



NatWest
Group

2025 Sustainability Basis of Reporting

NatWest Group plc

Introduction

Scope of this document

The Sustainability Basis of Reporting outlines the scope, exclusions, methods, approach and controls relevant to sustainability metrics presented across NatWest Group plc 2025 annual reporting suite over which Ernst & Young LLP (EY) provided external, independent limited or reasonable assurance as part of EY's 2025 engagement. EY's Independent Assurance Report is available at natwestgroup.com.

The NatWest Group annual reporting suite comprises the [Annual Report and Accounts](#), [Climate Transition Plan Report](#) and the [Annual Results](#). The [Sustainability Datasheet](#) and the Sustainability Basis of Reporting support sustainability-related disclosures across the annual reporting suite, which can be found on natwestgroup.com.

Caution about sustainability-related metrics and data

Sustainability-related metrics and data, including those used to report sustainability-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 and metrics 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) sustainability-related data. These limitations affect the accuracy and completeness of sustainability-related disclosures and the metrics used to assess sustainability-related risks and opportunities. Accordingly, users of this document are advised to read and interpret sustainability-related metrics and data with appropriate caution, taking into account the assumptions, methodologies, and data constraints outlined herein. The most critical risks include: data availability and quality, customer-level data challenges, sector and subsector data gaps, fragmented data sources, use of proxies or aggregated sector-level data and timing mismatches.

Caution about the lack of standardisation and comparability of reporting frameworks and definitions

NatWest Group recognises that while internationally-recognised frameworks, methodologies, standards and definitions are beginning to emerge, they are still developing and there is currently no commonly accepted set of standards for institutions like NatWest Group for climate and sustainability-related reporting practices to follow or align to.

For further details on the most important uncertainties, assumptions, judgements and limitations please read the sections on (i) 'Estimates of financed emissions – Data quality' on page 41, 'Financed emissions data limitations' on page 42, 'Caution about climate-related metrics and data required for climate reporting' on pages 70 to 72, and 'Cautionary statement regarding forward-looking statements' on page 74 of the [NatWest Group plc 2025 Climate Transition Plan 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](#).

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Supporting the climate transition

Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
1. Total Scope 1 and Scope 2 (tCO₂e) emissions from our operational value chain	We define the operational emissions reporting boundary as all entities and facilities either owned or under our operational control for the following: Scope 1: fuel combustion, fluorinated gas losses and owned/leased vehicles Scope 2: electricity, district heating and cooling used in NatWest Group premises (market-based and location-based) The reporting period for our emissions from our operational value chain is the 12 months ending on 30 September each year.	We estimate emissions using the Greenhouse Gas Protocol Corporate Standard and associated guidance. This includes all greenhouse gases, reported in tonnes of CO₂e. When converting activity data to carbon emissions, we use emission factors from: - UK Government 'emissions conversion factors for company reporting' (Department for Energy Security and Net Zero (DESNZ), 2025) - International Energy Agency 'IEA 2024 emissions factors' for CO₂e emissions from electricity combustion (All rights reserved; as modified by NatWest Group) - Or relevant local authorities as required. The Global Warming Potential (GWP) applied to the UK Government's 2025 Department for Energy Security and Net Zero (DESNZ) emission factors are based on the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6) over a 100-year time horizon. The GWPs applied to the 2024 International Energy Agency (IEA) emission factors are based on the Intergovernmental Panel on Climate Change (IPCC)'s Sixth Assessment Report (AR6), using a 100-year time horizon. We use third-party software to capture and record our environmental impact and to meet control framework and assurance requirements. The software automatically converts activity data to CO₂e values, attributing them to these sources through an automatic conversion module within the software. Where actual data is unavailable, we rely on estimated data sources. These estimates account for 8% of our total Scope 1 and Scope 2 operational footprint in 2025. Such sources include extrapolations for landlord properties that lack meter readings. For more information, see natwestgroup.com.	Emission outputs are reviewed by business SMEs and business lines as part of each monthly internal reporting cycle as well as additional checks for completeness during each annual reporting cycle.

Supporting the climate transition

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Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
2. Total relevant Scope 3 (tCO₂e) emissions from our operational value chain (excluding Scope 3 category 15 financed emissions)	Scope 3: Purchased goods and services (3.1), capital goods (3.2), fuel and energy related activities (3.3), upstream transportation and distribution (3.4) UK and ROI waste (3.5), business travel (3.6), commuting and work from home (3.7), downstream transportation and distribution (3.9), use of sold products (3.11), end of life treatment of sold products (3.12) and leased assets (3.13). Scope 3 categories 1 and 2 have been re-baselined due to increasing the proportion of supplier-specific information available, and applying this to previous years, in addition to reclassification of some suppliers to category 1 from 2. Categories 3, 4, 7, 9 and 11 have been re-baselined due to updates to our calculation methodologies and supporting data sources. Categories 6 and 13 have been restated due to a change in the reported boundary, namely the inclusion of hotel stays for category 6 and the inclusion of Nordisk Renting assets in category 13. In line with the NatWest Group approach to emissions re-baselines and restatements, previously reported emissions are only restated when the above factors lead to an aggregate change of ≥5% at the category level. Categories which are not relevant to NatWest Group's indirect operational emissions are upstream leased assets (3.8) which are included in Scope 2, processing of sold products (3.10) and franchises (3.14). Refer to pages 16 to 32 of this document for details of Scope 3 category 15 (financed emissions).	Categories 3.1, 3.2, and 3.4 We used a hybrid approach combining supplier-specific data, service carbon footprints, and industry averages to estimate supply chain emissions (tCO₂e/£). Where supplier-specific or service carbon footprints data was unavailable, we applied industry averages using the Centre for Environmental Data Analysis (CEDA) database. We estimated 43% of our supply chain emissions using data directly provided by our suppliers. Supplier-specific emissions Using data from CDP Supply Chain, CDP Public Disclosures, and supplier annual reports, we estimated a supplier-specific carbon intensity (tCO₂e/£) for each supplier. NatWest Group applies a cradle-to-gate approach, incorporating: - Scope 1 (direct emissions) - Scope 2 (location-based emissions) - Upstream Scope 3. These emissions are divided by supplier revenue (aligned to NatWest Group's reporting year where possible) to calculate a spend-based carbon intensity metric per supplier. Service and product carbon footprints - We applied a NatWest Group average tCO₂e/FTE to estimate emissions associated with third-party workers, selectively including supply chain emissions to reflect the nature of their activities. This was applied to the FTE-equivalent billable hours of four key suppliers for 2019 and three key suppliers for 2024 and 2025. - Additionally, for our top emitting supplier, we used a service carbon footprint, allocating emissions by service type where data was available. Where not available, we used revenue apportionment across Scope 1, Scope 2 and Scope 3 categories. - When converting paper tonnage consumption and water m³ consumption activity data to carbon emissions, we use emission factors from UK Government 'emissions conversion factors for company reporting' (Department for Energy Security & Net Zero, 2025).	The Own Operations Executive Steering Group reviews impactful data and methodology changes. Emission outputs are reviewed by business SMEs as part of each annual production cycle. This includes testing data inputs and methodologies while also ensuring all internal controls are performed. For supplier emissions, the data owner approves spend data inputs.

Supporting the climate transition

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Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
2. Total relevant Scope 3 (tCO₂e) emissions from our operational value chain (excluding Scope 3 category 15 financed emissions) (continued)	We define the emissions reporting boundary as all entities and facilities either owned or under our operational control. The reporting period for our operational carbon footprint is the 12 months ending on 30 September each year.	Industry average emissions Where supplier-specific data was unavailable, we used industry-average emissions intensities from the CEDA database: 2019: CEDA v6 (base year 2018), adjusted for inflation 2024: CEDA 2025 – 2024 emission factors (base year 2023), adjusted for inflation 2025: CEDA 2025 – 2025 emission factors (base year 2023), adjusted for inflation. CEDA applies GWPs from the IPCC’s AR5 (for v6) and AR6 (for 2025), using a 100-year time horizon. When converting paper tonnage consumption and water m³ consumption activity data to carbon emissions, we use emission factors from UK Government ‘emissions conversion factors for company reporting’ (Department for Energy Security & Net Zero, 2025). Categories 3.3, 3.5, 3.6, 3.7, 3.9, 3.11, 3.12 and 3.13 We calculate emissions for the Scope 3 categories listed using the Greenhouse Gas Protocol Corporate Standard and associated guidance, and we report all greenhouse gases in tonnes of CO₂ equivalent (tCO₂e). In 2025, we included the downstream emissions associated with Scope 3 category 13 from Nordisk Renting, a NatWest Group subsidiary that facilitates the operational lease of commercial buildings. We also reviewed 2019 and 2024 data for inclusion. When converting activity data to carbon emissions, we use emission factors from: - UK Government ‘emissions conversion factors for company reporting’ (Department for Energy Security and Net Zero, 2025) - International Energy Agency ‘IEA 2024 emissions factors’ for CO₂e emissions from electricity combustion (All rights reserved; as modified by NatWest Group) - For Scope 3 category 13 Nordisk reporting, regional emission factors were used; Finnish Energy, Swedish Government Energy Factors.	Supplier-specific data controls Supplier emissions data is based on verified Scope 1, location-based Scope 2, and upstream Scope 3 emissions, reported via CDP or supplier annual reports. NatWest Group calculates a supplier specific spend-based intensity by dividing emissions by supplier revenue. Verified supplier data is prioritised; where unavailable, NatWest Group performs additional checks on carbon intensity data to ensure quality. Reliability of Scope 1, Scope 2, and upstream Scope 3 data is assessed before inclusion, with a focus on suppliers’ category 1 and category 2 emissions reporting. Supplier intensities are checked for anomalies; if issues persist, NatWest Group reverts to industry averages.

Supporting the climate transition

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Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
3. Climate and sustainable funding and financing⁽¹⁾ (£)	The climate and sustainable funding and financing metric was used by NatWest Group to measure the level of support it provided customers through lending products and underwriting activities, to support a transition towards a net zero, climate and environmentally resilient and sustainable economy. We had a target to provide £100 billion of climate and sustainable funding and financing between 1 July 2021 and the end of 2025. As part of this, we aimed to provide at least £10 billion in lending for residential properties with EPC ratings A and B between 1 January 2023 and the end of 2025. Our climate and sustainable funding and financing inclusion (CSFFI) criteria, was used to determine the assets, activities, targets and companies that were eligible to be included towards our target. CSFFI criteria was first published in 2020 and it was reviewed to take account of required or relevant developments of the existing and/or new external standards, taxonomies and eligibility criteria. The CSFFI criteria published in March 2024 was used to determine eligibility for the period 1 January 2024 to 30 June 2025. All transactions were also subject to NatWest Group's Environmental, Social & Ethical (ESE) Risk Acceptance Criteria (now known as Environmental and Social (E&S) Risk Acceptance Criteria), details of which can be found on natwestgroup.com.	Climate and sustainable funding and financing numbers were reported on a quarterly basis. Business teams identify eligible deals as transactions that meet the CSFFI criteria. The principle of eligibility classification of transactions at their inception applied to the climate and sustainable funding and financing target. Transactions submitted towards the target may not have been monitored for continuing eligibility. Any declassification or 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 climate and sustainable funding and financing target. Eligible deals were categorised and recorded as follows: • Specific purpose wholesale lending: Specific purpose lending within the scope of the CSFFI criteria. • Residential mortgages that had an EPC rating of A or B included from 1 July 2021 for eligible mortgages where EPC information was available. Refer to page 42 of the NatWest Group plc 2025 Climate Transition Plan Report for data availability and limitations related to EPC data. • Specific purpose public bonds and private placements: Underwriting of specific use of proceeds debt capital market issuance for project expenditures, sovereign and EU green bond auctions which meet the CSFFI criteria. • Sustainability-linked loans, bonds and private placements: Includes sustainability-linked loans, bonds and private placements aligned with Loan Market Association (LMA) sustainability-linked loan principles (SLLPs) and International Capital Market Association (ICMA) sustainability-linked bond principles (SLBPs), where deal targets include specific carbon, climate or environmental-related performance indicators. • Other general purpose wholesale lending and underwriting within the CSFFI criteria: General-purpose loans and wider financing (including, but not limited to, bonds and private placements) to customers who evidenced (to NatWest Group's satisfaction through review of the issuer's or borrower's most recent annual audited financial statement, if available): • 90% or more of their revenues were in the categories and sectors outlined in the CSFFI criteria; or • 90% or more of their assets were in the categories and sectors outlined in the CSFFI criteria; or • 90% of assets under management (in the case of a fund client) were invested in, or, as evidenced by the fund strategy (as stated in the fund's prospectus or analogous document), were expected to invest in, activities outlined in the CSFFI criteria, at the time of reporting.	Attested business line submissions, with accountable process owner approval for each franchise. Quarterly sample review performed by Group Sustainability to support Finance quarterly approval. Cases requiring further consideration are reviewed at the quarterly review forum.

(1) Climate and sustainable funding and financing (as defined in the [climate and sustainable funding and financing inclusion criteria](#)) represented only a relatively small proportion of our overall funding and financing activities.

Supporting the climate transition

continued

Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
3. Climate and sustainable funding and financing⁽¹⁾ (£) (continued)	Amounts relating to NatWest Group's own Green, Social and Sustainability (GSS) bond issuances were excluded from the climate and sustainable funding and financing target. Climate and sustainable funding and financing transactions included in 2025 reporting were provided between 1 January 2025 and 30 June 2025.	Amount Reported Lending amounts represent total commitments and include any undrawn portion of committed credit limits. For underwritten deals (bonds, private placement and loans), the 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. A conservative approach to data collection was followed and amounts may have had adjustments applied (where agreed via internal governance) in some situations.	Refer to previous page.

(1) Climate and sustainable funding and financing (as defined in the [climate and sustainable funding and financing inclusion criteria](#)) represented only a relatively small proportion of our overall funding and financing activities.

Supporting the climate transition

continued

Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
4. Climate and transition finance⁽¹⁾ (£)	The climate and transition finance (CTF) metric is used by NatWest Group to measure the level of support it provides customers by providing financing and facilitation options that may help our customers to achieve their climate and/or transition ambitions. We have a target to provide £200 billion in climate finance and transition finance (as defined in the CTF framework) between 1 July 2025 and the end of 2030. The CTF framework is used to determine the assets, activities, acquisition targets and companies that are eligible to be included in this metric. The climate and transition finance framework was first published in July 2025 and it is expected to be reviewed and updated from time to time as and when NatWest Group considers necessary. These updates may be informed by internal or external triggers including, for example, developments of existing and/or new external standards, taxonomies and eligibility criteria. This framework operates alongside and is subject to all NatWest Group's existing policies and procedures, including our Environmental and Social (E&S) Risk Acceptance Criteria (previously Environmental, Social & Ethical (ESE) Risk Acceptance Criteria), details of which can be found on our natwestgroup.com. Amounts relating to NatWest Group's own Green, Social and Sustainability (GSS) bond issuances are excluded from the CTF target. Climate and transition finance transactions included in 2025 reporting were provided between 1 July 2025 and 31 December 2025.	Climate and transition finance numbers are reported on a quarterly basis. Business teams identify eligible deals as transactions that meet the climate and transition finance framework criteria (3a, 3b or 3c). The principle of eligibility classification of transactions at their inception applies to the climate and transition finance framework. Transactions submitted towards the target may not have been monitored for continuing eligibility. Any declassification or 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 climate and transition finance target. Our CTF framework eligibility is categorised and recorded as follows: • Specific purpose wholesale lending: includes dedicated purpose (i) lending meeting criteria in CTF framework Section 3a, and (ii) market-labelled lending meeting criteria in CTF framework Section 3b. • Residential mortgages that have an EPC rating of A or B included from 1 July 2025 for eligible mortgages where EPC information is available. Refer to page 42 of the NatWest Group plc 2025 Climate Transition Plan Report for data availability and limitations related to EPC data. • General purpose lending and underwriting: includes general purpose 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 Loan Market Associations (LMA's), Loan Syndications and Trading Association's (LSTA's) or Asia Pacific Loan Market Association's (APLMA) sustainability-linked loan principles (SLLPs) or International Capital Market Association (ICMA's) sustainability-linked bond principles (SLBPs) where a specific climate, nature or greenhouse gas reduction metric is not included. • Sustainability-linked loans and bonds: includes sustainability-linked loans and underwriting of bonds, loans and private placements aligned with LMA's, LSTA's or APLMA's SLLPs and ICMA SLBPs where deal targets include climate, nature or greenhouse gas reduction metrics. • Specific purpose loans, public bonds and private placements: includes underwriting of dedicated purpose (i) debt capital market issuance for project expenditures, sovereign and bond auctions meeting criteria in CTF framework Section 3a (ii) market labelled debt capital market issuance meeting criteria in CTF framework Section 3b (iii) loans meeting the CTF framework Section 3a and (iv) market labelled loans meeting criteria in CTF Section 3b. Lending sections include any vanilla and structured repurchase agreements and securitised products which meet our CTF framework criteria. Underwriting sections include any loans where we acted as an active best-efforts arranger.	Attested business line submissions, with accountable process owner approval for each franchise. Quarterly sample review performed by Group Sustainability to support Finance quarterly approval. Cases requiring further consideration are reviewed at the quarterly review forum.

(1) Climate and transition finance (as defined in the [climate and transition finance framework](#)) represents only a relatively small proportion of our overall financing and facilitation activities.

Supporting the climate transition

continued

Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
4. Climate and transition finance ⁽¹⁾ (£) (continued)	Refer to previous page.	Amount Reported Lending amounts represent total commitments and include any undrawn portion of committed credit limits. 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. For loans where we acted as an active best-efforts arranger, amounts represent the notional amount placed by NatWest Group. A conservative approach to data collection is followed and amounts may have adjustments applied (where agreed via internal governance) in some situations.	Refer to previous page.

(1) Climate and transition finance (as defined in the [climate and transition finance framework](#)) represents only a relatively small proportion of our overall financing and facilitation activities.

Supporting the climate transition

continued

Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
5. Exposure to reserve-based lending (£)	Reserve-based lending is available only when lending is secured against reserves and not for other types of oil and gas financing. In February 2023, we announced we would not provide reserve-based lending specifically for the purpose of financing oil and gas exploration, extraction and production for new customers and after 31 December 2025, we will not renew, refinance or extend existing reserve-based lending specifically for the purpose of financing oil and gas exploration, extraction and production. On 13 February 2026, we published a new E&S Energy Supply Sectors Risk Acceptance Criteria, which removed 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.	On a quarterly basis the list of customers is shared with internal sector specialists to verify it remains valid and the applicable exposures for those customers are extracted and aggregated. Exposure to these assets is reported as gross (of expected credit loss) loans and advances balance sheet values accounted at amortised cost and fair value through other comprehensive income and any related off-balance sheet amounts, typically undrawn, loan commitments and contingent obligations.	Monthly exposure reviews are carried out by business SMEs. Exposure values are generated as a subset of credit exposure reporting and reconciled to ledger and off-balance sheet.

Supporting the climate transition

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Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
6. Exposure to coal customers (£)	We aim to phase-out of coal for customers who have coal production, coal-fired generation or coal-related infrastructure globally by 1 January 2030. 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 thermal 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. Investment companies are excluded from the exposure. This is due to the dynamic nature of their portfolios, which change regularly, and the fact that they typically hold only minority-level interests. Our ongoing assessment is based on a set of guiding principles to identify thermal coal embedded within activities like transportation, storage, supply chain and value add services, while ensuring due consideration is given to external factors such as energy security. These considerations are reflected in our E&S Energy Supply Sectors Risk Acceptance Criteria.	A bottom-up exercise took place across 19 relevant Standard Industrial Classifications (SIC Codes) to identify any thermal coal activity (>£50m turnover). Where activity was identified, revenue percentages relating to thermal coal were obtained as well as client phase out commitments/plans. An annual review of identified names will be conducted, with the most recent having taken place in July 2025. We expect a reduction to the list over time as customers reach their thermal coal exit dates where they cease to generate revenue from coal-related activities. Exposure to these assets is reported as gross (of expected credit loss) loans and advances balance sheet values accounted at amortised cost and fair value through other comprehensive income and any related off-balance sheet amounts, typically undrawn loan commitments and contingent obligations.	Monthly exposure reviews are carried out by business SMEs. Exposure values are generated as a subset of credit exposure reporting and reconciled to ledger and off-balance sheet.

Supporting the climate transition

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Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
7. Heightened climate-related risk sectors (% and £)	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 horizon. A granular review of climate-related risk exposure is completed at a subsector level, reflecting the variability of subsector exposure to climate-related risk within a sector. The assessment applies two lenses which consider: Physical Risk Quantitative outputs of the Physical Risk GVA model, assessing UK businesses' exposure to both domestic and international acute and chronic physical risks. The model considers the impacts of physical risks on UK businesses, including supply chain vulnerabilities. - Physical Risk GVA model – Impact score from physical climate risk (UK and International) on UK GDP and disaggregates to Global Trade Analysis Project (GTAP) sectors – 70% weighting Dependencies on trade flows with countries facing significant physical risks, providing a more comprehensive analysis of supply chain and business vulnerabilities: - Import country impact – Country Climate Vulnerability Index weighted by sector import footprint – 15% weighting - Export country impact – Country Climate Vulnerability Index weighted by sector import footprint – 15% weighting. Transition Risk Outputs from NatWest Group's annual internal climate scenario analysis form the foundation of the methodology, complemented by external reports and most current financed emissions estimates (tCO₂/£m) at the time of assessment for each subsector. - Climate scenario is a blend of bottom-up (counterparty level) and top-down (sector level) modelling, which produces a base case (counterfactual) and stressed scenario – 50% weighting. - External reports issued by UK CCC, SBTi and Moody's considered – 20% weighting. - Financed emissions rate is calculated using emissions data over bank exposure. The rate represents the percentage of total CO₂ emissions financed by NatWest Group – 30% weighting.	Reporting method is consistent with other credit exposure reporting (including geographic, asset quality and maturity splits) as presented in the Risk and Capital Management section of the <u>NatWest Group plc 2025 Annual Report and Accounts</u>. Standard Industrial Classifications (SIC Codes) are used to determine the assets linked to a wholesale sector, while the residential mortgages portfolio is reported on a product basis. Heightened climate-related risk sector exposure is reported as gross (of expected credit loss) loans and advances balance sheet values accounted at amortised cost and fair value through comprehensive income, and in addition, related off-balance sheet amounts typically reflecting undrawn loan commitments and contingent obligations. The exposure values are also presented as a percentage of the total NatWest Group exposure on the same basis.	Key control elements for the reporting of this metric include: Commercial & Institutional Ring Fence Bank Risk Committee approve of the methodology, including physical and transition risk lenses. SME review including IFRS 9 Disclosure working group review of disclosures. Reconciliation controls to other sector disclosures, overall balances reconciled to the ledger.

Supporting the climate transition

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Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
7. Heightened climate-related risk sectors (% and £) (continued)	The liability risk assessment has been integrated into the transition risk assessment, meaning that drivers of risk for each sector are indicated as only physical or transition. The financed emissions metric is the key data point used as a proxy for liability risk, combined with expert analysis and overlay. The assessment also includes a qualitative overlay applied by Commercial & Institutional Sector Heads in collaboration with Risk. Oversight and challenge is provided by Group Sustainability. The overlay review considers the external inherent risks in our portfolio, reflecting climate-related risks not captured within the modelling process but present within the broader external subsector. Data limitations in NatWest Group's current methodology include using an averaged physical climate risk score based on a location agnostic industry SIC-code classification. However, physical climate risk is strongly linked to geographical location. NatWest Group acknowledges that climate-related data available both internally and externally is still in its early stages and is expected to mature over time. Recognising this, the heightened climate-related risk sector methodology is expected to continue to evolve and will be reviewed on an annual basis. Underlying exposures for leveraged funds and securitisations are generally diversified and, as such, we look to manage any climate-related risks at client level rather than classifying entire sectors as exposed to heightened climate-related risk. In addition, securitisations are primarily managed as an asset class by NatWest Group, rather than as sector frameworks. As a result, leveraged fund and securitisations were excluded from our assessment.	Heightened climate-related risk sector exposure is reported as gross (of expected credit loss) loans and advances balance sheet values accounted at amortised cost and fair value through comprehensive income, and in addition, related off-balance sheet amounts typically reflecting undrawn loan commitments and contingent obligations. The exposure values are also presented as a percentage of the total NatWest Group exposure on the same basis. The exposure reflects all lending to customers in these sectors and subsectors, including climate and sustainable funding and financing as well as climate and transition finance.	Validation to other existing disclosures. Senior Manager sign off. The disclosure is produced from data which supports audited IFRS 9 disclosures supported by the Risk and Control Self-Assessment (RCSA) process and controls.

Supporting the climate transition

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Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
8. Energy efficiency of the UK residential mortgage portfolio – Energy Performance Certificate (EPC) rating (% and £)	Percentage of EPC C or better rated homes in our UK Retail and Private Banking residential mortgage portfolio, where EPC ratings are available, based on outstanding mortgage balances. An EPC is required when a building is constructed, sold or let, and is valid for 10 years. As a result, the EPC analysis is based on EPC data at the time it was last available. New certificates typically take three to six months to be included in the data source.	EPC data is sourced from the Energy Performance of Buildings for England and Wales published by the Ministry of Housing, Communities and Local Government's open data source. The data is drawn from EPCs issued for domestic and non-domestic buildings constructed, sold or let since 2008. It provides information on the energy efficiency ratings of domestic and non-domestic buildings during the energy assessment process. The registers do not hold data for every domestic and non-domestic building, or every building occupied by public authorities in England and Wales. For mortgages on properties in Scotland, we source EPC data from the Public Available Data site of the Energy Saving Trust, published by the Scottish Government. This data is updated quarterly and contains energy certificates from the start of 2013. EPC data for our Northern Ireland mortgage portfolio is sourced from the Northern Ireland Department of Finance. The outstanding mortgage balance used for EPC calculation is obtained by account level matching to financial reporting source systems.	Business SME review and approval. Production review and approval ensuring adequate internal controls have been performed.

Supporting the climate transition

continued

Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
9. Retail Banking Green Mortgage product completion value (£)	Value in GBP of gross new drawn lending, inclusive of arrangement fees, within the calendar year associated with the Retail Banking Green Mortgage product definition. The product offers lower interest rates for customers purchasing or re-mortgaging homes with a valid EPC rating of A or B at the time of completion, or for newly built properties.	Product codes are used to identify the Green Mortgage Product in financial reporting source systems.	Business SME review and approval. Production review and approval ensuring adequate internal controls have been performed.
10. Flood risk profile of the UK residential mortgage portfolio (%)	Flood risk scores for properties are provided by our third-party vendor, Haskoning, on a scale of 0 to 100, where higher scores indicate greater flood risk based on combined average annual losses (£). For reporting purposes: - High risk: properties with a score of 60 or above - Very high risk: properties with a score greater than 80.	Flood risk is analysed using Haskoning scores (0–100). Mortgage account data is extracted with outstanding balance, region, and lending type, and validated for completeness. Outstanding balances are aggregated by UK region, and the proportion of high and very high flood risk is calculated as the outstanding balance meeting the threshold divided by the total outstanding balances in the Retail and Private Banking mortgage lending portfolios across all UK regions.	Business SME review and approval. Production review and approval ensuring adequate internal controls have been performed.

Supporting the climate transition

Financed emissions estimates overview

Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
11. Scope 3 category 15 financed emissions (CO₂e) and physical intensities (CO₂e/activity unit)	Financing activity in this section refers to the on-balance sheet loans and investments (debt securities and equity shares) accounted for at amortised cost and Fair Value through Other Comprehensive Income (FVOCI) on NatWest Group's balance sheet. NatWest Group uses estimates of financed emissions and emissions intensities as key metrics to estimate the climate impact of its financing activity and to monitor progress against our climate transition plan. Estimates of financed emissions are disclosed in million tonnes of carbon dioxide equivalent per year and reflect the impact of NatWest Group's lending and investment in economic activity e.g. production of goods and services, and related emissions. The NatWest Group plc 2025 Climate Transition Plan Report presents financed emissions estimates by sector for our total balance sheet. Refer to page 39 of the NatWest Group plc 2025 Climate Transition Plan Report for a reconciliation of the NatWest Group balance sheet showing on-balance sheet loans and investments that are within the scope of financed emissions modelling. Estimates of financed emissions for five sectors (c.59% of balance sheet) and nine portfolio-level activity-based physical intensity (PI) metrics have been included within the scope of EY's limited assurance. Full sectors subject to assurance of estimated financed emissions: - Power utilities (customer Scope 1 and Scope 2) - Oil and gas (customer Scope 1, Scope 2 and Scope 3) - Residential mortgages (customer Scope 1 and Scope 2) - Commercial real estate (customer Scope 1 and Scope 2) - Agriculture (customer Scope 1 and Scope 2).	Financed emissions and emissions intensities are currently estimated on an annual basis for the total balance sheet. The reporting period is currently one year in arrears of fiscal year end reporting to allow time for adequate review and emissions data maturity. For our 2024 and re-baselined 2023 year-end financed emissions model runs, we have used the most up-to-date data available at the time of our data cut-off date (31 July 2025 for 2024, and 31 July 2024 for 2023). Where year-end data has become available after these cut-off dates, it has not been used in financed emissions modelling. Setting a cut-off date is necessary to support the orderly and controlled production of year-end financed emissions estimates. To estimate financed emissions and emissions intensities, data inputs are considered at a customer, project or asset level as appropriate. Notes on methodology updates For the purpose of setting NatWest Group's new portfolio-level activity-based targets, methodology and data changes to the estimation of financed emissions and physical intensity metrics have been implemented. These have also been incorporated into our re-baselined 31 December 2023 estimates. Key changes include: - A new reporting sector taxonomy has been implemented that aligns with the taxonomy used in NatWest Group's financial reporting of sectors. The change in mapping has impacted some of the cohort groups used in PCAF 5 estimation. Sector taxonomies are used to aggregate and report data with common economic activity themes. - Updates to revenue intensity data used in our PCAF 4 estimation models. In particular: - The Exiobase dataset used in the agriculture sector has been updated from the 2011 version to the 2020 version (see page 28 for more detail). - Improvement in the mapping process used to define reference population for SIC code level revenue intensity estimation. - Introduction of PCAF aligned asset-based modelling for vehicles (passenger road and freight road) and aircraft. Assets modelled in this way make up c.1% of our total in-scope ledger balance: - Wheeled vehicle modelling: emissions estimation based on the fuel efficiency and fuel type of each vehicle, and the calculation of an activity metric to use for the estimation of physical intensity. - Aircraft modelling: emissions estimation based on the activity of the aircraft financed, and the transformation of the flight distance of the aircraft into an activity metric to use for the estimation of physical intensity.	Estimated financed emissions and emissions intensity model outputs are reviewed by business SMEs and business lines as part of each annual production cycle. This includes performing multiple dry-runs to test data inputs, modelling methodologies and ensuring all internal controls have been performed. Model outputs are subject to outlier testing. Borrower or account level adjustments to model outputs may be required in limited circumstances, such as adjusting for outliers, sector nuances or general accuracy remediation; these adjustments are subject to control and governance processes.

Supporting the climate transition

Financed emissions estimates overview continued

Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
11. Scope 3 category 15 financed emissions (CO₂e) and physical intensities (CO₂e/activity unit) (continued)	Physical intensity metrics subject to assurance: - Residential mortgages (kgCO₂e/m²) - Secured commercial real estate (kgCO₂e/m²) - Agriculture - primary farming (tCO₂e/t fresh weight) - Oil and gas production (tCO₂e/TJ) - Electricity generation (kgCO₂e/MWh) - Manufacture of automobiles (gCO₂e/p-km) - New: Aircraft operators and lessors (tCO₂e/Mn RTK) - New: Freight road - vehicle operation and leasing (gCO₂e/t-km) - New: Passenger road - vehicle operation and leasing (gCO₂e/p-km). On page 45 of the NatWest Group plc 2025 Climate Transition Plan Report, we have provided new guidance on our approach to emissions re-baselines and restatements. Methodology and data updates implemented during the year have led to the re-baselining of our previously disclosed 31 December 2023 financed emissions estimates and pre-existing physical intensity metrics. EY's assurance activities this year, as described above, cover estimates of financed emissions and physical intensity metrics at 31 December 2023 and 31 December 2024.	- Updates to the way we estimate emissions for domestic and non-domestic EPC modelling (also see pages 26 and 27 for additional detail): - Improve the application of the electricity grid intensity adjustment, restricting the application to customer Scope 2 estimation only and ensuring emissions reflect the grid intensity in the reporting year compared with the intensity from the EPC. - Remove customer Scope 3 elements relating to the supply and distribution of energy and fuel, from customer Scope 1 and Scope 2 estimates. - Adding additional emissions estimates relating to cooking and appliances (residential mortgages), and computers, catering and other commercial activities (commercial real estate – secured) as these were not covered by EPC modelling. Attribution factor The PCAF Standard requires a financial institution's share of borrower or investee's emissions to be proportional to the borrower's or investee's total (company, project or asset) value. This proportionality may be assessed at the customer group level (rather than specific borrower) where appropriate. This apportionment (attribution) is calculated by: - Determining the share of the outstanding amount of loans and investments by NatWest Group over the total equity and debt of the borrower or investee company; or - For listed companies, where known and as set out in the PCAF Standard, we use Enterprise Value Including Cash (EVIC) in place of total equity and debt. - The attribution factor for residential mortgage and commercial real estate (secured) modelling is based on our lending as a proportion of the properties value at loan origination. - For asset-based modelling (passenger road, freight road and aircraft), attribution factor is based on the asset's outstanding balance as a proportion of the value of the asset at loan origination where available, otherwise current asset value is used. Estimation of physical intensity To calculate physical emissions intensity, attributable emissions are divided by the attributable physical output unit which is estimated by applying the attribution factor to customer or asset activity data (where available) or production proxies such as an average production-to-revenue factor for customers with similar operations in the sector. Physical emissions intensity methodologies are detailed on pages 24 to 32 of this document. Economic emissions intensities Refers to financed emissions per pound of lending or investment. This metric assumes that the marginal impact of a pound lent or invested for that sector does not depend on existing financing in the sector. In other words, each additional or marginal pound of lending or investment to a customer in that sector, results in the same additional or marginal increase in activity and thus emissions in the real economy.	Data inputs are signed off for use by each data owner, with further checks including input and output reconciliation of NatWest Group balance sheet data before and after each model run. All financed emissions models must meet NatWest Group's minimum model risk policy requirements, including an assessment of materiality and independent validation across various model dimensions. Unlike other risk estimation models, there is a lack of external benchmarking options available for estimating financed emissions. As a result, underlying uncertainties remain, recognising that financed emissions modelling is evolving and is a developing field.

Supporting the climate transition

Financed emissions estimates overview continued

Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls									
11. Scope 3 category 15 financed emissions (CO ₂ e) and physical intensities (CO ₂ e/activity unit) (continued)	Further note on exclusions and inclusions We have estimated customer Scope 1 and Scope 2 financed emissions from loans and investments from the NatWest Group balance sheet. There are certain product exclusions where emissions cannot currently be adequately estimated, primarily due to lack of granular data and developed measurement methodologies. These include personal credit cards, personal unsecured loans and very short-term lending or investments such as nostro arrangements. Since 2023, based on prescribed PCAF methodologies and data sourcing, we have been estimating emissions for our sovereign loans and investments. These balances can vary significantly from period to period 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 the headline estimated financed emissions total stated in our NatWest Group plc 2025 Climate Transition Plan Report . NatWest Group elected to include finance lease receivables within the scope of its Scope 3 category 15 financed emissions estimation, rather than Scope 3 category 13 downstream leased assets. Due to varying market practices, NatWest Group's interpretation is based on the treatment of leases for emission estimation and how the leasing book is managed internally. Consequently, estimated financed emissions are calculated in accordance with the methodology set out within the PCAF Standard for financed emissions. As at 31 December 2024, the lending book relating to finance leases to customers was £2.0 billion. Finance lease contracts are those which transfer substantially all the risk and rewards of an asset to a customer.	In line with the PCAF Standard, a combination of methodologies has been used to estimate emissions. The below table describes NatWest Group's general approach to PCAF scoring and alignment.	Impactful data and methodology changes are reviewed and approved in line with appropriate governance.									
	<table><tr><th>Score</th><th>Methodology</th></tr><tr><td>1 or 2</td><td>Where available, customers' published financed emissions are used to estimate NatWest Group's financed emissions. These are sourced from third parties who have processes in place to gather and validate this data. A data quality score of 1 represents the use of customers' reports with emissions data verified by a third-party auditor. A score of 2 represents use of data from customers' reports without third-party verification. Based on our current vendor-provided data, NatWest Group is unable to make a distinction between PCAF 1 and 2 data, hence for the calculation of weighted average sector scores we assume all data is PCAF 2. For financed aircraft assets, a PCAF 2 score is applied where actual distance travelled information is available.</td></tr><tr><td>3</td><td>For project finance lending within the electricity generation sector, where 'known' company emissions data is not available (PCAF 1 or 2), we estimate emissions using known (or estimated) production data and technology-specific production emissions factors. For the residential mortgages and commercial real estate sectors, we use EPC certificates as the basis to estimate emissions. For asset-based modelling, we use vehicle or aircraft specific emissions intensities with average activity information to estimate emissions.</td></tr><tr><td>4</td><td>Where published financed emissions are not available, we use: - Third-party customer revenue emissions estimates, subject to output control checks. These approaches must meet the minimum model risk policy requirements (as outlined in adjacent internal reporting and controls). - Customer revenue data to estimate emissions based on a Standard Industry Classification (SIC) average revenue intensity factor. This method assumes that the characteristics of all customers within a SIC code are the same. - For asset-based lending, we use average vehicle emission intensities and average vehicle activity to estimate emissions. - FSAL (farmer financial statements and farm output) data is used to inform revenue-based emissions estimates in the agriculture sector. </td></tr><tr><td>5</td><td>Where externally published emissions, validated estimated emissions or other data is not available, emissions are estimated based on the emissions for other customers in the sector/subsector/cohort, assuming that the emissions profile for customers for which data is not available, is materially comparable to the rest of the customers within the same sector/subsector/cohort. We use National Energy Efficiency Data (NEED) and UK Government conversion factors in our secured commercial real estate PCAF 5 estimation. For asset-based lending, we use average vehicle emission intensities and average vehicle activity to estimate emissions.</td></tr></table>	Score		Methodology	1 or 2	Where available, customers' published financed emissions are used to estimate NatWest Group's financed emissions. These are sourced from third parties who have processes in place to gather and validate this data. A data quality score of 1 represents the use of customers' reports with emissions data verified by a third-party auditor. A score of 2 represents use of data from customers' reports without third-party verification. Based on our current vendor-provided data, NatWest Group is unable to make a distinction between PCAF 1 and 2 data, hence for the calculation of weighted average sector scores we assume all data is PCAF 2. For financed aircraft assets, a PCAF 2 score is applied where actual distance travelled information is available.	3	For project finance lending within the electricity generation sector, where 'known' company emissions data is not available (PCAF 1 or 2), we estimate emissions using known (or estimated) production data and technology-specific production emissions factors. For the residential mortgages and commercial real estate sectors, we use EPC certificates as the basis to estimate emissions. For asset-based modelling, we use vehicle or aircraft specific emissions intensities with average activity information to estimate emissions.	4	Where published financed emissions are not available, we use: - Third-party customer revenue emissions estimates, subject to output control checks. These approaches must meet the minimum model risk policy requirements (as outlined in adjacent internal reporting and controls). - Customer revenue data to estimate emissions based on a Standard Industry Classification (SIC) average revenue intensity factor. This method assumes that the characteristics of all customers within a SIC code are the same. - For asset-based lending, we use average vehicle emission intensities and average vehicle activity to estimate emissions. - FSAL (farmer financial statements and farm output) data is used to inform revenue-based emissions estimates in the agriculture sector.	5	Where externally published emissions, validated estimated emissions or other data is not available, emissions are estimated based on the emissions for other customers in the sector/subsector/cohort, assuming that the emissions profile for customers for which data is not available, is materially comparable to the rest of the customers within the same sector/subsector/cohort. We use National Energy Efficiency Data (NEED) and UK Government conversion factors in our secured commercial real estate PCAF 5 estimation. For asset-based lending, we use average vehicle emission intensities and average vehicle activity to estimate emissions.
	Score	Methodology										
	1 or 2	Where available, customers' published financed emissions are used to estimate NatWest Group's financed emissions. These are sourced from third parties who have processes in place to gather and validate this data. A data quality score of 1 represents the use of customers' reports with emissions data verified by a third-party auditor. A score of 2 represents use of data from customers' reports without third-party verification. Based on our current vendor-provided data, NatWest Group is unable to make a distinction between PCAF 1 and 2 data, hence for the calculation of weighted average sector scores we assume all data is PCAF 2. For financed aircraft assets, a PCAF 2 score is applied where actual distance travelled information is available.										
	3	For project finance lending within the electricity generation sector, where 'known' company emissions data is not available (PCAF 1 or 2), we estimate emissions using known (or estimated) production data and technology-specific production emissions factors. For the residential mortgages and commercial real estate sectors, we use EPC certificates as the basis to estimate emissions. For asset-based modelling, we use vehicle or aircraft specific emissions intensities with average activity information to estimate emissions.										
4	Where published financed emissions are not available, we use: - Third-party customer revenue emissions estimates, subject to output control checks. These approaches must meet the minimum model risk policy requirements (as outlined in adjacent internal reporting and controls). - Customer revenue data to estimate emissions based on a Standard Industry Classification (SIC) average revenue intensity factor. This method assumes that the characteristics of all customers within a SIC code are the same. - For asset-based lending, we use average vehicle emission intensities and average vehicle activity to estimate emissions. - FSAL (farmer financial statements and farm output) data is used to inform revenue-based emissions estimates in the agriculture sector.											
5	Where externally published emissions, validated estimated emissions or other data is not available, emissions are estimated based on the emissions for other customers in the sector/subsector/cohort, assuming that the emissions profile for customers for which data is not available, is materially comparable to the rest of the customers within the same sector/subsector/cohort. We use National Energy Efficiency Data (NEED) and UK Government conversion factors in our secured commercial real estate PCAF 5 estimation. For asset-based lending, we use average vehicle emission intensities and average vehicle activity to estimate emissions.											

Supporting the climate transition

Financed emissions estimates overview continued

Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
11. Scope 3 category 15 financed emissions (CO₂e) and physical intensities (CO₂e/activity unit) (continued)	Refer to previous page.	PCAF data quality scores can be different for customer Scope 1, Scope 2 and Scope 3 emissions depending on the approach taken to source or estimate each. Within PCAF Score disclosures, where the Scope 1 or Scope 2 PCAF score differs for a given customer, we use the ‘worst’ (i.e. numerically highest score) when calculating a weighted average score. Scope 3 PCAF scores are disclosed separately in line with PCAF guidance.	Refer to previous page.

Supporting the climate transition

Financed emissions estimates overview continued

Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
11. Scope 3 category 15 financed emissions (CO₂e) and physical intensities (CO₂e/activity unit) (continued)	Estimates of Scope 3 financed emissions In line with PCAF guidance, we continue to work towards full disclosure of our customers' Scope 3 emissions estimates; currently customer Scope 3 estimates are presented for our oil and gas, land transport and logistics, automotive and, airline and aerospace sectors. These sectors have been chosen for disclosure based on the quality of data available and the use of estimated customer Scope 3 emissions in these sectors for our new portfolio-level activity-based targets. We continue to review Scope 3 estimation methodologies and the availability of appropriate data to support the further expansion of customer Scope 3 reporting in future periods. We acknowledge the limitations of reporting this data, as outlined on page 42 of the NatWest Group plc 2025 Climate Transition Plan Report. Estimating potential financial emissions from off-balance sheet exposures During 2025, we have begun estimating potential attributable customer Scope 1 and Scope 2 emissions that may arise from the use of undrawn committed credit limits (typically undrawn revolving credit facilities) or contingent obligations. Our estimation methodology for these potential emissions aligns with the approach outlined in the updated PCAF Standard published in December 2025. The same exclusions that apply to our on-balance sheet modelling also apply to our off-balance sheet modelling, and we additionally exclude any committed undrawn exposure relating to residential mortgages. Full realisation of these potential emissions is highly unlikely since it is unlikely that all of our customers would use all undrawn credit limits at the same time, as such off-balance sheet estimates are a theoretical maximum.	Important modelling assumptions As part of the estimation of emissions and emissions intensities, certain logical assumptions and approaches have been built into the measurement methodology, such as: - Where a customer's total debt cannot be sourced or is less than our loan or investment amount to the customer, it is assumed that the total debt is at least equal to the customer's loan or investment amount with NatWest Group. - Where a customer's total equity is negative (i.e. it is insolvent), then total equity is set equal to zero in order to avoid the possibility of a negative attribution factor (and emissions). - Where sourced financial data is from a period prior to the modelling date, the financial values are inflated based on the change to the Consumer Price Index (including owner occupier housing costs 'CPIH') relative to the date of the financials. The inherent risk in this assumption is that the financials of a specific company may not have changed at a rate equal to inflation. - Where financial information is sourced in a currency other than GBP, these are converted to GBP at the applicable year-end spot rates. - In situations where we are unable to source financial or emissions data for a customer, where appropriate, we try to obtain and utilise financials and emissions data from the customer's parent entity. - In order to estimate emissions produced, purchased carbon offsets are not taken into consideration as part of our emissions and emissions intensities measurement. Sequestration via our land use, land-use change, and forestry (LULUCF) sector is modelled in line with available methodologies.	Refer to pages 16 to 18.

Supporting the climate transition

Financed emissions estimates overview continued

Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls										
11. Scope 3 category 15 financed emissions (CO ₂ e) and physical intensities (CO ₂ e/activity unit) (continued)	Sector boundaries The perimeter of individual sectors is generally set by aligning Standard Industrial Classification (SIC) codes to sector groupings. The residential mortgage portfolio and secured commercial real estate population are further defined by way of product and secured property data.	The table below summarises the various collaborations and guidance NatWest Group has used to develop methodologies for estimating financed emissions:	Refer to pages 16 to 18										
	Limitations There are various data limitation challenges associated with the estimation of financed emissions due to the lack of available, accurate, reliable, auditable, consistent and comparable counterparty data. For further details, refer to ‘Estimates of financed emissions – Data quality’ on page 41, ‘Financed emissions data limitations’ on page 42, ‘Caution about climate-related metrics and data required for climate reporting’ on page 70 to 72, and ‘Cautionary statement regarding forward-looking statements’ on page 74 of the NatWest Group plc 2025 Climate Transition Plan Report .												
		<table><tr><th>Organisation</th><th>Use in NatWest Group methodology</th></tr><tr><td>Partnership for Carbon Accounting Financials (PCAF)</td><td>Where available, NatWest Group uses methodologies, data quality approaches and disclosure principles from the latest editions of the PCAF Standard for Financed Emissions and PCAF Standard for Facilitated Emissions. More detail on NatWest Group’s adoption of the PCAF Standard for Facilitated Emissions can be found on pages 43 and 44 in the NatWest Group plc 2025 Climate Transition Plan Report.</td></tr><tr><td>UK Committee on Climate Change (UK CCC)</td><td>The UK CCC published the Seventh Carbon Budget Report, the UK’s path to net zero, in February 2025. As a largely UK-focused bank, we selected the UK CCC ‘Balanced net zero’ pathway to determine emission reductions required by 2030, where possible. In developing our climate transition plan, we have used the UK CCC ‘Progress in reducing emissions: 2025 Report to Parliament’ as the basis of assessing the credibility of government policies to meet the BNZ pathway for the UK as a whole and for economic sectors.</td></tr><tr><td>United Nations Environment Programme, Finance Initiative (UNEP FI)</td><td>We have used the UNEP FI guidance for climate target setting to develop our new activity targets. The guidance outlines key principles for setting credible, robust, impactful and ambitious targets that will support an ambition to achieve net-zero.</td></tr><tr><td>Pegasus Guidelines for the Aviation Sector</td><td>We have used the Pegasus Guidelines to inform the aviation target setting and net zero decarbonisation pathway relevant to aviation.</td></tr></table>		Organisation	Use in NatWest Group methodology	Partnership for Carbon Accounting Financials (PCAF)	Where available, NatWest Group uses methodologies, data quality approaches and disclosure principles from the latest editions of the PCAF Standard for Financed Emissions and PCAF Standard for Facilitated Emissions. More detail on NatWest Group’s adoption of the PCAF Standard for Facilitated Emissions can be found on pages 43 and 44 in the NatWest Group plc 2025 Climate Transition Plan Report .	UK Committee on Climate Change (UK CCC)	The UK CCC published the Seventh Carbon Budget Report, the UK’s path to net zero, in February 2025. As a largely UK-focused bank, we selected the UK CCC ‘Balanced net zero’ pathway to determine emission reductions required by 2030, where possible. In developing our climate transition plan, we have used the UK CCC ‘ Progress in reducing emissions: 2025 Report to Parliament ’ as the basis of assessing the credibility of government policies to meet the BNZ pathway for the UK as a whole and for economic sectors.	United Nations Environment Programme, Finance Initiative (UNEP FI)	We have used the UNEP FI guidance for climate target setting to develop our new activity targets. The guidance outlines key principles for setting credible, robust, impactful and ambitious targets that will support an ambition to achieve net-zero.	Pegasus Guidelines for the Aviation Sector	We have used the Pegasus Guidelines to inform the aviation target setting and net zero decarbonisation pathway relevant to aviation.
	Organisation	Use in NatWest Group methodology											
	Partnership for Carbon Accounting Financials (PCAF)	Where available, NatWest Group uses methodologies, data quality approaches and disclosure principles from the latest editions of the PCAF Standard for Financed Emissions and PCAF Standard for Facilitated Emissions. More detail on NatWest Group’s adoption of the PCAF Standard for Facilitated Emissions can be found on pages 43 and 44 in the NatWest Group plc 2025 Climate Transition Plan Report .											
UK Committee on Climate Change (UK CCC)	The UK CCC published the Seventh Carbon Budget Report, the UK’s path to net zero, in February 2025. As a largely UK-focused bank, we selected the UK CCC ‘Balanced net zero’ pathway to determine emission reductions required by 2030, where possible. In developing our climate transition plan, we have used the UK CCC ‘ Progress in reducing emissions: 2025 Report to Parliament ’ as the basis of assessing the credibility of government policies to meet the BNZ pathway for the UK as a whole and for economic sectors.												
United Nations Environment Programme, Finance Initiative (UNEP FI)	We have used the UNEP FI guidance for climate target setting to develop our new activity targets. The guidance outlines key principles for setting credible, robust, impactful and ambitious targets that will support an ambition to achieve net-zero.												
Pegasus Guidelines for the Aviation Sector	We have used the Pegasus Guidelines to inform the aviation target setting and net zero decarbonisation pathway relevant to aviation.												
Further detail of our approach to estimating financed emissions and physical intensities by assured sector can be found on pages 24 to 32 .													

Supporting the climate transition

Target activity scenario selection

NatWest Group selects the most suitable decarbonisation scenario for each target activity to support robust target-setting. We use the UK Government's decarbonisation pathways as the primary foundation for climate transition planning. For UK-focused activities, we apply the [UK Climate Change Committee's \(UK CCC\) Seventh Carbon Budget Report](#) (published February 2025) wherever appropriate.

Where the UK CCC's data being used to define an activity-based physical intensity is not sufficient or suitable for our portfolio an alternative scenario pathway is applied. In the case of oil and gas production and aircraft operators and lessors the NatWest Group lending is distributed globally making a global decarbonisation pathway a more suitable selection for these targets. For agriculture – primary farming, as the UK CCC's data was not sufficient to define an activity-based physical intensity pathway, a commodity-specific scenario was selected instead to establish an appropriate intensity trajectory.

For each activity, we combine the selected scenario with the portfolio's baseline intensity to derive a 2030 interim target using the SBTi 'standard convergence' approach. This method anchors long-term alignment with a net-zero pathway by 2050, while determining the required 2030 reduction relative to baseline. The approach requires that higher-intensity portfolios achieve steeper year-on-year emission intensity reductions than lower-intensity peers, converging toward the scenario's 2050 net-zero endpoint.

Portfolio-level activity	Target boundary	Scenario	Scenario selection criteria	Key scenario assumption
Electricity generation	Electricity generation project finance and general lending	UK CCC BNZ ⁽¹⁾	This scenario reflects the UK's electricity generation emissions intensity being lower than the global electricity generation average currently. Most overseas lending has intensity similar to the UK.	Continued implementation of renewable energy generation capacity into the UK electricity grid.
Oil and gas production	Oil and gas producers (incl. integrated)	IEA Net Zero Emissions ⁽²⁾	The global focus of this reflects the geographic distribution of NatWest Group lending to this activity. Scenario data includes the emissions associated with the use of the produced fossil fuels, which has a significant contribution to the physical intensity of the activity.	Emissions intensity reduction driven by improved extraction efficiency including the electrification of production activities, as well as production balance shifting from oil to gas.
Residential mortgages	All residential mortgages	UK CCC BNZ	Residential mortgage lending is UK-focused, and the UK CCC is the most appropriate decarbonisation scenario for this activity.	Majority of the decarbonisation is from a rapid uptake of heat pumps for domestic heating.
Secured commercial real estate	All secured commercial real estate lending	UK CCC BNZ	Secured commercial real estate lending is UK-focused and consists of a blend of domestic and non-domestic properties. A combination of the UK CCC domestic and non-domestic pathways are applied.	For domestic and non-domestic properties, a rapid increase in heat pump uptake is assumed as well as continued energy efficiency improvements.
Agriculture – primary farming	Primary farming customers only (cattle/non-cattle farming)	SBTi Forestry, Land and Agriculture ⁽³⁾	This scenario provided emissions intensity time series data for different farming commodities, which enables a physical intensity forecast.	Improvements to energy efficiency of activities on the farm are assumed to continue. This pathway does not assume emissions changes caused by decreased meat and dairy consumption.
Manufacture of automobiles	Lending to manufacturers of whole vehicles (light, medium and heavy-duty road vehicles)	UK CCC BNZ	This scenario is representative of the decarbonisation status of the activity in our lending geographies. The UK CCC provides more granular data than alternative scenarios such as a time series for car/van/HGV sales, emissions per km and vehicle km, which is required to produce the required pathway.	Continued increase in electric vehicle uptake is assumed, which occurs earlier in the scenario for light duty vehicles with electrification of heavy-duty vehicles to follow.
Aircraft operators and lessors	Whole aircraft financing plus aircraft operator and lessor general lending	Mission Possible Partnership Prudent ⁽⁴⁾	Aviation exposure is distributed globally, a global scenario was most appropriate. The Mission Possible Partnership Prudent scenario is recommended by The Pegasus Guidelines.	Relies on rapid increase in the uptake and production of sustainable aviation fuels.
Freight road - vehicle operation and leasing	All asset-based lending for heavy freight vehicles and general lending to road freight operators and lessors	UK CCC BNZ	Road freight lending is UK-focused, and the UK CCC is the most appropriate decarbonisation scenario for this activity.	The scenario assumes that heavy vehicles will be electrified representing the majority of the new heavy vehicle market in later years of the scenario.
Passenger road - vehicle operation and leasing	Bus, coach, taxi and automotive rental exposures	UK CCC BNZ	Passenger road lending is UK-focused, and the UK CCC is the most appropriate decarbonisation scenario for this activity.	The key assumption supporting decarbonisation is the continued increase in electric vehicle uptake.

(1) UK Climate Change Committee's Balanced Net Zero scenario.

(2) The International Energy Agency Net Zero Emissions scenario from the Net Zero Roadmap 2023 report.

(3) Science Based Targets Initiative Forestry, Land and Agriculture scenario from 2023.

(4) Mission Possible Partnership Prudent scenario from 2022.

Supporting the climate transition

Target activity scenario selection

For each target activity a baseline measurement is calculated for the physical intensity metric. The boundary of emissions included in each physical intensity is described below. While calculating each physical intensity, some exclusions are applied where suitable data for the calculation is not available. The exclusions for each metric are described in [pages 24 to 32](#).

Scope 3 category 15: Customer Scope 3 inclusion is limited to focus on the core emissions relating to the targeted activity and to account for varying corporate operating structures such as franchising and asset leasing.

leasing.

						2023 baseline		
Target activity	Activity emissions boundary	Scope of customer emissions			In-scope sectors	Statutory ledger balance for target (€bn)	Financed emissions for target (MtCO ₂ e)	Physical intensity / unit
		1	2	3				
Electricity generation	Direct and purchased energy	✓	✓		Electricity generation	4.3	0.3	44.5 kgCO ₂ e/MWh ⁽⁴⁾
Oil and gas production	Direct; purchased energy and use of sold products	✓	✓	✓ ⁽¹⁾	Oil and gas	0.2	0.8	69.8 tCO ₂ e/TJ ⁽⁵⁾
Residential mortgages	Whole building emissions	✓	✓	✓ ⁽²⁾	Residential mortgages	208.4	2.5	33.9 kgCO ₂ e/m ² ⁽⁶⁾
Secured commercial real estate	Whole building emissions	✓	✓	✓ ⁽²⁾	Commercial real estate	13.6	0.2	42.7 kgCO ₂ e/m ² ⁽⁶⁾
Agriculture – primary farming	Direct and purchased energy emissions	✓	✓		Agriculture	3.6	3.5	1.1 tCO ₂ e/t fresh weight ⁽⁷⁾
Manufacturing of automobiles	Lifetime tailpipe emissions and direct manufacturing emissions	✓	✓	✓ ⁽¹⁾	Automotive	0.8	0.8	188.8 gCO ₂ e/v-km ⁽⁸⁾
Aircraft operators and lessors	Upstream fuel and aviation fuel use emissions	✓	✓	✓ ⁽³⁾	Aviation	1.2	0.8	
					Land transport and logistics	0.6	0.3	936.0 tCO ₂ e/Mn RTK ⁽⁹⁾
					Other	0.3	0.2	
Freight road – vehicle operation and leasing	Tailpipe and purchased energy emissions	✓	✓	✓ ⁽²⁾	Land transport and logistics	1.5	0.4	
					Building materials	0.0	0.0	
					Construction	0.0	0.0	83.4 gCO ₂ e/t-km ⁽¹⁰⁾
					Retail	0.1	0.0	
					Water and waste	0.0	0.0	
Passenger road – vehicle operation and leasing	Tailpipe and purchased energy emissions	✓	✓	✓ ⁽²⁾	Automotive	2.2	0.2	
					Land transport and logistics	0.8	0.3	102.4 gCO ₂ e/p-km ⁽¹¹⁾
Total						237.6	10.4	

(1) Use of sold products emissions only.

(2) Downstream leased assets emissions only.

(3) Downstream leased assets and upstream fuel only.

(4) kgCO₂e/MWh is kilograms of carbon dioxide equivalent for the operation of a 1-megawatt power plant for one hour, as financed by NatWest Group.

(5) tCO₂e/TJ is tonnes of carbon dioxide equivalent per terajoule of energy extracted as a result of financing by NatWest Group.

(6) kgCO₂e/m² is kilograms of carbon dioxide equivalent per square metre of financed floor space.

(7) tCO₂e/tonnes fresh weight produced is tonnes of carbon dioxide equivalent for each tonne produced as a result of NatWest Group primary farming financing.

(8) gCO₂e/v-km is grams of carbon dioxide equivalent per kilometre travelled over the lifetime of the vehicles manufactured by NatWest Group financed manufacturers.

(9) tCO₂e/MnRTK tonnes of carbon dioxide equivalent per million revenue tonne kilometres.

(10) gCO₂e/t-km is grams of carbon dioxide equivalent per kilometre which one tonne of freight financed by NatWest Group travels.

(11) gCO₂e/p-km is grams of carbon dioxide equivalent per kilometre travelled by one passenger, based on the travel activity financed by NatWest Group.

Supporting the climate transition

Financed emissions estimates by sector and portfolio-level activity

Metric and unit of reporting	Method	
	Financed emissions	Physical intensity
11. Scope 3 category 15 financed emissions (MtCO ₂ e/year) (a) Power utilities sector (CO ₂ e) and electricity generation physical intensity (kgCO ₂ e/MWh)	The power utilities sector comprises customers who have a primary activity of either electricity generation or transmission and distribution. Electricity generation lending is further categorised as either project finance or general lending. Estimation of customer Scope 1 and Scope 2 financed emissions for transmission and distribution as well as electricity generation general lending customers follows the generic PCAF principles outlined on page 18. For electricity generation project finance customers, where possible, we estimate Scope 1, and Scope 2 emissions using our customers’ own emissions disclosures (PCAF 2 data) as outlined on page 18. Where we do not have access to customers’ emissions disclosures, but do have access to activity data, we estimate emissions under the PCAF 3 approach described below. This is done in preference to our PCAF 4 and 5 approaches which are used when we have no activity data. PCAF 3 estimation • Construction projects: Projects under construction are assigned zero Scope 1 and Scope 2 emissions as they are not currently generating electricity. Where the construction status is unknown, we take a conservative view and assume the project is operational. Where construction is partially complete at year-end, we consider a project still under construction if the majority of its operational capacity is offline for the majority of the year. • Identified zero emissions renewables: Projects that generate electricity from solar or wind (onshore and offshore) renewable sources (the bulk of our electricity generation lending portfolio) generate no Scope 1 or 2 emissions. Note that Biomass and Hydro electricity generating projects are not classified as ‘zero emissions’ technologies in our modelling. • Production estimation: Where available, customer-level production capacity data is used to estimate electricity production and resultant estimated customer Scope 1 and Scope 2 emissions, based on the average performance of the technology of the power plant. We observe the most conservative up-time assumption, which is to assume a power plant is able to run for 8,760 hours per year (all the hours in a year). We then multiply the resulting production with UK-level average emissions load factors, per production technology, obtained from the Digest of UK Energy Statistics (DUKES) (emissions per MWh of electricity generated by a particular technology, such as natural gas). • DUKES data is one year in arrears as updated data was not available at the time of the model run cut-off dates for 31 December 2023 or 2024. This means that our 31 December 2023 outcomes used 2022 year-end DUKES data, while our 31 December 2024 outcomes used 2023 year-end DUKES data. • PCAF 5 outcomes for electricity generation project finance and general lending customers are estimated independently from each other using the average investment intensity of PCAF 2–4 customers (excluding construction projects). This is an update from prior years where PCAF 5 was estimated based on total electricity generation PCAF 2-4 outcomes (including construction projects).	Physical emissions intensity is measured in units of kilogram of CO₂ equivalent per megawatt hour (kgCO₂e/MWh) attributed to NatWest Group. • All financing within the scope of the electricity generation subsector is included within the estimation of physical intensity apart from construction projects, which are excluded. • Activity unit (MWh): Electricity production (financed production) is estimated in the following ways: Attributable activity – General lending • Total production is sourced from a vendor or customer disclosure. • If this cannot be sourced, apply a scalar to the ledger balance of the remaining population based on the financed production/ledger balance ratio of the previous step. Attributable activity – Production finance lending • Total production is sourced from a vendor or customer disclosure. • If total production cannot be sourced, then estimate production using the production estimation approach described adjacent. • If this cannot be done, apply a scalar to the ledger balance of the remaining population based on the financed production/ledger balance ratio of the previous steps. • Assets that are under construction are assumed to have zero production (also zero emissions) and not included in the scalar calculation described above.

Supporting the climate transition

Financed emissions estimates by sector and portfolio-level activity continued

Metric and unit of reporting	Financed emissions	Method	Physical intensity
11. Scope 3 category 15 financed emissions (MtCO₂e/year) (b) Oil and gas sector (CO₂e) and oil and gas production physical intensity (tCO₂e/TJ)	The oil and gas sector comprises customers with activities relating to oil and gas: production, refineries, pipelines, wholesale/trade and service providers. Customer Scope 1, Scope 2 and Scope 3 emissions are estimated in line with the standard PCAF approach outlined on page 18. While customer Scope 1 and Scope 2 emissions may be reduced by adoption of more efficient production methodologies, customer Scope 3 emissions reductions will require demand reduction through behavioural changes, fuel switching and electrification of combustion processes. In the NatWest Group plc 2025 Climate Transition Plan Report, we have increased the coverage of our customer Scope 3 estimated emissions reporting to be our full oil and gas sector – previously only customer Scope 3 emissions related to upstream production and refining was disclosed. Where customer Scope 3 emissions data was not available, in some instances production data was used (where available) to estimate customer Scope 3 emissions at 31 December 2023. Where this approach was used, the customer Scope 3 data was marked as PCAF 3.		Physical emissions intensity is measured in tonnes of carbon dioxide equivalent per terajoule of energy produced (tCO₂e/TJ) attributed to NatWest Group. - Physical intensity is estimated for production customers only, and only for those production customers where production (barrels of oil equivalent (BOE)) data can be sourced. - Includes customer Scope 1, 2 and 3 emissions. Scope 3 includes category 11 (use of sold products), which includes the downstream combustion of produced BOE. This is an expansion from prior years where only customer Scope 1 and 2 emissions were included. - Attributable activity is estimated by applying a customer's attribution factor to published BOE production data which is converted to terajoules via standard conversion.

Supporting the climate transition

Financed emissions estimates by sector and portfolio-level activity continued

Metric and unit of reporting	Method	Physical intensity
11. Scope 3 category 15 financed emissions (MtCO₂e/year) (c) Residential mortgages sector (CO₂e) and physical intensity (kgCO₂e/m²)	Financed emissions The residential mortgages portfolio relates to NatWest Group mortgaged residential properties to personal customers. We use EPC certificates and property values to estimate financed emissions for residential properties as follows: PCAF 3 modelling - EPC data is used as an estimate of the climate impact on financed property. EPC data is sourced from publicly available information. As EPC ratings only need to be updated every 10 years or after significant retrofits, at the point of sale or if leased, not all properties have current EPC ratings. - In line with the PCAF Standard, attribution factor is based on property original loan to value ratio (outstanding loan balance at the calculation date, divided by original property values at the time of mortgage origination). - For Private Banking⁽¹⁾ properties, in cases where multiple properties are secured by lending facilities, we apportioned loan values to underlying properties to allow emissions to be assessed based on EPCs of the underlying properties. We have used the MSCI index to estimate property value at loan origination date. - Basis for total property emissions calculation is to utilise the energy consumption intensity as detailed on EPC certificates. This is used to allocate customer Scope 1 and Scope 2 emissions based on the national average fuel mix for property energy consumption. Further key steps to estimate total property emissions include: - Removal of customer Scope 3 emissions by correcting for primary energy factors relevant to EPC type and date. - Apply grid decarbonisation to customer Scope 2 emissions using grid intensity stated in the relevant Standard Assessment Procedure (SAP) or rdSAP versions. - Estimate additional average household emissions from cooking and appliance usage. This estimation uses energy consumption factors published by the UK Government. PCAF 5 modelling - Where EPC data is not available, emissions are estimated using a scaling factor derived from the sectors PCAF 3 population (delineated by Private Banking and non-Private Banking). This assumes that the population for which EPC data has not been obtained reflects the population where such data was available.	Physical emissions intensity is measured in kilograms of carbon dioxide equivalent per square metre of floor space (kgCO₂e/m²) attributed to NatWest Group. - All lending that is in scope of the residential mortgages sector is included within the physical intensity calculation. Attributable activity – Floor area known (PCAF 3) - Attributable activity is estimated by multiplying the property floor area (per EPC certificate) with the property attribution factor. Attributable activity – Floor area not known (PCAF 5) - Attributable activity for PCAF 5 properties is estimated using PCAF 3 attributable activity and multiplying with a scaling factor. We can attribute the PCAF 5 scaled activity to individual properties by multiplying it with the ratio of the property's exposure, and the sum of exposure of all properties in PCAF 5 model. - This estimation is done independently for the Private Banking and non-Private Banking segments of the portfolio.

(1) References to Private Banking on this page refer to residential property lending completed in our Private Banking & Wealth Management segment.

Supporting the climate transition

Financed emissions estimates by sector and portfolio-level activity continued

Metric and unit of reporting	Method	Physical intensity
11. Scope 3 category 15 financed emissions (MtCO₂e/year) (d) Commercial real estate sector (CO₂e) and secured commercial real estate physical intensity (kgCO₂e/m²)	Financed emissions The commercial real estate (CRE) sector relates to NatWest Group secured and unsecured lending to the CRE sector. Estimation of financed emissions for unsecured CRE lending follows the generic PCAF principles as outlined on page 18. For secured CRE lending, we use both EPC certificates and property values to estimate financed emissions related to the energy use of buildings financed during their operation (energy consumed by the property's occupants and shared facilities) as follows: PCAF 3 modelling - EPC data is used to estimate emissions for secured CRE lending. - To calculate the attribution factor for our share of each property's emissions, we have used property valuation at origination in line with the PCAF Standard. We have used the MSCI index to estimate property value at loan origination date. - In cases where multiple properties are secured by lending facilities, to estimate financed emissions at a property level, we apportioned loan values to underlying properties so emissions can be assessed based on EPCs of underlying properties. - Emissions relating to domestic EPCs: follows the residential mortgages methodology as detailed on page 26. - Emissions relating to non-domestic EPCs: estimated using the emissions intensity as detailed on EPC certificates. This is used to allocate customer Scope 1 and Scope 2 emissions based on the national average fuel mix for property energy consumption. Further key steps to estimation of non-domestic emissions include: - Removal of customer Scope 3 emissions by correcting for carbon factors relevant to the property location and date of EPC. - In line with domestic EPCs, apply grid decarbonisation to customer Scope 2 emissions using grid intensity for the footprinting year. - Estimate additional property emissions relating to catering, computers and other commercial activities. This estimation utilises energy consumption factors published by the UK Government. PCAF 5 modelling - Where a property cannot be matched to EPC data, but property valuation is known, emissions are estimated by: - Estimating a property type and UK region floor area to property value ratio from the EPC matched population. - Using this ratio to estimate a floor area for unmatched properties. - Applying specific gas (Scope 1) and Electricity (Scope 2) property type consumption intensity factors from National Energy Efficiency Data (NEED) and UK Government conversion factors. - Where a property cannot be matched to EPC data, and property valuation is unknown, emissions are estimated by applying the investment intensity (CO₂e/£m) of the remainder of the secured CRE sector to the property exposure.	Physical emissions intensity for our secured CRE lending is measured in kilograms of carbon dioxide equivalent per square metre of floor space (kgCO₂e/m²) attributed to NatWest Group. - All lending that is in scope of CRE secured modelling is included within the physical intensity calculation. Attributable activity – Floor area known (PCAF 3) - Attributable activity is estimated by multiplying the property floor area (per EPC certificate) with the property attribution factor. Attributable activity – Floor area not known (PCAF 5) - Where a property cannot be matched to EPC data, but property valuation is known, attributable activity is estimated by: - Estimating a property type and UK region floor area to property value ratio from the EPC matched population. - Using this ratio to estimate attributable floor area for unmatched properties. - Where a property cannot be matched to EPC data, and property valuation is unknown, attributable activity is estimated by applying the activity intensity (m²/£m) of the remainder of the book to the property exposure.

Supporting the climate transition

Financed emissions estimates by sector and portfolio-level activity continued

Metric and unit of reporting	Method	Physical intensity
Financed emissions		
11. Scope 3 category 15 financed emissions (MtCO ₂ e/year) (e) Agriculture sector (CO ₂ e) and agriculture primary farming physical intensity (tCO ₂ e/t fresh weight)	The agriculture sector comprises customers with activities principally involved in primary farming (cattle and non-cattle), ancillary agricultural services and land use, land-use change, and forestry (LULUCF). - Where possible, we estimate customer Scope 1 and Scope 2 emissions using disclosed emissions as per PCAF 2 methodology on page 18. - When disclosed emissions are not available, we use PCAF 4, third-party customer estimates as detailed on page 18. - In the absence of PCAF 2 or third-party estimates in PCAF 4 and where revenue data is available, we use revenue intensity by activity from the Exiobase database to estimate financed emissions. This approach is necessary as primary farming activities do not always have a homogenous unit of output base (i.e. farmers sell different products). Further details of Exiobase are outlined below: - Exiobase is a global, detailed, multi-regional, environmentally extended supply use table and input-output table. Exiobase was developed by harmonising and detailing supply use tables for a large number of countries, estimating emissions, and resource extractions by industry. - Exiobase was used to estimate revenue emissions intensity for different categories of primary farming at the subsector level (for example, cereal growing, dairy farming). We then mapped the NatWest Group’s primary farming categories to the Exiobase subsectors in order to use customer-level revenue data in conjunction with the Exiobase revenue emissions intensities, to estimate emissions for primary farming. Due to granularity issues, a specific overlay is made for cattle activities whereby a weighted average intensity is used for both dairy and beef production to better reflect the composition of our book. This weighted average is calculated using the split of revenue generated from beef and dairy cattle in the UK. - Because Exiobase data is from 2020, we applied Consumer Price Index inflation adjustment updated revenue data to the 2024 modelled year. The inherent risk to this approach is that we assume farming revenues have actually increased at the same rate as inflation. - Exiobase data is provided in chemical types - CO₂, CH₄, and N₂O, each of which has a Global Warming Potential (GWP). In order to determine the total emissions for a specific Exiobase sector, the GWPs are summed to get a total tCO₂e for that Agriculture sector. - In the process of calculating the revenue emissions intensities from Exiobase, a EUR to GBP foreign exchange rate is applied along with a GHG conversion to CO₂e. - A subset of our farming customers have had emissions estimated using data from FSAL (Financial Statements of Assets & Liabilities) which is normally updated annually as part of the customers annual credit review or new loan application. This documents asset quantities and values and has enabled NatWest Group to obtain a more granular breakdown of primary farming activity. This activity split is applied to the customer revenue and revenue intensities from Exiobase in line with above PCAF 4 approach. - Where revenue data is not available, we use a PCAF 5 scaling approach, as detailed on page 18 of this document.	- Physical emissions intensity is measured in tonnes of carbon dioxide equivalent emitted per tonne of ‘fresh weight’ product (tCO₂e/t) attributed to NatWest Group. - Scope is further confined to customers where activity data is available, i.e. tonnes of produce and therefore only relates to primary farming customers.

Supporting the climate transition

Financed emissions estimates by portfolio-level activity

Method

Physical intensity: Physical emissions intensity is measured in grams of carbon dioxide equivalent (gCO₂e) per kilometre travelled (/v-km) over the lifetime of the vehicles manufactured by NatWest Group financed manufacturers.

Scope: Largest (by drawn exposure) automotive manufacturer borrowers within the automotive manufacturing subsector. These borrowers make up >85% of lending to the automotive manufacturing subsector. Modelling is not completed at an individual asset (vehicle) manufactured level but rather based on our general lending to automotive manufacturers and the application of vehicle type and sales statistics as outlined below.

Metric and unit of reporting	Financed emissions (gCO ₂ e)	Attributable activity (v-km)
11. Scope 3 category 15 financed emissions (MtCO₂e/ year) (f) Manufacture of automobiles physical intensity (gCO₂e/v-km)	- Customer Scope 1 and Scope 2 emissions are estimated using the generic PCAF data sourcing and modelling approach as described on page 18. Scope 3 PCAF 3 approach - To estimate customer Scope 3 emissions, sales, vehicle share (light, medium and heavy) and fuel types are sourced for the largest five NatWest Group automotive manufacturer customers. These customers account for more than 85% of the automotive manufacturing subsector lending (by drawn exposure). - Borrower vehicle sales are sourced from Bloomberg. - Vehicle share (light, medium and heavy) and fuel types are sourced from the customers' external disclosure or from publicly available statistics. - The emissions factors are sourced for tank-to-wheel by vehicle type and fuel type. - This information is used along with specific emissions factors to estimate the total customer Scope 3 tank-to-wheel emissions of the manufacturer, before applying the attribution factor. - Assumption - Car lifecycle = 15,000km per year for 10 years. - Attribution factor is calculated in the standard way, refer to page 17.	- Activity is the total kilometres associated with the cars sold by each manufacturer. This is calculated as the number of cars sold multiplied by the car lifecycle assumption to estimate total kilometres and then applying the attribution factor. - Attributable emissions is based on customer Scope 1 and Scope 2 emissions and Scope 3 (category 11 – use of goods sold) – tank-to-wheel.

Supporting the climate transition

Financed emissions estimates by portfolio-level activity continued

Method

Physical intensity: Physical emissions intensity is measured in tonnes of carbon dioxide equivalent (tCO₂e) per million revenue tonne kilometres (MnRTK) attributable to NatWest Group. Financed emissions and attributable activity are estimated either via an asset-based methodology or at a borrower level (general lending) level with results aggregated to calculate the final physical intensity outcome.

Scope: General lending from the following subsectors: scheduled air, non-scheduled air, aviation lessors and air freight. Aircraft asset-based modelling where identified on the NatWest Group balance sheet.

Metric and unit of reporting	Financed emissions (tCO ₂ e)	Attributable activity (Mn RTK)
11. Scope 3 category 15 financed emissions (MtCO₂e/ year) (g) Aircraft operators and lessors physical intensity (tCO₂e/Mn RTK)	General lending - Customer Scope 1, 2 and 3 financed emissions are estimated using the generic approaches described on page 18. Asset-based - Aircraft specific distance travelled is provided from the NatWest Group aviation team (PCAF 2). Where distance travelled is not known, we estimate using aircraft model averages (PCAF 3). - Distance travelled is multiplied by aircraft model specific emissions factors from UK Government GHG reporting conversion factors methodology to produce direct fuel combustion emissions. - Upstream fuel emissions are calculated using a scale factor from UK Government GHG reporting conversion factors scaling the direct fuel emissions. - Upstream fuel emissions are transformed to attributed emissions with an attribution factor (outstanding aircraft exposure / value of aircraft). The aircraft value is from loan inception when available otherwise current market value as per modelling date. - Where the SIC code for the lending is a lessor, the direct fuel emissions of the lessee operation of the aircraft are reported as Scope 3 category 13 (downstream leased assets). Where not a lessor the direct fuel emissions are reported as Scope 1 and the upstream fuel emissions are reported as Scope 3 category 3 (upstream fuel related). Upstream fuel emissions for lessors are not reported since this reporting category pertains to the upstream fuel emissions of the lessor rather than the lessee. - If there is lending identified as aircraft asset-based but there is not sufficient data about the aircraft, then an investment intensity approach is used to estimate emissions, and they are assigned a PCAF score 5.	General lending - Revenue tonne km (RTK) data sourced from company disclosures where available (companies for which RTK cannot be sourced are excluded from the general lending activity calculation). This is then multiplied by attribution factor as per generic sector PCAF modelling described on page 17. Asset-based - The aircraft distance travelled is used as the basis for the activity estimation. - Aircraft distance travelled is multiplied by an aircraft model specific average passenger number factor sourced from UK Civil Aviation Authority activity data and gap filled with UK Government GHG reporting conversion factors methodology values to produce a revenue passenger km (RPK). - The distance travelled is multiplied by an average cargo utilisation factor per aircraft model is to produce cargo tonne km (CTK). - The RPK value is multiplied by 0.1 to convert to RTK and this is added to the CTK value to produce the final aircraft RTK value. The 0.1 conversion is based on the standard industry modelling assumption that a single passenger including luggage weighs 100kg. - The attributed activity is estimated by applying the attribution factor used in the emissions calculation.

Supporting the climate transition

Financed emissions estimates by portfolio-level activity continued

Method

Physical intensity: Physical emissions intensity is measured in grams of carbon dioxide equivalent (gCO₂e) per kilometre which one tonne of freight (/t-km) financed by NatWest Group travels. Financed emissions and attributable activity are estimated either through an asset-based methodology or at a borrower level (general lending) with results aggregated to calculate the final physical intensity outcome.

Scope: General lending from the freight road subsector, and Heavy Goods Vehicle (HGV) asset lending where identified on the NatWest Group balance sheet.

Metric and unit of reporting	Financed emissions (gCO ₂ e)	Attributable activity (t-km)
11. Scope 3 category 15 financed emissions (MtCO₂e/ year) (h) Freight road - vehicle operation and leasing physical intensity (gCO₂e/t-km)	General lending Customer Scope 1, 2 and 3 financed emissions are estimated using the generic approaches described on page 18.	General lending - Borrower attributable revenue (borrower revenue multiplied attribution factor) is multiplied by an activity-to-revenue conversion factor produced from Office of National Statistics (ONS) data (sector revenue) and UK Government data (sector activity) to produce an attributable activity value. - Attribution factor is as per generic sector PCAF modelling described on page 17.
	Asset-based - The tailpipe emissions for each HGV are estimated from an emissions factor sourced from the UK Government GHG reporting conversion factors for an average-loaded average HGV. This is multiplied by the average distance travelled by HGVs in the UK from UK Government data to produce total emissions for each vehicle. - There are no electricity emissions as all HGVs are assumed to be combustion vehicles. - Upstream fuel emissions are calculated using vehicle type specific emissions factors from the UK Government GHG reporting conversion factors and the distance travelled. - The attributable emissions are calculated with an attribution factor using the outstanding loan balance / the value of the vehicle at loan inception. - If the SIC code for the lending is a rental or leasing company, then the tailpipe emissions of the lessee operation of the vehicle are reported as Scope 3 category 13 (downstream leased assets). If the lending is not a rental or leasing company, then the tailpipe emissions are reported as Scope 1 and the upstream fuel emissions are reported as Scope 3 category 3. Upstream fuel emissions for lessors are not reported since this reporting category pertains to the upstream fuel emissions of the lessor rather than the lessee.	Asset-based - The activity is the distance travelled by the HGV multiplied by an average tonnes per HGV journey from UK Government road freight statistics. - The attributable activity is produced by multiplying the activity by the same attribution factor used in the emissions estimation.

Supporting the climate transition

Financed emissions estimates by portfolio-level activity continued

Method

Physical intensity: Physical emissions intensity is measured in grams of carbon dioxide equivalent (gCO₂e) per kilometre travelled by one passenger (/p-km), based on the travel activity financed by NatWest Group. Financed emissions and attributable activity are estimated either through an asset-based methodology or at a borrower level (general lending) with results aggregated to calculate the final physical intensity outcome.

Scope: General lending and wheeled vehicle assets in the automotive rental, and the land transport passenger-based subsectors.

Metric and unit of reporting	Financed emissions (gCO ₂ e)	Attributable activity (p-km)
11. Scope 3 category 15 financed emissions (MtCO₂e/ year) (i) Passenger road - vehicle operation and leasing physical intensity (gCO₂e/p-km)	General lending - Customer Scope 1, 2 and 3 financed emissions are estimated using the generic approaches described on page 18. Asset-based - Tailpipe emission intensity values for specific vehicles are captured from internal systems and Experian VIN level data (PCAF 3). Where this is unknown, these are gap filled using vehicle type averages from UK Government GHG reporting conversion factors (PCAF 4). - Distance travelled for each vehicle type is populated using vehicle type averages produced from UK Government statistics. - Direct tailpipe emissions are calculated by multiplying the distance travelled by the emission factors above. - The direct electricity emissions are calculated when the vehicle is identified as battery electric or plug in hybrid. This is either where the fuel type is populated or is inferred from the tailpipe emissions factor. If the vehicle type is HGV, bus or coach the fuel type is assumed to be a combustion vehicle. The vehicle electricity emissions are calculated using vehicle and fuel type averages from the UK Government GHG reporting conversion factors. Upstream fuel emissions factors are also sourced from the UK Government GHG reporting conversion factors for vehicle and fuel type averages. - The total emissions are converted to attributable emissions using an attribution factor. The attribution factor is the outstanding exposure on the vehicle divided by the value of the vehicle at the loan inception. - If the SIC code for the lending is a rental or leasing company, then the tailpipe emissions and direct electricity emissions of the lessee operation of the vehicle are reported as Scope 3 category 13 (downstream leased assets). If the lending is not a rental or leasing company then the tailpipe emissions are reported as Scope 1; the direct electricity emissions are reported as Scope 2, and the upstream fuel emissions are reported as Scope 3 category 3. Upstream fuel emissions for lessors are not reported since this reporting category pertains to the upstream fuel emissions of the lessor rather than the lessee.	General lending - For automotive rental companies, we sourced fleet fuel type mix for as many companies as possible (companies for which fleet fuel type mix cannot be sourced are excluded from the general lending activity calculation). With the known fuel mix and the UK GHG conversion factors for the relevant vehicle type, we converted the attributable Scope 3 emissions of the customer to attributable activity, as the Scope 3 emissions are from the vehicles they rent and lease, which have a known fuel type mix. - For land transport passenger-based companies, the attributable revenue is multiplied by an activity-to-revenue conversion factor produced from ONS data (sector revenue) and UK Government data (sector activity) to produce an attributable activity value. - Attribution factor is as per generic sector PCAF modelling described on page 17. Asset-based - The activity is the distance travelled by the vehicle multiplied by an average vehicle type occupancy sourced from UK Government averages. - The attributable activity is produced by multiplying the activity by the same attribution factor used in the emissions estimation.

Leveraging simplification

Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
12. Retail customers banking entirely digital (%)	The percentage of Personal and Premier Retail customers who hold a Money Transaction Account (MTA) and who, over the 90-day period ending 31 December 2025, displayed exclusively digital banking behaviour, i.e. they accessed the mobile banking app or online banking platform with no recorded telephony or branch activity. Eligible customer base We focus on customers of our main brands: NatWest, RBS and Ulster for the purpose of the calculation of this metric. An active customer is defined as someone who: - holds an MTA (current account) and had performed at least one customer-initiated transaction within the last 90 days. This includes any non-zero credit or debit transaction, except for interest, fees, charges, or round-ups. - has accessed a digital platform (online or mobile) and not used the branch or telephony in the last 90 days in the reporting period. Telephony transactions are only included if they are authenticated via the telephony system and a transaction is completed. Branch interactions only included if they complete authentication via branch activity system and transaction is completed. Out of scope Customers from our Wealth division, such as those banking with Coutts, are not included. Customer interactions excluded: - customers using Post Office - mortgage and savings accounts - inactive customers with no channel usage - telephony and branch interactions unless transaction completed.	Data is sourced from an analytical software tool, Teradata, that holds all underlying data in its databases. This includes our customer account data and usage data for mobile, online, telephony and branch channels. This data is supplied by the Enterprise Data Warehouse (EDW) which takes it from source systems: Customer Database, Account Database, eBanking (mobile and online usage), Cloud9 (telephony usage), and Branch activity system (branch usage). We use coding to process this data to determine which customers have used each of the three channels in the past 90 days. Customers who have logged in to mobile or online banking, without calling us or visiting a branch, are classified as banking entirely digitally.	Data is subject to internal quality assurance by our Performance Insights team. Includes manual completeness and consistency checks. Signed off by the accountable process owner.

Leveraging simplification

continued

Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
13. Commercial & Institutional customers banking digital first (%)	The percentage of eligible Commercial & Institutional (C&I) ring-fenced bank customers whose digital share of channel access is $\geq 95\%$ in the three-month period ending 31 December 2025; these customers are classified as 'digital first'. Total channel access comprises digital channel access and offline channel access. Digital channel access comprises: - Logins to Bankline – an advanced platform for larger businesses Customer sessions which are measured across the following channels: - Business Banking online – our web-based digital platform for business banking customers - Business Banking mobile – our mobile application designed for business banking customers. A customer session groups together multiple customer's logins occurring within a 10-minute window as a single session. Offline channel access comprises volume of: - Customer Service Centre calls (CSC) - BusinessLine calls - Bankline helpdesk calls - Branch visits. Eligible customer base RBS and NatWest business customers at Parent Customer Identification Number (CIN) level who have at least one non-personal current account (Money Transition Account) and have made or received at least one transaction in the last three-month period (transactions include manual and/or automated transactions). A customer is counted once in the overall digital first number, irrespective of how many channels they have engaged with during the reporting period.	Data is sourced from databases including Teradata, Hadoop and DB2 that hold all underlying data for the calculation of the metric. This includes C&I customer account data and usage data for Bankline, BB mobile, BB online, telephony and branch channels. The logic to generate the monthly report is written in Statistical Analysis System (SAS) which connects with these databases. This data is supplied by the Enterprise Data Warehouse (EDW) which retrieves data from source systems including Customer Database, Organisational Model, Branch Platform (Global), Account Database, UK Online Banking, CPB CRM D365, Cloud9 (telephony) and Bankline (Global). The Statistical Analysis System (SAS) is used to process and aggregate the data to determine how many times each customer has used each channel over the previous three-month period. Data Aggregation for this metric is aggregated at the parent Customer Information Number (CIN) level (i.e. the parent company). A single parent company may include multiple legal entities and individual customers. Given source systems store data at varying levels of granularity, the SAS code consolidates and aggregates the available data to the parent CIN level. For each customer, their total digital access over the previous three-month period is divided by their total access over this period. Customers who have conducted 95% or more of their interactions through digital channels are classified as 'digital first'. We then assess the total proportion of C&I customers banking 'digital first' by dividing the total number of 'digital first' customers by the total number of eligible C&I customers.	A monthly report containing the 'digital first' % result for each month is produced by Data & Analytics (D&A). C&I Digital Performance team review & challenge D&A on any unexplained variations and clarifications required. Once performance team have approved result, 'digital first' result is then shared on C&I Digital Strategic key performance indicators Tableau dashboard. Result and supporting commentary is signed off by the accountable process owner.

Leveraging simplification

continued

Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
13. Commercial & Institutional customers banking digital first (%) (continued)	Customer segmentation within the ring-fenced bank includes: - Business Banking & International Retail: Customers with an annual turnover of less than £750,000. - Commercial Mid-Market: Customers with an annual turnover ranging from £750,000 to £500 million. - Corporate & Institutional Banking: Customers, including corporates, organisations, and financial institutions, with an annual turnover exceeding £500 million. Out of scope: Customers excluded: - Ulster Bank North (UBN) business customer data is incomplete or unavailable. - Royal Bank of Scotland International (RBSI) customers sit outside the ring-fence bank. Interactions excluded: - Relationship manager interactions in person (meetings, phone, email). - Specific digital activities performed after logging in – specific individual interactions that customers make once logged in to digital channels are not included e.g. to create a standing order, pay in a cheque or make a payment. - Cash deposits in branch (as there is no online equivalent). - Telephony: Non agent handled calls. - BB channel activity exclusions from calculation of ‘sessions’: Telephony, Open banking and system generated audit events as a part of mobile client registration. - Customer Service Centre email volume (currently only CSC call volume is included). Channels excluded: - Digital channels (Direct): Bankline Direct – a digital channel that enables host to host / API connections to business customers’ treasury systems (not included in metric as no logins are recorded). - Digital channels (Product): e.g. logins to Lombard (asset finance), Trade 360 (Trade Finance), FacFlow (Invoice Finance), ClearSpend (commercial cards), Autopay (Bacs payments).	Refer to previous page.	Refer to previous page.

Colleague

Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
14. Increasing diversity in our senior roles (%)	Scope covers three measures across two populations based on the agreed reporting structure as at 31 December 2025. - Global percentage of female employees in senior leadership roles (CEO, CEO-1, and CEO-2) and management roles (F, E, D, and C11). - The percentage of ethnic minority employees in the UK in senior leadership roles (CEO, CEO-1, and CEO-2) and management roles (F, E, D, and C11) who have shared their ethnicity information. - The percentage of black employees in the UK in senior leadership roles (CEO, CEO-1, and CEO-2) and management roles (F, E, D, and C11) who have shared their ethnicity information. Specific rules and exclusions include: - Female % calculated from the 'sex field' in Workday. - Ethnicity voluntarily disclosed in Workday. - Where individuals are on secondment, their secondment role is used as a basis for reporting. - Based on active permanent headcount only – non-active headcount includes individuals on maternity and paternity leave, long-term sick and career breaks. - All clerical, appointed and lower management roles and some business management and leadership support roles in these levels i.e., Executive Assistant and Business Support are excluded from CEO-1 and CEO-2.	Data is sourced from Workday (human resources system) at the end of each month and stored in the HR Data Warehouse (Snowflake) for reporting. A custom SQL extracts and formats the data for Tableau reporting, including the aggregation of sensitive data and the mapping of targets to the businesses.	Data is representative of Workday. Employee gender and ethnic origin completeness and conformity is managed through monthly data quality assurance checks in line with Data Management Operational Procedures. The process is mostly automated, and manual checks are completed on the key areas to ensure accuracy of reporting. Signed off by the accountable process owner.