatland conversion, water scarcity and the depletion of food stocks essential to local communities.

In 2025, we expanded the coverage of our Forestry, Fisheries, and Agribusiness Environmental, Social and Ethical – now Environmental and Social (E&S) – Risk Acceptance Criteria (RAC), broadening the scope of deforestation risk-related commodities requiring certification⁽¹⁾ to include primary processors, as well as producers.⁽²⁾ We also included coffee within the list of commodities requiring either Rainforest Alliance and/or Fairtrade certification. We aim to publish the results of our expanded certification assessment in early 2026.

‘Farmers and land managers are stewards of the land. They need to be sufficiently empowered to make the change, while also improving the climate resilience of agriculture and the natural environment.’

UK Climate Change Committee’s Seventh Carbon Budget Report

Spotlight

Biomass into energy

– a partnership with Future Biogas biomethane solutions

Future Biogas operates 11 anaerobic digestion plants located primarily across the East of England, which produce renewable biomethane, from locally-grown, rotational crops with plans to incorporate carbon capture and storage technology to make its operations carbon-negative in the medium term. An £80 million refinancing package, of which £45 million was provided by NatWest Group, enables the growth of a pioneering UK biogas platform including the completion of the UK’s first unsubsidised biomethane facility. The deal demonstrates a scalable model for green gas production and highlights our role in advancing sustainable and circular infrastructure, where crops and waste can be harnessed to support the UK’s 2050 net-zero ambitions.

£45 million

provided to Future Biogas to expand its ownership of anaerobic digestion plants



Grange Farm anaerobic digestion plant, Lincolnshire, UK

(1) Non-certified customers with time-bound action plans in place to achieve certification within two years from being identified as in-scope for each applicable commodity will be recorded as Restricted Risk. Where certification or equivalent is not achieved following this two-year period, the customer will move to a Prohibited classification.

(2) Certification requirement applies to producers or primary processors operating in, or directly sourcing from, high deforestation risk countries as defined by Forest 500.

Financing activity continued

Mobility-related sectors

The context of NatWest Group's ambition

According to the [UK CCC's Seventh Carbon Budget Report](#), surface transport (dominated by land transport and logistics and automotive) was the largest emitting sector in the UK in 2023, contributing 24% of territorial emissions, principally through car tailpipes, which made up 59% of surface transport emissions.

The UK Government's zero-emission vehicle (ZEV) mandate is supporting the transition to EVs through legally binding targets on the share of electric cars and vans sold in the UK. The accelerating adoption of electric vehicles (EVs) continues, with the [Society of Motor Manufacturers and Traders \(SMMT\)](#) reporting that EVs accounted for more than 473,000 new car registrations in 2025, representing a UK market share of 23%.

Road-based freight dominates UK goods movement (accounting for 88% of domestic freight), with heavy goods vehicles (HGVs) accounting for 19% of surface transport emissions.

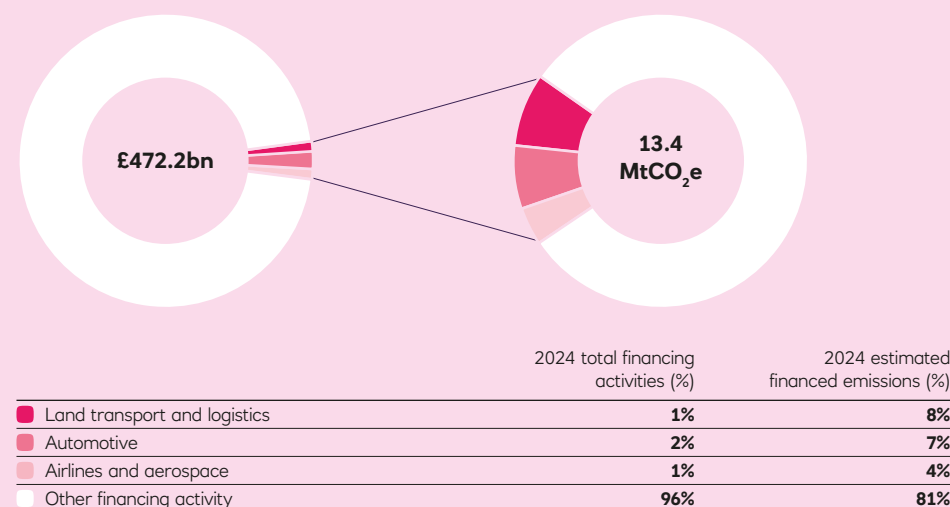
2024 estimated emissions and associated exposure for mobility-related sectors⁽¹⁾

4%

of NatWest Group total financing activities as at 31 December 2024 are aligned to mobility-related sectors

19%

of estimated Scope 3 category 15 financed emissions (customer Scope 1 and 2) at 31 December 2024 are aligned to mobility-related sectors



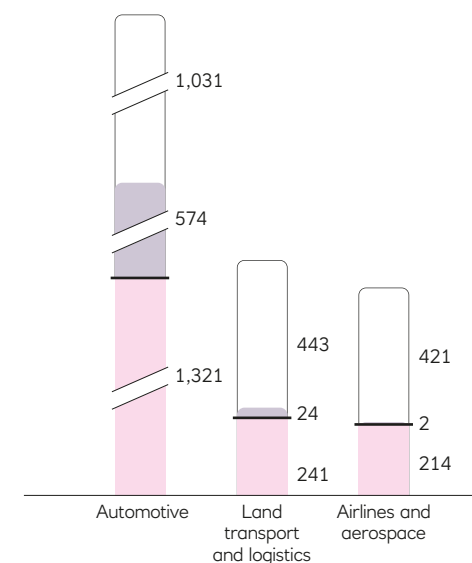
Heightened climate-related risk drivers for mobility-related sectors⁽²⁾

- Land transport and logistics
- Automotive
- Airlines and aerospace
- Physical risks
- Transition risks

Mobility-related sector-specific finance provided in 2025 through climate and sustainable funding and financing and climate and transition finance (£m)

NatWest Group continues to support the real economy's alignment and transition towards net zero through the deployment of our balance sheet lending and facilitation activities.⁽³⁾

For further sector-specific details of finance provided, refer to the [NatWest Group plc 2025 Sustainability Datasheet](#).



H1 2025

Climate and sustainable funding and financing (£m)

H2 2025

Climate finance (Climate and transition finance) (£m)

Transition finance (Climate and transition finance) (£m)

(1) Comprises loans and advances and debt securities accounted at amortised cost and Fair Value through Other Comprehensive Income (FVOCI), including disposal group, gross of Expected Credit Loss. Refer to [page 39](#) for further detail of amounts analysed for financed emissions.

(2) Refer to [page 22](#) for details of our 2025 heightened climate-related risk sector assessment, including methodology.

(3) Climate and sustainable funding and financing and climate and transition finance represent only a relatively small proportion of NatWest Group's overall funding, financing and facilitation activities. Refer to [pages 19 and 20](#) for further details.

Financing activity continued | Mobility-related sectors continued

Spotlight

Uber Boat by Thames Clippers

In response to growing demand for sustainable urban transport, Uber Boat by Thames Clippers has secured £59 million in joint financing from NatWest Group and Santander to support ongoing investment into its fleet, pier infrastructure and drydocking facilities.

The water transport provider operates more than 20 high-speed Thames river boats, including three modern hybrid vessels, as well as an all-electric cross-river ferry, which will soon operate between Canary Wharf and Rotherhithe. Funding will help to expand services and increase the number of vessels powered by electricity and sustainable fuels.

The Orbit Clipper, the UK's first fully electric zero tailpipe emissions passenger ferry, was built on the Isle of Wight. It completed its first passenger trip across the River Thames in December 2025 and will be delivering an accessible, low-carbon transport link to cross the Thames from Spring 2026. This deal also paves the way for future collaboration with NatWest Group.



© Uber Boat by Thames Clippers

Action to support our customers

NatWest Group became the first UK bank to issue a dedicated €750 million Clean Transportation (Electric Vehicles) Bond to institutional investors in 2024. The clean transportation financing that the bond supports originates from our Lombard Asset Finance business.

Through Lombard, we continue to help customers transition their business vehicles to low- or zero-emission alternatives. Between 1 January and 31 December 2025, Lombard provided £2.7 billion in low-emission vehicle finance.⁽¹⁾

The pace of EV adoption continues to be influenced by the affordability of new EVs compared to their internal combustion engine (ICE) equivalent, alongside concerns over adequate charging infrastructure. Residual value volatility remains a key consideration for fleet operators and leasing companies, which are balancing depreciation pressures with decarbonisation ambitions.

Continued policy engagement is therefore key. As a long-standing participant in the UK Automotive Council, a joint industry and Government-led body, we promote the growth and future sustainability of the sector.

Challenges to transitioning road freight

While considerable progress continues to be made towards the decarbonisation of passenger transport, both road and rail, decarbonising freight remains challenging. Road freight underpins UK domestic goods logistics, carrying over 88% of freight and playing a critical role in supply chains across retail, manufacturing and construction. Responsible for 19% of surface transport emissions, road freight represents a mixed picture in terms of decarbonisation. While we continue to support demand for zero-emission light commercial vehicles, principally through Lombard Asset Finance, challenges remain with zero-emission heavy goods vehicles (HGVs). Uptake is being slowed by limited commercial availability and high upfront cost of

zero-emission models, as well as operational concerns around range limitations and long charging times for electric HGVs.

Smaller hauliers, which comprise much of the UK sector, may be disproportionately affected by capital and logistical barriers. Overcoming these challenges will require coordinated investment in vehicles and energy infrastructure underpinned by clear regulatory signals and targeted financial support.

Transforming urban transport

In addition to facilitating the electrification of public transport, NatWest Group continues to explore more innovative solutions to decarbonising urban transport. Micromobility is about rethinking urban transport: how we move people and goods in built environments more efficiently, sustainably, and inclusively. It combines e-cargo solutions for last-mile and first-mile delivery, as well as encouraging modal shift through the increased electrification of urban public transport and active travel options that reduce reliance on cars. In 2025, we worked with the Royal Mail Group, financing the acquisition of 84 electric delivery vehicles. The deal supports Royal Mail's emissions reduction strategy and offers significant operational efficiencies.

Since 2021, we have partnered with the University of Warwick, demonstrating how business and academia can collaborate to accelerate innovation, growth, and inclusion. Through the Clean Transport Accelerator, delivered with Warwick Manufacturing Group (WMG), start-ups and scaling SMEs gain access to coaching, funding readiness programmes and expert mentors, alongside WMG's research capabilities and testing facilities.

In 2025, the launch of the NatWest Accelerator app extended this ecosystem, providing entrepreneurs with on-demand access to resources, mentors, and funding opportunities. The collaboration forms part of NatWest Group's wider commitment to working with universities across the UK to nurture entrepreneurial ecosystems, build future skills, and deliver sustainable economic impact.

(1) Climate and sustainable funding and financing and climate and transition finance represent only a relatively small proportion of NatWest Group's overall funding, financing and facilitation activities.

Financing activity continued | Mobility-related sectors continued

Rail

Passenger rail travel continues to offer the lowest carbon intensity per passenger kilometre. Further gains can be made by increasing the share of electrified track and rolling stock on Europe's rail networks.

NatWest Group continues to provide financing to help accelerate the electrification of rail across the UK, France and Germany. This included supporting Beacon Rail, the leading freight locomotive lessor in the UK, with a green term loan in their refinancing completed in 2025. We also acted as senior lender and hedging provider for the customer, taking a hold in a syndicated term loan aligned with the Loan Market Association's (LMA) Green Loan Principles.

Seeking financing for the procurement of 12 Avelia Horizon high-speed trains on behalf of French-based rail operator Proxima, Antin Infrastructure Partners approached NatWest Group to discuss participation in a €492 million syndicated facility. We took a €45 million hold as part of the multi-lender deal, helping to increase capacity on the French rail network while encouraging model shift from road to low-carbon rail travel in the west of France. The deal was one of several European rail deals we concluded in 2025.



An example of the new hybrid Class 99 freight locomotives now operating on the UK rail network © Stadler Rail.

Aviation

Aviation remains a hard-to-abate sector, responsible for 8% of UK emissions in 2023 (93% of which originated from international flights). Aviation is forecast to be the highest-emitting UK sector by 2040, according to the UK's Seventh Carbon Budget Report.

We continue to steer our portfolio through selective origination to commercial airlines and lessors. Our aviation transaction acceptance standard for commercial aviation, managed through our specialist asset finance team, is only available for the cleanest, latest-generation of aircraft assets and companies that publish emissions data.

Balancing projected growth in demand for air travel requires significant efficiency improvements, wide-scale uptake of Sustainable Aviation Fuel (SAF) and engineered removals. The UK's Sustainable Aviation Fuel Mandate, which came into force on 1 January 2025, sets ambitious annual targets for SAF uplift.

The emerging technologies needed to support the decarbonisation of aviation remain nascent. Currently, SAF is three to four times more expensive than standard jet fuel, while developing electric aircraft are likely to only service a small portion of the aviation sector. Furthermore, aircraft delivery backlogs, exacerbated by trade restrictions, constrain the pace at which fleets can be upgraded.

Risks and challenges to transition

The accelerating adoption of EV and the broader energy transition will drive unprecedented demand for battery materials. According to the UK's [Modern Industrial Strategy](#), in the UK alone, annual demand for copper is expected to nearly double by 2035, while lithium demand could increase 100-fold. Market dynamics pose material risks to automotive manufacturers, energy storage providers and related sectors reliant on secure access to transitional materials, including critical minerals.

Our 2025 internal scenario analysis sought to enhance our understanding of impacts facing the automotive sector. This included considering impacts caused by shifts in demand for internal combustion engines and electric vehicles, across manufacturers, rental and car retail.

Our 2025 scenario analysis also examined transition impacts on the airlines and aerospace sector. This assessed the impacts of changes in demand on commercial aviation, airport operators and aircraft manufacturers, as well as potential impacts from switching to SAF.

For both automotive and airlines and aerospace sectors, the exercise enhanced our understanding of the potential risks across our portfolio. Refer to [page 57](#) for further details.

'The cost of decarbonising aviation ... should be reflected in the cost to fly. This will help manage growth in aviation demand in line with net zero.'

UK Climate Change Committee's Seventh Carbon Budget Report

Financing activity continued

Scenario analysis and dependence on current UK Government policies

In developing our climate transition plan, we also assess key UK Government policies on a sector-by-sector basis.

To estimate the impact of current UK Government policy on our climate transition plan, we developed a progress-adjusted scenario. We used the [UK CCC's Seventh Carbon Budget Report](#) and applied estimated time delays to each of the sectoral balanced pathways based on the credibility assessment of policies from the [UK CCC's June 2025 Progress Report](#), as shown in the table to the right.

Policy developments since June 2025

As the 2025 Progress Report only accounts for policies announced between July 2024 and May 2025, our climate transition plan does not reflect UK Government policy announcements from June 2025 onwards. These include the [Industrial Strategy](#), the [Infrastructure Strategy](#), and [June's Spending Review 2025](#), which may further strengthen decarbonisation for the following areas:

Energy infrastructure: improved investment terms for contracts-for-difference and confirmation of national price under the [Review of Electricity Market Arrangements](#). This will work in tandem with the introduction of [Planning and Infrastructure Bill](#), as well as confirmed funding and support for small modular nuclear reactors. Under the existing [Clean Power Act](#), fast-track grid access aims to double transmission grid and increase battery storage capacity by five times between 2023 and 2030.

Surface transport: policy announcements since June 2025 include funding for EV charging infrastructure, EV grant schemes and additional funding for [Plug-in Truck Grant](#).

Additional funding has been made available for rail, urban public transport, and active travel.

Built environment: the [UK Government's Warm Homes Plan](#) supports the upgrade of five million homes with heat pumps, battery, solar and insulation, backed by public investments and grants. The UK's new [Future Homes Standard](#) mandates 75-80% lower emissions (compared to 2013 building regulations) for new build residential properties. Additional UK Government funding was announced in May 2025 under the final phase of the existing [Public Sector Decarbonisation Scheme](#), supporting the retrofitting of public buildings (schools, libraries, National Health Service and military buildings).

Industry: both the British Industry Supercharger and [British Industrial Competitiveness Scheme](#) reduce electricity and network costs for energy intensive firms to support electrification. For hard-to-electrify sectors there is CCS infrastructure and hydrogen funding. The introduction of the [Clean Energy Jobs Plan](#) complements the Clean Industry Bonus, to help develop the workforce needed to deliver the UK's clean energy ambitions. The [UK Carbon Border Adjustment Mechanism \(CBAM\)](#) aims to create a level-playing field between domestic and overseas players to prevent carbon leakage, focusing on materials with high embodied emissions. The materials initially in scope for UK CBAM from 2027 are iron and steel, aluminium, cement, fertiliser and hydrogen.

Agriculture and land use: the UK Government announced consultations on the [Land Use Change Framework](#), and consideration of how to regulate nature markets to boost private investments in land management that can support carbon sequestration and improved nature outcomes (biodiversity, soil, improved water management).

UK CCC sectoral balanced pathway	UK CCC's Seventh Carbon Budget Report: headline policy and progress view captured within our latest climate transition plan ⁽²⁾	UK CCC's policy credibility assessment	
		2024 ⁽¹⁾	2025 ⁽²⁾
Electricity supply	Introduction of the Clean Power 2030 Action Plan and progress in supporting low-carbon technologies, removing deployment barriers.		
Surface transport	Confirmation of 2030 phase-out for new petrol and diesel cars and of emissions standards for hybrid and plug-in hybrid vehicles from 2030-2035. Progress in improving conventional vehicle efficiency.	ZEV Conventional vehicles	
Aviation	Despite Sustainable Aviation Fuel (SAF) scale up through SAF mandate, a strong Carbon Offsetting and Reduction Scheme is vital to reducing international aviation emissions.		
Built environment	Lack of clarity on phase-out of new fossil fuel boiler installations offsets improvements in other areas that enable low-carbon heat (e.g. Clean Heat Market Mechanism, reinstating MEES).		
Industry	Government agreed to link UK ETS with EU ETS but insufficient details to assess impact. Confirmed CBAM will apply from 1 January 2027 for steel, cement, aluminium, fertiliser and hydrogen.		
Agriculture	Increased policy confidence across Scotland and Northern Ireland. Sustainable Farming Scheme in Wales delayed to 2026. Grants for on-farm measures improved in England but retail ban on horticultural peat deferred.		
Land use	Unclear how land use policy initiatives support progress on adaptation for agriculture. Policy delays relating to forestry.		

UK CCC credibility assessment: Insufficient plans Significant risk Some risk Credible

Policy delay estimated by NatWest Group: Estimated 10-year delay Estimated 5-year delay Estimated 3-year delay

(1) Based on UK CCC's 2024 Progress Report and assessments applied to Sixth Carbon Budget pathways.

(2) Based on UK CCC's 2025 Progress Report and assessments applied to Seventh Carbon Budget pathways.

Financing activity continued

Estimates of financed emissions

We have re-baselined our 2023 financed emissions estimates at both the total and individual sector level in line with our approach to emissions re-baselines and restatements outlined on [page 45](#). These updates reflect reporting and methodology enhancements achieved in 2025. Our previously disclosed 2023 customer Scope 1 and Scope 2 estimated financed emissions was 15.1 MtCO₂e. We now report an updated figure of 14.9 MtCO₂e, reflecting improved data quality and alignment with our updated methodologies. The primary driver for these enhancements was the introduction of our new portfolio-level activity-based targets, which created opportunities to update and improve our underlying emissions estimates.

Key updates include:

- Updates to our domestic and non-domestic EPC modelling approaches within the residential mortgages and commercial real estate sectors.
- Introduction of asset-based modelling for vehicles (passenger road and freight road) and aircraft.
- We have made updates to revenue intensity data used in our PCAF 4 estimation models. This includes expanding our agriculture – primary farming revenue estimation approach to use activity-based revenue splits where available.
- A new reporting sector hierarchy has been introduced which aligns with the hierarchy used in our climate transition plan. Sector hierarchies are used as a way to aggregate and report data with common economic activity themes.

- Expansion of our customers' Scope 3 estimated emissions disclosures to include estimated Scope 3 emissions for our full oil and gas, land transport and logistics, automotive and airlines and aerospace sectors. These sectors have been chosen for disclosure based on the quality of data available and the use of estimated Scope 3 emissions in these sectors for our revised portfolio-level activity-based targets. We note that our current disclosures are not fully aligned with PCAF's guidance for banks to disclose customer Scope 3 emissions across all sectors. We continue to monitor developments in data quality and consistency of available customer Scope 3 data.
- Disclosure of our customers' off-balance sheet potential Scope 1 and Scope 2 emissions estimates that may arise from the full utilisation of undrawn committed credit limits (typically revolving credit facilities) or contingent obligations. This is a theoretical maximum in the unlikely event all customers accessed all undrawn credit lines at the same time.

Our work is guided by the availability of methodologies for estimating financed emissions and emissions intensities, most notably from [Partnership for Carbon Accounting Financials \(PCAF\)](#), refer to the [NatWest Group plc 2025 Sustainability Basis of Reporting](#) for methodologies used and a more detailed explanation of enhancements made.

We have analysed 86%⁽¹⁾ of our loans and investment exposure as at 31 December 2024 (88% at 31 December 2023). Further, we have analysed 70%⁽¹⁾ of our off-balance sheet

exposure as at 31 December 2024 when estimating potential emissions. Coverage variations are expected given changes in customer lending. Estimated emissions and emissions intensities are published one year in arrears of our financial reporting date to allow time for appropriate data sourcing, measurement and review.

The table on the following page shows NatWest Group's estimated financed emissions and economic emissions intensities (tCO₂e per

£m lent) by sector as at 31 December 2024 and 31 December 2023. The table should be read in conjunction with the data limitations noted on [page 42](#), the cautionary statements on [pages 70 to 74](#) of this report and risk factors included on pages 420 to 422 of the [NatWest Group plc 2025 Annual Report and Accounts](#). We continue to refine our estimates as measurement methodologies develop and we enhance our measurement capabilities and data availability.

Reconciliation of NatWest Group total assets to lending and investments used for financed emissions estimation

	As at 31 Dec 2024 £m	As at 31 Dec 2023 £m
Total NatWest Group balance sheet ⁽²⁾	707,985	692,673
Exclusions:		
Balance sheet exposures that are out of scope: Cash and bank balances, Cash collateral and settlement balances, Derivative financial instruments, Goodwill and intangible assets, Current tax assets, Deferred tax assets, Other assets and Property, plant and equipment, assets accounted at MFVTPL ⁽³⁾	(235,828)	(250,310)
In-scope balance sheet loans and investments:	472,157	442,363
Exposure that is not included in the PCAF Standard: reverse repos and retail lending (personal lending and cards) ⁽¹⁾	(64,813)	(53,375)
Total NatWest Group on balance sheet exposure in scope for finance emissions estimations	407,344	388,988
Total undrawn commitments and contingent liabilities	140,016	132,259
Exposure that is not included in the PCAF Standard: primarily retail lending (personal mortgages, personal lending and cards) ⁽¹⁾	(42,272)	(36,437)
Total NatWest Group undrawn commitments and contingent obligations considered for financed emissions estimations	97,743	95,822

(1) The PCAF standard does not currently outline an estimation approach for short-term assets (such as nostro and repurchase agreements) and consumer lending other than mortgages and motor vehicle loans. It also only published estimation guidance for quasi sovereign assets (for example, local authorities) in December 2025. As a result, these products are currently excluded from our financed emissions estimation. Loans and investments relate to on-balance sheet gross exposure, accounted at amortised cost (including finance leases) and FVOCI. Off-balance sheet estimation additionally excludes any committed undrawn balances associated with residential mortgages.

(2) Refer to page 87 of the [NatWest Group plc 2025 Annual Report and Accounts](#).

(3) Mandatory fair value through profit or loss.

Financing activity continued | Estimates of financed emissions continued

As at 31 December 2024, estimated customer Scope 1 and Scope 2 financed emissions was 13.4 MtCO₂e, a reduction of 1.5 MtCO₂e compared to 2023 estimates.

This is primarily driven by reductions in the agriculture and mining and metals sectors. Estimated customer Scope 3 emissions reduced by 0.9 MtCO₂e primarily relating to reductions in the oil and gas and automotive sectors. PCAF scores in most sectors improved due to better availability of customer data, although total NatWest Group customer Scope 1 and Scope 2 PCAF data quality score remained at 3.8 on a rounded basis, refer to the following page for details. Our financing activity may result in a non-linear emissions profile, both within and across sectors.

Sector	On-balance sheet loans and investments								Off-balance sheet	
	2024				2023 ⁽²⁾				2024 ⁽³⁾	
	Customer Scope 1 and 2		Customer Scope 3		Customer Scope 1 and 2		Customer Scope 3		Customer Scope 1 and 2	
	Estimated financed emissions (MtCO ₂ e)	Economic emissions intensity (tCO ₂ e/£m)	Estimated financed emissions (MtCO ₂ e)	Economic emissions intensity (tCO ₂ e/£m)	Estimated financed emissions (MtCO ₂ e)	Economic emissions intensity (tCO ₂ e/£m)	Estimated financed emissions (MtCO ₂ e)	Economic emissions intensity (tCO ₂ e/£m)	Potential financed emissions (MtCO ₂ e)	Economic emissions intensity (tCO ₂ e/£m)
Power utilities ⁽¹⁾	0.6	83			0.6	100			1.9	211
Water and waste	0.3	82			0.3	82			0.2	98
Oil and gas ⁽¹⁾	0.1	103	1.7	2,299	0.1	102	2.3	2,136	0.2	133
Residential mortgages ⁽¹⁾	2.5	12			2.5	12				
Construction	0.3	80			0.4	90			0.2	111
Commercial real estate ^(1,4)	0.2	13			0.3	15			0.1	9
Agriculture ⁽¹⁾	3.2	657			3.7	751			0.7	665
Land transport and logistics	1.1	215	1.0	188	1.0	217	0.7	136	0.5	149
Automotive	0.9	110	5.0	638	1.0	122	5.4	660	0.5	124
Airlines and aerospace	0.6	227	0.7	249	0.6	293	0.9	437	0.6	259
Retail	0.9	100			0.9	112			0.8	91
Manufacturing	0.5	164			0.5	144			0.5	123
Building materials	0.3	174			0.3	199			0.6	399
Mining and metals	0.3	1,467			0.6	2,140			0.8	1,952
Leisure	0.3	47			0.4	56			0.2	80
Other sectors ⁽⁵⁾	1.3	14			1.7	19			1.0	23
Total NatWest Group (excluding AUM and facilitated emissions)^(6,7)	13.4	35	8.4	514	14.9	41	9.3	573	8.8	90

(1) Subject to independent Limited Assurance by EY. Relates only to estimates of financed emissions and economic emissions intensities associated with on-balance sheet loans and investments for 2023 and 2024.

(2) Total estimated financed emissions (MtCO₂e) for 2023 has been re-baselined.

(3) No comparative available for off balance sheet as this is the first year of reporting.

(4) Commercial real estate includes lending that is secured by charges over specific properties as well as lending which is not secured by charges over specific properties. Secured (by charges over specific property) commercial real estate on-balance sheet customer Scope 1 and Scope 2 emissions were 0.2MtCO₂e at December 2024 and had an overall PCAF Score of 4.6 (31 December 2023 0.21MtCO₂e and 4.7 PCAF Score). Unsecured (by charges over specific property) commercial real estate on-balance sheet Scope 1 and Scope 2 emissions were 0.04MtCO₂e at December 2024 and had an overall PCAF Score of 3.6 (31 December 2023 0.04MtCO₂e and 3.9 PCAF Score).

(5) Other sectors represents estimated financed emissions on 24% of our in-scope loans and investments (10% estimated customer Scope 1 and Scope 2 financed emissions) as at 31 December 2024, primarily relating to: shipping 0.1MtCO₂e, chemicals 0.1 MtCO₂e, financial institutions 0.07 MtCO₂e, housing associations 0.06 MtCO₂e, business services 0.2 MtCO₂e, health 0.2 MtCO₂e and assorted other activities 0.57MtCO₂e.

(6) NatWest Group principally holds debt securities issued by sovereign counterparties for liquidity management and to meet regulatory requirements in different jurisdictions in which the bank operates. These balances can vary significantly over time and NatWest Group has limited ability to influence the climate outcomes of these nations. Because of this, we have not included estimated financed emissions relating to our sovereign debt modelling within total NatWest Group estimates in the above table. Estimates of sovereign financed emissions are 4.3 MtCO₂e at 31 December 2024 (4.1 MtCO₂e at 31 December 2023) and primarily relate to UK and US sovereign debt.

(7) NatWest Group customer Scope 1 and Scope 2 emissions of 13.4 MtCO₂e comprises 10.3 MtCO₂e Scope 1 and 3.1 MtCO₂e Scope 2 (31 December 2023 14.9 MtCO₂e comprised 11.4 MtCO₂e Scope 1 and 3.5 MtCO₂e Scope 2).

Key movements since 31 December 2023 include:

- **Oil and gas:** Estimated customer Scope 1 and Scope 2 financed emissions have remained stable. Estimated customer Scope 3 financed emissions have decreased by 0.6 MtCO₂e reflecting reduced lending to upstream production customers. We now report our customers' estimated Scope 3 financed emissions for the full oil and gas sector; prior disclosures covered upstream customers only. The 2023 baseline reflects this change.
- **Agriculture:** Estimated customer Scope 1 and Scope 2 financed emissions decreased by 0.5 MtCO₂e reflecting reduced on-balance sheet lending in the sector. Customer Scope 1 and Scope 2 economic emissions intensity also reduced, largely due to lower revenue-based emissions estimates.
- **Land transport and logistics:** Estimated customer Scope 1 and Scope 2 financed emissions increased by 0.1 MtCO₂e, while Scope 3 emissions increased by 0.3 MtCO₂e. This reflects increased asset-lending activity related to aviation assets within the transport sector and higher reported emissions from a small number of customers.
- **Automotive:** Estimated customer Scope 1 and Scope 2 financed emissions decreased by 0.1 MtCO₂e, while Scope 3 emissions reduced by 0.4 MtCO₂e, reflecting lower lending in the automotive retail subsector.
- **Mining and metals:** Estimated customer Scope 1 and Scope 2 financed emissions reduced by 0.3 MtCO₂e primarily driven by lower borrowing by carbon-intensive customers. This reduction is also reflected in lower Scope 1 and Scope 2 economic emissions intensity.

Financing activity continued | Estimates of financed emissions continued

Estimates of financed emissions – data quality

The PCAF Financed Emissions standard (Part A) (PCAF standard) most recently updated in December 2025 recommends applying a data quality scoring methodology to help assess data quality challenges and recognise areas for improvement. PCAF's ratings assign directly collected customer emissions data a better score while estimated or extrapolated data achieves lower scoring.

PCAF scores of 1 or 2 are typically considered to have a lower margin of error for estimation of financed emissions, as these are directly sourced from reports published by the customer, while a PCAF score of 5 is typically considered to have a much larger margin of error as these are estimated by the reporting entity. Data limitations mean that financed emissions are estimated using a mixture of customer-specific emissions and estimated data. Refer to the [NatWest Group plc 2025 Sustainability Basis of Reporting](#) for details of estimation methodologies applied.

We continue to engage with customers, stakeholders and data vendors, and participate in wider initiatives to help enhance the availability of robust climate-related data, and over time we have observed gradual improvement in our customers' PCAF scores. We supplement our own estimates of financed emissions with emission estimates provided by data vendors. Use of vendor estimates is limited to situations where we do not have company published emissions data (PCAF 1 or 2) or do not estimate emissions using production or activity data (PCAF 3). The table below shows the breakdown of available customer data between PCAF scores and related percentage of exposures for each sector.

Sector ⁽¹⁾	On-balance sheet loans and investments						2023		Off-balance sheet
	2024								2024
	PCAF 1 & 2 – Published emissions (%)	PCAF 3 – Activity data (%)	PCAF 4 – Revenue estimated emissions (%) ⁽²⁾	PCAF 5 – Sector estimated emissions (%)	Overall data quality score		Overall data quality score		Overall data quality score
	Scope 1 and 2	Scope 1 and 2	Scope 1 and 2	Scope 1 and 2	Scope 1 and 2	Scope 3	Scope 1 and 2	Scope 3	Scope 1 and 2
Power utilities	23	55	9	13	3.1 ^(LA)		3.1 ^(LA)		2.8
Water and waste	79	5	12	4	2.4		2.6		2.7
Oil and gas	74		11	15	2.7 ^(LA)	2.9 ^(LA)	3.0 ^(LA)	3.3 ^(LA)	2.6
Residential mortgages		62		38	3.8 ^(LA)		3.7 ^(LA)		
Construction	22		43	35	3.9		4.1		3.6
Commercial real estate ⁽³⁾	8	15	7	70	4.4 ^(LA)		4.5 ^(LA)		3.5
Agriculture	3		51	46	4.4 ^(LA)		4.4 ^(LA)		4.2
Land transport and logistics	33	1	50	16	3.5	3.7	3.7	3.9	2.9
Automotive	41	7	42	10	3.2	3.8	3.4	3.8	2.8
Airlines and aerospace	75		23	2	2.5	2.9	2.8	3.1	2.5
Retail	42		39	19	3.3		3.6		2.7
Manufacturing	40		41	19	3.4		3.6		3.0
Building materials	40		45	15	3.3		3.6		2.7
Mining and metals	31		59	10	3.5		3.3		3.0
Leisure	16		56	28	4.0		4.2		2.9
Other Sectors	22		29	49	4.0		4.2		3.9
Total NatWest Group (excluding AUM and facilitated emissions)	11	36	13	40	3.8	3.6	3.8	3.7	3.4

(1) The PCAF data quality score is based on the PCAF approach taken to estimate Scope 1 and Scope 2 emissions within a given sector. Where estimation methodologies differ between Scope 1 and Scope 2, we use the least favourable of a customers' PCAF scores in the weighted average calculation. In addition:

- (i) Scope 3 PCAF weighted average data quality score has been calculated separately in line with PCAF disclosure recommendations.
- (ii) Sovereign sector PCAF scores are excluded from this table.

(2) PCAF 4 is a combination of internal revenue-based models and external vendor estimates.

(3) The weighted average PCAF score remains high in our commercial real estate portfolio largely due to difficulty in matching individual secured properties with EPC certificates.

Financing activity continued | Estimates of financed emissions continued

Financed emissions data limitations

The estimation and calculation of financed emissions is subject to significant limitations and uncertainties, primarily due to the evolving nature of underlying data and methodologies.

As a result, financed emissions estimates (both absolute and intensity) disclosed in this report may be amended, updated, or restated over time.

Accordingly, users of this report should read and interpret data related to financed emissions estimates with appropriate caution, recognising that significant uncertainties, assumptions, and judgements underpin these data, which limit their reliability; the most important of these uncertainties, assumptions, judgements and limitations are outlined below.

Availability, accuracy and comparability of customer data and other public data

sources: While we have estimated financed emissions for on-balance sheet lending and investment as at 31 December 2023 and 2024, published customer data and other public data sources used in modelling may not always correlate to these dates. This may result in a lag in reflecting any changes in customer circumstances within NatWest Group's financed emissions. Where customer emissions data is available, we are unable to test alignment with the GHG emissions protocol. Customers' operational structures may result in different categorisation of activities and emissions. Where up to date information or information at sufficient granularity is not available assumptions, including proxies have been used.

Susceptibility to variation year on year:

We use customers' emissions, production and revenue data to estimate financed emissions. Customer revenue and production are susceptible to change for various reasons such as global events. As customers' disclosures develop to include their emissions, the reliance on other estimation processes will reduce. In the meantime, variation in financed emissions metrics may not always reflect changes in customers' emissions, but could result from changes in other factors, such as new data sources used to estimate financed emissions in the absence of externally published customer emissions. Fluctuations in customer on-balance sheet lending can cause variance in year-on-year estimated financed emissions comparisons.

Lack of comparability across financial institutions:

Financed emissions intensity estimates are not necessarily comparable across different financial institutions as they are based on data related to NatWest Group's customers, methodology and data sources.

Inconsistent characteristics for extrapolated portfolios:

Where we have only been able to source data for a subset of our portfolio, we may use averages from this subset to calculate and estimate financed emissions metrics for the remainder of our portfolio. The characteristics of each part of the portfolio may be sufficiently different, resulting in extrapolation that may not always align with actual customer emissions data as it becomes available.

Complex corporate structures: In some circumstances we may lend to a legal entity within a customer group whose financial metrics and emissions are either unavailable or not representative of the activity of the wider group, for example, intermediary holding companies or entities performing a treasury function for the customer group. This can lead

to such customers' emissions metrics being inconsistent with their peers. To limit the potential impact of this issue, where appropriate, NatWest Group may use the financial metrics and emissions profiles of a customers' parent company or the consolidated group in estimating financed emissions and emissions intensities.

Double counting of Scope 3: A limitation of the PCAF standard is that of 'double counting', whereby the Scope 1 or 2 emissions for a given customer may correspond to Scope 3 for another customer within the same or different sector. Our customers do not disclose who their suppliers or customers are, thus making the identification of potential double counting of our Scope 3 financed emissions challenging and the possibility of double counting very likely at a NatWest Group and economy-wide level.

Scope 3 definition differences: The definition of Scope 3 applied by customers within a sector may include different activities, both in terms of Scope 3 coverage (not all Scope 3 categories are mandatory for disclosure) and in terms of differences in interpretation of the GHG protocol. This could result in variation in Scope 3 emissions reported by customers within the same sector. Estimation and extrapolation approaches may be based upon customer reported data that is incomplete. Limitations regarding Scope 3 financed emissions estimates are noted in the PCAF Standard: 'PCAF acknowledges that, to date, the comparability, coverage, transparency, and reliability of Scope 3 data still vary greatly per sector and data source'. Further expansion of sectoral Scope 3 financed emissions disclosures will be dependent on the quality and consistency of available Scope 3 customer data.

Reliance on third party data and estimates of emissions:

Where we have chosen to use third-party data or estimates of financed emissions, we seek to gain comfort by reviewing available data or estimation documentation and performing relevant data checks. However, we do not have full knowledge of the methodology, matching processes, data quality or operation of this externally provided information, and cannot therefore exert direct control on the preparation of such information. Examples of this include the provision or application of EPC certificates, and the provision of revenue-based estimates of financed emissions.

For completeness, this 'Financed emissions data limitations' page should be read together with (i) the sections on 'Estimates of financed emissions – Data quality' on [page 41](#), the 'Caution about climate-related metrics and data required for climate reporting' on [pages 70 to 72](#) and the 'Forward-looking statements' on [page 74](#) of this report; (ii) the 'Climate and sustainability-related risks' included on [pages 420 to 422](#) of the [NatWest Group plc 2025 Annual Report and Accounts](#) (with special regard to the risk factors: 'There are significant limitations related to accessing accurate, reliable, verifiable, auditable, consistent and comparable climate and sustainability-related data that contribute to substantial uncertainties in accurately assessing, managing and reporting on climate and sustainability-related information, as well as making internal decisions'); and (iii) the [NatWest Group plc 2025 Sustainability Basis of Reporting](#).

→ Find out more in our **2025 Sustainability Basis of Reporting**.



Financing activity continued | Estimates of financed emissions continued

Estimates of facilitated emissions from bond underwriting and syndicated lending

Banks play a key role as facilitators between issuers and investors and borrowers and lenders, by offering and conducting financial intermediation activities critical to the functioning of capital markets. These facilitation activities differ from on-balance sheet lending financed emissions as they are off-balance sheet (representing services rather than lending) and take the form of flow activity, as they represent a temporary association with transactions.

NatWest Group followed the PCAF Part B Global GHG Accounting and Reporting Standard for Facilitated Emissions to define an issuer as an organisation that issues debt or equity capital markets instruments.^(1,2,3,4,5) We also included green bonds, green loan syndication^(2,4) and the role of co-manager⁽⁵⁾ in the estimation of facilitated emissions.

NatWest Group absolute customer Scope 1 and Scope 2 estimated facilitated emissions includes:

- Capital markets bond underwriting activities of £35.96 billion. This constituted 49% of our capital markets bond underwriting. Securitisations, Sovereigns, Supranationals and Agencies are out of scope for PCAF.⁽¹⁾
- Capital markets syndicated lending activities^(6,7) of £2.51 billion.

NatWest Group absolute customer Scope 1 and Scope 2 estimated facilitated emissions, weighted at 33% in line with the PCAF Standard,⁽¹⁾ were 0.47 MtCO₂e for 2025 (2024 1.07 MtCO₂e).⁽⁹⁾ It is important to note that the absolute amounts presented are estimates and may be subject to change given shifting baselines year-on-year⁽⁸⁾ and evolving PCAF guidance.

The table below shows our estimated facilitated emissions from bond underwriting and syndicated lending activities in 2025 and 2024, as attributed to NatWest Group and split between conventional and green issuance, where applicable:^(2,4,10,12) Estimated facilitated emissions, captured within Financial Institutions, can include emissions associated with underlying company activity.

- For power utilities, attributable bond underwriting and syndicated lending decreased by 13% between 2024 and 2025. 68% of the associated estimated facilitated emissions was green^(4,6).
- Attributable volumes for building materials increased in 2025, constituting 19% of estimated facilitated emissions.
- Estimated facilitated emissions for both Airlines and Aerospace and Chemicals decreased between 2024 and 2025 by 86% and 85% respectively.
- Oil and gas represented 1% of the total attributable bond underwriting and syndicated lending and constituted 2% of facilitated emissions in 2025.

Sector	2025						2024		
	Attributable bond underwriting and syndicated lending		Facilitated emissions from bond underwriting and syndicated lending				Attributable bond underwriting and syndicated lending		Facilitated emissions from bond underwriting and syndicated lending
	£m	% of total underwriting and syndicated lending	MtCO ₂ e	% of total emissions (33% weighting)	Green % of total sector emissions	PCAF data quality score	£m	% of total underwriting and syndicated lending	(MtCO ₂ e)
Power utilities	3,517	9%	0.19	42%	68%	2.2	4,024	9%	0.58
Building materials	1,069	3%	0.09	19%	-	3.2	50	-	-
Airlines and aerospace	957	2%	0.01	2%	4%	3.1	1,253	3%	0.07
Chemicals	225	1%	0.02	4%	-	3.5	395	1%	0.13
Leisure	832	2%	0.02	4%	-	2.0	937	2%	0.03
Oil and gas	232	1%	0.01	2%	7%	2.9	712	2%	0.04
Land transport and logistics	702	2%	0.02	4%	6%	2.2	716	2%	0.04
Retail	1,894	5%	0.02	4%	-	2.5	2,183	5%	0.02
Water and waste	920	2%	0.01	2%	20%	2.5	1,103	2%	0.02
Manufacturing	694	2%	-	-	-	2.9	1,412	3%	0.02
Financial institutions	19,123	50%	0.02	4%	17%	2.4	24,603	54%	0.01
Automotive	1,326	3%	0.02	4%	-	2.1	2,541	6%	0.02
Commercial real estate	549	1%	-	-	-	2.8	1,297	3%	0.01
Other ⁽¹¹⁾	6,425	17%	0.04	9%	4%	2.5	4,249	8%	0.08
Total⁽⁹⁾	38,465	100%	0.47	100%		2.5	45,475	100%	1.07

For footnotes, refer to following page.

Financing activity continued | Estimates of facilitated emissions from bond underwriting and syndicated lending continued

NatWest Group estimates its facilitated emissions based on the annual transaction volume. This reflects the transactional nature of capital markets activities and the period in which banks generate revenue from them.

Facilitated emissions arising from our capital markets activity, specifically bond underwriting and syndicated lending, are inherently volatile being dependent on client mandates and deal flow, which can fluctuate significantly year on year. This limits the comparability of emissions over time and poses challenges for setting consistent, forward-looking targets. While we acknowledge the importance of these emissions in understanding our climate-related risks and opportunities, we have not set quantitative targets for this activity.

Our focus remains on supporting our customers and the real economy's transition towards net zero through the launch of our climate and transition finance framework.⁽⁴⁾ Additionally, we are working on further enhancing data to enable more robust measurement and disclosure of facilitated emissions in line with evolving methodologies and applicable sustainability disclosure standards.

NatWest Group methodology used for estimation

- We show the breakdown of conventional versus green bonds and loans to highlight the expected difference of facilitated emissions associated with the conventional versus green activities, but do not distinguish these from conventional transactions or apply lower emissions.^(2,4)
- For syndicated lending, NatWest Group included the roles of active and passive underwriting and best efforts. The role of coordination is not in scope of the PCAF standard.^(1,6,7)
- In 2025, we continued to review our methodology for estimating facilitated emissions and updated our scope for syndicated lending to exclude passive best-efforts roles, ensuring only active facilitation is reflected. This change represents scope refinements rather than changes in underlying performance or the source of data.⁽⁸⁾

- In line with the PCAF Facilitated Emissions Standard⁽¹⁾, we allocated transactions based on actual volume facilitated where available; for remaining positions transaction volume was apportioned equally among bookrunners/arrangers.^(7,12)
- In line with the PCAF published standard,⁽¹⁾ to estimate greenhouse gas emissions, NatWest Group sourced customer-level emissions data, where possible. If customer-level data was unavailable, emissions estimates (PCAF data quality score of 4) or emission sector averages (PCAF data quality score of 5) were used for emission intensities from 2024 and applied against 2025 volumes.
- PCAF recommends that Scope 3 emissions for all sectors are disclosed in climate reporting from the beginning of 2025. NatWest Group continues to review Scope 3 estimation methodologies and the availability of appropriate data for inclusion in future reporting.

- PCAF scores are categorised between 1-5. PCAF scores of 1 or 2 are typically considered to have a higher degree of confidence in the estimation of facilitated emissions, as these are directly sourced from reports published by the customer. A PCAF score of 5 is typically considered to have a lower degree of confidence, as these are estimated by the reporting entity. The PCAF data quality score is based on the PCAF approach taken to estimate Scope 1 and Scope 2 emissions within a given sector. Where estimation methodologies differ between Scope 1 and Scope 2, NatWest Group use the least favourable of a customers' PCAF scores in the weighted average calculation.

→ **For further details of data limitations relating to estimated facilitated emissions, which are common with those relating to estimated financed emissions, refer to pages 42, 70 to 72 and the NatWest Group plc 2025 Sustainability Basis of Reporting.**

(1) PCAF Part B Facilitated Emissions Standard. NatWest Group's own bond issuances are not included within estimates of facilitated emissions.

(2) Green bonds and loans are excluded in PCAF's facilitated emissions guidance⁽⁹⁾. While these instruments are expected to have lower emissions intensity, there is currently no agreed method to quantify their emissions. NatWest Group treats sustainability-linked and sustainable bond and loan activities as conventional for the purpose of estimating and reporting on facilitated emissions.

(3) The PCAF standard does not currently outline an estimation approach for short-term assets (such as commercial papers), as such these products are currently excluded from the facilitated emissions estimation.

(4) NatWest Group 2024 climate and sustainable funding and financing inclusion criteria was used to determine the assets, activities and companies eligible for inclusion up to 30 June 2025. From 1 July 2025, the NatWest Group climate and transition finance framework was used.

(5) Co-managers are not captured by the PCAF standard. We include transactions where we act as a co-manager in alignment with the GHG accounting 'follow the money approach' and with NatWest Group's climate and sustainable funding and financing inclusion criteria⁽⁴⁾ and the NatWest Group climate and transition finance framework.⁽⁴⁾

(6) A syndicated loan transaction is defined as a loan made available by two or more providers under a common loan agreement and ranking credit is assigned upon signature of the loan documentation. Where a financial institution provides an underwriting facility that puts the institution's capital at risk, this should be treated separately from the role they provide in arranging and facilitating an issuance⁽¹⁾.

(7) The syndicated loan market is a private market with no requirement for banks to report collectively into third-party league tables. NatWest Group identified relevant loan markets volumes based upon an internal scope and methodology with an aim to align to guidance from PCAF issued in December 2024⁽¹⁾. The numbers reported are therefore presented on a best endeavours basis and are subject to change as guidance develops.

(8) NatWest Group aims to estimate facilitated emissions using the latest data available, recognising there may be a lag between the availability of emissions data and the date of record for reporting. Because of this lag, more recent changes in a counterparty's activities may not be reflected in the estimate of facilitated emissions. NatWest Group continues to refine its estimates as NatWest Group enhances its understanding, calculation methodologies and data. Also, methodologies to calculate emissions for certain sectors are still under development. Based on these limitations, NatWest Group expects its estimates to change as NatWest Group improves the granularity and coverage of customer climate data and develop methodologies further.

(9) The 2024 facilitated emissions comparatives have been updated from 1.28 MtCO₂e to 1.07 MtCO₂e, and attributable bond underwriting and syndicated lending from £94,901 million to £89,935 million.

(10) The table should be read in conjunction with the climate and sustainability risk factors reported on pages 420 to 422 of NatWest Group plc 2025 Annual Report and Accounts and cautionary statements on pages 70 to 73 of the NatWest Group plc 2025 Climate Transition Plan Report.

(11) Other consists of Technology, Media & Telecommunications of £4,040 million and emissions of 0.02 MtCO₂e (2024: £1,982 million and 0.01 MtCO₂e respectively) and Business & Professional Services of £856 million and emissions of 0.01 MtCO₂e (2024: £1,072 million and 0.07 MtCO₂e respectively).

(12) In 2025, we identified an overstatement in the 2024 bond underwriting co-manager volumes. Accordingly, the 2024 comparative has been restated to aid comparability where considered material, reducing the previously reported £89,935 million to £45,475 million.

Financing activity continued

Emissions re-baselines and restatements

We introduced an enhanced approach to the re-baselining and restatement of emissions in 2025. Our approach covers operational emissions, estimated financed emissions, emissions intensities and estimated facilitated emissions. This supports greater transparency and consistency in how we report our emissions and reflects work undertaken during the year to improve our methodologies, review historical estimates and refine internal processes. These enhancements were developed and approved through NatWest Group's established climate governance framework, with oversight from relevant management committees and cross-bank working groups. For estimated financed emissions, emissions intensities and estimated facilitated emissions, the updated approach applies to reporting periods ending 31 December 2023 onwards. Our approach has been designed specifically for our emissions disclosures and does not represent a restatement of NatWest Group's financial statements, which follow separate accounting standards.

What we update		Why we update		How we update
Measure ⁽¹⁾	Effect on FY'25 disclosures	Re-baseline Adjustments due to changes to policy, methodology or data sources	Restatement Adjustment due to previously omitted data or calculation errors	Internal process and controls
Operational emissions, Scope 1, 2 and 3 (applicable categories 1-14)	<ul style="list-style-type: none"> Re-baselined Scope 3 categories 1-4⁽²⁾, 7, 9 and 13 for 2019 and 2024. Restated categories 6 and 11 for 2019 and 2024.⁽²⁾ 	<ul style="list-style-type: none"> Re-baselining is required if the effect of a policy or methodology change results in a change of $\geq 5\%$ of total reported Scope 1, 2 or category-level Scope 3 operational emissions (applicable categories 1-14). Any adjustments to our operational emissions will be applied to the baseline year, prior reporting period, and incorporated into the current reporting period for comparative purposes. 	<ul style="list-style-type: none"> Restatement is required if the inclusion of previously omitted data, or a single error or aggregate error results in a change of $\geq 5\%$ of total reported Scope 1, 2 or category-level Scope 3 operational emissions (applicable categories 1-14). Operational emissions for all affected years will be restated. Where relevant, this includes updating the baseline year, prior periods, and the current reporting year to ensure comparability. 	<ul style="list-style-type: none"> Assess the effect on the baseline and prior years. If the materiality threshold is met, update the relevant years. Updates to measures are approved by the accountable executive.
Scope 3 category 15 estimated financed emissions				
Lending and investments - customer Scope 1 and Scope 2 ⁽³⁾	<ul style="list-style-type: none"> Re-baselined 2023 at individual sector level and total. 	<ul style="list-style-type: none"> A material change is defined as $>5\%$ of total customer Scope 1 and Scope 2 estimated financed emissions or $>10\%$ for an individual sector. Updated data or methodology is applied to the baseline year, prior period, and current reporting, with all changes disclosed. Corresponding measures, including intensity, are updated, and strategic targets are reviewed to determine if revisions are needed. 	<ul style="list-style-type: none"> A restatement is required if any error, or aggregate errors, changes total estimated financed emissions (tCO₂e) by $>5\%$, or changes an individual sector by $>10\%$. Estimated financed emissions for all affected years will be restated. Where applicable, disclosure will show the baseline year and updated values for comparative purposes with the difference in emissions documented along with an explanatory note. 	<ul style="list-style-type: none"> Assess the effect of any potential update on the baseline year. If the materiality threshold is met, models and comparative years are updated, following approval through internal governance. If below the threshold, corrections are applied to current-year reporting and noted in the basis of reporting.
Physical emissions intensities where targets are set	<ul style="list-style-type: none"> Re-baselined 2023 for residential mortgages, secured commercial real estate and electricity generation.⁽⁴⁾ 	<ul style="list-style-type: none"> Re-baseline or restate where a 10% or greater effect on estimated physical intensity is identified on the baseline year (2023). Updates will be applied to baseline, prior reporting period, and current reporting. 		
Assets under Management	<ul style="list-style-type: none"> No updates 	<ul style="list-style-type: none"> Assess the effect of the re-baseline or restatement on users of the emissions estimates to determine whether an update is required. 		<ul style="list-style-type: none"> Approved through internal governance.
Estimated facilitated emissions				
Bond underwriting and syndicated lending	<ul style="list-style-type: none"> Re-baselined customer Scope 1 and Scope 2 estimated facilitated emissions, weighted at 33% for 2024. 	<ul style="list-style-type: none"> Re-baseline or restate, in line with sector-level thresholds for Scope 3 category 15 estimated financed emissions (customer Scope 1 and 2). 		<ul style="list-style-type: none"> The same process as Scope 3 category 15 estimated emissions for lending and investments.

(1) The reporting year for operational emissions is 1 October 2024 to 30 September 2025. Estimates of financed emissions including physical intensities are a year in arrears (31 December 2024). Estimates of financed emissions for AUM and facilitated emissions reporting year end is 31 December 2025.

(2) Category 4 was re-baselined for 2024 only, while the other categories were re-baselined for 2019 and 2024. Restatements relate to previously omitted data in categories 6 and 11, therefore restated for 2019 and 2024.

(3) Approach is specifically for customer Scope 1 and Scope 2 emissions, as customer Scope 3 emissions methodologies continue to evolve.

(4) Of our nine published physical intensities, three were re-baselined for 2023 and six are newly reported. Residential mortgages exceeded the re-baselining threshold. Although commercial real estate and electricity generation were below the threshold, these metrics were updated to reflect improvements in emissions methodologies and data inputs, and to ensure a consistent baseline for developing our new portfolio level activity-based targets

Action through engagement

47	Customer-focused products and propositions
48	Originating solutions through Sustainable Finance Advisory
49	Engaging customers through the Climate Decisioning Framework
51	Policy engagement and advocacy
52	Climate education and colleague engagement

We engage directly with our customers to understand their transition priorities and support them in building more resilient businesses. By collaborating across the industry and participating in policy discussions, we aim to help remove both financial and non-financial barriers that can help unlock private finance to support the transition to net zero.

Key insights

Climate Decisioning Framework (CDF) assessments completed, covering 80% of CDF-eligible exposure

c.6,200

Colleague completions of our climate and nature education resources in 2025

c.12,700

Action through engagement

Customer-focused products and propositions

NatWest Group offers a range of products and propositions aimed at delivering sustainability-related solutions and tailored expertise to meet our customers' varied needs, supporting them to build better, more resilient businesses.

Evolving our Sustainability Solutions

Launched in February 2025, [Sustainability Solutions](#) is NatWest Group's simplified customer-facing sustainability support proposition, providing an integrated platform that brings several existing climate-focused solutions together.

The platform provides step-by-step guidance for UK businesses (both customer and non-customer) seeking to reduce their own emissions and potentially lower costs, from quick to access high-level savings calculators to detailed transition plans. Users can explore:

- Suitable replacement vehicles (cars and LCVs) for the business and its employees, and an aligned charge point installation timeline for business premises.
- The potential benefit and feasibility of photovoltaics and solar energy through our work with Absolar.
- A free retrofit learning programme through the Supply Chain Sustainability School.
- Voltage optimisation through our collaboration with Powerhub Solutions, enabling business to optimise electricity voltage within their operations, reducing wasted energy and potentially lowering energy bills.
- Our Buildings Efficiency Assessment Tool (BEAT) in collaboration with CFP Green Buildings, which helps customers understand building energy efficiency and the impact of retrofit actions.

Between launch on 3 February 2025 and 31 December 2025, 862 businesses registered to use Sustainability Solutions.

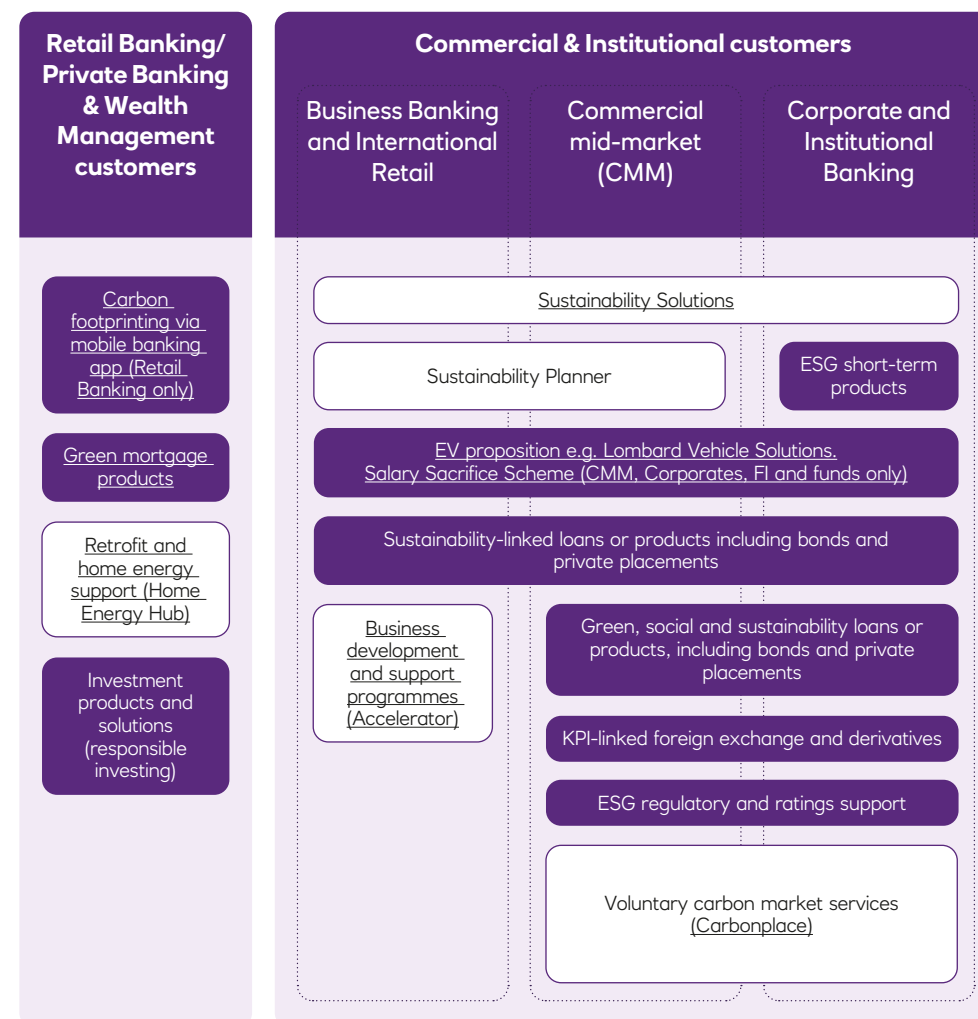
Sustainability Planner

Between launching our Carbon Planner tool in September 2022 and the end of 2025, we have supported approximately 6,800 businesses to understand their carbon footprint, and actions they can take towards reduction.

Building on this foundation, in 2025 we announced a Joint Venture (K423 Ltd) with two international banks to support sustainability action for SMEs and supply chains. Developed by K423 Ltd, and built on Carbon Planner functionality, 2025 saw the launch of the pilot for Sustainability Planner. In 2026, we aim to include the following developments in the platform:

- Full emissions reporting using trusted standards.
- Increased automation, including integration with accounting data.
- Performance benchmarking against peers.
- Tailored action plans that can be refined as more data is added.
- Shareable carbon footprints and plans to support supply chain and tendering needs.
- Alignment with the new UK SME Sustainability Reporting Standard.

Summarised below are the key products and propositions designed to support our customers on their sustainability journeys. Follow the links for further details.



■ Products and propositions available to NatWest Group customers.

□ Products and propositions available to NatWest Group customers and non-customers.

Action through engagement continued

Originating solutions through Sustainable Finance Advisory

NatWest Group plays a pivotal role in supporting the sustainability journeys and initiatives of our UK and global customers, not only through our balance sheet and lending but also by providing comprehensive facilitation services, including capital market instruments.

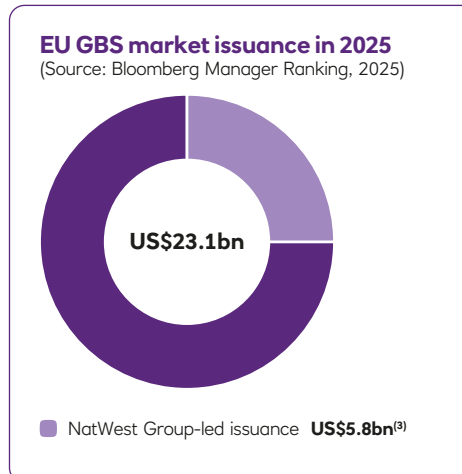
In 2025, we brought together a dedicated Sustainable Finance Advisory (SFA) team that unites climate and sustainable finance colleagues and specialists from across the business. The team enhances our advisory capabilities, offers tailored guidance, thought leadership and innovative solutions that enable us to better assist customers in integrating sustainability into their financial strategies and to provide expert support throughout their transition to a more sustainable future underpinned by data and analytics. As sustainability evolves from a reporting exercise towards integration in our customers' strategic planning, given the risks and opportunities associated with environmental and societal change, we can tailor our advisory approach for corporates, financial institutions or funds and sponsors. This results in financing, investing and hedging requirements, focused on the following three themes:

Climate and transition finance^(1,2)

In 2025, following the UK's Transition Finance Market Review, we continued to support the development of transition finance in the UK market through participation in industry working groups including the Climate Finance Taskforce and the UK Government's Transition Finance Council.

We also provided support to several customers following the publication of the EU Green Bond Standard (EU GBS), which came into force on 31 December 2024. Designed to enhance transparency and investor confidence, the EU GBS sets a rigorous benchmark for green bond issuance, aligning proceeds with the [EU Taxonomy](#). In 2025, NatWest Group supported EDF Energy's €1.25 billion hybrid green bond issuance aligned to the EU Taxonomy, with use of proceeds directed towards the life extension of nuclear reactors in Europe. We also supported Teollisuuden Voima Oyj (TVO) with a €500 million 7.5-year EU GBS issue, the first of its kind to finance nuclear energy under the EU GBS framework.

→ For details of transaction volumes in 2025, refer to pages 19 and 20 for details.



Social and sustainable finance⁽²⁾

Social finance is an important aspect of delivery within sustainable finance arena, often overlapping with other areas of focus such as climate and nature, for example, working with housing association partners to ensure the energy efficiency of social or affordable housing stock.

In 2025, NatWest Group underwrote 28 transactions totalling £25.3 billion in volume for multilateral development banks and national agencies where their mandates and issuance underscores both environmental and societal impacts through their sustainability funding programmes. Although these transactions will not contribute to our climate and transition finance target⁽¹⁾, we continue to actively support multilateral development banks and national agencies that promote sustainable economic growth, social development, global public health security and climate resilience.

Adaptation and nature finance⁽²⁾

With policymakers increasingly focused on the climate and nature nexus, Sustainable Finance Advisory offers expertise to help customers reduce their broader environmental footprint and own their impact as data and methodologies develop. With the support of the British Business Bank, we executed a £20 million Sustainability Linked Loan (with the flexibility of an £80 million accordion facility) for Rural Asset Finance, a UK-based lender supporting agricultural and rural businesses. The deal included performance targets linked to low-carbon energy and the adoption of regenerative agriculture.

We also supported Wendling Beck, a 2,000-acre landscape-scale project in Norfolk which is delivering natural flood management through river meandering and floodplain restoration. Our cash management services have enabled this repeatable, scalable project, which focuses on restoring species-rich grassland, hedgerows and wetlands, to generate nature-based credits for this emerging market for nutrient mitigation and biodiversity net gain.

In 2025, we contributed to the [UN Ocean Investment Protocol](#) as part of the Advisory Group for development of the protocol. It is a framework for financial institutions, (re)insurers, ocean industries, governments and development finance institutions to scale private finance towards a sustainable ocean economy.

Spotlight Carbonplace

As a founding member of voluntary carbon market technology platform [Carbonplace](#), NatWest Group advises customers who want to define their strategy and approach to carbon credit management. The platform provides secure, transparent access to multiple carbon credit registries, supporting improved access, trust and transparency, which will be essential to scaling carbon markets.

Included among a diverse range of carbon credits available through Carbonplace are nature-based solutions credits generated through projects delivering afforestation, regenerative agricultural and soil carbon sequestration.

→ Refer to page 15 for NatWest Group's approach to residual carbon offsetting and nature-based credits.

- (1) Climate and transition finance are defined in our [CTF framework](#). Refer to [page 20](#) for further details.
- (2) Climate and transition finance, adaptation and nature finance, and social and sustainable finance represent only a relatively small proportion of our overall financing and facilitation activities.
- (3) NatWest Group EU GBS market attributable volume in 2025 was US\$987 million.

Action through engagement continued

Engaging customers through the Climate Decisioning Framework

The Climate Decisioning Framework (CDF) enables NatWest Group to engage non-personal customers on their climate transition progress, and to understand how they are managing climate-related risk.

The framework enables front-line colleagues to conduct quantitative, consistent, and structured climate conversations and assessments as part of existing business processes. Assessments are to be completed at least annually during business reviews with in-scope customers. They also take place when specific trigger events happen, such as a refinancing, a facility renewal or a material change in a customer's climate risk profile.

The data gathered through CDF assessments strengthens sector and customer-level insights, enhances our ability to track progress against our climate ambitions and informs internal processes. Outputs continue to be embedded within central climate data architecture.

Engagement through CDF also helps us to identify more targeted support opportunities, including products, propositions and access to climate and transition finance.⁽¹⁾

Progress on adoption

Since launch in 2024, CDF has been rolled out across customer segments including large corporates, mid-corporates, commercial real estate, housing associations, banks, funds, and asset managers. In 2025, NatWest Group continued to expand CDF coverage on a test-and-learn basis, adding coverage of insurance customers and further financial institutions customers. We also added more sector-specific questions for certain large corporate sectors and we began to integrate CDF outputs as an input into decision-making processes, starting with large corporate transactions. Refer to [page 50](#).

Since initial roll-out, we have been building colleague capability, helping them to engage customers and collect granular climate data. We provide learning resources and guidance handbooks and, in 2025, we delivered targeted webinars to up-skill colleagues when CDF was expanded to cover insurance customers.

As at 31 December 2025, 77% of our wholesale exposure was eligible for a CDF assessment, with around 6,200 assessments completed, covering 80% of CDF-eligible exposure and 62% of our total wholesale exposure. This compares with 74% of our wholesale exposure eligible for a CDF assessment as at 31 December 2024, with completed assessments undertaken for 52% of CDF-eligible exposure and 38% of our total wholesale exposure.⁽³⁾ As eligibility expands, assessment coverage of CDF-eligible exposure may vary, limiting year-on-year comparability.

In 2026, we plan to continue rolling out CDF to additional segments, develop more sector-specific assessment questions, and enhance the assessment methodology, supported by industry and regulatory developments.

Environmental Decisioning Framework

The Environmental Decisioning Framework (EDF) enables engagement with customers on physical and transition environmental-related risks – including nature-related risks. Like CDF, EDF enables structured conversations with customers using quantitative information. Following first-generation testing on a small number of EU-based large corporate counterparties in 2024, testing scope was expanded in 2025 to include a broader range of customers both in the EU and the UK. In 2026, our aim is to further broaden the scope of customers assessed to further improve the methodology.

Assessment overview

The CDF tools consist of the Customer Transition Plan Assessment (CTPA)⁽²⁾ and the Climate Risk Scorecard (CRS). The CTPA score is used as an input into the CRS, and a score of 1 (best) to 5 (worst) is given. Scores may be awarded as decimal values and are not limited to whole numbers.

Customer Transition Plan Assessment (CTPA)

Assesses customers' climate transition plan journeys, including emissions profile; emissions reduction targets; and development and implementation of climate transition plans.

i. Current and historic emissions

Captures customers' Scope 1-3 current and historical emissions, and the external assurance and verification of emission reductions.

ii. Emissions reduction targets

Assesses medium-term (5–10 years) targets for reducing absolute and intensity-based emissions, and identifies those with a validated 2050 net-zero target or commitment.

iii. Climate transition plans

Reviews key implementation actions of customers' transition plans including governance, remuneration, accreditation and the funding and capex allocation for transition.

CTPA score

1 2 3 4 5

Climate Risk Scorecard (CRS)

Assesses customers' exposure to physical and transition climate risk, and their ability to mitigate and manage these risks through effective plans.

i. Inherent transition risk

Assesses transition risks (e.g. regulation, carbon costs) using subsector and customer-level inputs.

ii. Transition risk abatement

Captures customers' ability to manage transition risk.

iii. Inherent physical risk

Assesses physical risks to customer operations and supply chains using subsector, country and customer-level inputs.

iv. Physical risk adaptation

Captures customers' ability to mitigate physical risk through appropriate actions.

CRS score

1 2 3 4 5

(1) Climate and transition finance as defined in the [climate and transition finance framework](#).

(2) In time, we will aim to incorporate the CTPA into our climate and transition finance framework process for assessing general corporate purpose transition finance, where possible, as we continue to enhance its capabilities, with dependency on standardisation of market frameworks and reporting.

(3) Exposure is based on loans, loan commitments and contingent obligations, which are in scope for IFRS9.

Action through engagement continued | Engaging customers through the Climate Decisioning Framework continued

Engaging large corporate customers⁽¹⁾ through CDF

Owing to their scale, large corporate customers can play an important part in the transition and we have continued to prioritise deepening engagement with this customer segment in 2025. This included a detailed analysis of CDF assessments followed by in-depth discussions with them to better understand how they are managing their climate-related risks and transition planning activities. Some customers reported that these engagements enhanced transparency around how corporates are being assessed by banks.

Enhancing our assessment approach

In 2025, we evolved and enhanced our assessment approach. When we first rolled out CDF to our large corporate customers, we used a consistent approach across sectors, with minor variations to capture sector-specific nuances. In 2025, to increase the depth and rigour of assessments, we introduced further sector-specific questions for a subset of sectors classified as being subject to heightened climate-related risk. The sectors for which the questions were enhanced were automotive, land transport and logistics, power utilities, water and waste, and oil and gas.

We also introduced an initial set of questions for customers subject to the [EU Taxonomy](#), which aim to help to identify sustainable economic activities and relevant financing opportunities.

Incorporating CDF outputs into decision-making

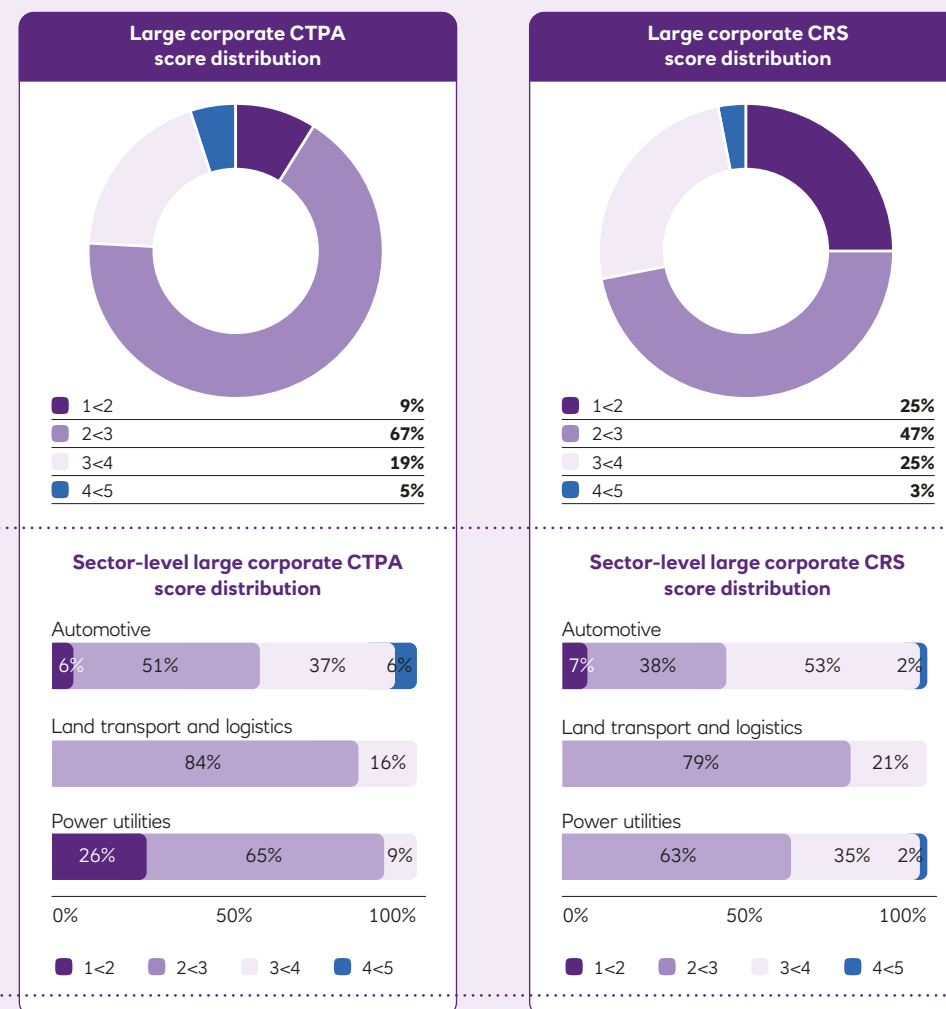
From late 2025, we began to consider CDF outputs within the bank's overall enhanced oversight processes for transactions with large corporate customers. CDF scores act as a complementary trigger alongside existing risk indicators, contributing to decision-making on complex or high-value transactions.

The process aims to ensure robust governance of transactions that present increased climate-related risk, enabling these transactions to undergo appropriate scrutiny. Work will continue to integrate CDF into transaction decision-making and credit risk management processes.

The charts to the right show how CDF insights can vary by sector, supporting more granular benchmarking and review at sector level for Relationship Managers. The three sectors have been selected based on degree of exposure covered by assessments for large corporate customers.

Large corporate CDF assessment scores

The charts below show the distribution of CTPA and CRS assessment scores from large corporate CDF assessments, weighted by exposure as at 31 December 2025.^(2,3) Our methodology and approach for collecting CDF assessment scores will continue to develop over time and assessment scores may be subject to change and refinement as further sector-specific questions are added, industry and regulatory maturity increases, and as data quality continues to be strengthened. This may impact the year-on-year comparability of CDF assessment scores, reflecting the developing nature of our approach.



(1) Large corporate customers are those within our Commercial & Institutional business segment that meet a certain turnover threshold.

(2) Based on most recently completed assessment. Exposure is based on loans, loan commitments and contingent obligations, which are in scope for IFRS 9.

(3) Assessments may be cascaded to subsidiaries within a parent group. As a result, a single assessment may apply to multiple counterparties.

Action through engagement continued

Policy engagement and advocacy

We continue to advocate on specific policy progress areas, with the aim of removing both financial and non-financial barriers that can help unlock private finance to support our customers in their transition to net zero⁽¹⁾. The following summary reflects our ongoing work, recognising the urgent need for further policy progress. The [UK CCC's June 2025 Progress Report](#) recognised that there are either significant risks, or insufficient or unquantified plans relating to 39% of the UK's Nationally Determined Contribution. Refer to [page 38](#) for a review of UK policy changes, including the UK CCC's assessment of policy credibility. Along with peers, we continue to work with the UK and EU governments, contributing to pan-industry consultations on frameworks and regulation that will govern how large corporate and financial institutions report their impacts on the real economy. We engaged with Bankers for Net Zero, contributing to the publication of the [UK SME Voluntary Emissions Standard](#) in 2025, helping to simplify how SMEs share emissions information. These frameworks are important to enable greater transparency and accountability of material impacts through standardised reporting.

Campaign 1: Financial industry standardisation and best practice

Aim of engagement	How we delivered on this in 2025
Improve transparency and comparability of climate-related data / best practice standards marketplace for capital instruments.	<ul style="list-style-type: none"> NatWest Group's Chief Financial Officer is a member of the Transition Finance Council (TFC) Strategic Steering Group. The Council's purpose is to drive forward the Transition Finance Market Review's roadmap and recommendations and establish the UK as a transition finance leader. Chairing industry working groups: NatWest Group chaired the UK Finance Sustainability Strategic Policy Committee, which supports industry-wide sustainability standards. Consultation submissions: PRA consultation on enhancing banks' and insurers' approaches to managing climate-related risks (UK); UK Sustainability Reporting Standards, Climate-related Transition Plan Requirements, Oversight Regime for Sustainability Assurance; UK Green Taxonomy.

UK Government/industry developments:

- In 2025, the International Financial Reporting Standards (IFRS) Foundation assumed responsibility for the Transition Plan Taskforce Disclosure framework.
- The TFC published the [Sector Transition Plans: Finance Playbook](#) and launched its consultation on Entity-Level Transition Finance Guidelines.
- Decision by UK Government to not publish UK Green Taxonomy.

Campaign 2: Financing resilient food systems and land management through nature recovery

Aim of engagement	How we delivered on this in 2025
Support farmers to adopt nature-friendly practices and advocate government and food companies to pay for environmental outcomes.	<ul style="list-style-type: none"> Supported WWF-UK dairy campaign: engaged with farmers and Government in England and Wales on addressing barriers to transition for dairy farmers, showcasing how nature-friendly practices can improve resilience. WWF-Scotland campaign: published and engaged with Scottish Government on the Regenerative Agriculture Transition Scotland Roadmap. Routes to Regen: launched by the Sustainable Markets Initiative to scale regenerative farming, working with industry to promote long-term resilience.
Industry and UK Government advocacy for the investment case on nature financing.	<ul style="list-style-type: none"> Green Finance Institute and WWF-UK: supported campaign to develop nature-positive transition pathways for key sectors in the UK Government's Environmental Improvement Plan (EIP). Supported publication of the Cambridge Institute for Sustainability Leadership's 'Scaling Finance for Nature' primer, which articulates how finance can unlock nature recovery now.

UK Government/industry developments:

- Nature-positive transition pathways included in the UK's EIP as a key policy tool to support targets and mobilise private finance.
- UK Government has not yet concluded on the use of nature credits in the UK Emissions Trading Scheme, nor finalised the Land Use Framework.

Campaign 3: Advocating for more energy-efficient and resilient properties

Aim of engagement	How we delivered on this in 2025
Reforming measurement of energy performance of buildings.	<ul style="list-style-type: none"> Consultation submissions: Supported work by the Department for Energy Security and Net Zero (DESNZ) on reforms to the Energy Performance of Buildings regime and use of smart meter data.
Advocate for retrofit as a national priority. Improve energy efficiency in the rental market (both private and social).	<ul style="list-style-type: none"> Contributed to the Cambridge Institute for Sustainability Leadership's 'The Business Case for Integrated Retrofit' publication outlining how banks, insurers and UK Government can support retrofit delivery. Our work with CISL positions retrofit as essential for climate action and long-term productivity. Consultation submissions: Improving the energy performance of privately rented homes through input to DESNZ on improving the energy efficiency of socially rented homes in England.

UK Government/industry developments:

- The UK Government has published a partial response to the 2025 EPC consultation and aims to deliver new EPCs from October 2026.
- Minimum Energy Efficiency Standards raised for privately rented properties to EPC C by 2030.
- Warm Homes Plan, which is expected to be formalised in January 2026, received additional investment in Autumn Budget, with £15 billion now available to tackle fuel poverty.
- Autumn Budget confirmed removal of levies on energy bills from April 2026, with estimated annual household savings of £150.

(1) During 2025, NatWest Group made no political donations, nor incurred any political expenditure in the UK or EU. Refer to [page 175](#) of the [NatWest Group plc 2025 Annual Report and Accounts](#) for further details.

Action through engagement continued

Climate education and colleague engagement

We continue to embed climate education across our business, equipping colleagues with the practical knowledge to support our customers and suppliers to transition to net zero.

Following the conclusion in 2024 of our three-year partnership with the University of Edinburgh Centre for Business, Climate Change and Sustainability, we have continued to build climate capability across the organisation, with a renewed focus on delivering education for colleagues in targeted business areas. This approach helps to ensure that learning is not only accessible but also strategically aligned to support our customers and suppliers to transition. In January 2025, we won the Best Business School Partnership Award alongside the University of Edinburgh from the Association of MBAs and Business Graduates Association, recognising our innovative and collaborative approach to advancing climate education within the bank.

In 2025, colleagues demonstrated an ongoing commitment to sustainability learning, achieving around 12,700 completions of our climate and nature education resources developed in partnership with the University of Edinburgh. We also expanded our Climate Bites education series with a sharper business focus, adding new modules to cover emissions fundamentals, practical steps for engaging suppliers on decarbonisation, and effective customer engagement techniques. This included tailored content for property and technology teams given their significant contribution to operational emissions. Within the series, we introduced a dedicated AI & Cloud Supply Chain Emissions module, addressing the growing impact of digital services on our carbon footprint and providing colleagues with practical actions to reduce technology-related emissions.

Spotlight Sustainable IT fair

We hosted our first Sustainable IT Fair in June 2025, attended by just over 1,000 colleagues and 14 technology partners. It featured 20 sessions on the role of technology sustainable practices and aimed to educate colleagues on reducing NatWest Group's technology carbon footprint. We plan to run the event again in 2026.

Sector-specific capabilities

During 2025, we worked with the University of Edinburgh to reopen our existing agriculture-focused training, supporting colleagues in agricultural sector and supply chain roles to navigate sustainability risks and opportunities.

We also advanced our [Future Fit blueprint](#) for long-term growth, sharing sustainability insights from our 2025 business survey within our Commercial & Institutional business segment. These findings aim to guide our relationship managers to have more structured, confident conversations with business customers and cascade sustainability learning across teams.

Alongside this, we have delivered targeted training to around 2,700 colleagues on sustainability data collection and greenwashing risk, working to ensure accurate and responsible communication with customers while mitigating reputational and regulatory risks. Our Sustainable Finance Advisory team also hosted regular webinars for all NatWest Group colleagues, providing insights on emerging sustainability themes and products and further aiding customer conversations.

Evolving the Green Employee Partnership

Alongside other financial and energy services, NatWest Group's Sustainability Network established the Green Employee Partnership (GEP) in 2024 to help employees advance their businesses' sustainability goals. In 2025, the network supported the GEP in bringing together companies across the UK to strengthen their employee-led sustainability networks and

explore supply-chain decarbonisation. NatWest Group sourced expertise from the Supply Chain Sustainability School, hosted two events, supported external members to organise their own, and secured Bankers for Net Zero's (B4NZ) engagement as an independent chair. For further detail on the Supply Chain Sustainability School, refer to [page 31](#).



Risk and scenario analysis

54	Climate and nature risk
55	Scenario analysis
56	2025 climate-related credit risk scenarios
58	Other scenario analysis

Climate and nature risk is the threat of financial loss or adverse non-financial impacts associated with climate change and nature loss, and the political, economic and environmental responses to it. We identify and assess risk at a strategic, portfolio and transactional level and continue to integrate climate and nature risk management across our business.

Key insights

- **Completed annual scenario analysis exercise across residential mortgage and Commercial & Institutional lending portfolios, deploying enhanced physical risk assessment capability**
- **Continued to consider climate risk in capital adequacy and expected credit loss assessments**
- **Delivered test-and-learn water stress scenario for NatWest Markets N.V. business**

Risk and scenario analysis continued

Climate and nature risk

Active balance sheet and risk management is part of NatWest Group's strategy. Identifying, assessing and managing climate and nature risk aims to support the safety and soundness of the bank and its customers.

Risk identification and assessment

Climate and nature risk is both a principal risk within NatWest Group's enterprise-wide risk management framework, and a cross-cutting risk, which impacts other principal risks. Climate risk has been included in the NatWest Group risk directory since 2021. In 2024, we broadened the definition to climate and nature risk and updated our internal risk policy to reflect this. We are in the early stages of embedding nature into our risk management processes.

Sources of risk include physical risks, for example, heatwaves and floods, and transition risks arising from the process of adjustment to a low-carbon, nature-restored economy. Liability risks may also arise from insufficient climate and nature risk management practices and disclosures.

Climate-related risks

NatWest Group continues to enhance its processes to effectively measure the potential size and scope of climate-related risks. Climate-related risks are assessed at a strategic level, as well as at a portfolio and transactional level.

Strategic level: Scenario analysis is central to our identification of risks at a strategic level, helping us to identify the most material climate risks for customers. Refer to [pages 55 to 58](#).

Portfolio level: The quantitative outputs of our scenario analysis help to inform our risk identification and assessment at a portfolio level. In particular, the outputs form the basis of our heightened climate-related risk sector assessment, which evaluates sectors which may experience increased credit risk due to climate-related factors over a 10-to-15-year horizon. Heightened climate-related risk sectors form part of NatWest Group's climate risk appetite measures. Refer to [pages 21 and 22](#) for more on our assessment of heightened climate-related risk sectors.

Transaction level: Our Climate Decisioning Framework helps us to engage with non-personal customers to understand their climate transition journeys and how they are managing the climate-related credit risks to their business. Refer to [pages 49 and 50](#).

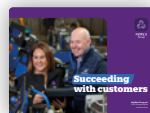
Nature-related risks

While our approach to nature-related risk is not as mature as our approach to climate-related risk, we have continued to make progress in 2025, particularly in respect of our NatWest Markets N.V. business. This includes a water risk assessment (refer to [page 58](#)) and continued development of our Environmental Decisioning Framework (refer to [page 49](#)).

Managing risk

The effective management of climate risk requires the integration of climate-related risk drivers into strategic planning, transactions and decision-making. Refer to [page 21](#).

→ Refer to [pages 254 to 256](#) of the NatWest Group plc 2025 Annual Report and Accounts for further information on our approach to identifying, assessing and managing climate and nature risk.



Risk and scenario analysis continued

Scenario analysis

Scenario analysis helps us to identify and assess the climate-related risks that could impact NatWest Group's other principal risks. The purpose of scenario analysis is not to forecast the future, but to understand and prepare to manage the risks that could arise.

The role of scenario analysis in our climate transition plan

Enhancing understanding of climate-related risks across our business

Our climate-related credit risk scenarios, described on [pages 56 and 57](#), help us to identify climate-related credit risks across our lending portfolios. Insights from the scenarios are then shared with business teams to enhance their understanding of climate-related risk.

Following the completion of our 2025 annual scenario analysis exercise, teams focused on energy-, mobility- and manufacturing-related sectors within our Commercial & Institutional business segment attended climate-risk deep-dive sessions. These sessions aimed to enable climate risk considerations to inform the development of sector and sub-sector strategy and climate transition plans. Discussions were also held with our Retail Banking team to explore the potential implications of growing flood risk on our mortgage portfolio, with a focus on understanding the potential impact of insurance availability on affordability.

The findings of our climate-related credit risk scenarios are also incorporated into our assessment of heightened climate-related risk sectors. Refer to [page 21](#) for further information on the alignment between sectors identified as exposed to heightened climate-related risk and our climate transition plan.

Beyond credit risk, climate scenario analysis also supports understanding of climate risk on other principal risk types, such as market, liquidity, pension, operational and conduct risk. Scenarios assessed in 2025 are described on [page 58](#).

Assessing resilience

Scenario analysis enables NatWest Group to assess the resilience of its strategy and business model to climate-related risks in certain scenarios. This includes assessing the impact on our capital adequacy through the Internal Capital Adequacy Assessment Process (ICAAP), and through considering climate in our assessment of expected credit losses (ECL) as described on [page 57](#).

2025 scenarios are covered on the pages that follow. While we recognise that climate-related risks may amplify other risk drivers - potentially leading to impacts such as reduced competitiveness, diminished profitability, or reputational harm - NatWest Group remains resilient overall to these risks within the scope of the scenarios assessed.

Maturing our approach to scenario analysis

Quantitative climate scenario analysis is an emerging specialism and challenges remain. This includes industry-wide limitations around data quality and completeness, as well as the ability of scenarios to fully capture the range and volatility of climate risks, including tipping points.

→ **Refer to page 71 for more information on the limitations of climate scenario analysis and the models that analyse them.**

In 2025, we have enhanced our scenario analysis capability and have made continued progress towards mitigating key limitations, and this work will continue. Key areas of focus are:

Better capturing risks within scenarios:

Our 2025 scenarios were developed following work with the University of Exeter in 2024 to identify physical and transition risks over a 10-year time frame. Refer to page 54 of the [NatWest Group plc 2024 Sustainability Report](#).

It is a recognised limitation of climate scenarios that they do not adequately capture the complex interaction of climate change with wider systemic macroeconomic risks. In 2025, we have begun to develop a qualitative scenario narrative to explore the cascading and compounding consequences of climate change and nature loss over a 5-to-10-year period. This has been explored in internal workshops to inform future scenario development.

Investment in data: We have invested in new third-party data to gain better insights from our newly developed physical risk capabilities (refer to [pages 56 and 57](#)). This investment aims to further our understanding of the potential impacts of physical hazards on customers in future.

More broadly, data challenges continue to limit granularity of analysis for key sectors, including agriculture and commercial real estate, as well as the banking and insurance industries. We continue to assess new data sources while working with our customers to enhance direct data collection.

Relying on data from external vendors, we continue to enhance our understanding of these datasets, enabling us to better identify outliers and improve data quality across our models.






Regulatory alignment: A key focus for 2026 will be to ensure alignment with the requirements of the PRA Climate Risk Supervisory Statement 5/25. During the second half of 2025, we undertook a preliminary assessment based on the PRA's Consultation Paper 10/25. We have commenced updating the assessment to account for the PRA's finalised expectations, and work will take place throughout 2026 to implement actions where required.


Integration into business strategy: We aim to enhance how our climate risk scenario analysis modelling is used by the business to support decision-making and risk management. Business teams will continue to be engaged on the outputs of our climate scenarios, and work will continue to develop deeper understanding of risks in certain sectors, with commercial real estate a priority.

Risk and scenario analysis continued

2025 climate-related credit risk scenarios

We executed a range of climate-related credit risk scenarios in 2025, giving coverage across risk types, time horizons and portfolios. Our analysis used a mix of internally and externally developed scenarios, supporting risk identification and assessment.

Exercise	Use cases	Key outcomes	Risk type assessed	Scenario used	Time horizons	Scope	Granularity
1. Annual scenario analysis exercise	Input into heightened climate-related risk sectors assessment and supporting analysis of risk	Enhanced understanding of climate-related risks across lending		NGFS ⁽¹⁾ Net Zero 2050 transition	Medium term (<10 years)	Full credit book	Macro level
				Internally developed exploring a series of extreme weather events			Sector level
							Counterparty level
2. Internal Capital Adequacy Assessment Process (ICAAP)	Test strategic resilience through understanding balance sheet resilience to climate-driven stress	To understand capital resilience to transition and physical risk stress (concludes March 2026)	 	Internally developed using various NGFS scenarios ⁽²⁾	Short term (<5 years)	Full credit book	Macro level Sector level
3. Expected Credit Loss assessment (ECL)	Test strategic resilience through assessing potential ECL impact from transition policy in IFRS 9 exercises	Provisions incorporate view of transition risk implied by consensus economic forecasts		Internally developed based on policy analysis	Short term (<5 years)	Full credit book	Macro level Sector level

 Physical risks  Transition risks

1. Annual scenario analysis exercise

Assessing transition risk in our Commercial & Institutional portfolio

Scenario and assumptions: The scenario modelled the effects on our Commercial & Institutional wholesale lending portfolio of rapid decarbonisation over a 10-year period to meet Paris Agreement targets.

A sustained rise in carbon costs and changes in energy and consumer demand was assumed. It was recognised that carbon price assumptions in the NGFS scenario would mean greater impacts on emissions-intensive sectors and companies. This approach aimed to compare transition risks across sectors, while supporting an understanding of overall risk exposure.

A top-down analysis considering macroeconomic factors and a bottom-up analysis considering company-level impacts was completed, with the aim of understanding effects on customer costs, revenue and credit risk.

Transition risk impacts were modelled against a baseline scenario without climate risk impacts. Sector-specific assumptions were built into the scenario; for example, possible impacts on demand for air travel and changes in demand for electric vehicles compared with those with an internal combustion engine. Modelling also took into account the dynamics of rising carbon costs and pricing.

Scenario findings: As seen in the 2024 exercise, impacts across sectors were shown to be primarily driven by increased carbon costs and changes in demand for products most closely associated with the energy transition.

The company-level analysis enhanced our understanding of the idiosyncratic nature of transition risks, with the scenario impacting different companies in different ways. For example, power utilities companies better positioned than peers to take advantage of the transition to renewable electricity were better able to maintain profitability and credit quality. More broadly, companies with narrow operating margins were less able to absorb the impact of rising carbon prices and performed worse in the scenario than those with a stronger starting balance sheet and credit quality.

Company-level strategies, asset mixes, emissions profiles and existing financial strength and credit quality were shown to be important in understanding the impacts of transition risks. This highlights the importance of engaging with customers directly, enabling NatWest Group to gain insight into how they are managing their exposure to transition risks. Refer to [page 49](#) for more on our engagement of customers through the Climate Decisioning Framework.

Assessing physical risk in our Commercial & Institutional portfolio

Scenario and assumptions: This exploratory exercise modelled a series of severe weather events over a five-year period, and impacts were assessed across the full Commercial & Institutional portfolio. This included flood and wind events in the UK, a wildfire in Europe and a hurricane in the USA.

Scenario findings: The most significant physical risks were in agriculture, food and consumer, retail and construction sectors, driven by productivity losses, supply chain disruptions and direct damages.

The analysis was constrained due to data limitations in relation to asset location and hazard data, in particular outside of the UK. To help address this, we have invested in third-party data, which we plan to integrate into our 2026 scenario analysis programme.

(1) [Network for greening the financial system](#) (NGFS) scenarios are produced by a network of 114 central banks and use leading climate data, models and academic research, although with recognised limitations. Refer to [page 71](#).

(2) Components of scenarios with retracted physical risk damage function were not used.

Risk and scenario analysis continued | 2025 climate-related credit risk scenarios continued

Assessing transition risk in our residential mortgage portfolio

Scenario and assumptions: Assuming a rapid transition, this exercise considered the impacts of rising energy prices on our residential mortgage portfolio, as well as the impacts of mandatory heat pump installation and mandatory uplifts to EPC C by 2032. Impacts were considered over a 10-year period against a baseline scenario without these features.

The scenario modelled the impact of increased utility bills (driven by increased carbon prices) on borrower income and affordability.⁽¹⁾ It also modelled the impact of rising utility bills on property values, with increased bills assumed to reduce property desirability and lower value. Subsequent increases to property value driven by EPC uplift and heat pump installation were also modelled. Broader macroeconomic impacts, such as unemployment rates, were taken into account.

Scenario findings: Scenario outputs assessed impacts by property type and by EPC rating. EPC was found to be a key determinant of transition risk through its impact on property value, affordability and therefore credit risk. While impacts were seen across all EPC bands, the effect was greater for properties with the lowest EPC ratings (E, F, G). This points to the importance of enabling customers to improve the energy efficiency of their homes through our lending, as well as by providing online guidance and recommendations through our Home Energy Hub.

→ **Refer to page 30 for more information on how we manage climate-related risk within our residential mortgage portfolio.**

Assessing physical risk in our residential mortgage portfolio

Scenario and assumptions: This event-based scenario tested the impact of extreme weather on residential properties in the UK by modelling a sequence of severe flood and windstorm events across the UK over a three-year period. Flood risk was modelled by imposing the same severe flood event on all UK regions. The modelled flood event exposed approximately 11.5% of the mortgage book to flooding. For windstorm, blanket events of equal severity were assumed for all UK properties.

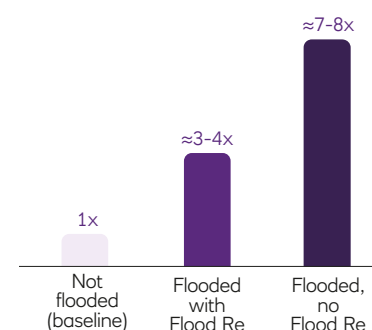
The event-driven approach aimed to give visibility to risks that may not be detected when only assessing average impacts across time and location, enabling understanding of where risks could concentrate, rather than to estimate total potential credit losses.

The scenario considered the impacts of damage on property values, customer affordability and credit risk. Assumptions were made about the extent of insurance coverage across the portfolio based on customer affordability, and taking into account the availability of [Flood Re](#).⁽²⁾

Scenario findings: The scenario enabled us to better understand the factors influencing credit risks where physical damage takes place, including the role of location, property type and insurance coverage. The most rapid increases in customer credit risk took place where concurrent physical risk events impacted the same property.

Flood Re protection significantly mitigated impairment rates for eligible properties. Properties assumed ineligible for Flood Re in the scenario – such as flats and properties built after 2009 – face higher insurance costs and therefore greater affordability and credit risk stress from physical damage.

Physical risk scenario: Average 10-year impairment rate increase from flood events⁽³⁾



The chart above shows increases in impairment rates caused by flooding, relative to the baseline scenario over a 10-year period. Impairments were mitigated by Flood Re protection, and were substantially higher without it.

This points to the importance of continuing to monitor insurance availability for customers and the value of collaboration between the banking and insurance industries to manage risks to the financial system.

2. Internal capital adequacy assessment process

NatWest Group tests the resilience of its balance sheet through its ICAAP, and climate-driven macroeconomic stress is considered as part of this. One conclusion from the ICAAP finalised in March 2025 was NatWest Group's resilience to the climate risks explored in the ICAAP stress scenarios. Refer to page 53 of the [NatWest Group plc 2024 Sustainability Report](#) for more details on the scenarios used.

In the ICAAP exercise due to conclude in Q1 2026, one of the stress scenarios tested incorporates the crystallisation of physical risks and the acceleration of transition policy

weighing heavily on the economy. Chronic physical risks, such as high temperatures, rising sea levels, and changes in precipitation act as a general drag on labour and land productivity, and the economic impact of acute physical events such as heatwaves and floods is explored. The scenario also assumes that transition risk leads to gradually increasing carbon prices, weighing on growth in the outer years. The outcome of the current stress exercise on capital resilience to climate risks will be reported in the 2026 ICAAP.

3. Expected Credit Loss scenario

Since 2023, NatWest Group has assessed the implicit contribution to its base case macroeconomic scenario from changes in UK transition policy, expressed as an additional implicit sectoral carbon price.⁽⁴⁾

In 2025, NatWest Group individually assessed 50 active and potential UK transition policies that had a significant impact on the cost of emissions and converted them into equivalent implicit sectoral carbon prices. The prices were calculated as the cost per tonne of emissions abated by each policy. Using an internally developed model, NatWest Group estimated the impact of sector carbon prices on key macroeconomic variables such as GDP and unemployment. Using this analysis, NatWest Group created two scenarios: the baseline, which incorporates climate transition-related impacts, and an alternative scenario, which excludes them.

Comparing ECL under these two scenarios allowed NatWest Group to estimate an aggregate macroeconomic impact of the analysed transition policies and their contribution to ECL. Climate transition policy contribution to total ECL was immaterial at the end of 2025.

→ **Refer to page 192 of the NatWest Group plc 2025 Annual Report and Accounts for further information.**

(1) Price rises were modelled in line with the Net Zero 2050 NGFS scenario.

(2) Flood Re is a joint industry and government initiative. Flood Re is a flood re-insurance scheme which provides reinsurance to a) promote affordability and availability of insurance for UK households at high flood risk and b) to manage the transition to risk-reflective pricing of flood insurance for household premises. Flood Re will end in 2039.

(3) ≈ represents approximately equal to.

(4) An implicit carbon price is an additional cost related to greenhouse gas emissions as a result of climate transition policy.

Risk and scenario analysis continued

Other scenario analysis

Holistic assessment of climate risks

Alongside credit risk, we also use climate scenario analysis to test the resilience of other principal risks to climate-related risk drivers. The scenarios below, assessed in 2025, were selected as the most appropriate based on the profile of the principal risk.

Risk	Metric	Use cases	Scenario	Outcome
Market risk	Trading book positions in NatWest Markets.	Market risk analysis and risk appetite evolution.	Transition policy change requiring accelerated decarbonisation.	Impact is within appetite. Climate scenario is not the binding constraint.
Pension risk	Pension scheme assets and liabilities.	Testing capital adequacy.	Base/ICAAP stress and trustee climate scenarios. Pension scheme insurers also run separate climate scenario analyses.	Pension scheme position resilient to stress.
Liquidity risk	Stressed outflow coverage.	Ensuring the liquid asset buffer provides coverage for potential outflows.	Severe physical climate event, resulting in a temporary fall in economic output.	Impact is within appetite and mild compared to other stresses.
Operational and conduct risk	Conduct losses.	Internal risk assessment and considered under ICAAP pillar 2A.	Scenario focused on external communications that could omit material information or contain incorrect information, resulting in an inaccurate representation of NatWest Group activities.	Accepted and within appetite, noting internal processes and controls continue to be refined.

Test and learn nature-related scenario analysis – water stress scenario

In line with supervisory expectations on environmental risk management in the EU, in 2025 NatWest Markets N.V., an EU subsidiary of NatWest Group, continued to work on embedding environmental risks into its stress testing framework.

A water scarcity stress test was conducted to assess NatWest Markets N.V.'s credit exposure to sectors identified as water-vulnerable. The scenarios modelled a drought in Western Europe and considered governmental, regulatory, economic and societal responses and the resulting operational and financial impacts on in-scope companies. The analysis leveraged internal data and external benchmarks such as WRI Aqueduct and CDP Water, supported by expert feedback to refine assumptions and improve accuracy.

Results indicated notable credit grade migration and material portfolio impact across the water-dependent sectors assessed. These sectors included automotive and power utilities and also represent a high level of concentration within the NatWest Markets N.V. portfolio.

While the approach was tactical and limited to a single time horizon, it offers insights to guide further embedding of environmental risks and customer engagement. We are considering deep dives into most materially affected sectors and counterparties to further enhance understanding.

Key limitations included limited availability of water consumption data, challenges with capturing corporate responses to water stress, such as facility draw downs, as well as compounding environmental factors.





Investment products and solutions

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Our approach to responsible investing

Investment Products and Solutions (formerly known as the Investment Centre of Expertise) sits within Coutts & Co (Coutts) and continues with the mandate to provide investment products and services to NatWest Group customers. Refer to the [2025 Coutts Annual Report and Accounts](#) and [Coutts.com](#) for more information about our overall approach, products and services.

References to 'Investment Products and Solutions', 'we', 'our' or 'us' of this chapter in this report made in the context of assets under management (AUM) for the legal entities set out on [page 69](#), unless stated otherwise. Total AUM was £43.7 billion as at 31 December 2025.

Our investment approach and philosophy

We are guided in our decision-making by our investment philosophy, which is centred around the following three pillars:

- Diversification across asset classes, sectors and countries to support our ability to manage risks and opportunities.
- Taking risk where we believe it's best rewarded. We have a framework to help take risks that we consider are the most likely to be successful.
- We take advantage of changes in the market, seeking opportunities to invest in underpriced assets that can deliver long-term value to our customers.

Responsible investing

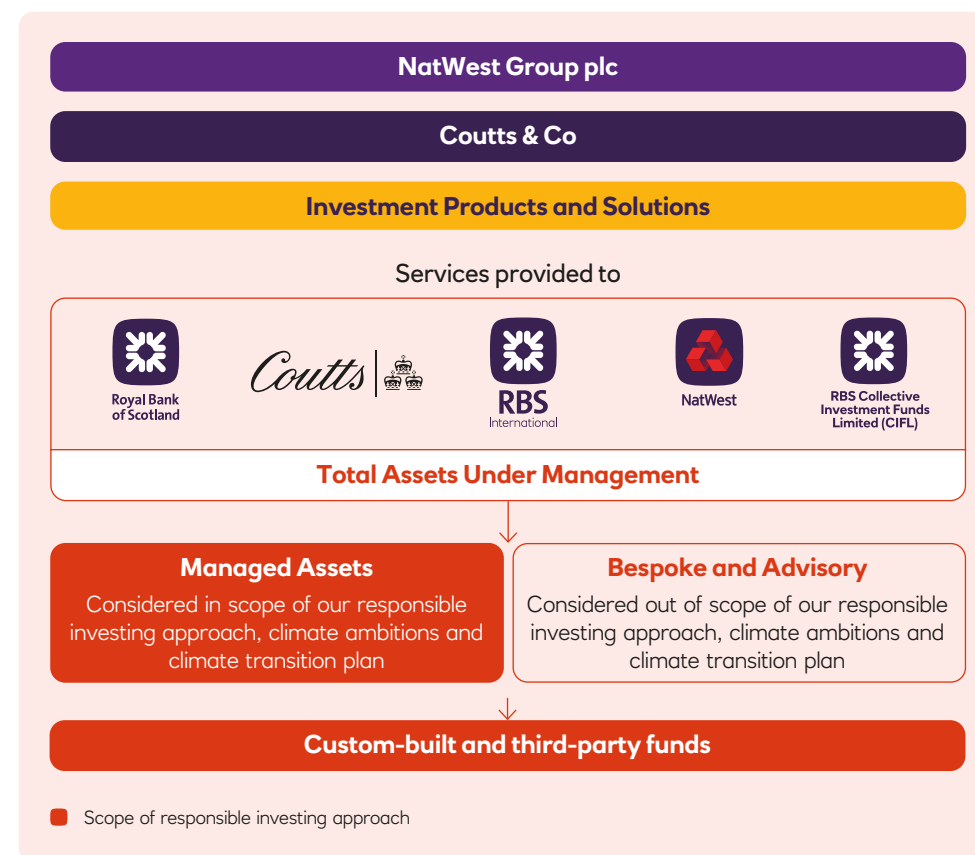
In addition to traditional risk measures, we consider environmental, social and governance (ESG) issues, and specifically climate change factors, that could impact the investments we manage on our customers' behalf. We call this approach 'responsible investing'. Our approach is guided by our investment philosophy and seeks to align to our customers' investment objectives.

As described in further detail in our [responsible investing policy](#), we implement our responsible investing approach through three activities:

- 1 Investment selection**
→ Refer to [page 62](#).
- 2 Voting and engagement**
→ Refer to [page 63](#).
- 3 Exclusions**
→ Refer to [page 63](#).

Scope

We apply our responsible investing approach to those Funds and Discretionary Portfolios that we have discretion to manage on our customers' behalf, which we refer to as Managed Assets. This includes our Coutts Managed Funds, Personal Portfolio Funds and Discretionary Portfolios.



Managed Assets are invested in custom-built and third-party funds, with limited direct exposure to equities and bonds. The custom-built funds are managed through our strategic relationships, where Investment Products and Solutions defines the investment parameters and ESG policies. We do not define the investment parameters or ESG policies of third-party funds.

Managed Assets represented 81%, or £35.4 billion, of AUM as at 31 December 2025 (compared with 83% and £30.7 billion in 2024).

Our Bespoke Portfolio Service offers tailored asset allocation and investment parameters to meet individual customer needs. Our Advisory Portfolio Service provides specialist advice and in-house research to support customer investment decisions. These portfolios are exempt from our responsible investing policy as they are subject to customer-specific conditions.

Our approach to responsible investing continued

Our climate ambitions and transition plan

Progress in 2025

Managed Assets are within scope of our climate ambitions and transition plan. Bespoke and Advisory portfolios are currently excluded as these assets are subject to customer-specific conditions meaning we do not have discretion over the net-zero pathway of these investments.

50% of our Managed Assets were considered portfolio aligned as at 31 December 2025, compared with 58% in 2024, with changes driven by a reduction in country-level net-zero commitments in place for US bond allocations.

→ **Refer to page 67 for details of portfolio alignment. Refer to page 75 of the 2024 NatWest Group Sustainability Report for details of our net-zero assessment criteria that determines our portfolio alignment score.**

We use Weighted Average Carbon Intensity (WACI) to estimate the greenhouse gas emissions and long-term decarbonisation trends of Managed Assets. WACI decreased from 166 tCO₂e/US\$m as at 31 December 2019 to 95 tCO₂e/US\$m as at 31 July 2025.

WACI decreased relative to 2024, reflecting a positive trend in portfolio decarbonisation and global efforts to support the transition to a lower-carbon economy. Equities remain the largest contributor to overall emissions.

→ **Refer to page 67 for further details on changes to coverage.**

Reviewing our ambitions

In 2025, we reviewed our responsible investing approach, including our climate ambitions, to ensure alignment with customer needs and market standards. Following the review, we have withdrawn portfolio alignment from our entity level 2030 ambitions, recognising there is a lack of market consensus on how to define

portfolio alignment within a wealth management context. Portfolio alignment requires bespoke approaches which limits comparability with industry reporting. We have maintained our 2030 WACI ambition, which reflects market best practice and continues to provide a standardised measure through which we can monitor progress towards our net-zero by 2050 ambition.

We remain committed to our responsible investing approach to consider ESG issues, including climate change factors, that could impact the investments we manage on our customers' behalf.

Our climate transition plan

With regard to Investment Products and Solutions, our climate transition plan comprises the same three pillars as our responsible investing approach: investment selection, voting and engagement, and exclusions. For details, refer to [pages 62 and 63](#).

As part of our efforts to align with industry best practice, we are evolving our transition plan assessment towards monitoring WACI and focusing on our responsible investing approach to manage climate risks. We will continue to use qualitative and quantitative methods, where feasible, to support our understanding of how our Managed Assets are progressing towards net zero.

This evolution reflects the inherent uncertainty and complexity when making assumptions about national and company-level decarbonisation trajectories and potential impacts on progress towards our climate ambitions.

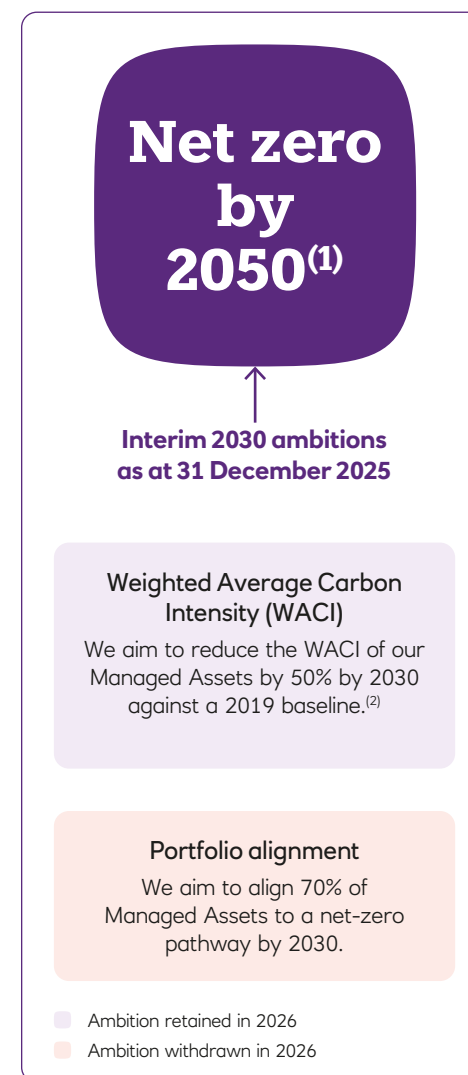
→ **Refer to our NatWest Group plc 2023 Climate-related Disclosures Report and our NatWest Group plc 2024 Sustainability Report for details of previous transition plan assessments.**

Challenges and external dependencies in transitioning to net zero

Our climate transition plan and associated ambitions are dependent on a range of factors, including:

- International commitments, collaboration and coordinated national policies to help align underlying investments with the goals set out by the 2015 Paris Agreement.
- The type of funds invested in and whether we have control of the investment parameters and ESG policies of the underlying funds.
- Availability of a broad range of net-zero aligned third-party funds capable of meeting our allocation and diversification needs.
- Government and investee companies taking action to reduce their carbon emissions in alignment with their stated ambitions and climate transition plans.

These challenges further crystallised in 2025 including a continued scale-back on climate ambitions across countries and companies. The Net Zero Asset Managers initiative (NZAM) also suspended activities in 2025 following the withdrawal of several large firms from the initiative.



(1) Our net zero by 2050 ambition encompasses total Assets under Management. Refer to [page 60](#) for details.

(2) Includes listed equity and corporate fixed income asset classes. Refer to [page 67](#) for further details.

Our approach to responsible investing continued

Investment selection and monitoring

We continued to apply our responsible investing approach as part of our investment selection process in 2025, which included climate change amongst other environmental, social and governance (ESG) factors.

Investment identification and assessment

Once a potential investment is identified, our responsible investing and net-zero assessments are completed. These are integrated into our investment selection process and align to our enterprise-wide risk management framework (EWRMF) pillars, as shown in the diagram below.

The responsible investing assessment's purpose is to gain an understanding of how fund managers consider ESG factors, including climate change, in their investment process and ownership practices.⁽¹⁾

The net-zero assessment's purpose is to generate the portfolio alignment score.⁽²⁾ For details of the criteria included in our net-zero assessment, refer to page 67 of our [NatWest Group plc 2024 Sustainability Report](#).

Assessments are updated if a material change in sustainability approach is identified or, in the absence of such a material change, every 24 months.

Investment selection

The responsible investing assessment outcomes, net-zero scores and supporting commentary are included as factors in the recommendation for investment. Investment decisions look to balance holistic investment objectives, considering the overarching strategy and goals of our Funds and Discretionary Portfolios.

At the pre-investment stage, we complete implementation analysis to ensure the investment decision will not breach minimum portfolio alignment thresholds.

Investment proposals and final decisions are reviewed and approved through our Fund Selection Forum.

→ [Refer to page 66 for details of updates provided to the Fund Selection Forum in 2025.](#)

Investment monitoring and reporting

Once we have invested, we monitor investments for material changes to approaches and engage on important topics when required.

As an example, in 2025, in response to the decision by a fund manager within our portfolio to withdraw its signatory status from a major climate initiative, we initiated an escalation process to assess the implications.

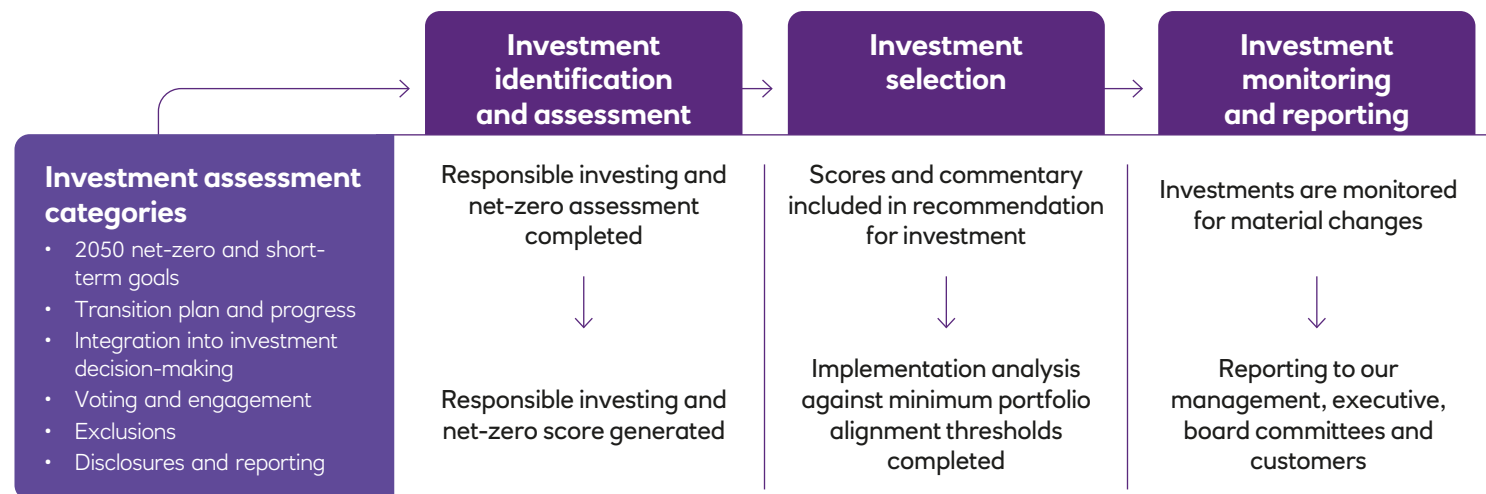
A formal meeting was held with the fund manager and our Head of Responsible Investing to understand the rationale behind the withdrawal. Following this engagement, we issued an internal communication to senior leadership outlining the change, the potential impact on our investments and our engagement response with the fund manager.

Management, executive, and board committees received updates on our responsible investing approach and ambitions review, as detailed on [page 66](#).

Key challenges

When completing our assessments, we note that a greater proportion of portfolio aligned investments are passive funds, as opposed to active funds. This is due to passive funds generally using rules-based investment methodologies, which typically received higher scores in our net-zero assessment process. In contrast, active fund managers often take a more qualitative approach, such as using engagement-led strategies, where it can be more difficult to assess progress.

If the external environment does not lead to progress in relevant ESG areas, such as climate, the delivery of our ambitions may require significant changes to our investments, including adjustments to fund allocation. Any such decisions will continue to account for investor impact and our fiduciary duties, but limited progress could still affect our ability to meet broader investment objectives.



(1) The responsible investing assessment is carried out on all funds at onboarding.
 (2) The net-zero assessment is carried out on direct government bonds and funds with more than 70% invested in equity, corporate fixed income or government bond asset classes.

Our approach to responsible investing continued

Voting and engagement overview

EOS by Federated Hermes (EOS)⁽¹⁾ provide voting recommendations and engage directly with companies held by certain custom-built funds. For full details of our voting and engagement policy and how it applies, refer to our [Voting and Engagement Policy](#). We are committed to providing transparency on voting activity and we publish annual and quarterly updates on EOS' activities.

In 2025, our voting and engagement policy aligned with EOS' voting recommendations. EOS provided voting recommendations on 19,428 resolutions at 1,762 meetings: 16,492 votes were in favour of the proposal, while 2,824 of votes were against. 100 votes were either abstained or withheld.⁽²⁾

EOS engagement focused on four key themes, as shown in the adjacent diagram, each of which had several priority themes and sub-themes. Key priorities in 2025 included climate change, natural resource stewardship, circular economy and zero pollution. Environmental issues made up 39% of total engagements in 2025. Climate engagement continued to grow in response to shifting policies

and increasing investor demand for stronger efforts in support of biodiversity and natural ecosystem restoration, clearer corporate disclosures, and more ambitious target-setting. See below example of EOS' engagement.⁽³⁾

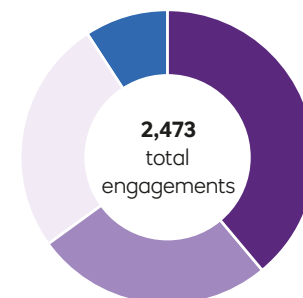
→ **Further case studies, detailing varying levels of success from EOS' engagement activities, can be found on page 71 of our NatWest Group plc 2024 Sustainability Report.**

Exclusions

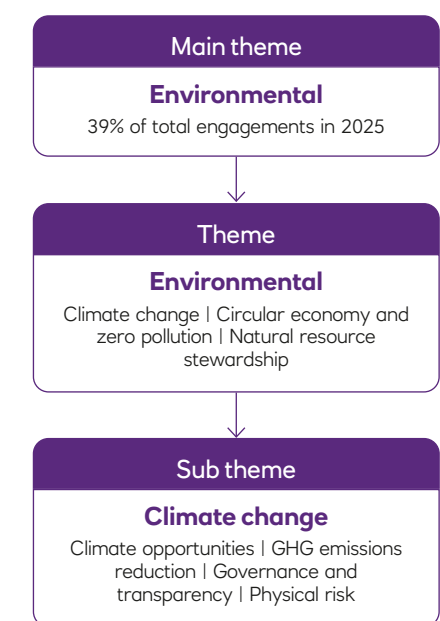
Our exclusions policy is applied to our custom-built funds and direct company securities. There are certain investments where we consider that engagement is unlikely to be effective. As a result, these are excluded subject to specific revenue or criteria thresholds. The impact of exclusions varies over time based on how we hold the investments, and will generally reduce, rather than remove the exposure. For details on our exclusions policy and how it applies, refer to our [Exclusion Policy Document](#).

Third-party funds do not implement our exclusions as we do not define the ESG policies of the funds. They may apply their own unique exclusions approaches.

EOS engagement with companies held by custom-built funds⁽⁴⁾



	2025
Environmental	39%
Social	26%
Governance	26%
Strategy, risk and communication	9%



Spotlight

EOS engagement with a company held in one of our custom-built funds

Theme: Climate governance and transparency⁽⁵⁾

Concerns raised

In December 2021, an energy equipment company published its first Taskforce on Climate-related Financial Disclosures (TCFD) report. EOS raised concerns that the report did not provide sufficient detail on the company's resilience to climate-related risks and sought to encourage alignment with the goals of the 2015 Paris Agreement.

Concerns acknowledged

EOS engaged in March 2022 as part of the CA100+ initiative,⁽⁶⁾ highlighting gaps in the first report. During follow-up engagements in April 2022, the company acknowledged the need for improved climate scenario detail and demonstrated enhancements to governance practices.

Strategy enhancement requested

EOS requested that the company incorporate quantitative scenario analysis, include a 1.5°C scenario aligned with the 2015 Paris Agreement, and disclose assumptions, variables, and key risks as part of their TCFD reporting. At the 2023 AGM, EOS reviewed and discussed progress on TCFD reporting.

Company demonstrated material progress

In 2024, the company added quantitative scenario analysis, including a 1.5°C scenario for Scopes 1 and 2 and a well-below 2°C scenario across all activities, and disclosed assumptions and risks. In 2025, EOS confirmed the company had substantially achieved its engagement objective. EOS will continue monitoring ongoing improvements, particularly around Scope 3 disclosures.

(1) EOS at Federated Hermes is a global engagement and stewardship service that focuses on promoting responsible investment practices. It is a part of Federated Hermes, an investment management firm, and its primary aim is to influence companies to adopt sustainable business practices by engaging with them on environmental, social and governance (ESG) issues.

(2) The breakdown of votes cast in 2025 does not include voting on senior management remuneration.

(3) EOS has autonomy on engagement decisions including the authority to continue or discontinue any engagement. If EOS chooses to discontinue an engagement, this does not mean we are divested from the company. Underlying investment holdings are at the discretion of the fund managers who align investment decisions with the overall investment objectives and guidelines of the custom-built funds.

(4) All information regarding EOS activities has been obtained directly from official EOS sources. EOS identify material issues and objectives for engagement. An issue represents a concern or topic raised for discussion with a company and is often used for less material matters or early-stage discussions. An objective is a specific, measurable outcome the engagement is seeking to achieve. An issue may progress into an objective if a precise goal is identified.

(5) Further details of EOS engagement stages can be found on page 71 of [NatWest Group plc's 2024 Sustainability Report](#).

(6) Climate Action 100+ is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take appropriate action on climate change in order to mitigate financial risk and to maximise the long-term value of assets.

Risks and opportunities

Climate and nature risk is included as a principal risk within NatWest Group’s EWRMF. Refer to [NatWest Group plc’s 2025 Annual Report and Accounts](#), pages 254 to 256 for details. Investment Products and Solutions aligns with NatWest Group’s iterative, multi-year approach towards full integration of climate risk management.

Identification and assessment

Climate-related risks and opportunities can have a cross-cutting impact on our business and the investments we manage on our customers’ behalf.

Risks, characterised and assessed by NatWest Group and deemed applicable to our investment business include, but are not limited to conduct risk, reputational risk, operational risk and regulatory compliance risk. For details refer to page 177 of [NatWest Group plc’s 2025 Annual Report and Accounts](#).

Investment risks, those assessed as having the potential to impact assets under management, are characterised and assessed by Investment Products and Solutions.

In 2025, we broadened our risk assessment process beyond climate to include sustainability factors that could impact our business and the investments we manage on our customers’ behalf. The risk assessment process used subject matter expertise (SME) to identify an initial shortlist of the most relevant themes. Qualitative scenarios were used to define and illustrate risk drivers. We then applied a likelihood and impact score to each risk over

the short, medium and long term. A combination of SME judgement and risk scoring was used to assess the top risks within each time horizon and is set out below.

Risks: We continue to recognise that our investments could be susceptible to transition and physical climate risks across different asset classes and geographies. The assessment shows transition risks as the key driver of climate-related risks in the short to medium term, with physical risk emerging as more material in the long term. All risks outlined in the table below may be influenced by climate change over the short, medium and long term,

recognising that climate-related risks are not linear or mutually exclusive. Furthermore, there is inherent uncertainty relating to the quantification and analysis of these risks due to the size, complexity and difficulty of forecasting how risks will materialise.

Opportunities: identified from the risk assessment and review of our responsible investing approach include the potential expansion of sustainability-related product offerings for customers. Additionally, transparency and enhancement of disclosures can continue to aid stakeholder decision-making.

Time horizon	Short term (<5 years)	Medium term (5-15 years)	Long term (>15 years)
Risk theme	Regulatory compliance	Conduct	Market
Risk context	Regulatory requirements continue to expand for the immediate future, alongside ongoing political influence.	Businesses and individuals transition towards net-zero ambitions.	The impacts of physical climate risks (acute and chronic) ⁽¹⁾ materialise.
Risk detail and impacts	The increase in mandatory sustainability disclosures leads to a risk of failing to meet requirements due to resourcing, capability, or timing resulting in compliance (transition) risk.	Our responsible investing approach, products and actions may not align with customer preferences, which could lead to loss of customers and, consequently, adverse financial impacts on the business.	The increase in severity and frequency of physical climate risk events could lead to shifts in the value of underlying holdings, negatively impacting investment returns.
Mitigation activities	Horizon scanning, review of responsible investing approach, and resourcing.	Review of our responsible investing approach and review of our product offering.	Industry climate risk modelling maturity journey, climate value at risk (CVaR), monitoring and review of our responsible investing approach.

(1) Acute – event-driven such as increased severity of extreme weather events (for example, storms, droughts, floods, and fires) or water, land or air pollution. Chronic – longer-term shifts in precipitation and temperature and increased variability in weather patterns (for example, sea level rise) or biodiversity loss.

Risks and opportunities continued

Risk management

Managing sustainability-related risks

The risks and opportunities identified in the risk assessment outlined on the previous page support our strategy, climate transition plan and decision-making.

Regulatory risk

NatWest Group monitors regulatory compliance risks through horizon scanning, identifying sustainability regulations relevant to Investment Products and Solutions. New and emerging regulations are assessed for their potential impact on the business, and initial implementation plans are developed accordingly. In-line with the FCA ESG Sourcebook requirements, we published our first [product-level sustainability reports in 2025](#), alongside our product-level climate reports.

Conduct risk

Our responsible investing approach considers ESG issues that could impact the investments we manage on our customers' behalf. To support customers' understanding of our approach, we publish climate and sustainability product-level reports for our Coutts Managed Funds (CMaF) and Personal Portfolio Funds (PPF) funds, as well as the Global Bond Fund and UK Equity Fund, in alignment with regulatory reporting requirements.

Additionally, NatWest Group conducted a qualitative operational and conduct risk scenario analysis exercise, which Investment Products and Solutions supported. The scenarios focused on external communications, which could omit material information or contain incorrect information, resulting in an inaccurate representation of Group activities. The purpose of this exercise was to enhance understanding and management of these risks, as per FCA requirements.

Market risks

Our climate transition plan aims to support, mitigate and manage climate-related risks. We use our responsible investing questionnaire to quantitatively assess funds across a variety of considerations and we monitor fund performance. Refer to [page 62](#).

Responsibility for climate-related risk management of the underlying holdings sits with the fund managers. If we believe risks are not being managed effectively, we may engage with fund managers.

Scenario analysis

In our [Climate Product Reports 2024](#), we published Climate Value at Risk (CVaR)⁽¹⁾ figures across three scenarios: orderly, disorderly and hot-house world. The current summary of product-level CVaR indicates that Funds with lower investment risk profiles generally demonstrate a lower CVaR, however realisation of the scenarios is dependent on global climate action.

Overall, based on our risk exercise output and product-level scenario analysis data, we consider our business, financial plan and investment strategies to be resilient to climate-related risks in the short term.

There is an industry-wide challenge regarding forward-looking climate metrics and scenario analysis capabilities, as highlighted in the FCA's report '[Climate reporting by asset managers, life insurers and FCA-regulated pension providers](#)'. This is due to inherent uncertainties arising from limitations in forward-looking data and external dependencies, which can lead to potential inaccuracies when forecasting outcomes. Furthermore, estimating the potential impact of climate change over medium- to long-term time horizons becomes increasingly uncertain.

We continue to monitor industry guidance on this topic and review developments in capabilities to assess this data and support these forward-looking exercises in a manner that provides important, reliable information for report users.



(1) Climate VaR is a forward-looking measure that assesses how climate change might affect the value of the Funds by the year 2100.

Governance and oversight

Sustainability-related strategic decisions influencing AUM are subject to NatWest Group and Coutts governance. The execution of investment strategy falls under individual accountability, refer to the Coutts 2025 Annual Report and Accounts for Coutts' governance responsibilities. As the assessment and management of climate-related risk within investment products is nuanced, we have additional governance and oversight processes tailored to Investment Products and Solutions, which sits in Coutts.

Board and executive oversight

The Coutts Board received strategic updates on our responsible investing strategy in 2025, which included a review of our climate-related ambitions.

Both the Coutts Risk Committee and Private Banking & Wealth Management Risk Committee received two updates during 2025 regarding climate risk and regulatory compliance.

Management-level oversight

It is management's role to consider trade-offs, such as risks and opportunities within customer risk appetites, which may include sustainability-related risks and opportunities.

The Investment Products and Solutions Risk Forum (formerly the Asset Management Risk Forum) is responsible for discussion, management and tracking of risk data within Investment Products and Solutions. The forum received monthly updates about the principal climate and nature risk appetite position.

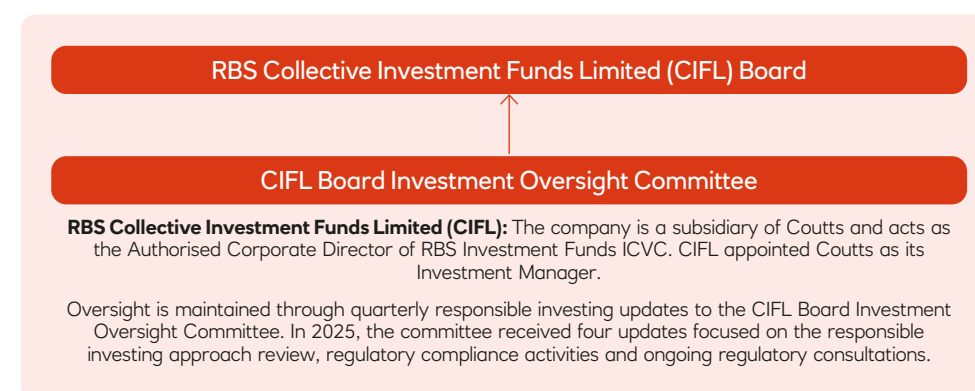
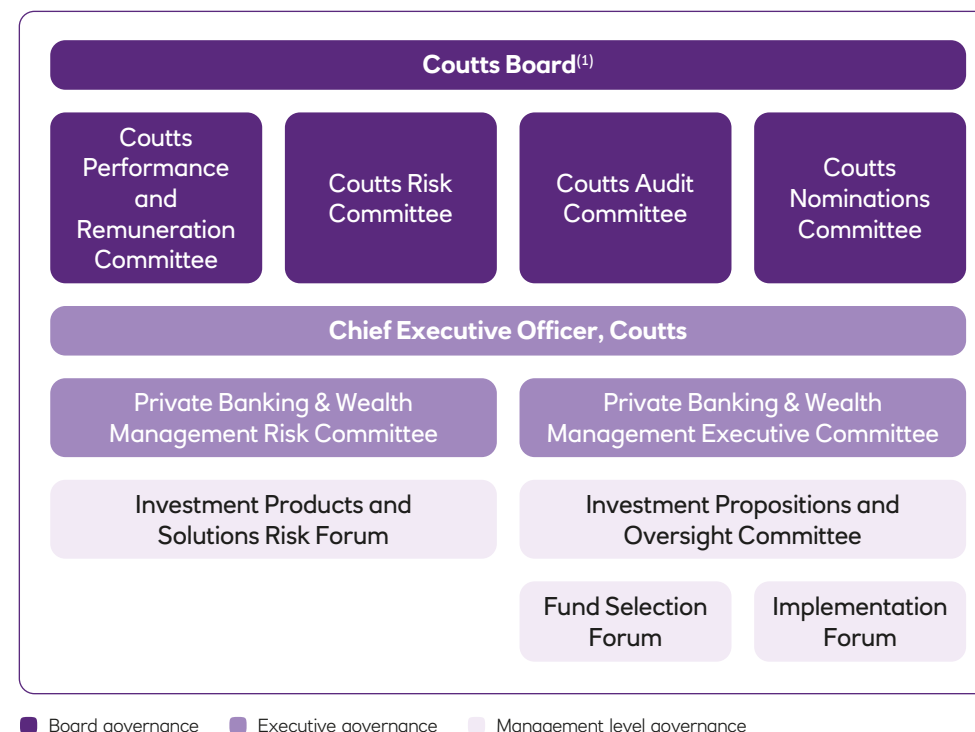
The Investment Propositions and Oversight Committee (IPOC) (formerly the Asset Management Investment Committee) is responsible for the end-to-end investment process including oversight of customer outcomes, our investment performance and process and adherence to agreed investment objectives and Investment Products and Solutions policies.

The committee received strategic updates on our responsible investing strategy and ambitions, as well as bi-annual updates on responsible investing activities, including climate-related metrics.

The Fund Selection Forum is responsible for determining the most appropriate route to market for implementing investment decisions. The responsible investing assessment is considered as part of fund selection.

The Implementation Forum is responsible for the implementation of investment decisions into Funds and Discretionary Portfolios.

Fund selection and implementation is based on our investment philosophy (see [page 60](#)). Controls over the investment selection and implementation are integrated throughout the respective processes, including through IPOC's oversight of these fora.




(1) Refer to page 95 of the [NatWest Group plc 2025 Annual Report and Accounts](#) for further detail on NatWest Group-level governance.

Metrics and methodologies

We continued to monitor portfolio alignment, WACI and the estimated emissions of underlying funds in 2025 to manage our climate-related risks and opportunities. The following description of coverage, data sourcing, methodology and limitations applies to the calculation of estimated Scope 1 and 2 emissions and WACI. For details of our net-zero assessment criteria used to determine the portfolio alignment score of direct government bonds and funds refer to page 67 of our [2024 Sustainability Report](#).

	Scope 1 and 2 emissions ⁽¹⁾	Weighted Average Carbon Intensity (WACI) ⁽²⁾	Portfolio alignment
Purpose	Estimates the total GHG emissions assets of a fund's investments	Estimates assets under management exposure to carbon intensive investments	Estimates the percentage of Managed Assets invested in direct government bonds and funds ⁽³⁾ that are assessed as being on a net-zero pathway
Estimation approach	$\text{MtCO}_2\text{e} = \sum \left(\frac{\text{Current value of investment}}{\text{Issuer's EVIC}} \times \text{Issuer's GHG emissions} \right)$	$\text{tCO}_2\text{e}/\$m = \sum \left(\frac{\text{Current value of investment}}{\text{Current portfolio value}} \times \frac{\text{Issuer's GHG emissions}}{\text{Issuer's revenue}} \right)$ <p>Scope 1 and 2 GHG emissions are allocated based on portfolio weights (the current value of the investment relative to the current portfolio value) rather than the equity ownership approach.</p>	We sum all AUM (direct government bonds and funds) that are considered on a net-zero pathway (score 3, 4 or 5) and divide by the total value of Managed Assets
2024	1.1 MtCO ₂ e ⁽⁴⁾	110 tCO ₂ e/US\$m revenue	58%
2025	1.3 MtCO ₂ e ⁽⁵⁾	95 tCO ₂ e/US\$m revenue	50%

 Ambition withdrawn in 2026

Estimated emissions methodology

Estimated Scope 1 and 2 emissions from underlying investments increased to 1.3 MtCO₂e in 2025, largely due to improved data coverage.

We used the PCAF Standard to estimate Scope 1 and 2 emissions and WACI, achieving a weighted average PCAF data quality score of 2.7 in 2025. Business, data and methodology changes should be considered when comparing historical figures.

If historical figures have been revised, this will be clearly identified. Refer to [page 42](#) for further details on estimates of financed emissions and data limitations, with specific AUM considerations described below.

Coverage

Scope 1 and 2 estimated emissions from underlying investments and WACI covered 84% of Managed Assets and Bespoke AUM as at 31 July 2025. This included listed equity, corporate fixed income and government bond asset classes, equating to £30.2 billion.

Coverage increased from £17.1bn in 2024 (55% of Managed and Bespoke AUM), driven by the availability of data for funds launched in 2024. Advisory assets continue to be excluded as investment decisions sit with our customers. Cash is also out of scope due to the lack of a defined methodology for this asset class. Scope 3 emissions from underlying funds are excluded owing to uncertainty in the accuracy of available data. We continue to review our approach and anticipate changes in data coverage as our business operations change and new regulatory requirements take effect in our investment jurisdictions.

Data sourcing

There was an improvement in the availability of financial and emissions data in 2025.

Published company emissions were available for 76% of disclosed 2025 emissions, compared to 55% in 2024. We may use the emissions or financial profile of an investee's parent company if required. Where published company emissions were unavailable, we used estimates sourced from external data vendors (2%), or estimations based on internal data (22%).

There is industry acknowledgement that company level disclosures, even when covered by external assurance, are estimates, typically based upon standardised methodologies. As such, data sources may contain inaccuracies and may be restated as the sustainability data landscape matures.

- (1) Scope 1 and 2 estimated emissions from underlying investments or issuers (which we invest in) are measured in million tonnes of CO₂. Enterprise Value Including Cash (EVIC) used for listed companies is market capitalisation plus total debt and cash or cash equivalents. For unlisted companies or where EVIC is unavailable, the sum of book value of equity and total debt is used instead. Where issuer specific data is unavailable, emissions are estimated by applying average internal emissions intensities to the current exposure.
- (2) WACI is measured in US dollars to be consistent with industry measures. Current portfolio value is the sum of all the current values of investments. Issuer's revenue is sourced from external data vendors. Due to improved data sourcing, current WACI measurement includes additional data relative to our WACI ambition for government bond asset classes and Bespoke portfolios. Our WACI ambition applies to equity and corporate fixed income assets only.
- (3) The net-zero assessment is carried out on direct government bonds and funds with more than 70% invested in equity, corporate fixed income or government bond asset classes.
- (4) Equity, corporate fixed income and government bond values as at 31 July 2024. Issuer's estimated greenhouse emissions as at 31 December 2023.
- (5) Equity, corporate fixed income and government bond values as at 31 July 2025. Issuer's estimated greenhouse emissions as at 31 December 2024.



Additional information and cautions

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Climate-related financial disclosures

Consistency with the 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)

In 2025, climate-related disclosures have been made within the [NatWest Group plc 2025 Annual Report and Accounts](#), the NatWest Group plc 2025 Climate Transition Plan Report, the [NatWest Group plc 2025 Sustainability Basis of Reporting](#), and the [NatWest Group plc 2025 Sustainability Datasheet](#) (the '2025 Climate-related Disclosures Reporting Suite').

NatWest Group confirms that it has:

- made climate-related financial disclosures for the year ended 31 December 2025 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) Final Report – Recommendations of TCFD (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 TCFD (October 2021 version); (iii) Technical Supplement – The

Use of Scenario Analysis in Disclosure of Climate-related Risks and Opportunities (June 2017); (iv) Guidance on Risk Management Integration and Disclosure (October 2020); and (v) TCFD Guidance on Metrics, Targets and Transition Plans (October 2021 version) and summarised in the tables in the NatWest Group plc 2025 Sustainability Datasheet; and

- set out its climate-related financial disclosures in part in this report, in part in the NatWest Group plc 2025 Annual Report and Accounts, in part in the NatWest Group plc 2025 Sustainability Basis of Reporting and in part in the NatWest Group plc 2025 Sustainability Datasheet (all published on 13 February 2026 and available at natwestgroup.com) to ensure that the disclosures are included in the most relevant sections in each report, as appropriate.

We have adopted this approach to seek to ensure that we have presented the detailed and technical content in the clearest position for users of these reports.

The climate-related disclosures in the 2025 Climate-related Disclosures Reporting Suite do not cover NatWest Group's Pension Fund (including both Defined Benefit Scheme and Retirement Savings Plan), which are reported on in separate climate-related disclosures published by the trustee of that Fund and regulated by The Pensions Regulator.

→ **Refer to the NatWest Group plc 2025 Sustainability Datasheet for progress against select industry-wide standards, including TCFD.**

Consistency with the Financial Conduct Authority's ESG sourcebook requirements for asset managers and certain FCA-regulated asset owners.

The structure and content of the 'Investment products and solutions' chapter of the NatWest Group plc 2025 Climate Transition Plan Report have been designed with the intention of meeting the aforementioned FCA Sourcebook requirements for the year ending 31 December 2025, and to align with our financial reporting approach.

The legal entities whose assets under management are within the scope of this report are Royal Bank of Scotland plc, Coutts & Co (Coutts), RBS Collective Investment Funds Limited (CIFL), Royal Bank of Scotland International Limited, National Westminster Bank plc.

Investment Products and Solutions, formerly named NatWest Group's 'Investment Centre of Expertise' sits within Coutts & Co (Coutts) and was established to provide investment products and services to NatWest Group

customers. Refer to the [Coutts 2025 Annual Report and Accounts](#) and Coutts.com for more information about our overall approach, products and services.

References to 'Investment Products and Solutions', 'we', 'our' or 'us' in the 'Investment products and solutions' chapter of the NatWest Group plc 2025 Climate Transition Plan Report are made in the context of assets under management (AUM) for the legal entities set out above, unless stated otherwise.

Assumptions, judgement or estimates used in the production of the 'Investment products and solutions' chapter of this report will be stated throughout, where relevant.

We believe that the disclosures set out in the 'Investment products and solutions' chapter of this report, including any cross-referenced disclosures in the remainder of this report, are consistent with the applicable requirements set out in Chapter 2 and Chapter 5 of the FCA's ESG Sourcebook.

Emma Crystal
Chief Executive Officer, Coutts & Co

Caution about climate-related metrics and data required for climate reporting

The disclosures included in this report are based on incomplete, estimated, and/or third-party data, and are shaped by assumptions that may vary across jurisdictions and reporting frameworks. As a result, climate-related metrics should be read and interpreted with caution, acknowledging the current constraints in data availability, consistency, and comparability. In many cases, emissions data are self-reported, incomplete, or unavailable, requiring the use of estimation and/or extrapolation techniques that introduce further uncertainty. These data limitations can affect the robustness of transition planning, the credibility of climate-related disclosures, and the effectiveness of risk management strategies, while also increasing the risk of misinterpretation or greenwashing.

Accordingly, users of this report are advised to read and interpret climate-related metrics and related data with appropriate caution, recognising that significant uncertainties, assumptions, and judgements underpin climate-related metrics, which limit their reliability. The most important of these uncertainties, assumptions, judgements and limitations are outlined below.

1) Cautionary note on data quality and availability

Climate-related metrics and data, including those used to report climate-related risks, opportunities, and their potential impacts, along with the models, scenarios, and measurement tools that support them, are still in the early stages of development. As a result, the quality, consistency, and interoperability of these data, metrics, and methodologies are still limited. The financial sector continues to face

significant challenges related to the availability and timely access to quality (accurate, verifiable, reliable, auditable, consistent and comparable) data (hereinafter referred to as 'Adequate Data').

This report is subject to material risks arising from the limited availability of Adequate Data, particularly across certain industries, subsectors, and geographic regions. These limitations affect the accuracy and completeness of climate-related disclosures and the metrics used to assess climate-related risks and opportunities. Accordingly, users of this report are advised to read and interpret climate metrics and related data with appropriate caution, taking into account the assumptions, methodologies, and data constraints outlined herein. The most critical risks include:

- **Data availability and quality:** Climate-related data may not be consistently available from counterparties, suppliers, or customers. Where available, data quality may vary and may not meet standards for accuracy, verifiability, or comparability.
- **Customer-level data challenges:** Limited granular customer data makes it difficult to identify specific exposures, such as coal-related infrastructure or operations, within diversified portfolios.
- **Sector and sub-sector data gaps:** Significant data gaps persist across sectors and sub-sectors, particularly in industries with a high proportion of small and medium-sized enterprises (SMEs), such as agriculture. This reflects the fact that SMEs often have more limited resources, capacity and specialist expertise to collect, validate and report climate-related information in a consistent way. Many SMEs also face practical challenges, such as less formalised data collection processes, fewer dedicated sustainability functions, and limited access to digital tools or external assurance, which can result in less comprehensive or less reliable data being available at sector level. These data gaps not only make it harder to manage climate-related risks but also delay effective planning and response. They impact key business functions, like operations, credit assessments, and investment decisions, that rely on accurate, consistent data.
- **Fragmented data sources:** Climate-related, energy use and efficiency data are sourced from a mix of public, private, and civic entities, often lacking standardisation, accessibility, and validation.
- **Use of proxies or aggregated sector-level data:** When adequate climate-related data is not publicly available or cannot be obtained directly from individual counterparties, financial institutions often rely on proxies or aggregated sector-level data provided by third parties. However, this data may be based on varying methodologies, assumptions, or interpretations, which may not accurately reflect underlying climate-related characteristics and can lead to inconsistencies and reduce its accuracy.
- **Lack of alignment among third-party physical climate-related risk data:** A recent comparative analysis conducted by the Climate Financial Risk Forum (CFRF)⁽¹⁾ and the Global Association of Risk Professionals (GARP) revealed the complexity, uncertainty,

and diversity in physical risk assessment at the asset level and a significant lack of alignment among third-party physical climate-related risk data providers. When different providers analyse the same properties and arrive at materially different conclusions due to varying data inputs and methodologies, it raises serious concerns about the comparability, reliability, and credibility of climate-related disclosures⁽²⁾.

- **Timing mismatches:** Counterparty data sourced from external third parties who specialise in collating data from published reports may relate to different dates that do not correspond to NatWest Group balance sheet dates for which emissions are being estimated. This may result in a lag in reflecting any changes in customer circumstances within NatWest Group's financed and facilitated emission and portfolio alignment estimates.
 - **Lack of standardisation:** There is currently no single global data provider that offers comprehensive, consistent coverage of the data needed to assess emissions and climate-related risks across sectors and portfolios. Climate-related reporting frameworks differ in how they define and measure data quality, and customers vary widely in how they collect and disclose climate-related data.
- **For further details on data limitations related to financed and facilitated emissions, refer to pages 39 to 45 of this report. For portfolio alignment measurement, refer to page 62 of this report.**

(1) A Risk Professional's Guide to Physical Risk Assessments A GARP Benchmarking Study of 13 Vendors.

(2) The study focuses on direct hazard impacts on selected properties, not accounting for indirect or systemic effects (e.g. supply chain disruptions, migration, second-order impacts). It also does not cover the full range of possible perils or all aspects of vulnerability (e.g. contents loss, business interruption for all asset types).

Caution about climate-related metrics and data required for climate reporting continued

2) Cautionary note on lack of standardisation, transparency and comparability of reporting frameworks, methodologies and definitions

Climate and sustainability-related reporting frameworks, methodologies, and definitions are still evolving, which presents material risks to the consistency, transparency, and comparability of disclosures. The most critical risks include:

- **Lack of common standards for classification:** There is currently no globally recognised or accepted, consistent and comparable standard or definition (legal, regulatory or otherwise) of, nor widespread cross market consensus as to what (i) constitutes 'green', 'sustainable', or similarly labelled activities, products, or assets; or (ii) precise attributes are required for a particular activity, product or asset to be defined as 'green', or 'sustainable' or such other equivalent label. Interpretations vary across markets and institutions, and while several initiatives are working towards harmonisation, a consistent, comparable, and widely accepted framework has yet to emerge. Therefore, users of this report must not assume that NatWest Group's reporting or description of activities, products or assets will meet those users' past, present or future expectations or requirements for describing or classifying funding and financing activities as 'green', or 'sustainable' or attributing similar labels (unless a definition or standard is specified in this report).
- **Immaturity of climate and sustainability-related reporting standards:** Climate and sustainability-related reporting standards continue to develop. While internationally recognised standards have been developed, there is no universal standard accepted for institutions like NatWest Group to fully align with and those that exist remain subject to refinement and jurisdictional adoption.
- **Judgement and estimation risk in disclosure:** Many disclosures rely on good faith estimates, assumptions, and

judgements that may change over time or prove incorrect. As a result, climate-related disclosures may be amended, updated, or restated over time.

- **Immature systems and controls:** Climate and sustainability-related reporting is less mature than traditional financial reporting. Non-financial reporting systems are less developed than financial reporting systems, often involving manual processes and less robust controls, which may affect data quality and consistency.

3) Cautionary note on reliance on assumptions, scenarios and uncertainty in climate metrics

This report includes climate-related metrics that are inherently complex and rely on assumptions, scenarios, and forward-looking estimates, all of which involve material risks and uncertainty. Key judgements and estimates used in the preparation of this report are likely to change over time, and, when coupled with the longer time frames used in these climate and sustainability-related disclosures, make any assessment of key topics uncertain.

The key areas involving significant judgement or complexity include calculation of financed, facilitated and operational emissions and measurement of portfolio alignment and climate-related risk. There is a high risk that these assumptions or estimates may prove inaccurate. The most critical risks include:

- **Methodological risks in climate metrics:** Climate-related metrics inherently involve methodological choices, such as scenario selection, time horizons, and hazard definitions, that can materially influence outcomes. These variations introduce a degree of uncertainty and risk into climate assessments. Even when similar methodologies are applied, differences in assumptions, data sources, and interpretations can result in non-comparable metrics across organisations and reporting periods.

- **Judgement risk in climate-related metrics:** The preparation of this report involves the application of significant professional judgement, particularly in the selection of methodologies, assumptions, and estimates used to calculate climate-related metrics. These judgements are necessary due to the inherent complexity of climate-related data, evolving regulatory expectations, and limitations in available information.
- **Assumptions in climate-related metrics:** Climate-related metrics, particularly those based on temperature alignment scenarios, rely heavily on a range of assumptions. These include expectations around global and regional policy developments, socio-demographic trends, and technological advancements such as negative emissions and carbon sequestration. However, these assumptions may not materialise as anticipated, which can render the resulting scenarios and metrics inaccurate or misleading.
- **Policy uncertainty and transition pathways:** Climate-related metrics often rely on climate-related scenarios and transition pathway models, which can vary significantly even when aiming for similar outcomes. Uncertainty around future climate-related policies can significantly influence the variation in transition pathway models, affecting the reliability of associated climate metrics and projections.

4) Cautionary note on climate-related scenario analysis and modelling

This report includes climate-related scenario analysis based on models that are subject to material limitations and uncertainties. Climate-related financial risk modelling is evolving but remains a developing field. As such, there are current limitations in both data quality and analytical techniques, which should be considered with caution when interpreting the results presented in this report.

The most critical risks include:

- **Nature of climate-related scenarios:** Climate-related scenarios used in this report are not forecasts and do not predict future outcomes. Instead, they represent alternative, plausible futures intended to help understand the potential scale and nature of changes that may occur. These scenarios do not cover all possible future pathways, and by using a particular scenario, NatWest Group does not imply any judgement about its likelihood or probability.
- **Variability in climate-related scenario models:** Some assumptions in this report are based on climate-related scenarios and transition pathway models, which can differ significantly in detail, even when aiming to represent similar outcomes. This variability adds further uncertainty to climate-related metrics and projections.
- **Limitations of climate-related risk models and scenarios:** Relying too heavily on a limited set of standard climate models or scenarios – such as those from the Network for Greening the Financial System (NGFS), may distort the understanding of systemic climate-related risks. These models contain modelling limitations, omissions and uncertainties around (i) the financial impact of more frequent and severe physical climate events; (ii) indirect effects like supply chain disruptions and geopolitical instability; and (iii) potential tipping points that could trigger irreversible climate changes.
- **Complexity of climate impact predictions:** Predicting climate change and its economic impacts is inherently complex. This includes estimating how climate-related risks will affect asset values, how companies will respond to regulatory and market pressures, and how NatWest Group's customers may adapt to these changes in this report. These uncertainties should be considered when interpreting the findings in this report.

Caution about climate-related metrics and data required for climate reporting continued

- **Uncertainty in long-term climate modelling:** Like any modelling, projections carry greater uncertainty. When interpreting model outputs in this report, the overall direction of change may be more informative for decision-making than specific point estimates. Climate-related scenarios and the models used to analyse them are sensitive to key assumptions and parameters, which themselves are subject to uncertainty.
- **Complex interdependencies:** Models may not fully reflect societal, behavioural, or policy responses, nor low-probability, high-impact risks and opportunities.
- **Evolving scientific understanding:** Scientific knowledge of climate change continues to evolve. As research progresses, it may enable more detailed and accurate assessments of certain climate-related risks in the future.
- **Technology assumptions:** Climate-related scenarios cannot fully capture all possible outcomes driven by climate, policy, and technological developments. For example, achieving a 1.5°C or even 2°C outcome is projected by the Intergovernmental Panel on Climate Change (IPCC) and other analysts to require large-scale deployment of negative emissions technologies, such as biomass energy with carbon capture and storage (CCS). The assumed cost and availability of these technologies significantly influence the estimated carbon price needed to meet climate-related goals. Scenarios that assume low-cost, widely available CCS tend to project lower carbon prices, while those assuming limited or expensive access to such technologies forecast higher costs for achieving the same targets. These assumptions should be considered when interpreting climate-related scenario results.

- **Societal and systemic uncertainties in climate modelling:** Climate-related models may not fully capture the wide range of societal changes that may result from climate change, such as shifts in dietary habits, migration patterns, and political preferences. As climate-related impacts unfold, responses from decision-makers may both create and mitigate risks, adding further complexity. These limitations are compounded by the long-time horizons and the interconnected nature of the effects being modelled, from ice sheet melting to agricultural yields and human migration.

To address these limitations, users should interpret scenario outputs with caution and consider qualitative insights alongside quantitative scenario analysis. For further detail, refer to [pages 55 to 58](#) of this report.

5) Cautionary note on GHG emissions methodologies

This report includes climate-related metrics based on methodologies for estimating greenhouse gas (GHG) emissions, including financed and facilitated emissions and portfolio alignment measurement. These methodologies are still evolving and are subject to material risks and limitations. The most critical risks include:

- **Methodological variability:** Approaches differ widely in scope (e.g. use of Scope 1, 2, and/or 3 emissions), data sources (company-specific vs. sectoral averages), and treatment of historical vs. point-in-time emissions.
- **Scenario and pathway differences:** Methodologies may incorporate varying climate-related scenarios or proprietary emissions pathways, affecting comparability and reliability.
- **Asset class limitations:** Some methodologies are better suited to specific asset classes, while others may exclude certain sectors entirely.

- **Risk of misestimation:** Differences in assumptions and coverage can lead to under- or overestimation of metrics such as implied temperature rise, potentially distorting risk assessments.
- **Incomplete indicators:** Some methodologies may omit key technologies or indicators needed to assess transition risks and opportunities in certain sectors.
- **Complexities in financed emissions calculations:** Design challenges in financed emissions include allocating emissions across diverse financial activities. For example, owning 1% of a company may imply responsibility for 1% of its emissions, but aggregation can lead to double counting, especially when both Scope 3 upstream and downstream emissions are included. Complexity increases further in cases involving counterparties or multiple underwriters in a single financing.

→ **For further detail on limitations and challenges related to estimated emissions and associated methodologies, refer to pages 39 to 45 of this report.**

6) Cautionary note on resource burden

The calculation of financed and facilitated emissions and the measurement of portfolio alignment, particularly forward-looking metrics, can place a significant resource burden on financial institutions. These activities often require:

- specialised internal expertise across climate-related risk, data analytics, financial modelling, and regulatory interpretation;
- support from multiple external data and methodology providers, due to gaps in standardised, high-quality emissions data;
- continuous adaptation to evolving regulatory expectations, disclosure standards, and methodological frameworks; integration challenges with existing risk, finance, and reporting systems, which may require upgrades or bespoke solutions;

- governance and oversight demand, including cross-functional coordination and senior management engagement to ensure consistency and accountability; and
- training and capacity building, especially for front-office, risk, and compliance teams, to interpret and apply climate-related metrics appropriately.

Until key challenges such as data availability, methodological consistency, and sectoral granularity are resolved, institutions may face: (i) increased operational costs; (ii) reporting delays; (iii) potential inconsistencies in disclosures; (iv) reputational risks if metrics are misinterpreted or perceived as unreliable; (v) strategic misalignment if resource constraints hinder the integration of climate-related considerations into decision-making.

Therefore, users should be cautious when interpreting financed or facilitated emissions figures and portfolio alignment metrics, as the significant resource burden on institutions can affect the precision, consistency, and comparability of these disclosures.

For completeness, this cautionary note should be read together with (i) the ‘Estimates of financed emissions – Data quality’ on page 41 of this report, ‘Financed emissions data limitations’ on page 42 of this report, the ‘Other cautionary statements’ on page 73 of this report, the ‘Forward-looking statements’ on page 74 of this report; and (ii) the ‘Climate and sustainability-related risks’ included on pages 420 to 422 of the [NatWest Group plc 2025 Annual Report and Accounts](#).

Other cautionary statements

The information contained in this report does not constitute a profit forecast and does not contain any investment, accounting, legal, regulatory or tax advice. NatWest Group, its affiliates, directors, officers, employees and agents expressly disclaim any liability or responsibility for any decisions or actions which you may take and for any damage or losses you may suffer from your use of or reliance on this report. All the information in this report is provided for information purposes only.

Caution on climate and sustainability-related metrics. The processes we have adopted to define, collect and report data on our climate and sustainability-related performance, as well as the associated metrics and disclosures in this document, are not subject to the same formal processes adopted for financial reporting in accordance with established reporting standards. They involve a higher degree of judgement, assumptions and estimates, including in relation to the classification of climate and sustainability-related (including social, sustainability, sustainability-linked, green, climate and transition) funding, financing and facilitation activities, than is required for our reporting of historical financial information prepared in accordance with established reporting standards. As a result, climate and sustainability-related disclosures may be amended, updated or restated over time. However, NatWest Group does not undertake to restate prior disclosures except where required by applicable law or regulation, even if subsequently available data or methodologies differ from those used at the time of the original disclosure.

Caution about sustainability-related financing. Sustainability-related (including social, sustainability, sustainability-linked, green, climate, transition) financing and facilitation currently represents only a relatively small proportion of NatWest Group's overall financing and facilitation activities. Accordingly, disclosures relating to sustainability-related financing and facilitation should be read in the context of NatWest Group's broader balance sheet, risk profile and financing and facilitation activities, and should not be interpreted as indicative of NatWest Group's overall financing or facilitation strategy.

Caution about limitation on external assurance of sustainability-related metrics in this report. Certain sustainability-related metrics presented in this report have been subject to a degree of external assurance. Readers of this report should be aware that such assurance is subject to inherent limitations, in particular:

- External assurance is typically provided over only a defined subset of sustainability-related metrics. Not all sustainability-related metrics disclosed in this report have been subject to independent external assurance, and the scope of assurance engagements may change from year to year.
- Assurance providers apply methodologies, criteria and assumptions that are tailored to an organisation's specific reporting framework. Consequently, their approach may differ from that used by other providers assuring similar metrics.
- The sustainability-related metrics involve estimates, proxies, or third-party data that

may not be subject to the same level of verification as financial information. Assurance providers may also rely on evidence such as internal documentation/white papers, analytical reviews, and management representations provided by NatWest Group, which may introduce limitations resulting in inherent estimation uncertainty. External assurance of sustainability-related information does not eliminate the underlying limitations, uncertainties or estimation judgements.

Therefore, readers should exercise caution and interpret the assured information in the context of these limitations and the broader disclosures in this report.

Caution about sustainability-related spotlights. The sustainability-related (including climate-related) spotlights included in this report are intended for illustrative purposes only and are intended to demonstrate potential outcomes. They should not be construed as definitive evidence. NatWest Group has not independently verified the information contained in the sustainability-related spotlights and makes no representations or warranties as to their accuracy or reliability. The content of the sustainability-related spotlights, including any opinions, conclusions and views expressed, is the sole responsibility of the individuals or organisations that provided them and do not necessarily reflect the views or policies of NatWest Group. Accordingly, readers should exercise caution, independently assess the relevance and applicability of the sustainability-related spotlights, and seek independent verification before relying on them.

No offer of securities or investment. The information, statements and opinions contained in this report do not constitute a public offer under any applicable legislation (in any jurisdiction); an offer to sell or solicitation of any offer to buy any securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments.

This report, the information, statements and disclosure included in this report are not formally part of any offering documents and are not contractually binding. This report is not intended (i) to form part of any communication of any offering issued under this report and it is not intended to be an advertisement for the purposes of the UK Prospectus Regulation and investors should not make any investment decisions based on the information included in this report; and (ii) to be a communication in relation to any particular product or service for the purposes of Section ESG 4.3.1 of the Financial Conduct Authority Environmental, Social and Governance sourcebook.

Cautionary statement regarding forward-looking statements

Climate and sustainability-related statements that are not historical facts, including statements about NatWest Group's beliefs, expectations, climate and sustainability-related ambitions, targets and commitments are forward-looking statements. Words such as 'ambition', 'achieve', 'aim', 'anticipate', 'believe', 'continue', 'could', 'effort', 'estimate', 'expect', 'forecast', 'goal', 'guidance', 'intend', 'intention', 'may', 'objective', 'plan', 'potential', 'predict', 'projection', 'seek', 'should', 'target', 'will', 'would' or similar expressions, or the negative thereof, other variations thereon or similar expressions are intended to identify forward-looking statements.

This report contains climate and sustainability-related forward-looking statements, including, but not limited to, NatWest Group's ambition to be net zero across its financed emissions, assets under management and operational value chain by 2050, aligned with the UK's legal obligation to be net zero by 2050, NatWest Group's ambition to at least halve the climate impact of its financing activity by 2030, against a 2019 baseline, supported by portfolio-level activity-based targets and NatWest Group's target to provide £200 billion of climate and transition finance between 1 July 2025 and the end of 2030.

The climate and sustainability-related forward-looking statements of this report are based on current plans, information, and data. In preparing these, NatWest Group has made a number of key judgements, estimates, assumptions, and projections, and relied on information subject to those inherent uncertainties.

Readers are cautioned that a number of factors, both external and those specific to NatWest Group, could cause actual achievements, results, performance or other future events or conditions to differ, in some cases significantly, from those stated, implied and/or reflected in any climate and sustainability-related forward-looking statement or result in revisions to the reported data, including on financed emissions or the classification of sustainable finance and investments, meaning that data outputs may not be reconcilable or comparable year on year due to a variety of risks, uncertainties and other factors (including without limitation those referred to below).

Therefore, no assurance can be given by or on behalf of NatWest Group as to the likelihood of the achievement or reasonableness of any climate or sustainability-related projections, estimates, forecasts, ambitions, targets, commitments or other forward-looking statement contained herein. Therefore, undue reliance should not be placed on these climate and sustainability-related forward-looking statements.

The most important of these limitations, uncertainties and factors that could cause actual results and outcomes to differ materially from those expressed or implied in climate and sustainability-related forward-looking statements are summarised in the (i) 'Risk factors' included on pages 420 to 422 of the NatWest Group plc 2025 Annual Report and Accounts (with special regard to the risk factors in relation to 'Climate and sustainability-related risks' that describe

several particular uncertainties, climate and sustainability-related risks to which NatWest Group is exposed and which may be amended from time to time); (ii) 'Financed emissions data limitations' on [page 42](#); and (iii) 'Caution about climate-related metrics and data required for climate reporting' on [pages 70 to 72](#) of this report.

The climate and sustainability-related forward-looking statements contained in this report only speak as of the date they were published. Except to the extent legally required, we expressly disclaim any obligations or undertaking to update or revise any climate and sustainability-related forward-looking statements in this report, whether to reflect any change in our expectations regarding those climate and sustainability-related forward-looking statements, any change, events, conditions or circumstances on which any such statement is based, or otherwise. However, NatWest Group reserves the right to update or revise any statement in this report at our discretion.

NatWest Group may also announce other climate and sustainability-related ambitions, targets and commitments, and may withdraw, retire, amend, replace or supersede existing ones from time to time, whether or not they have been achieved, where it considers this to be appropriate having regard to its strategic objectives, or where required or appropriate to do so by applicable law, regulation or supervisory expectations.

Written and/or oral climate and sustainability-related forward-looking statements may also

be made in our periodic reports to the US Securities and Exchange Commission, summary financial statements to shareholders, proxy statements, offering circulars and prospectuses, press releases and other written materials, and in oral statements (including during management presentations) made by NatWest Group's directors, officers or employees to third parties, including financial analysts.



NatWest
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