



NatWest
Group

NatWest Group plc

2021 Environmental,
Social and Governance
Supplement

Thrive Together



We are a relationship bank for a digital world.
Our purpose is to champion potential, helping
people, families and businesses to thrive.

This guides and underpins everything we do.
It enables us to build long-term value, to invest for
growth, to make a positive contribution to society
and to drive sustainable returns for shareholders.

At the centre of our approach is the belief that
we must have a reciprocal relationship with
society, the environment and the communities
where we operate. Because when people,
families and businesses succeed, we...

Thrive Together



Our 2021 reporting suite brings together NatWest Group's financial, non-financial and risk performance for the year. The reports are designed primarily to meet the expectations of our investors including holders of bonds issued under our Green, Social and Sustainability Framework, as well as regulators and our wider stakeholders, including customers, colleagues and society more broadly. The main reports within this suite and their focus are detailed below and are available at natwestgroup.com:

Available within this report:

An overview of our purpose in action and key environmental, social and governance matters including progress in 2021.

At www.natwestgroup.com

NatWest Group Annual Report and Accounts

An overview of our business and our 2021 financial and non-financial performance. Also includes our Financial statements and related notes, together with our Governance and remuneration, and Risk and capital management reports.

Company Announcement and Financial supplement

Our latest company information including our financial performance for the year with a focus on key metrics and measurement.

NatWest Group Climate-related Disclosures Report

Details our progress in 2021 on our climate ambitions including an overview of our approach to climate-related governance, strategy (including scenario analysis), risk management, metrics and targets.

Pillar 3 Report

Focuses on our regulatory reporting requirements and provides an explanation of our risk profile, including our capital adequacy, risk appetite and risk management.

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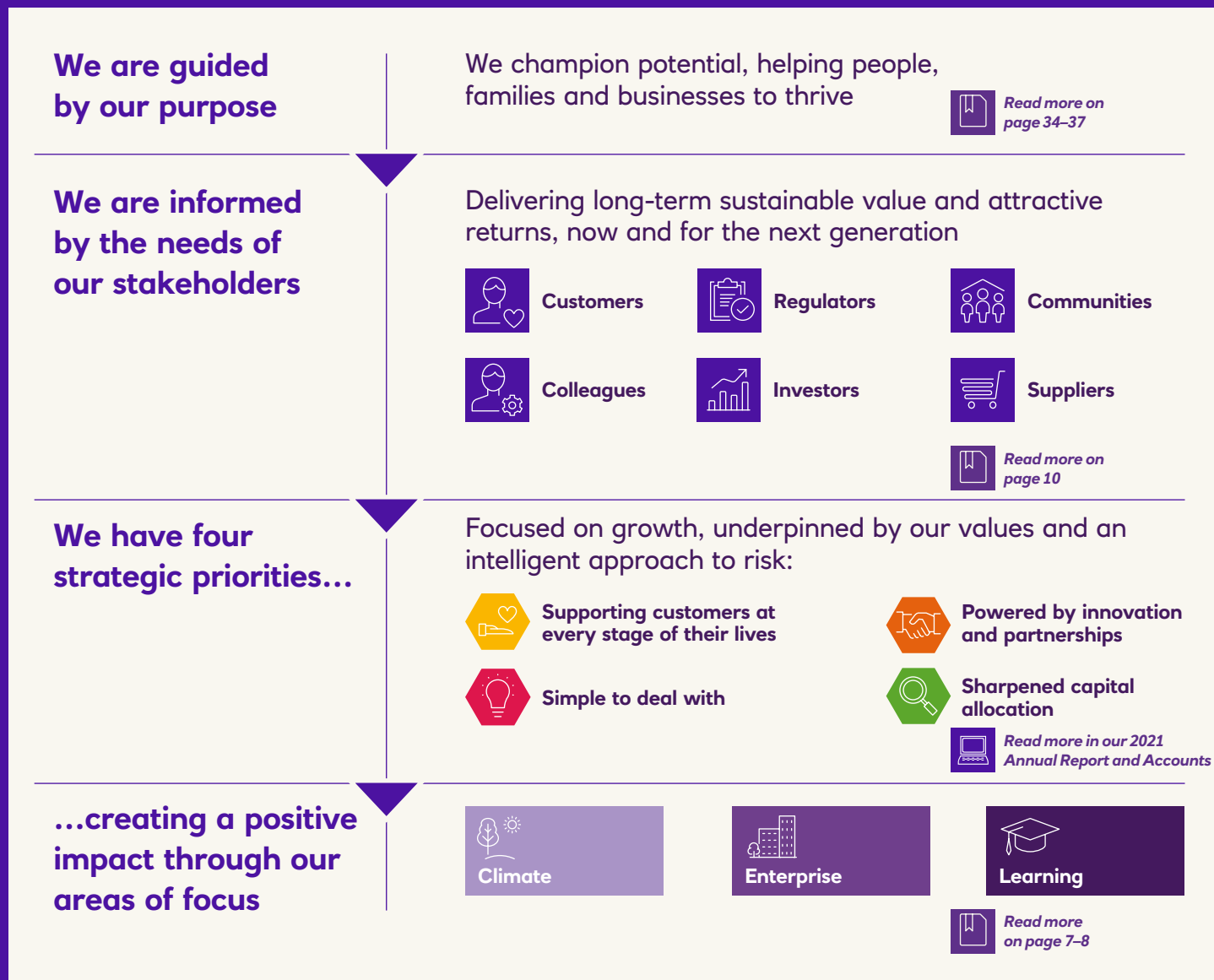
Caution about the information in this ESG supplement

In general, assessing materiality requires thoughtful consideration not only of any applicable materiality standards, but also of our purpose in assessing materiality and in communicating to our stakeholders. Our public disclosures, including our climate-related and voluntary environmental, social and governance (ESG) disclosures, include a range of topics that we believe are relevant to our businesses and that are of interest to investors and other stakeholders. For the purposes of complying with our annual, periodic and interim disclosure obligations in the United Kingdom and the United States we apply a materiality standard based on the applicable rules and regulations governing public reporting in the United Kingdom and the United States. However, in our climate-related and voluntary ESG disclosures, we have adapted our approach to materiality based on both the subject matter and purpose of the disclosures. In particular, our approach to these disclosures may sometimes have regard to broader understandings of materiality based on certain external frameworks and reporting guidelines that take into consideration a wider range of factors relevant to climate and ESG disclosures, including the views of our key stakeholders and our ambition to be a leading bank in the UK helping to address the climate challenge.

Certain parts of this ESG Supplement – such as the climate-related disclosures – may use longer time frames to assess potential impacts than those time frames customarily used in certain of our other disclosures, including our annual, periodic and interim financial reports filed with the London Stock Exchange (“LSE”) in the United Kingdom and the Securities and Exchange Commission (“SEC”) in the United States. This ESG Supplement, and many of our voluntary ESG disclosures and climate-related disclosures, including with respect to climate-related risks and opportunities, includes certain information that we have not included in our LSE and SEC filings for which we use a different approach to materiality. In addition, the data underlying our ESG disclosures, including our climate-related disclosures, analysis and strategy and market practice in relation to such disclosure will evolve over time. As a result, we expect that certain disclosures made in this ESG Supplement are likely to be amended, updated, recalculated and restated in the future.



A relationship bank for a digital world



Our purpose

Our purpose underpins everything we do. It enables us to build long-term value, to invest for growth, to make a positive contribution to society and to drive sustainable returns for shareholders.

Our stakeholders

We aim to balance the different interests of our stakeholders in our decision-making, especially when there are difficult choices to be made. We also recognise the need for transparency and openness, regularly engaging and seeking the views of our stakeholders.

Our strategy

We are a relationship bank for a digital world. Our robust balance sheet, strong capital position and capital generative businesses mean we are well placed to support our customers and invest for growth. Our strategy for growth delivers on our purpose, drives sustainable returns to shareholders and creates long-term value for our stakeholders through our four strategic priorities.

Our values

Our values are at the heart of how we deliver our purpose-led strategy. In 2021, responding to feedback from stakeholders, we engaged with colleagues, customers and communities to re-envision a modernised set of values that fully align with our strategic priorities. These collaborative and evolved values will be launched in 2022 and will form an integral part of our cultural identity.

Our positive impact

We recognise the huge responsibilities that our role brings – from supporting the day-to-day financial needs of 19 million customers, to the positive impacts we can have on the environment and wider society.

We have identified three focus areas where we can make a meaningful contribution and build long-term value in our business: Climate, Enterprise and Learning.



People, planet and purpose

Our purpose drives us, defines us and guides us. But to be truly purpose-led requires an in-depth understanding of the environmental, social and governance (ESG) factors that are influential to, and for, our business.

Alison Rose
Group Chief Executive Officer

Committed to our purpose

Monitoring and managing ESG outcomes are an integral part of NatWest Group's operating structure. It not only enables us to fulfil our commitments to our stakeholders and the environment, it also has a clear commercial imperative. Put simply, we believe our focus on ESG is a crucial component that allows us to create sustainable long-term value, thereby generating consistent financial returns. Once again, in 2021, we used the Blueprint for Better Business framework to inform our purpose-led decision-making, helping to create and protect value for customers, suppliers, colleagues, communities, future generations and our shareholders.

For this reason, I am delighted to share with you in this report the progress we have made during 2021, enhancing and embedding ESG across all business segments of NatWest Group.

Committed to our environment

During the year, it was a huge honour for NatWest Group to be a principal partner for COP26. We know the financial sector is a key enabler in the drive towards net-zero emissions, so our involvement was a great opportunity for us to showcase the support we offer our retail and business customers to help them measure and mitigate their carbon footprint.

During the conference, we signed up to the UK Government's joint declaration on accelerating the transition to 100% zero-emission vehicles and we consulted on the Green Finance Institute's initiative to de-carbonise road transport, to help unlock £150 billion of investment. We also announced that we will be one of 27 new members of the Powering Past Coal Alliance, to accelerate the global transition from coal – which builds on our existing enhanced coal-lending policy.

These commitments are part of a long-standing and ongoing ambition. In 2021, we became a founding member of the Net Zero Banking Alliance and joined the new coalition of the Glasgow Financial Alliance for Net Zero (GFANZ), which currently

includes over 450 financial firms in 45 countries focused on broadening, deepening and raising net-zero ambitions across the financial system. It means that NatWest Group is now a prominent presence in the key forums for sustainable financing, able to use its position to positively influence market-wide change in the UK and globally.

In practical terms, we have scaled our efforts to help meet the demand for sustainable financing. In 2020, we set out to provide £20 billion of Climate and Sustainable Funding and Financing over two years. I am delighted that we met this initial target in under 18 months, so in October 2021 we committed to an ambitious new goal of providing an additional £100 billion of Climate and Sustainable Funding and Financing between 1 July 2021 and the end of 2025.

We have also worked on a range of other climate-related actions: from publishing our 'Springboard to Sustainable Recovery' report, which explored the climate-transition opportunities for small and medium-sized enterprises (SMEs), to developing a carbon-tracking feature in our mobile banking app, as well as launching Green Mortgages and the development of a more transparent global marketplace for carbon offsets.





'We have been a signatory to the UN Principles for Responsible Banking for over two years now and we remain committed to aligning our strategy to the UN Sustainable Development Goals'

Committed to our society

Knowing the ongoing impact that COVID-19 is having on our colleagues, customers, suppliers and the communities we live in, we have continued to respond to the pandemic with empathy and adaptability.

Through extensive colleague interviews, executive engagement and external research, we designed a structured programme for returning to the work environment. Our 'Ways of Working' framework is built around three models to provide a flexible and dynamic way to deliver colleague choice and better meet customer needs, both now and in the future. Colleague safety has been paramount during this period, and we have put in place a range of measures to help protect physical and mental well-being.

Throughout the year we continued to enhance the way we interact with our customers and communities through a variety of face-to-face, digital and remote options. Whether it is through features such as video banking, the mobile banking app, our AI virtual assistant Cora, or improvements in our branch network, we have strengthened the connection with our customers at a time when it has been needed most. In terms of direct support, NatWest Group colleagues and customers contributed £500,348 to the Disasters Emergency Committee's Coronavirus and Afghanistan Crisis Appeals during the year.

Against this backdrop, we have once again progressed initiatives specifically linked to two of our focus areas, learning and enterprise. Notably, these included the launch of 'CareerSense', a programme for 13 to 24-year-olds to develop skills for work, as well as ongoing actions related to the commitments of our Banking on Racial Equality report.

Committed to our governance

We continued to strengthen our governance structures in 2021. In addition to considering financial measures, the process to determine variable pay for executive directors will continue to reflect progress against our ESG priorities to align with the principles of being a purpose-led business.

The Board operates a boardroom inclusion policy which reflects the most recent industry targets and is aligned to the NatWest inclusion policy and principles applying to the wider bank. This policy provides a framework to ensure that the Board attracts, motivates and retains the best talent and avoids limiting potential caused by bias, prejudice or discrimination. In 2021, the Board met the recommendation of the Parker Review with at least one member of the Board being of a Black, Asian and Minority Ethnic background and exceeded the recommendation of the FTSE Women Leaders Review (formerly the Hampton-Alexander Review), with 36% of the Board being female.

During 2021, we worked with a range of external partners to strengthen our approach and governance on human rights. Recognising the importance of the UN Guiding Principles on Business and Human Rights, we have begun to further align our approach to this framework which includes gaining a deeper understanding of NatWest Group's salient issues.

On 7 October 2021, NatWest Bank Plc pled guilty to breaches of the Money Laundering Regulations 2007 relating to the monitoring of the accounts of a UK-incorporated customer. NatWest Group takes its responsibility to prevent and detect financial crime extremely seriously. We deeply regret that we failed to adequately monitor one of our customers between 2012 and 2016 to prevent money laundering. Detecting and preventing financial crime to protect people, families and businesses is a key priority for NatWest Group. We have subsequently made significant, multi-year investments to strengthen and improve our financial crime control framework with prevention systems and capabilities.

Committed to our focus on ESG

Importantly, our commitment to ESG spans the entire NatWest Group. Whether it has been through the issuing of a £1 billion affordable housing social bond (the first of its kind by a UK bank), the fantastic achievement of Coutts receiving B Corp status, or from the work of NatWest Markets supporting our corporate clients in sustainability-linked financing, our focus on ESG is being integrated throughout our business. We have also been a signatory to the UN Principles for Responsible Banking for over two years now and we remain committed to aligning our strategy to the UN Sustainable Development Goals.

We also recognise that now more than ever our stakeholders are eager to understand how we are working to address key environmental and societal issues. It was therefore particularly pleasing to see the launch of our inaugural ESG Supplement and our Climate-related Disclosures Report in the first half of 2021. Both of these documents have not only helped us to be more transparent with our stakeholders, they will also support wider reflection and engagement on ESG matters across NatWest Group.

Alison Rose
Group Chief Executive Officer



Our strategy and highlights

Our purpose-led strategy aims to deliver sustainable, long-term business performance and create the greatest value for our stakeholders.

As a relationship bank for a digital world, we exist to champion our customers' potential by supporting them at every stage of their lives. With this lifecycle approach, our purpose will create longer-term and deeper relationships with our customers, helping them, our communities and economy to thrive – and, in turn, deliver sustainable returns.

We recognise the need to be a sustainable bank, resilient to future environmental and social shifts, and better able to capitalise on the commercial opportunities that these shifts can also present. At the centre of our approach is the belief that we must have a reciprocal relationship with society, the environment and the communities where we operate.

As a large corporation we benefit from a range of social goods in the form of customer trust, deposits, an educated workforce, licences, protections and infrastructures, all of which enable us to operate. In return, through our purpose,

we seek to create enhanced social value, seeing this as a healthy and natural expectation of us to do business.

It's why we have chosen to work closely with 'Blueprint for Better Business', an independent charity which aims to enable a better society through better business. Its principles allow us to think more widely about our purpose and what is needed to bring it to life across our organisation: by being honest and fair with our customers and suppliers; acting as a responsible employer; operating as a good citizen in our communities; and being guardians for the next generation.

Implicit within the Blueprint for Better Business framework and embedded through all our activities is a commitment to understanding the key ESG issues for our business and where we can have the most meaningful impact – with a focus on three areas: Climate, refer to page 20, Enterprise, refer to page 24 and Learning refer to page 29. This is reinforced by being a signatory to the UN Principles for Responsible Banking (PRB).

Crucially, the way we measure the impact of our business is vital for understanding how we as a company live our purpose. The outcomes we report on in this document are designed to illustrate how we have advanced over the past year, as well as the areas where we are committed to making further progress.





Our strategy and highlights continued

A selection of our 2021 ESG highlights

Honest and fair with customers and suppliers	A good citizen	A responsible and responsive employer	A guardian for future generations
We prevented 542,969 cases of attempted fraud against our customers, amounting to over £193.3 million⁽¹⁾ in the UK.	We worked with anti-slavery charity Unseen to deliver a bespoke package of support for survivors of modern slavery which includes the provision of safe, reliable access to a bank account.	We commissioned an in depth review to refresh Our Values and People Proposition, in collaboration with colleagues, customers and communities.	MoneySense Climate Savers competition showcased the actions primary school pupils challenge us to take to tackle climate change and impact household finances.
NatWest Group has reached 88% of its in-scope 3rd party spend being assessed by EcoVadis⁽¹⁾ against ESG credentials. EcoVadis recognised NatWest Group as a 'first mover' in the UK Financial Services Sector.	We supported the DEC Coronavirus Appeal extended to include India, raising over £425,000 primarily through the mobile app and Reward Accounts.	Coutts, the wealth manager and private bank became a Certified B Corporation (B Corp)TM .	A principal partner for COP26, widening the involvement of the business community, young people and civil society at COP26, enabling voices to be heard to help progress be made. Highlighting our determination to be a leading bank in the UK helping to address the climate challenge.
During the financial challenges caused by COVID-19, we have helped 262,000* customers with mortgage payment holidays (*2020 – 2021 total).	We launched our new tree planting programme with The Conservation Volunteers in 2021 and colleagues planted 32,235 trees .	We hired over 1,000 interns, graduates and apprentices in 2021 including 205 colleagues who have been recruited through our social mobility apprentice programmes.	£17.5 billion⁽¹⁾ Climate and Sustainable Funding and Financing completed, including £8.1 billion⁽¹⁾ contribution towards our £100 billion target. ⁽²⁾

Our ESG ratings performance⁽³⁾

MSCI Rating

We continue to be rated "AA" (Leader)⁽⁴⁾ by MSCI, maintaining our rating from 2020.

FTSE4Good Index

We were once again included in the index.

Sustainalytics Risk Report⁽⁵⁾

In 2021 our **Sustainalytics score** improved to Low Risk (17.3 in December).

This places us in the top 14th percentile for Banks.

ISS ESG

We have retained both our **C** rating and **Prime** status in the **ISS ESG Survey**, scoring in the **top 10%** of organisations in our industry.

S&P CSA

We achieved a score of 63/100 (80th percentile).

CDP Climate Change Survey

We achieved a B score in the 2021 CDP Climate Change Survey, aligning us with the financial services average. Though our latest rating was a downgrade compared to 2020, we are working to further integrate climate-related considerations within business processes and support the transition to a net-zero economy.

Coutts

Coutts scored the highest possible rating **A+** (compared to a median score of **A**) for its Strategy & Governance on the **UN-supported Principles for Responsible Investment** assessment, and received scores of As and Bs in line or ahead of its peers for all other categories.

(*) Within the scope of EY assurance. Refer to page 98.

1. EcoVadis is a leading global organisation in providing companies with third-party evidence-based assessments of an organisation's sustainability performance.
 2. In October 2021, having surpassed our previous 2020-21 £20 billion target during H1 2021, NatWest Group announced an ambition to provide £100 billion Climate and Sustainable Funding and Financing between 1 July 2021 and the end of 2025.
 3. ESG ratings on this page are: (i) unsolicited; (ii) not a sponsorship, endorsement, or promotion of NatWest Group by the relevant rating provider, nor (iii) a warranty. Currently, ESG rating providers are not regulated like credit rating agencies. Some ESG ratings providers only rely on public information. So, their outputs may be subject to data gaps. ESG rating providers use different definitions, scope and methodologies leading to variation in ESG ratings for any given company. Ratings as of 14/02/2022.

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How we create value

We aim to create value for our stakeholders, having a positive impact on our environment and wider society.

1 Our resources

Financial

Human and relationships

Nature

Infrastructure

2 Our business activities

Products and services

We provide a comprehensive range of banking and financial services to personal, business and commercial customers via our businesses.

Revenues and returns


We earn income from interest charged on lending to our customers and fees from transactions and other services. The attributable profit generated is either returned to shareholders or retained and reinvested into improving our business to benefit our stakeholders.

Customer relationships

We support our personal, business, commercial and institutional customers with financial services that meet their needs which include keeping their funds safe and secure, improving financial capability and supporting enterprise.

Partners and networks

Being powered by innovation and partnerships means we work with a diverse range of partners to help shape our business strategy and deliver positive outcomes for customers and society.

 For the full version, visit our 2021 Annual Report and Accounts at natwestgroup.com

3 How we create value for our customers and society

Supporting enterprise

- £34.6 billion gross lending to SMEs and mid-corporates in Commercial Banking, supporting economic growth.
- £1 billion additional funding made available to support female business in the UK to recover from the disruption caused by COVID-19.

Building financial capability

- MoneySense has helped 10 million young people learn about money since it was launched in 1994.
- 470,813^(*) additional customers helped to start to save and 6.1 million^(*) financial capability interactions delivered in 2021.

Helping to address the climate challenge

- £17.5 billion^(*) Climate and Sustainable Funding and Financing completed, including £8.1 billion^(*) contribution towards our £100 billion target.⁽¹⁾
- 38%^(*) of Retail Banking mortgages are at or above EPC rating C.⁽²⁾

Protecting our customers

- We prevented 542,969 cases of attempted fraud against our customers, amounting to over £193.3^(*) million in the UK.
- We are one of the original pilot organisations behind the new '159' fraud reporting hotline, launched in 2021.

Improving digital capability

- 60%^(*) of our active current accounts are customers exclusively banking with us using digital channels through mobile or online.
- 9.7 million active digital customers. 8.3 million actively use our mobile app and 4.2 million use our online banking platform.^(*)

Community and charitable giving

- 32,235 trees planted by colleagues, in our new tree planting programme with The Conservation Volunteers.
- 43,003 hours were volunteered by our colleagues to local communities and good causes received over £3.5 million through their giving and fundraising.

Helping our colleagues to thrive

- Our integrated wellbeing strategy allows us to support colleagues, customers and communities, and is a key part of NatWest Group being a purpose-led organisation.
- Colleague sentiment on inclusivity has continued to increase in 2021, now reaching a score of 93 percentage points. We are 14 percentage points above the Global Financial Services Norm and 10 percentage points above the Global High Performing Norm.

(*) Within the scope of EY assurance. Refer to page 98.







1. In October 2021, having surpassed our previous 2020–21 £20 billion target during H1 2021, NatWest Group announced an ambition to provide £100 billion Climate and Sustainable Funding and Financing between 1 July 2021 and the end of 2025.

2. Percentage of £110.3 billion UK Retail Banking mortgages where EPC data is available. 2020 comparative for England and Wales mortgages only.



How we engage with stakeholders

Our purpose recognises that our business is made up of a network of relationships. Listening, engaging, and partnering with stakeholders helps us to address our business impacts and improve outcomes for customers, society and the environment. Below, we highlight who our key stakeholders are and some examples of how we engage with them.

		How we engaged
 <p>Customers</p>	<p>The people and businesses we serve</p> <p><i>Read more about our customers on pages 54 to 56 of the 2021 Annual Report and Accounts, and pages 48 to 52 of this ESG Supplement</i></p>	<p>We engaged with our retail customers through face to face branch interactions and video banking, as well as via complaints, telephony and secure messaging. We discussed their financial wellbeing, goals and plans and their experience banking with us. We also engaged with our business customers through Bankline, and our Accelerator and Business Builder programmes, on the barriers to starting a business and SME support. In 2021, the NatWest Group non-executive directors took part in a customer engagement programme that allowed them to hear feedback directly from our customers.</p>
 <p>Colleagues</p>	<p>The people who deliver our purpose</p> <p><i>Read more about our colleagues on pages 58 to 61 of the 2021 Annual Report and Accounts, and pages 54 to 59 of this ESG Supplement</i></p>	<p>We engaged with our colleagues through our Inclusion Champions, our Colleague Experience Squad, Employee-led networks and our colleague opinion survey, Our View. We discussed key issues such as our purpose, inclusion, learning and skills, and new ways of working during the pandemic. The Board proactively engaged with colleagues through the Colleague Advisory Panel (CAP) which is chaired by Lena Wilson, a non-executive director. Wellbeing and sustainability were featured topics of discussion.</p>
 <p>Communities</p>	<p>The places where we can have an impact</p> <p><i>Read more about our communities on pages 62 and 63 of the 2021 Annual Report and Accounts, and page 53 of this ESG Supplement</i></p>	<p>We engaged with our charity relationships on raising awareness of charitable donations, enabling employee volunteering and fundraising. MoneySense, our free financial education programme, is used by parents and teachers to help young people learn skills like saving, budgeting and being-scam aware, while our CareerSense programme provided critical employability skills – especially to those from underprivileged backgrounds. Working with the Centre for Social Justice, we completed research into what communities need to thrive. Acting as a principal partner, several NatWest Group Board members and members of the executive team attended COP26, talking to stakeholders about our climate change strategy.</p>
 <p>Suppliers</p>	<p>Where we source our goods and services</p> <p><i>Read more about our suppliers on page 53 of the 2021 Annual Report and Accounts, and page 44 of this ESG Supplement</i></p>	<p>Our suppliers were engaged through regular review meetings, policy due diligence activity and audits. We worked with EcoVadis – a leading organisation providing third-party evidence-based assessments of sustainability performance – to measure our own performance and that of our suppliers against our Supplier Charter, enabling us to identify social, environmental and ethical improvements. We also discussed prompt payment and managing supply chain related risks. The NatWest Group Board received regular updates on key supplier relations via Business Review reporting from the Executive team, providing visibility of key supplier activity and how this supports our purpose.</p>
 <p>Investors</p>	<p>Providers of our capital and funding</p> <p><i>Read more about our investors on page 57 of the 2021 Annual Report and Accounts</i></p>	<p>We engaged with our investors through spotlight sessions, presentations at industry conferences and face-to-face meetings with our senior management. These presentations provided a deep dive into key areas of the business, progress to date and future priorities. The NatWest Group Chairman, CEO, and CFO had a programme of engagement through quarterly results presentations and 1–1 meetings with our largest investors, discussing progress against strategic priorities, financial performance, regulation and the macroeconomic environment, and ESG topics.</p>
 <p>Regulators</p>	<p>Who we seek to comply with</p> <p><i>Read more about our regulators on page 63 of the 2021 Annual Report and Accounts</i></p>	<p>We engaged with regulators such as the PRA and the FCA, discussing key topics such as COVID-19 recovery, EU-UK relations and ESG issues. Specifically, we co-operated with the investigation by the FCA and pleaded guilty to three breaches of the Money Laundering Regulations 2007. Non-executive directors engaged with regulators through continuous assessment and proactive engagement meetings, discussing strategy, Board effectiveness, financial crime, and risk and control environment.</p>



For information on outcomes of engagement and challenges we faced with respect to our stakeholder groups, please see our stakeholder engagement dashboard on pages 14 and 15 of the 2021 Annual Report and Accounts.



Key ESG topics for our stakeholders

Being purpose-led means we strive to create value by balancing the different needs of our stakeholders. And as the leading bank in the UK for business customers, and one of the largest for retail customers, we know the impacts of our business are wide-ranging.

In 2021, our ESG materiality assessment involved a programme of stakeholder engagement to deepen our understanding of the ESG issues that matter most to them. The findings guide our reporting and decision-making, ensuring we remain focused on the right issues.

While we have identified climate, enterprise and learning as the three focus areas of our purpose where we can make a meaningful contribution, our 2021 assessment confirmed that broader ESG topics and those related to our core business responsibilities, as illustrated opposite, are also important for many of our stakeholders.

As a responsible business, some topics like financial crime, operational resilience and responsible governance – as well as diversity, equity and inclusion

– are topics we already focus on and will continue to strengthen further. On the other hand, topics such as biodiversity and human rights are less progressed and will require further work in 2022 and beyond.

In delivering our purpose-led strategy, we expect the measures we report on to adapt and expand over time as we seek to improve our understanding of our environmental and social impact – as well as our stakeholders’ changing expectations on how we address these topics.

Refer to page 3 for a brief note about some important differences in our approach to materiality between our regulatory disclosures and our voluntary ESG disclosures.

 **ESG topics aligned to our purpose focus areas**





Key ESG topics for our stakeholders continued

Identifying the key ESG topics for our stakeholders

Our ESG materiality assessment in 2021 was supported by a third-party expert and involved three steps:

1. Refinement of key ESG topics.

This involved desk research and internal consultation, including a senior management working group and wider employee engagement, to challenge and evolve our list of ESG topics. Our review was further informed by societal megatrends, the UN SDG's and our top and emerging risks.

2. Stakeholder engagement.

We carried out qualitative interviews with representatives across all our stakeholder groups (customers, colleagues, communities, investors, regulators and suppliers). We also conducted a quantitative survey with over 2,500 respondents to explore the relative importance of the various ESG topics. This included specialist samples of SMEs and opinion formers, as well as a sample of UK consumers and NatWest Group customers.

3. Strategic analysis.

We conducted analysis of both the qualitative and quantitative findings, and the inter-relations between them, giving us an understanding of the ESG topics and their importance to our stakeholders.

In 2021, we have achieved different levels of progress against the various key ESG topics identified, as described throughout this document. Outlined below is an update on the ESG topics closely aligned to the three focus areas of our purpose. We expect further work to be required in 2022 to continue to strengthen our approach in delivering our purpose-led strategy.

Enterprise

Enterprise is the lifeblood of a thriving economy but for many, starting and growing a business remains harder than it should be. As the biggest supporter of UK businesses, we continued to address the barriers for start-ups, specifically in underrepresented groups. Read more about our Enterprise focus area on page 24.

Financial wellbeing

Wider economic issues such as – Brexit, the pandemic and the end of furlough schemes – meant the financial resilience and wellbeing of wider society came under severe pressure in 2021. Read more on page 29 about our work to help build a society which is financially confident and resilient, as part of our Learning focus area.

Colleague learning

Delivering long-term, sustainable performance means the skills we need to succeed in the future will be different from those today. Read more on page 35 about how we support our colleagues to realise their potential, as part of our Learning focus area.

Own operational footprint

Our contribution to the climate challenge starts with our direct own operations. During 2021⁽¹⁾ we reduced our direct own operations⁽²⁾ carbon footprint by 46% against a 2019 baseline, and increased our renewable electricity consumption to 97%. Read more in section 5.6 of our 2021 Climate-related Disclosures Report.

Emissions associated with lending and financing

Lending to companies or sectors with activities related to the most harmful activity, such as coal or oil and gas extraction, is one of the most significant ways in which we can have a negative impact on climate change. Our climate ambition seeks to at least halve the climate impact of our financing activity by 2030 and align with the 2015 Paris Agreement. Read more in section 5.7 of our 2021 Climate-related Disclosures Report.

Customer transition to a net-zero economy through our products and services

We continue to work with, and help, our customers transition to a net-zero economy: by giving them the tools to track their emissions; by providing incentives to make their homes more energy efficient; and by helping make our towns and cities cleaner through financing renewable energy. In 2021, NatWest Group announced an ambition to provide a £100 billion Climate and Sustainable Funding and Financing between 1 July 2021 and the end of 2025. We also concluded credible transition plan (CTP) assessments for in scope customers to support our ambition related to help end the most harmful activities. Read more in sections 3.5.1, 3.5.2 and 3.5.3 of our Climate-related Disclosures Report for more details.

1. Our own operational footprint reporting year runs from October 2020 to September 2021.

2. NatWest Group defines direct own operations as our Scope 1, Scope 2 and Scope 3 (paper, water, waste, business travel, commuting and work from home) emissions. It therefore excludes upstream and downstream emissions from our value chain.



**Read more in our 2021
Climate-related Disclosures Report**

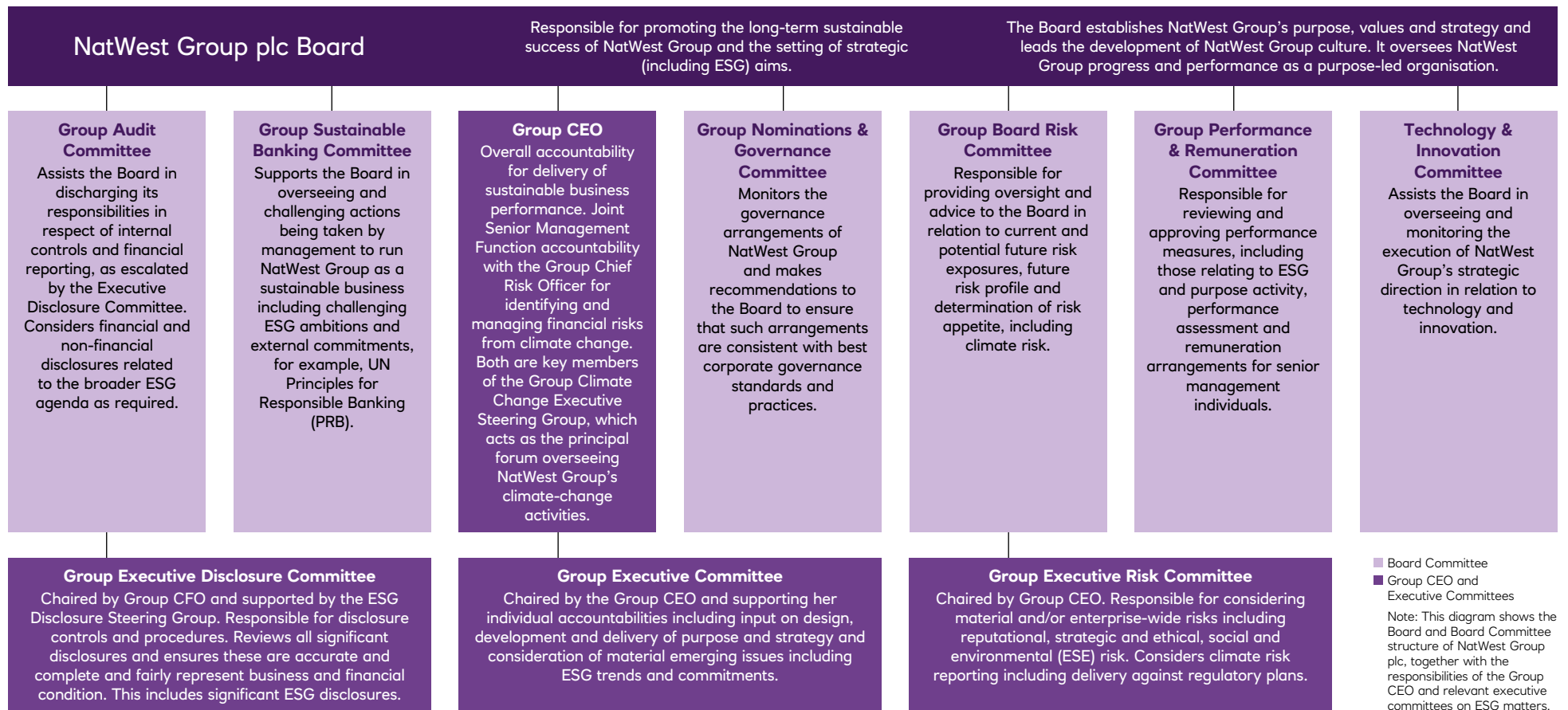


Responsible governance

How our corporate governance framework, roles and responsibilities support our purpose and appropriate ESG oversight

We are committed to the highest standards of corporate governance, business integrity and professionalism in all our activities. As we prepared for the launch of our new purpose-led strategy in February 2020, we opted for an integrated approach to governance, ensuring purpose was appropriately embedded within our existing corporate governance framework and processes, and that these would support appropriate levels of oversight on ESG issues. We will continue to monitor the effectiveness of these arrangements.

The NatWest Group plc Board and Board Committees all have a role to play in the delivery of this integrated governance approach.



NatWest Group plc reports on its compliance with applicable corporate governance and disclosure requirements in its Annual Report and Accounts, including the UK Corporate Governance Code, the US Sarbanes-Oxley Act of 2002 and applicable New York Stock Exchange Standards.

This section of the supplement focuses on the governance arrangements in place at NatWest Group plc (parent company) level, which are supported and replicated as appropriate across our subsidiaries through the operation of our corporate governance framework. Further information on our corporate governance framework can be found in the 2021 NatWest Group plc Report and Accounts.



Responsible governance continued

Board monitoring and oversight of ESG risks and opportunities is supported by having clear roles and responsibilities across our governance structure, as well as robust management reporting on our purpose strategy, ambition and progress against targets

Key purpose and ESG governance activity and focus areas in 2021

How our purpose guided the Board's response to COVID-19

As the UK continued to navigate the pandemic, our Board and Committees continued to meet virtually following their established schedules. The Group CEO and wider executive management team kept the Board informed on our pandemic response. This supported effective Board oversight and challenge as NatWest Group continued to manage the required operational response, focusing on our customers' financial health, prioritising colleague safety and wellbeing, and helping our local communities. During recent Board evaluations, directors commented positively on how our purpose guided Board discussions and decision-making during the pandemic. During 2022, the Board will continue to oversee the Group's purposeful journey and promote stakeholder voices in the boardroom.

Board composition

Our Board is structured to ensure that the directors provide NatWest Group plc with the appropriate combination of skills, experience, knowledge and diversity, as well as independence. Details on our Board directors, Board composition (including information on board diversity and inclusion, skills and experience) are contained in our Governance at a glance page within the Strategic report of our 2021 Annual Report and Accounts.

Reviewing roles and responsibilities

The roles and responsibilities of the Board and its Committees were enhanced during 2020 to ensure a strong focus on our purpose was built into their respective terms of reference. Following a further review in 2021, updates to our Group Audit and Sustainable Banking Committees were agreed to support effective oversight of ESG issues.

Enhancing governance papers

Board and Board Committee papers include a dedicated section which explains how a proposal or update aligns to our purpose; this is complemented by a section detailing stakeholder impacts. Enhanced purpose-alignment reporting is required for complex decisions. These features, embedded within our Board and Committee reporting format, help to ensure that our purpose and stakeholders remain firmly at the centre of Board discussions. In addition, the features support Board oversight of NatWest Group's progress and performance as a purpose-led organisation. A Board insights pack which tracks and reports on progress against NatWest Group's purpose-related targets is shared ahead of each Board meeting.

Board oversight in action

Since NatWest Group announced its purpose in February 2020, the Board has been kept informed on progress towards our purpose-led ambitions and external sustainability commitments – covering achievements to date and future priorities. Purpose, remained a key component of Board-level strategic discussions during 2021.

Examples of how we have embedded purpose into Board discussions and decision-making include: a board strategy spotlight session on how to consider business conundrums in light of purpose, using the Blueprint for Better Business framework to reflect multiple stakeholder perspectives; our annual budgeting process which now incorporates Blueprint for Better Business principles to clearly articulate stakeholder interests and impacts. The Board and Board Committees also receive a range of updates throughout the year covering ESG topics. Additional information on our approach to purpose-led decision-making can be found in the Annual Report and Accounts (section 172(1) statement).

Board training

Our Board training programme prioritised key areas of focus and included consumer protection, operational resilience, financial crime and climate. During the annual climate training session the Board received an update on progress towards meeting our climate ambitions and on insights ahead of COP26. To support their review and approval of the Bank of England Climate Biennial Exploratory Scenario (CBES) exercise, video training was provided covering, among other things: an overview of the CBES process and scenarios; the approach to modelling the climate risks; and how the results are used to drive decision-making and the management response plan.

How we listen and engage on purpose

The Board has engaged with key stakeholders, including investors, employees, thought leaders, throughout the year on a range of topics, including purpose.

In November, the Group Chairman, Group CEO and selected Board Directors attended the COP26 along with members of the Executive team. This provided a unique opportunity to engage with a wide variety of stakeholders, specifically through the lens of our climate ambitions.

Money laundering

In order to comply with anti-money laundering legislation and regulation, the Group Money Laundering Reporting Officer provided their annual report to the Board on the operation and effectiveness of the systems and controls in place. This report also included an assessment of the systems and controls in place to prevent terrorist financing, bribery and corruption, tax evasion, sanctions breaches and fraud. This continues to be an important topic for the Board and annual training on financial crime aims to build knowledge and awareness among directors.

Climate governance

In line with the wider purpose and ESG governance model, climate governance is integrated in existing committees and builds on their areas of responsibility and expertise. Details of this and management's role in assessing and managing climate-related risks and opportunities can be found in our 2021 Climate-related Disclosures Report.

Additional information on our approach to corporate governance, including stakeholder engagement and purpose-led decision-making can be found in the 2021 Annual Report and Accounts (section 172(1) statement and Corporate Governance).



Collective action

We continue to make progress against the UN Principles for Responsible Banking and remain committed to aligning our strategy with the UN Sustainable Development Goals

Six principles shaping our future



Principles for Responsible Banking

We have now been signatories to the Principles for Responsible Banking (PRB) for two years and remain committed to further aligning our strategy with the Paris Climate Agreement and the UN Sustainable Development Goals (SDGs). Our progress on the six principles can be found in our second self-assessment report (see p.61).

In 2021, we responded to the collective progress survey, issued by UNEP FI, helping to build a global picture of the progress made by over 200 signatories. We welcomed recommendations on the report from the Civil Society Advisory Board, including recognising the importance of the

UN Guiding Principles, which we are striving to further align with through our approach to human rights. (see p.47).

We joined the Portfolio Impact Analysis working group and piloted the PRB impact assessment tool on our lending portfolio. The tool aims to identify potential positive and negative impacts in the context of sectors and countries, aligned to SDGs. The tool, which identifies impacts including climate, biodiversity and employment has been useful as an additional source of risk analysis. While in its infancy, we will continue to work collaboratively with UNEP FI to address challenges and use the tool and its methodology to deepen

our understanding of the positive and negative impacts in our lending.

We continued to work collaboratively and are active on the portfolio impact tool working group and the sub-groups focused on producing target-setting guidance for:

- Gender equality
- Financial inclusion and financial health
- Biodiversity

We are signed up to the Collective Commitment on Climate Action (CCCA) and joined the industry-led UN-convened Net-Zero Banking Alliance. In April 2021, alongside 42 other banks and UNEP FI, we became founding members of the Glasgow Financial Alliance for Net Zero (GFANZ).

We welcomed the opportunity to participate in the UNEP FI events and invited them to speak to our colleagues through our Talent Academy and Sustainable Futures network to further embed the principles.

Sustainable Development Goals

The 2030 UN Sustainable Development Goals (SDGs) have less than a decade to be achieved, and we recognise we can have positive, and potentially negative, impacts on all 17 goals.

Our three focus areas are aligned to seven SDGs where we believe we can make a positive contribution.

SDGs are embedded into our green, social and sustainability bonds frameworks and our Climate and Sustainable Funding and Financing criteria. Our policies, including our Human Rights Statement, our Modern Slavery and Human Trafficking Statement and our Supplier Charter reinforce our commitment to SDGs.

We are members of the UN Global Compact (UNGC) working group on Making Global Goals Local. In 2021, NatWest Group supported the UNGC SDG Roadshows held virtually across the UK in the run up to COP 26, and four talented colleagues completed the 2021 Young SDG Innovator ten month accelerator programme.

Coutts became B Corp certified in 2021, and through its engagement provider EOS at Federated Hermes, Coutts is working to achieve the SDGs through its voting and engagement with the companies in which it invests.

54 of our Sustainable Futures Champions set a personal SDG objective and 98 set a professional objective on our Workday platform, following a webinar on the goals.



Partnerships for the goals

A strategic priority of NatWest Group is to be powered by partnerships, and progress across our three focus areas can only be achieved with collaboration.

These are some examples of our signatories, memberships and accreditations.



Signatories

- UN Global Compact
- UNEP FI Principles for Responsible Banking
- UN supported Principles for Responsible Investment
- Science Based Targets initiative (SBTi)
- The Climate Group
- The Financing a Just Transition Alliance
- Partnership for Carbon Accounting Financials (PCAF)
- Net Zero Asset Managers initiative (NZAM)
- Climate Action 100+
- HM Treasury Women in Finance
- Race at Work Charter



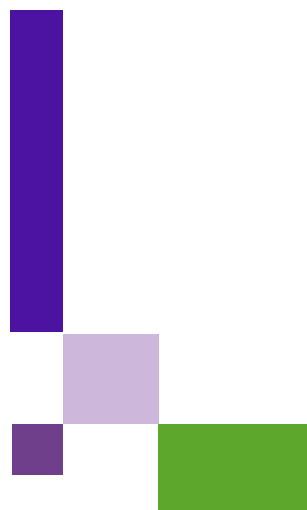
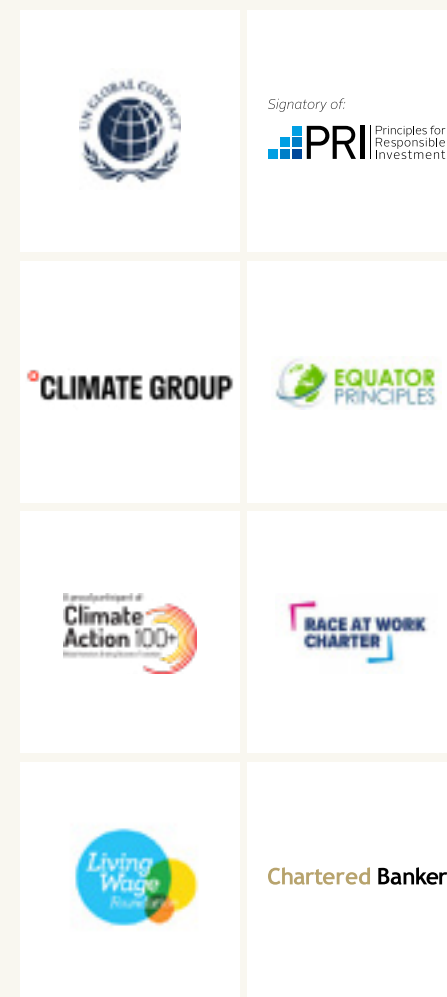
Membership

- Sustainable Markets Initiative (SMI)
- Glasgow Financial Alliance for Net Zero (GFANZ)
- Equator Principles (EP)
- Taskforce on Nature-related Financial Disclosures (TNFD)
- Net-Zero Banking Alliance (NZBA)
- Business in the Community (BiTC)
- Powering Past Coal Alliance
- UK Finance



Accreditations

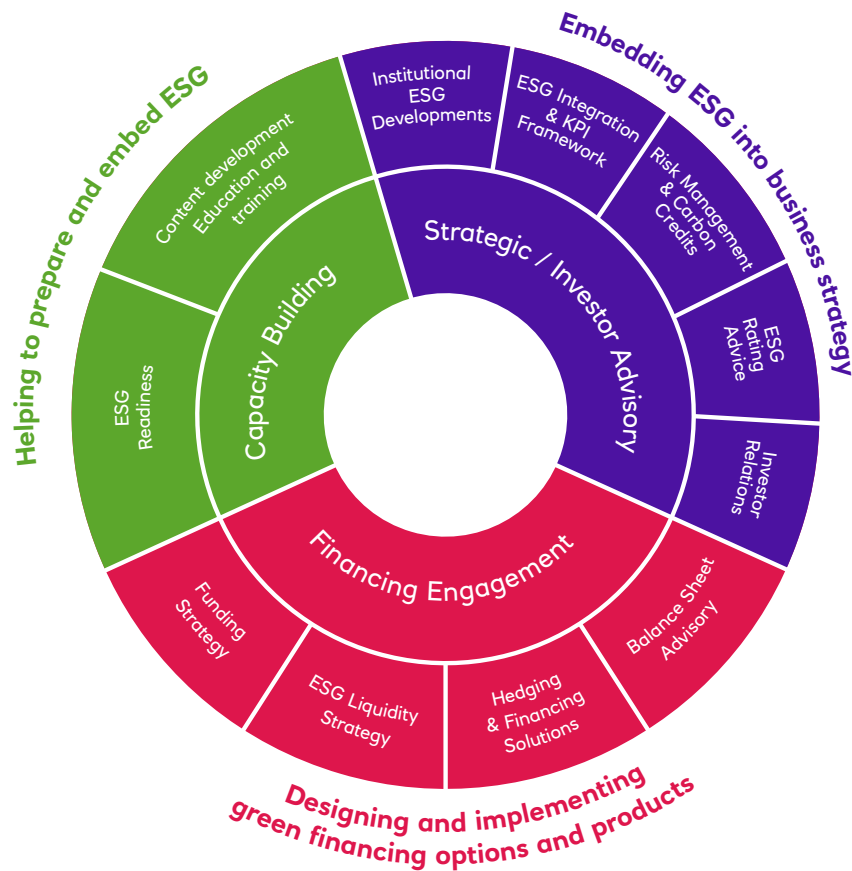
- Sustainable Homes and Buildings Coalition
- Living Wage Foundation
- Chartered Banker Institute





Integrating ESG across our services and operations

At NatWest Group we are supporting our customers to develop more sustainable practices, helping corporates adapt to evolving market expectations and capitalise on new opportunities.



Providing ESG and sustainable finance advisory to our corporate and institutional customers

NatWest Group takes an integrated, product agnostic approach in working with our customers on ESG matters. As such, we assist them across many aspects including ESG strategy, reporting and disclosure, ESG ratings, and in structuring sustainable finance products (including loans, bonds, private placements, commercial paper and derivatives). These products support and incentivise each of our customers' own ESG objectives, allowing NatWest Group to play an important role in the transition strategies of companies across multiple sectors of the economy.

Funding social and sustainable finance, supported by our advisory approach to product innovation

The sustainability labelled debt market has continued to reach new record volumes, with overall issuance increasing 59% in comparison to 2020. (Source: Dealogic)

NatWest Markets has continued to play a leading role in the evolution of the corporate, public sector, financial institutions and the sovereigns, supnationals and agencies (SSA) sustainable finance markets. A selection of our 2021 mandates is shown below:

- **Corporates:** Joint Sustainability Structuring Advisor for Gasunie's Sustainability-Linked Bond Framework and subsequent EUR300 million inaugural bond issuance, which

represented the first regulated European gas transmission system operator to issue in this format.

- **Public Sector:**
 - Supported King's College London in structuring the first sustainable finance framework for a UK university. The underlying framework covers the university's campus redevelopment investments as well as bursary programmes and environmentally and socially impactful PhD research.
 - Joint Structuring Advisor on Communauté Française de Belgique's Social Finance Framework, which allowed it to issue a EUR500 million social bond to support the development of education, culture, early childhood health & sports programmes.
- **Financial Institutions (FI):** Acted as framework co-structuring advisor for BPER which led to it issuing a successful EUR500 million Senior Preferred Social Bond associated with COVID-19-related loans to Italian SMEs.
- **Sovereigns, supnationals and agencies (SSA):** Awarded repeat mandates, raising in excess of EUR23 billion, for the EU's SURE programme which was set up to protect jobs in response to COVID-19.



Integrating ESG across our services and operations continued

Embedding ESG outside the bond market

Over the course of the year, we have also focused on embedding ESG into products outside the bond market.

- **Sustainability linked loans (SLL):** NatWest Group is an active participant and coordinator in the large and growing global SLL market. These loans incentivise our customers to perform on explicitly stated, ambitious ESG targets.
- **ESG derivatives:** NatWest Markets has established an ESG offering across the derivatives spectrum, including foreign exchange (FX) and term derivative products, executing transactions with multiple clients.
- **Private finance:** NatWest Markets played a key role in establishing ESG-linked subscription line facilities and recently co-ordinated c.€2.3 billion ESG-linked umbrella credit facility for Carlyle's European private equity and real estate platform.
- **Securitisation:** NatWest Markets collaborated with the Association for Financial Markets in Europe (AFME) and the European Banking Authority (EBA) to support the production of a cohesive due diligence questionnaire and a report on sustainable securitisation respectively.
- **Repo:** NatWest Markets' first repo transaction was successfully executed to provide financing for a new senior-living development in Tunbridge Wells.

- **Commercial paper:** NatWest Markets is supporting the integration of ESG considerations in the short-term market through multiple commercial paper programmes with ESG structures, including with Holcim – whose innovative ESG Euro Commercial Paper programme NatWest Markets had previously structured.
- **ESG Deposits:** NatWest Markets continues to offer ESG deposits under its ESG product framework with £317.3 million outstanding as of December 2021.

Thought leadership and knowledge transfer leadership

To support customers and the wider industry in the understanding and awareness of ESG risks and opportunities, we have produced an extensive range of ESG focused thought leadership. Throughout 2021, NatWest Markets subject matter experts delivered more than 160 external articles and events across a plethora of ESG themes. These included both our regular ESG publications (such as 'Green Fingers', 'ESG Evolution', 'Issue your Greens') as well as dedicated articles and webinars on topical issues.

An active voice in the industry

NatWest Markets recognises the importance of industry-wide collaboration, to advance progress within sustainable finance and ESG more broadly, and is an active voice on a number of key sustainability fora.



Read more in our [2021 Climate-related Disclosures Report](#)

This allows us to help shape market guidance and reflect our customers' concerns and priorities. In 2021, NatWest Group supported Global Financial Markets Association's reports on 'Global Principles for Developing Climate Finance Taxonomies' as well as 'Unlocking the Potential of Carbon Markets to Achieve Global Net zero' which provides an overview of the developing carbon market and describes the evolving carbon ecosystem which contains both compliance and voluntary market alternatives.

Over the course of 2021, NatWest Markets has conducted three investor surveys with over 120 participants contributing globally. In November, we released the results of our Global ESG Investor Survey, which covers buy-side views on regulatory and product developments as well as sustainable debt supply parameters. The depth and reach of our annual surveys represents a key part of our product development in the primary and private finance market.

Embedding ESG into asset management

Coutts Asset Management Centre of Expertise, which manages all investments on behalf of the NatWest Group, has embedded ESG into every part of its investment process and ownership practices. This is based on our belief that strong corporate governance practices

and management of environmental and social risks are important drivers to the creation of long-term shareholder value. Coutts' approach to responsible investing won three awards in 2021, including ESG strategy at the European WealthBriefing Awards, as well as Multi-Asset Manager of the Year and Multi-Asset Fund of the Year at the Sustainable Finance Awards, and has been recognised by the FRC for its stewardship activity.

In 2021, Coutts joined the Net Zero Asset Managers initiative and committed to achieving Net zero investments by 2050. We are currently working to make this commitment explicit in all funds and discretionary portfolios we manage on behalf of our clients.

However, Coutts have already made significant progress on addressing climate change within our investments, reducing the carbon intensity of the equity component of our funds and discretionary portfolios by 38% on average since December 2019 and meeting our 25% reduction target by the end of 2021. Aligning with the 2015 Paris Agreement we have also committed to halving the carbon intensity of all holdings in our funds and discretionary portfolios by the end of 2030.

Coutts is an active steward of the investments it manages on behalf of clients, focusing on achieving real world progress on ESG issues such as climate change, gender diversity and biodiversity.



Integrating ESG across our services and operations continued

In 2021 Coutts voted on over 14,000 resolutions, supported over 90% of shareholder resolutions on climate and engaged with over 500 companies on ESG issues, with the support of our stewardship provider EOS at Federated Hermes.



Climate and Sustainable Funding and Financing

In H1 2021, six months ahead of time, NatWest Group exceeded its 2020–2021 target of providing £20 billion of Climate and Sustainable Funding and Financing with the delivery of £21.5 billion. In October, NatWest Group announced a new target to provide £100 billion of Climate and Sustainable Funding and Financing by the end of 2025 (from 1 July 2021). Part of this new Climate and Sustainable Funding and Financing target will help to provide the investment needed to transition the UK to a Net zero economy. Our new Climate and Sustainable Funding and Financing will build on opportunities across key sectors: renewables and wind, green finance, homes and public buildings and electric vehicles.

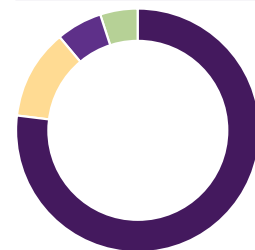
We also announced our new climate and sustainable finance inclusion criteria which we will use to determine the assets, activities and companies that are eligible to be counted towards the £100 billion Climate and Sustainable Funding and Financing from 1st January 2022.

The new climate and sustainable finance inclusion criteria (Version 1.3) is available on the 'Climate and sustainable finance' pages of our website.

Affordable housing social bond

In February 2021, in line with the ICMA Social Bond Principles, NatWest Group issued £1 billion affordable housing social bond, the first of its kind by a UK bank. The proceeds of the social bond issuance are allocated to financing/re-financing loans originally provided to not-for-profit registered housing associations operating in the UK, which provide greater access to affordable housing, or contribute to enhanced access for low-income residents or marginalised communities (see chart).

Indicative Eligible Housing Type



- Social Rent: 77%
- Affordable Rent: 12%
- Shared Ownership: 6%
- Supported Housing: 5%

Green Mortgages Green Bond

In November 2021 NatWest Group issued a £600m Green Bond, the proceeds of which were used to finance/refinance a selected pool of green mortgages located in the UK.



Investing in GSS bonds in our liquidity portfolio

Our Treasury portfolio consists of high-quality liquid assets which support the bank-wide sustainable banking ambition by allocating a portion to green, social and sustainability (GSS) bonds. As at Q4 21, Treasury held a £2.3 billion GSS portfolio, providing support to 28 GSS borrowers. Based on issuer reporting, the proceeds of these bonds are allocated to areas such as renewable energy, energy efficiency, and sustainable development. Our ambition is to grow this portfolio materially over time.

ESG in our pension funds

Together with its investment managers, the trustees of the Group's pension plans take steps to actively monitor and take account of environmental, social and governance issues when investing the assets.





Purpose focus area

Climate

Our ambition	21
Biodiversity and climate change	22

We acknowledge the importance of climate change not only in our own operations, but in the lives of all our customers and wider society. We also take compliance with the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) recommendations very seriously. To this end, since our inaugural standalone Climate-related Disclosures Report last year, we have progressed our assessment of climate-related risks and opportunities, enhancing our scenario planning, governance and risk management processes, and developing metrics and targets.



[Read more in our 2021 Climate-related Disclosures Report](#)



NatWest Group climate ambition



(SDG 7.1, 7.2, 13.1, 13.3, 17.17)

Our ambition

**Net zero⁽¹⁾
by 2050**

-50%

At least halve the climate impact of our financing activity by 2030 (SDG 7.1, 7.2, 13.1, 13.3)

£100bn

Climate and Sustainable Funding and Financing between 1 July 2021 and the end of 2025 (SDG 7.1, 7.2, 13.1, 13.3)

50%

of our UK mortgage customers' homes at or above EPC C rating by 2030 (SDG 7.1, 7.2, 13.1, 13.3)

**Full phase out of coal
by 1 January 2030⁽²⁾**
(SDG 7.1, 7.2, 13.1, 13.3)

-50%

reduce our direct⁽³⁾ own operational carbon footprint by 2025 (SDG 7.1, 7.2, 13.1, 13.2)

1. Please refer to section 1.2 for definitions related to our net-zero ambitions.
2. Please refer to section 3.5.2 in the NatWest Group Climate-related Disclosures Report for further details on outcomes.
3. Against a 2019 baseline, Direct own operations is defined as Scope 1, Scope 2 and Scope 3 (paper, water, waste, business travel, commuting and work from home) emissions. It excludes upstream and downstream emissions from our value chain.
4. In October 2021, having surpassed our previous 2020-21 £20 billion target during H1 2021, NatWest Group announced an ambition to provide an additional £100 billion Climate and Sustainable Funding and Financing between 1 July 2021 and the end of 2025
5. Percentage of £110.3 billion UK Retail Banking mortgages where EPC data is available. 2020 comparative for England and Wales mortgages only.
6. Retail Banking RBS, NatWest and Ulster Bank Northern Ireland mobile apps
7. Retail Banking Green Mortgage products relate only to mortgages for energy efficient homes (EPC A or B rated) and are aligned to the World Green Building Council definition of green mortgages.

(*) Within the scope of EY assurance. Refer page 98.

2021 progress highlights

52%

of gross lending and investment balances at full year 2019 estimated for financial emissions. A further eight high carbon emitting sectors estimated

2020: 45% (four sectors)

£17.5bn^(*)

Climate and Sustainable Funding and Financing completed, including £8.1bn contribution towards our £100bn target⁽⁴⁾

2020: £12bn

38%^(*)

of Retail Banking mortgages are at or above EPC C rating⁽⁵⁾

2020: 36%

**Credible transition
plan assessments**
completed for oil and gas majors and in scope coal customers⁽²⁾

-46%

reduction in our direct⁽³⁾ own operations carbon footprint

COP26

Principal partner for 26th UN Climate Change Conference of the Parties (COP26)

Carbon Tracking

feature launched in our Retail Banking mobile app⁽⁶⁾ – in collaboration with CoGo

£728m^(*)

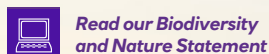
Retail Banking Green Mortgages completion⁽⁷⁾

Biodiversity and climate change



Climate change and environmental degradation are inextricably linked and require immediate and significant action to avert potentially irreversible damage. The impacts of rapid climate change, such as forest fires and acidic oceans are causing significant biodiversity and nature loss. Simultaneously, protecting and restoring our natural world can make a substantial contribution to both climate change mitigation, by removing emissions, and adaptation – for example, rewilding upland areas reduces the impacts of flooding in downstream towns. In 2022, the UN Biodiversity Conference will convene governments from around the world to agree to a new set of goals for nature over the next decade. This will be critical as time is running out to address these issues.

Ahead of COP26 NatWest Group published its biodiversity and nature statement that outlined a number of initiatives and work NatWest Group is involved in related to biodiversity and nature.



[Read our Biodiversity and Nature Statement](#)

In 2021, NatWest Group formalised the 'Emerging Environmental Issues Working Group' to identify, track and make recommendations on a wide range of environmental issues relevant for our business. In 2021, we also classified 'biodiversity and nature loss' as a formal emerging risk for NatWest Group.

It is critical for NatWest Group and our customers to work towards becoming 'nature positive' by reducing negative impacts and increasing restoration of natural capital. We are at the start of the journey, in 2022 we will work to better understand nature-related risks and opportunities.

Measuring biodiversity and nature impacts of financing is an evolving and complex area. It requires collaborative approaches with partners, stakeholders and peers to help mitigate the negative impacts of financing activities on environment and nature, as well as supporting the growing sector of nature-based solutions to climate change.

NatWest Group is helping to drive collective action on nature and biodiversity through a number of exploratory collaborative groups including:

- The Taskforce on Nature-Related Financial Disclosures (TNFD) member of the Informal Working Group 2020, Forum Member 2021, which will be

delivering a risk management and disclosure framework for organisations to report and act on nature-related risks.

- United Nations Environment Programme Finance (UNEP FI) Initiative, Principles for Responsible Banking (PRB) Biodiversity sub-group, which is focusing on developing indicators, metrics and methodologies for target setting on biodiversity.
- HRH The Prince of Wales's Sustainable Markets Initiative (as part of the Financial Services Taskforce). It aims to accelerate the flow of private investment into sustainable infrastructure projects, which includes restoring the balance sheet of natural capital.
- Banking Environment Initiative (BEI) working group, participating in projects including: Soft Commodities Compact and BEI Financial Risks arising from Biodiversity Loss and Land Degradation.

Helping reduce and mitigate harmful activity

As a bank we have significant indirect impacts on biodiversity and nature through our financing. We seek to reduce and limit negative impacts through our environmental, social and ethical sector-based lending policies, which help determine the customers and projects we finance. We have also integrated the requirements of the 'Equator Principles'⁽¹⁾ and 'Soft Commodities Compact'⁽²⁾ into these policies.

Considering environmental impacts specifically, our policy is not to lend to projects involving unsustainable vegetation clearance or peatland clearance/extraction.

This includes for example areas of high conservation value, high carbon stock and primary tropical forests. For further details, please read our ESE risk appetite position for Forestry, Fisheries and Agribusiness.



[Read our FFA policy](#)

In respect to the importance of tackling deforestation, we decided to refresh our soft commodity reporting for H2 2021.



[Read more about our soft commodities reporting](#)

Expanding our positive impacts on biodiversity and nature

Transitioning towards a nature-positive economy will require reform and improvement of food, fishing and agricultural systems and subsidies to ensure they reflect the real costs and benefits of nature in economic systems. We must direct financial resources to ensure they work for nature, people and planet. In 2021, we announced our new target to provide £100 billion of Climate and Sustainable Funding and Financing by the end of 2025. Our climate and sustainable finance criteria includes lending to projects that protect and restore biodiversity, habitat and ecosystems.



[Read more about climate and sustainable finance](#)

1. A voluntary set of standards adopted by financial institutions for determining, assessing and managing environmental and social risks in project-related transactions.

2. The Soft Commodities Compact aimed to mobilise the banking industry to help transform soft commodity supply chains.



Biodiversity and climate change continued

Global Farm Metric

Sustainability impacts can vary significantly from one farm to another. NatWest Group has been helping the UK Agriculture sector for over 200 years, our team of expert relationship managers are dedicated to supporting the farming industry in an ever-evolving and challenging sector. In line with our purpose, climate change and sustainability commitments we want to help farmers measure their sustainability impacts. This information is useful for their customers as well as providing data to improve farm operations. NatWest Group and the Sustainable Food Trust (SFT) have

been collaborating to support the development of the 'Global Farm Metric' (GFM), an internationally standardised framework to help farmers measure the sustainability of farming and food production. After a successful pilot in 2021, this is now being expanded.

Bringing expert insight from the financial sector, NatWest Group is helping to further develop the GFM as a single platform through which farmers in the UK and beyond can meet multiple sustainability data requests. For example, for audits or requests from retailers, banks or governments.

The Global Farm Metric then takes this information and provides a detailed summary to farmers, highlighting strengths and areas for improvement. Further developments could include building interfaces with other commonly used tools, such as those that measure productivity and calculate carbon.

The continued development of the GFM will also enable NatWest Group to better understand the impact of its agriculture portfolio and how this can be aligned with the ambition of the 2015 Paris Agreement.

Carbonplace, formerly Project Carbon

Carbon credits are used as a tool by many businesses to help reduce their environmental impact, but there is currently no consistent transparent global value for carbon credits.

Through NatWest Group's collaboration with other international banks, it is supporting the development of a transparent global marketplace for carbon credits with clear and consistent pricing and standards known as 'Carbonplace'. The marketplace uses blockchain technology to enable access to transparent information about carbon credits through an open digital record of ownership. Through this we also hope to expand the use of nature-based solutions at a global level.

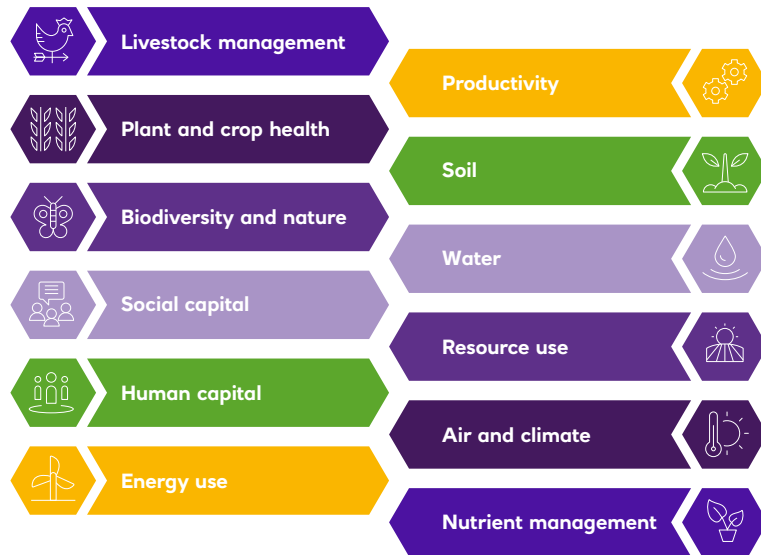
People and operations

Sustainable Futures (SF) is an employee-led network that connects and supports our colleagues to embed sustainability at work and at home. In Q4 2021 SF launched a new 'Biodiversity 101' training pack which has already started to be delivered to colleagues. As part of our journey to become Climate Positive in our operations by 2025, we recognise that our impact on the environment extends into the supply chain. NatWest Group started working with EcoVadis and launched its new 'Supplier Charter' in 2020. The charter sets out the sustainability requirements, including nature and biodiversity conditions, that suppliers must meet in order to do business with us. In 2021, specific details relating to deforestation-risk commodities were also added to the charter.

Nature near our buildings and sites

NatWest Group's head office in Scotland is located on a large estate on the urban rural fringe. Although the area is not a key biodiversity site, we have a management plan in place. Nature-based climate change planning for the location includes maintaining carbon sequestering elements that are principally soils and trees, while simultaneously reducing the use of carbon. Maintenance and continuous improvement in soil structure allows for storing the maximum amount of carbon as well as enhancing flood attenuation. In 2022, we plan to increase the restoration and protection of nature on our sites and explore measuring our direct nature impacts.

The framework assesses against a number of categories including:



1. Source Growing Better: Ten Critical Transitions to Transform Food and Land Use, Food and Land use Coalition 2019.



Purpose focus area

Enterprise

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NatWest Group enterprise ambition



(SDG 5.5, 8.3, 10.2, 17.17)

Our ambition

35,000

individuals or businesses supported through enterprise programmes in 2021 (SDG 8.3)

60%

of those supported will be female (SDG 8.3, 5.5)

20%

of those supported will be of a Black, Asian and/or Minority Ethnic background (SDG 8.3, 10.2)

200,000

interventions delivered to start, run or grow a business in 2021 (SDG 8.3)

75%

of those supported will be based outside London and the South East (SDG 8.3, 10.2)

10%

of those supported intend to create purpose-led businesses (SDG 8.3, 10.2)



2021 progress highlights

c.55,000

individuals and businesses supported through enterprise programmes in 2021⁽¹⁾

c.60%

of individuals or businesses supported identified as female

c.26%

of individuals supported were of a Black, Asian and/or Minority Ethnic background

c.200,000

interventions delivered to start, run or grow a business in 2021⁽¹⁾

c.75%

of individuals or businesses supported were based outside London and the South East

c.52%

of individuals or businesses supported were purpose-led businesses

1. Represents approximate number of interventions delivered by and individuals supported through enterprise programmes during 2021, which is based upon data provided by third parties delivering these interventions without further independent verification by NatWest Group.



Removing the barriers to enterprise

Removing the barriers to enterprise – even during hard times

As the largest supporter of UK businesses, we champion anyone starting or growing a business. However, we know that for many, it still remains harder than it should be. In 2021, as part of our commitment to remove barriers to enterprise and help the economy build back better, we published 'A Springboard to Sustainable Recovery: Building back better together'.

The report is aimed at helping the UK's businesses confidently navigate today's economic landscape. It includes a commitment to scaling growing businesses, unlocking regional potential, boosting managerial skills and practices, and supporting technology adoption.

We have a target to support start-ups to create 50,000 incremental businesses by 2023. While we remain committed to supporting start-ups, due to the unforeseen challenges presented by the COVID-19 pandemic, we diverted resources to support existing customers. This has impacted progress against our ambition and we will undertake a full review of our approach to this goal during 2022.

The number of jobs created by businesses supported through our Entrepreneur Accelerator Programme is a measure we have reported in previous years. Jobs created are self-reported by the businesses supported, which could result in tracking methodology being applied inconsistently between businesses. We are working on

developing methodology for tracking jobs created that can be applied consistently across businesses, and will report this in future reports.

Meanwhile, against a backdrop of continued disruption due to COVID-19, we supported c.55,000 individuals and businesses through c. 206,000 interventions in support of starting and growing a business. In 2021, we expanded the focus of our Business Builder programme, an online tool providing learning resources, to support businesses at all stages of their lifecycle.

Over the past 12 months we have continued to deliver our award-winning Accelerator programmes virtually through coaching, workshops and events. By offering access to business expertise and a network of like-minded peers, the programme removes multiple barriers to enterprise, empowering UK entrepreneurs to scale their businesses to the next level. In addition, we launched the first of our specialist Accelerators to allow us to bring network support to high-growth businesses in specific sectors across the UK.

Research and experience tell us that access to experts and mentors is important for businesses at all stages. To support our customers, we launched our mentor matching platform pilot with 100 NatWest Accelerator businesses now having access to 50 Coutts clients to act as mentors

Elsewhere, we partnered with HM Treasury, providing funding, as well as in-person support, to the Help to Grow

(Management) scheme. The 12-week programme for SMEs is delivered by universities across the UK to support senior managers boost their business's performance, productivity, resilience, and long-term sustainable growth.

Championing diverse entrepreneurship

We remain committed to supporting the UN Sustainable Development goals on gender equalities and reduced inequalities. Women made up at least 60% of those we supported in 2021, and more than 26% were Black, Asian and Minority Ethnic. More than 75% of the businesses we support are based outside of London and the South East, with 53% of businesses having a socially purpose-led focus.

In 2021, NatWest Group made an additional £1 billion in funding available to help support female-led businesses in the UK recover from the impact of COVID-19, this builds on the £1 billion announced in January 2020.

Advancing female entrepreneurship

In March 2021 – two years on from the launch of the Rose Review – Alison Rose and Minister Scully (Parliamentary Under-Secretary (Department for Business, Energy and Industrial Strategy)), published the second progress report on the review. Despite the multitude of challenges and uncertainty of 2020 and 2021, we are

delighted that the update highlighted real progress on all eight Rose Review recommendations.

The first annual publication of the Investing in Women Code report – a commitment by financial services firms to improve female entrepreneurs' access to tools, resources and finance launched by Alison Rose and HM Treasury in July 2019 – came out in April 2021. The report contained industry commentary and insight on the impact of COVID-19, as well as outlining best practice from finance providers on how to support female entrepreneurs. We believe this marks another important output from the Rose Review and is another step towards encouraging greater gender transparency in business funding.

Mentoring

A key barrier to female entrepreneurs starting or scaling a business is a lack of relatable role models and access to networks, sponsorship and mentorship opportunities through which they can gain relevant advice and insight. To help address this, through the SME Taskforce, NatWest collaborated with Digital Boost to provide tailored digital training and advice to SMEs and charities looking for extra support to help grow their business and boost revenues. Elsewhere, following a successful two-year pilot, our 'Expert in Residence' programme launched across the UK, dedicating 28 roles based in branches and communities to help female entrepreneurs realise their growth ambitions. Expert in Residence is delivered by local enterprise

Removing the barriers to enterprise continued

managers. Working collaboratively with our Local Enterprise Partners across the UK they proactively spend time supporting local businesses, sharing advice, creating networks, leveraging the local ecosystem, and hosting events to boost businesses and help them grow.

From a colleague perspective, a further 320 NatWest Group employees progressed through our 'Women in Business' accreditation programme. This takes our total to over 1,000 Women in Business specialists, providing expertise and delivering online events specifically for our female business customers.

Supporting all our business communities

Through the SME Taskforce, NatWest Group announced collaborations with Business in The Community (BITC), Hatch and Digital Boost to provide tailored digital training and advice to SMEs to help grow their business. The collaborations focus on supporting those who traditionally face the highest barriers to entry.

Over the past year we have been supporting the Centre for Research in Ethnic Minority Entrepreneurship (CREME) on a research project, 'Time To Change': Advancing the UK's Ethnic Minority Businesses. The research report explores the UK landscape, both the contribution of and barriers faced by the UK's Ethnic Minority Businesses.

Youth enterprise support

The Prince's Trust and NatWest Group have been officially partnered for over 20 years. Through our partnership, we support The Prince's Trust enterprise programme and colleague volunteering, as well as being a patron of 'Women supporting Women'. Building on the Enterprise Relief fund set up by The Prince's Trust and NatWest Group during the pandemic in 2020, a further 458 young people received a grant funded by NatWest Group in 2021, to test their business ideas through The Prince's Trust enterprise programme.

Our 'Dream Bigger' programme – in association with organisations such as National Enterprise Company and Young Enterprise Scotland – continues to inspire and provide the skills and motivation for young people (aged 16 to 18) to start a business. In 2021, we supported more than 21,000 young people through our digital events.

NatWest Social & Community Capital (S&CC)

S&CC was founded, as an independent charity in 1999 to help social enterprises, charities and community businesses make a positive impact in communities across the UK. The S&CC awarded its 20th anniversary grants in early 2020 and more recently, specific coronavirus support grants.



[Read more about NatWest Social & Community Capital](#)

Coutts proactively supports early-stage businesses and founders looking to scale-up.

Through the Coutts Investment Club and UK Enterprise Fund, Coutts helps a diverse range of fast-growing UK-based private companies find the capital they need to grow. Both services offer a select group of Coutts clients the opportunity to invest in innovative businesses trying to solve the UK's biggest challenges.

Our Coutts Investment Club clients have direct access to entrepreneurs seeking growth capital, and they are often looking to bring more than investment.

They frequently act as mentors or advisors, and even join boards as non-executive directors. It's comprised of senior executives, experienced entrepreneurs, investment professionals, and family offices, who want access to innovative companies while making their own investment decisions.

In collaboration with BGF, Coutts launched the UK Enterprise Fund: a unique opportunity for Coutts clients to invest in a diversified portfolio of UK-based growth-stage private companies. Inspired by the Rose Review, the fund looks to address the funding gap for entrepreneurs across the UK, while offering clients a scalable approach to investing in commercially-established businesses. With £41.5m raised, after 5 months the Fund has invested £10.8m into 19 businesses, of which two

CREME have devised actionable recommendations to address the challenges faced by ethnic minority entrepreneurs that can be adopted by policy makers, financial institutions and business support organisations. This is to support a collaborative and robust approach to advancing the UK's ethnic minority business owners.

The final version of the report will be launched in early 2022.

are female-led. It is also supported by wider NatWest Group initiatives to support female-led businesses and make them investment-ready.

Hatch Enterprise

We collaborated with Hatch Enterprise, a leading charity whose mission is to empower 25,000 underrepresented entrepreneurs to imagine, launch and grow sustainable and impactful businesses through tailored enterprise support, community and partnerships by 2025. Hatch provides an inclusive ecosystem where everyone has access to the power of entrepreneurship.



Growing ambition: Harvest London



Part of our Accelerator programme

We love seeing the firms we've supported go from strength to strength.

Harvest London, a 'vertical' farm based in Leyton, is one such business. By employing controlled environment agriculture – growing crops under LED lights without pesticides and using far less water – it produces herbs and vegetables that are hard to source locally in the UK.

Starting as a small proof of concept almost three years ago, the company has quickly scaled its operations, recently opening a second farm with more production sites planned to follow.

NatWest Group is proud to be part of its growth story. As a former member of our Entrepreneur Accelerator programme, it's great to know we've helped such a dynamic and sustainable company work towards its long-term goals.

For us, it's the reason why the programme was developed in the first place. As the UK's biggest supporter of small business, we understand that helping companies is much more than just traditional lending. Full wraparound care, connectivity and know-how is crucial for fast-growing companies to find their feet and thrive.

By providing entrepreneurs with free office space, free business advice, mentoring, bespoke coaching, and access to the bank's networks and supply chains, we want to ensure that our Accelerator businesses have the very best chance to succeed.

This is what supporting enterprise looks like. By removing barriers to enterprise and providing more opportunities, we'll not only help companies to grow, but we'll also help the economy to build back stronger.



Purpose focus area

Learning

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NatWest Group learning ambition



(SDG 4.4, 4.6, 10.2, 17.17)

Our ambition

15m

of financial capability interactions delivered by 2023⁽¹⁾
(SDG 4.4, 4.6 and 10.2)

100%

front-line colleagues professionally accredited within the first 18 months in role (SDG 4.4)

2m

of additional customers helped to start saving by 2023⁽²⁾
(SDG 10.2)

UK

Social mobility apprenticeship programme extended across multiple UK locations
(SDG 4.4, 4.6, 10.2)

2021 progress highlights

8.96m^(*)

financial capability interactions delivered by 31 December 2021 against the 2023 target⁽¹⁾

99.6%

front-line colleagues professionally accredited within the first 18 months in role

1.07m^(*)

additional customers helped to start saving by 31 December 2021 against the 2023 target⁽²⁾

1. Includes additional initiatives approved during 2021 which met the criteria for inclusion in the financial capability target
2. Includes instances where customers had existing savings with other banks and transferred them into a NatWest Group account
(*) Within the scope of EY assurance. Refer to page 98.

Building financial confidence and resilience

We aim to champion the potential of people and families at every stage of their lives. By working to create a society which is financially confident and resilient, we want to empower more people, both customers and non-customers, to take control of their finances and their futures, and to make the most of their money.

Commitment 1: 15 million financial capability interactions by 2023.

Our ambition is to help our customers and communities develop the knowledge, skills and confidence to manage their money in ways that give them control and peace of mind. In 2021, we stretched our previous 2020 target of 2.5 million interactions per year to a cumulative target of 15 million interactions by 2023. In the period 1 January to 31 December 2021, we delivered 6,084,396 interactions, with a cumulative total of 8,958,109 interactions to date against the strategic target of 15 million by 2023.

To ensure a consistent approach to measuring financial capability across our range of products, programmes and services, we developed a framework to assess whether our initiatives meet essential criteria: provision of knowledge and skills; active engagement; and helping people change their behaviour. This resulted in a number of additional initiatives contributing towards the bank-wide financial capability target.

Commitment 2: Help 2 million additional customers start saving by 2023.

Our priority is to support customers who have no, or very limited, savings with us to develop good savings habits. Our success measures are based on the number of customers that have managed to save £100 or more since January 2020 – and comparing that with the number of customers who had less than £100 in savings the previous year. In the period 1 January to 31 December 2021, we helped 470,813 customers start to save, with a cumulative total of 1,070,813 customers to date against the strategic target of 2 million by 2023.



Financial Foundations Workshops

Knowing how to manage your money and make the most of it is an essential life skill that it is never too early, or too late, to develop. Based on the success of our MoneySense programme, we identified a need for support for those new to the world of work, starting their first job or wanting to improve their understanding of basic financial concepts and products. In 2021, we piloted a series of free, interactive workshops facilitated by trained bank colleagues:

- Facts & Foundations, covers the essentials: what a bank can offer, how to read a payslip, reflections on personal spending habits and what can impact your income.
- Changes & Choices, explores participants' relationship with money and tackles the issue of debt – both avoidance and management.
- Frauds & Scams, explores the types of scams that exist, how to spot them and how to protect yourself from fraud.

Initial pilots have been delivered to young people, job seekers and clients of a charity providing support to survivors of domestic abuse. Independent evaluation showed participants felt more confident, with almost all trialling new behaviour and tactics to manage their finances, for example setting up budget plans or opening savings accounts.

After a successful year, we're looking to build on this success in 2022, reaching new audiences and developing bespoke content for the 16-18 age group.

Quotes from our participants:

"I never budgeted before the workshop and I've now started putting my money into a savings account."

"I signed up for the workshops as I wanted to learn more about accounts for my children e.g. an ISA for my son and how to improve my credit score. As a single mum who is often in fight or flight mode I need guidance on how to improve my credit score."



Building financial confidence and resilience continued

Supporting everyone's financial journey

We have a range of products, services, tools and activities designed to support people's ability to develop their financial capability at every stage of their lives – from receiving their first pocket money, opening their first savings account, or reaching their next life goal.

Recognising the role a bank plays in the lives of everyone in our communities, we offer a range of free, easy-to-access initiatives for both customers and non-customers to develop good money habits. The importance of learning money management skills from a young age is well understood and MoneySense, our free financial education programme for 5-to-18-year-olds, helps teach children about money both at home and in schools. We've helped over 10 million young people since we launched in 1994, reaching 1.2 million in 2021, with the programme being used by 66,736 teachers across 52% of schools in the UK.

Outside of the classroom, parents have open access to free online articles, videos and games supporting conversations about money at home. Our innovative, free video game Island Saver reflects the way many children engage with the world by teaching money skills through play. The game, which is available free on consoles and mobile platforms, has been downloaded over 3.5 million times and in 2021 received the coveted 'Mumsnet Rated' badge

and generated £192,000 for the charities Young Money and SpecialEffect.

Leaving school, many young people become financially independent for the first time. Our team of volunteers have delivered Financial Foundations Workshops to 9,131 people in 2021, empowering attendees to know their ISA from their VAT, check their payslip and get budgeting. We continue to deliver fraud education workshops in the community, including a specialist workshop focused on the needs of young adults and in 2021 helped 111,895 people to identify scams and know where to go to get help.

We also provide one-to-one financial health checks with anyone who wants to review their personal finances and set goals to reach them. Available online, by video banking or over the phone, in 2021 we helped 936,970 people discover ways to get financially fit.

Building customers' financial capability

Part of having great financial capability starts with taking control of your finances. Our spending feature in our mobile app allows customers to track their outgoings and categorise their spending. Insights like these help customers understand where their money goes each month and to budget. The feature is used over 3.8 million times per month by customers.

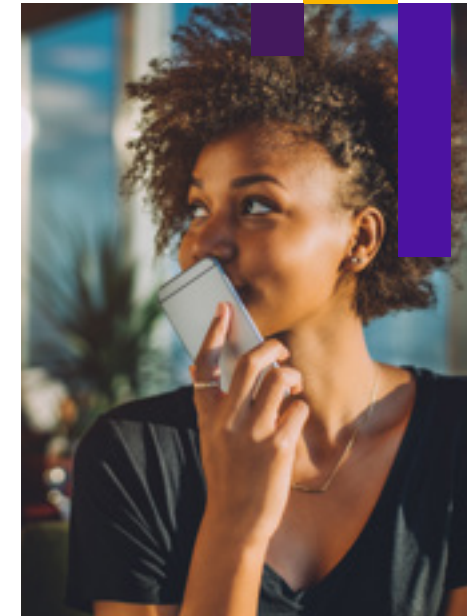
Another important skill for many of our customers is understanding their credit

score and the actions they can take to improve it. Our free 'Know My Credit Score' feature has been used by 3.8 million of our customers, with over 1 million monthly users. So far, 130,000 customers who used the tool have improved their credit score.

Developing a savings habit and integrating saving into day-to-day money management is another essential part of building financial resilience. We have helped 470,813 people start to save in 2021, with 385,168 customers signing up to our Digital Regular Saver account which helps customers save little and often, making savings feel more achievable.

When our customers are in a good financial position to think about investing their money, we have several investment products with different levels of risk for them to choose from. We supported 37,791 investing journeys in 2021, with 32,944 customers choosing to invest directly through their online investment platform.

The importance of planning for the future is supported by 'Plan Ahead', a free digital service which aims to simplify and consolidate end-of-life planning. The online tool helps customers create, securely store and share key documents and plans with family members including creating a will and recording assets. Planning ahead shouldn't be a daunting task and this service aims to enhance people's financial confidence as well as giving peace of mind for the future.





MoneySense Climate Savers competition



Inspiring young people to save money and save the planet

The purpose

NatWest Group’s MoneySense programme helps educate over 1 million young people every year towards a better financial future. With our Climate Savers competition, we showcased the connection between money and climate and gave a voice to the generation that will be at the heart of combating climate change.

We joined forces with the popular card game Top Trumps, challenging primary school pupils to design a special COP26 deck with ideas to help save money and the planet. Through gameplay, we inspired young people to turn their knowledge and learnings into action.

With NatWest Group a principal partner at COP26, the competition brought together two of our focus areas – learning and climate – and showed how, through young people’s creativity and passion, we can all drive positive change.

Climate Savers legacy in schools

“The competition started conversations about climate change across the school and at home. A great precursor to COP26 and lots more activities in school. We will be starting an Eco Council.”

Sacred Heart Primary School, Battersea.

The outcome

- 26 winning pupils had their designs made into a Climate Savers Top Trumps deck that was showcased at COP26.
- Prizes also included Adidas Parley trainers made from ocean plastics, which reinforced the benefits of recycling.
- Three winning schools received a total of £26,000 towards a sustainability project.

Conclusion

Climate Savers has inspired young people to confront the challenges of climate change and explore the connection between saving money and the climate, while building trust in NatWest Group and establishing a meaningful legacy among pupils, families and schools.

The impact

Climate Savers helped pupils understand the connection between money and climate:

“Stan is more aware of energy usage and costs. He understands doors should be closed to retain heat and lights switched off.”

The response
2,019

Entries

1,322

Teacher registrations*

2,292

Teacher packs downloaded

Showed young people they can make a difference:

“Playing Climate Savers taught Tymon that you can save the climate with simple actions.”

Sparked conversations at home:

“As a mum, I have definitely been more mindful of things I do which have an impact but know I have to try much harder.”

Inspired pupils to turn their ideas into action:

“Honor has been determined to walk to school more despite it being a 25 minute walk. No petrol saves money and saves the planet.”

Encouraged young people to share top tips:

“Buy gifts and clothes in charity shops instead of cheap chain stores. You are more likely to get something original in a second-hand shop.”

1. Includes sign ups from other communications activity 1-30 September 2021



Championing our colleagues' potential

A focus on learning

Delivering long-term, sustainable performance means the skills we need to succeed in the future will be different from those today. Whether it relates to a current role, or a future career (inside or outside of NatWest Group), we are passionate about providing our colleagues with the capabilities they require to fulfil their potential to thrive. We have made a commitment that half our learning at NatWest Group is focused on building critical skills for the future, with data and digital capability prioritised.

We provide all colleagues with access to build future skills through the NatWest Group Academy (regardless of role, level, working pattern or location), bringing together learning opportunities and curated content into a single place. This supports our commitment for all colleagues to be upskilled in future-focused skills by 2025. A total of 80% of colleagues have used it since it launched in 2020, and in 2021 we've offered new topics including cybersecurity and innovation. The NatWest Group Academy has helped increase learning across NatWest Group by 10%, with our target (aligned to the UN Sustainable Development Goals) to increase NatWest Group colleague learning by 50% by 2023.

While increasing our colleagues' learning and development, we're also focused on ensuring it's the right kind. To support our commitment to build skills for the future we have given our colleagues access to a range of opportunities to build their data and digital skills through the NatWest Group Academy, from content playlists (a blend of learning resources) to 'Nanodegrees' (online programmes to learn skills and demonstrate mastery). Early progress is positive, with data skills learning up 134% and digital skills learning up 31%.





Championing our colleagues' potential continued

Additionally, we invested in an online learning platform that allows all our colleagues to assess their data skills and start the journey to develop the data literacy they'll need for the future. 6,853 colleagues registered with the platform in 2021. As well as a focus on future skills, we continue to invest in our people to do their job, with 99.6% of our front-line colleagues professionally accredited within their first 18 months in role.

We also commenced our first formal reskill programme in 2021, with 20 colleagues who were at risk of redundancy taking the

opportunity to reskill as software engineers. Of these, 17 have accepted permanent positions. We also have a Mobility Hub which supports with redeploying colleagues and reskilling them for future work. The hub supports colleagues on several fronts such as CV reviews, interview skills, support to find a new role internally or getting ready for working outside NatWest Group. In 2021, 1,162 colleagues registered with the Mobility Hub. Of the 545 that have been through Job Matching Support and have an outcome, 21% were successfully matched to an internal job, and 50% were supported to find an internal job themselves.

To develop a culture of continuous learning, we encourage our colleagues to learn, reflect and share at every opportunity. We help our colleagues to see learning differently, building their skills in learning to learn, reflective practice, knowledge-share and collaboration. To support this, we've used the NatWest Group Academy to curate a range of bite-size content, alongside more traditional instructor-led learning. In addition, our social community for learning '#LoveLearning' (part of the NatWest Group Academy) now has 49,046 members (c.80% of colleagues). This gives colleagues a place to connect and learn from each other and is where we host regular campaigns and activities to engage colleagues.

Throughout 2021, we have continued to promote NatWest Group's 'capability checker' – our self-assessment tool for the critical people capabilities (CPCs), which allows colleagues to understand their strengths and development areas. To make the most of colleagues' valuable time, each colleague receives a bespoke development report, providing suggested on-the-job activities and opportunities linked to our learning academy. At the end of 2021, there have been over 25,000 completions of the new improved 'Checker', with 53% of completions from customer-facing colleagues. Through activity on Workplace (internal social media), colleagues have been empowered to share best practice and knowledge off the back of completing the checker, fostering peer-to-peer learning and a culture of continuous learning.

More broadly, our mandatory learning team set a 2021 target to reduce the time our colleagues spend on mandatory learning across the year by up to 50%, to reinvest in personal development or serving our customers. Through innovative design and improved processes, a 36% reduction has been achieved at end of 2021, while balancing our regulatory commitments and ensuring our colleagues have the right knowledge and skills to keep us safe and secure.

We believe we have an obligation to help build skills across our industry. Working with the Financial Services Skills Commission, we led the build of an industry-wide skills framework that is available via an online tool to individuals and financial services organisations in the UK. The purpose of the framework is to create a consistent language around skills across the industry – which in turn will support mobility and is in line with our commitment to support wider communities.





Talent, employability and supporting young people

In 2021, we launched our global Talent Academy to help identify and develop colleagues with high potential through a programme of challenging and purposeful development opportunities. All colleagues could apply through self or peer nomination (regardless of role, level, working pattern or location) and following the assessment process 3,911 colleagues were accepted on to the programme. Of the final cohort, there was a gender split of 53% male to 47% female, with 23% of successful applicants coming from Black, Asian and Minority Ethnic backgrounds.

We're investing in our talent pipeline internally and investing in the next generation. As we committed to, we've hired over 1,000 interns, graduates and apprentices in 2021, including 205 colleagues who have been recruited through our social mobility apprentice programmes during 2021. In addition, we aim to hire a further 1,100 interns, graduates and apprentices in 2022.

We continue to monitor the diversity of our graduate, intern and apprentice programmes and have a three-year plan to recruit around 400 new apprentices from backgrounds of socio-economic disadvantage by the end of 2022. Please refer to our Non-financial information datasheet for more information.

In September 2021, we ran 'Represent', a series of seven live online sessions specifically aimed at encouraging applications from students from diverse backgrounds. The sessions featured insight from NatWest Group colleagues and provided detailed support regarding our application process. In total, we had 505 registrations for the series. We also worked with '10,000 Black Interns', a charitable organisation which provides Black students with a choice of internships; successful students will join our summer internship in 2022.

In 2021, we also supported young people (16 to 18-year-old's) through our 'Insight Weeks' and work experience programme as part of our social mobility partnerships. We hosted 80 pupils as part of insight weeks, 18% of whom are of Black heritage. We expanded our social mobility programme in 2021 to include a number of our contact centres across five different locations in the UK. This enabled us to offer apprentice opportunities to candidates from under-represented backgrounds and the opportunity to develop future skills and capabilities.

Our approach to recruitment

We post all jobs internally, via Workday, for colleagues to apply. We run career development events so that our colleagues can see how they can develop themselves and their wider career options across NatWest Group.

With external recruitment, our NatWest Group careers site gives comprehensive insights to our jobs, culture, locations and our application processes. It also hosts a variety of blog content to portray our stories of what it is like to work here. We also make sure candidates can easily request any adjustments to help complete their application or assessment.

Supporting learning in our communities



In wider society, the pandemic has particularly impacted access to jobs for young people. So, as part of our focus on learning, we've expanded our offering in this area. In 2021, we launched our 'CareerSense' programme – which provides free-to-access tools to develop critical skills and support youth employability prospects for 13 to 24-year-olds – especially for those from low-income families and Black, Asian and Minority Ethnic backgrounds. Since its launch, over 8,200 young people have attended a skills exploration workshop, as at the end of 2021. We are also delighted to report that 597 of our colleagues have signed up to be a CareerSense ambassador supporting the programme.

In November 2021, we welcomed our first cohort to the CareerSense 'Find Your Path', our new initiative for young people not in employment, education, or training which has been created and delivered in partnership with regional youth delivery partners. The scheme helps young people to benefit from a range of skills-development sessions, mentoring and paid work experience.

Supporting the CareerSense programme, we have developed the mycareersense.com website, which offers access to a range of free tools and resources including our 'Find Your Potential' tool for those aged 13–24, as well as the learning content accessed through our NatWest Learning Academy.

We are delighted and honoured to sponsor 831 young people (15 to 18 year-olds) through the Ivy House Award over 2021/22. We've committed to sponsor another 1,000 young people over 2023 and 2024. The Award develops leadership and life skills, giving students the knowledge, skills and confidence they need to step up and take ownership of their future.

We also launched an external academy 'Learning with NatWest' in November 2021, which supports communities, families, and businesses (both customers and non-customers), focusing on five key capabilities: climate; employability; entrepreneurship; future skills; and financial capability.



Championing our colleagues' potential continued

Empowering leadership and inclusion

Effective leaders are critical to delivering our purpose-led strategy. Our 'Determined to Lead' (DtL) programme has helped focus and energise our people leaders (regardless of location or working pattern), cultivating a framework for common leadership behaviours and practices. During 2021, there has been a continued leveraging of this resource with 10,371 interactions for our DtL curated content, and 1,320 colleagues attending facilitated training sessions.

In addition, much of our leadership, talent and career support activity is enabled by the Leadership and Coaching Faculty, established in 2021. This team houses world class learning professionals able to work with leaders and talent as they navigate change and complex contexts to enable a more purposeful business. This resource gives our leaders access to clear thinking, relevant frameworks and problem-solving approaches at the point of need. The service is benchmarked against the external market to ensure we are efficient, robust, and sustainable in our approach. In 2021, NatWest Group coaching team provided 687 hours of career coaching to colleagues at risk (1,162 colleagues registered with the Mobility Hub in 2021), improved the effectiveness of 21 of our most senior leadership teams, and delivered a new 'Leading on Purpose' programme to a further 22 senior leadership cohorts (327 leaders).

Supporting this, our succession planning processes enhance our framework to spot, develop and mobilise a diverse pool of our most promising talent. Successors are assessed and developed against a purpose-led profile that defines the behaviours, traits and drivers associated with success in a purpose-led role and organisation. Our Succession Council gives bank ExCo successors the opportunity to engage directly with the CEO and other ExCo members to ensure they have the potential and aspiration to reach ExCo level. Our board and talent sessions also support the engagement of our most talented senior leaders by giving them exposure to NatWest Group Board and Committees through interactive sessions discussing topics that are shaping the direction of NatWest Group. We track the diversity of our succession and talent cohort: In October 2021, around 39% of our successors to CEO-1 roles were female,

6% of our total CEO-1 succession pool self-disclose as being from a Black, Asian and Minority Ethnic background, an improvement of 4% compared with October 2020. Our 'Rising Star' pool consisted of 10% of people from a Black, Asian and Minority Ethnic background. Of a total population of 288 colleagues identified as successors to CEO-2 roles, 48% were female and 10% were from a Black, Asian or Minority Ethnic background (for the Rising Star population this rises to 14%).

Elsewhere, the NatWest Junior Management Team – which mirrors our Executive Committee to bring a fresh perspective and voice to that team and deliver key strategic projects to broaden their experience, exposure and connections across NatWest Group – have once again had the chance to work closely with our Executive Committee in 2021, inputting meaningfully on the company's strategic direction. Examples of initiatives they have worked on during 2021 are: developing 'Mystery Meetups', which encourage connections across NatWest Group promoting wellbeing and a one-bank mentality; 'Let's Talk Diversity' webinars to further the diversity, equity and inclusion agenda aligning to the 2021 People Pledge under 'Creating inclusive and connected teams'; the development of an intrapreneurship framework which will impact employee engagement, support growth mindsets, and develop entrepreneurial skills and talent within the organisation; and providing input

and feedback on the values, embedding purpose, the 'YES Check' and the 'Recovery & Rebuild Taskforce'.

In terms of our ongoing diversity and inclusion commitments, several notable milestones were reached in 2021. Talent Acquisition colleagues worked in conjunction with our Diversity, Equity and Inclusion team and Racial Equality Taskforce to support the main inclusion agenda and commitment of the 'Banking on Racial Equality' report. In January 2021, we refreshed our Line Manager interview training – 'Championing potential through our interviews' – this has a sharper focus on inclusion, bias, and candidate experience. We launched our 'Recruitment Yes Check' across NatWest Group to help maintain a bias-free recruitment process. This encouraged line managers to take all possible steps towards creating a diverse shortlist and interview panel, and to keep inclusion front of our minds when recruiting. In addition, we launched the 'Inclusive Interview Ambassadors' programme, in which colleagues from across the business were trained to interview, support line managers and bring diversity of thought and challenge to our interview panels.



Please refer to our [Non-financial information datasheet for more colleague information](#)



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How we do business

Our purpose-led business strives to put the needs of people and planet at the heart of everything we do. To do this, we are building a bank that is safe, simple and smart. Our ambition is to help all our customers, colleagues, communities, shareholders and suppliers to thrive.

We have four key tools to guide the way we work together:

Our Code

Our Code lays out our purpose and the values and behaviours we expect from each other. It underpins all our actions and interactions – within the bank and in our external relationships – and defines the principles for making responsible decisions, as well as the values behind our purpose and culture.

We have worked with our colleagues as well as with our customers, suppliers and communities to create a new set of values that reflect the organisation we are today. These collaborative and evolved values will be launched in 2022 and will form an integral part of our company's cultural identity, matching the ambition, optimism and energy our purpose has given us, and that we can all believe in.

The integrity of Our Code rests in the hands of everyone in NatWest Group and is fully aligned to the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA) Rules.

Our critical people capability behaviours – how we behave

Our critical people capability behaviours describe how colleagues should approach their jobs. They describe the parameters that ensure we serve customers to the best of our abilities.

Our policies – how we do things

Our Code and the YES Check are supplemented by a number of key policies and supporting guidance to ensure legal and regulatory requirements are met. They outline the expectations of NatWest Group, customers and regulators as well as the processes and procedures that must be followed. The policies also seek to ensure risk is managed in a way that protects our customers and enables business continuity, even during challenging times. They include policies relating to anti-bribery and corruption, anti-money laundering, sanctions, inside information and personal account dealing as well as complaints management, privacy and client confidentiality and our records management.

Find out more about how we support compliance with Our Code at natwestgroup.com.

The YES Check – how we make decisions

The 'YES Check' asks five simple questions to guide the thinking behind our decisions and actions.

The YES Check

- 1 Would others say I am acting with respect and integrity?
Consider: what would your family, friends, colleagues and community think?
- 2 Does what I am doing keep the bank, our customers, and communities safe and secure?
Consider: if you presented this decision to a group of savers or shareholders, would you be seen as taking due care?
- 3 Am I acting fairly and being inclusive?
Consider: what are you trying to achieve? Have you considered everyone affected by this decision including the underserved or excluded?
- 4 Have I sought out, listened to and taken different perspectives into account?
Consider: what assumptions have you made? Have you been curious and tested your thinking on people with different views and looked at different data?
- 5 Will this advance our purpose to champion potential and help people, families and business thrive?
Consider: how? Try writing the press release – does it sound good for customers and communities? What is the impact on future generations?



How we do business continued

The importance of risk culture

Risk culture is at the centre of both the risk management framework and risk management practice. NatWest Group's risk culture target is to make risk part of the way colleagues work and think. Colleagues are expected to take personal responsibility for understanding and proactively managing the risks associated with their roles. The target risk culture behaviours are embedded in our critical people capabilities.

How we manage risk

NatWest Group operates an enterprise-wide risk management framework. The framework – which is centred around the embedding of a strong risk culture – sets out a consistent approach to managing risk across the organisation. While the NatWest Group Board reviews and approves the framework, it is designed and maintained by NatWest Group's independent Risk function, which is led by the Chief Risk Officer. Risk appetite is a key component of the framework. It defines the level and type of risk NatWest Group is willing to take as part of its business activities.

The industry-standard three lines of defence model is used to articulate accountabilities and responsibilities for managing risk. For more details on the three lines of defence, refer to the Risk & capital management section of the NatWest Group Annual Report and Accounts.

NatWest Group classifies its principal risks as either financial risks – such as credit risk,

market risk, capital adequacy or liquidity and funding – or non-financial risks, such as conduct risk, financial crime risk, operational risk and climate risk. Work continued during 2021 to further integrate climate risk into the enterprise-wide risk management framework – including the adoption of first-generation climate risk appetite measures. Climate considerations are also incorporated into transaction acceptance standards as part of NatWest Group's wholesale credit risk management approach. A principles-based climate risk policy, approved by NatWest Group's Board Risk Committee, is also in place, defining minimum requirements for managing and reporting climate risk across the organisation.

Compliance

NatWest Group has a number of systems and mechanisms in place to monitor and manage compliance with Our Code and policies:

- Disciplinary actions in case of breach. Colleagues falling short of the expected standards would be subject to internal disciplinary policies and procedures, which could result in dismissal and, where relevant, notification to the relevant authority.
- Employee performance appraisal and remuneration. NatWest Group's remuneration policy supports the business strategy and is designed to promote long-term success. Conduct and behaviour – as well as risk management – are assessed as part of the process for all employees.

If conduct falls short of the required standards, the accountability review process is used to assess how this should be reflected in pay outcomes for those individuals concerned. The remuneration policy seeks to ensure that the remuneration arrangements for all colleagues reflect the principles and standards prescribed by the PRA and FCA rules.

- Regular mandatory training for all colleagues on the YES Check, Our Code, and conduct policies. A wide range of learning, both technical and behavioural is offered across the risk disciplines. This training can be mandatory, role specific or for personal development and enables colleagues to develop the capabilities and confidence to manage risk effectively.
- Testing and monitoring. Specific activities relating to compliance, conduct and financial crime risk are subject to testing and monitoring. This confirms to both internal and external stakeholders – including the Board, senior management, the customer-facing businesses, Internal Audit and NatWest Group's regulators – that risk policies and procedures are being correctly implemented and that they are operating adequately and effectively. Selected key controls are also reviewed for adequacy and effectiveness. Thematic reviews and deep dives are also carried out where appropriate.

Externally, we welcome feedback from regulators and industry bodies, including on our reporting.

Oversight and monitoring

The Board is responsible for receiving reports on and reviewing the effectiveness of the risk management and internal control systems of NatWest Group.

For more information about the relevant oversight roles and responsibilities of our Board and Board Committees, see the Responsible governance section on page 13.

Conflicts of interest

We have in place a conflicts of interest policy which sets out how we will identify, prevent or appropriately manage actual and potential conflicts of interest that may arise through the normal course of business. Below is a description of our conflicts policy. We are required to take all appropriate steps to identify and to prevent or manage conflicts where:

- the interests of one part of NatWest Group conflict directly with those of another part or a customer;
- the interests of our employees conflict with those of our customers; or
- the interests of two or more of our customers compete with one another.

Our conflicts policy identifies, with reference to the activities and services we provide, the circumstances which constitute or may give rise to conflicts which involve a risk of damage to the interests of one or more parts of NatWest Group or of our customers. It also specifies the procedures and measures that we have put in place to prevent or manage such conflicts.



How we do business continued

To ensure that the conflicts policy is implemented effectively we seek to continually and proactively identify situations where potential conflicts may exist, and govern those situations to ensure fair and proper outcomes. We also employ a number of techniques to manage and mitigate conflicts, including: using physical and electronic information barriers to control the flow of information between different parts of the group; separate supervision of our employees who are involved in different business activities providing services to customers whose interests may conflict; a remuneration policy to avoid our employees being remunerated in a way that creates conflicts; maintaining and reviewing a conflicts register; and provision of internal guidance and training to relevant employees to raise their awareness of conflicts and how to deal with conflicts when they arise.

Anti-trust and anti-competitive practices

We are committed to competing fairly across all sectors in which we operate. We take a very firm approach to compliance with competition law. This means that all employees worldwide must understand their competition law obligations, however junior or senior they may be, and whatever the nature of their role.

Under the group-wide competition policy, all colleagues must complete annual competition law training to ensure they

understand their obligations and further specialist advice and training is also provided by our in-house competition lawyers on an ongoing basis.

Lobbying and political involvement

We make no contribution and have no political association to political parties. As a financial services organisation, we have relationships at a national and local level with most of the established political parties, who are treated in the same way as other stakeholders. As a matter of good business practice, we keep in close touch with government and ensure that, whenever issues arise which may affect the operation of our business and the interests of our customers or shareholders, we discuss these with the authorities concerned. Our employee conduct policy states that employees involved in local or national politics should ensure that their political activities are kept entirely separate from their duties and that NatWest Group funds and resources are not used for political purposes.

We are a member of several trade associations, such as UK Finance. Where appropriate, we participate in government consultations and policy discussions to share our industry expertise and perspective. For instance, this has included input on the UK's transition to net zero, the setting of industry standards, the provision of shared services and the supply of training services.

Financial crime

We understand that tackling financial crime is of fundamental importance to society. Our approach to preventing financial crime seeks to tackle the harm generated, to protect people, families and businesses, as well as support relevant financial crime legislation and regulation in the jurisdictions in which we operate. Our **Financial Crime Statement** states our lack of tolerance for breaches of money laundering, terrorist financing, sanctions, bribery and corruption, tax evasion and fraud laws. We seek to comply with financial crime legislation and regulation as well as the spirit of applicable laws and regulation. Our financial crime framework is built on the following pillars:

- Policies and procedures. To ensure that our business seeks to prevent, detect and address financial crime as a result of our operations, products, services, our customers and suppliers.
- Regular risk assessments. To ensure that we align and continue to strengthen procedures in line with our inherent risks.
- Independent audit. To continuously assess the effectiveness of our controls.
- Customer. To know our customers by undertaking due diligence and monitoring.
- Process and technology. To have systems and controls to manage the risks presented.
- Culture and colleagues. To undertake colleague and customer training and awareness activity so that everyone

understands the role that they play in tackling financial crime.

- Partnership working. To recognise that to tackle financial crime, we cannot do this in isolation and we work with others including industry bodies, law enforcement, regulators and government.

In December 2021, NatWest Bank Plc was fined £264.8 million by the FCA for three breaches of the Money Laundering Regulations 2007. We deeply regret that we failed to adequately monitor one of our customers between 2012 and 2016 for the purpose of preventing money laundering. For full details, please see the litigation note on page 371 of the 2021 Annual Report and Accounts.

Whistleblowing

We want our colleagues, and all those we interact with, to feel confident to raise concerns about wrongdoing or misconduct without fear of retaliation. 'Speak Up' is NatWest Group's formal whistleblowing framework, which enables colleagues to report concerns in confidence (and anonymously if preferred) through a secure reporting system operated by an independent third party. Colleagues using Speak Up are protected both through our internal policies and by legislation, where applicable.

The Group Audit Committee monitors the effectiveness of NatWest Group's whistleblowing process, with its chairman acting as whistleblowing champion.



How we do business continued

It receives regular updates on the volume of whistleblowing reports and any common themes. All colleagues receive annual awareness training on whistleblowing and how to raise concerns. More detailed targeted training is also provided to specialist teams involved in the management and investigation of whistleblowing reports. There is no definitive list of what can be reported through Speak Up – we want to know of any concerns colleagues have about wrongdoing or misconduct that affects NatWest Group, its customers, employees, shareholders or the general public. Examples of what can be reported through Speak Up are documented in the [Speak Up policy](#).

Our Speak Up policy sets out our commitment to protect anyone raising a genuine concern, even if the concern raised is considered to be unsubstantiated (not proven) after investigation. All whistleblowing concerns are investigated, as appropriate. Where concerns are substantiated, recommendations are made for remedial action, which can include changes to processes and controls as well as disciplinary action.

Furthermore, the harassment, victimisation or discrimination of anyone raising a genuine concern will be viewed as a disciplinary matter. In 2021, 98% of those completing our colleague opinion survey indicated that they know how to raise concerns about wrongdoing in their business. 89% of colleagues felt it was safe to speak up in their business, and 88%

believe that if they raise concerns they will be handled appropriately. In 2021, 415 cases were raised compared to 441 in 2020.

Environmental, social and ethical risk management

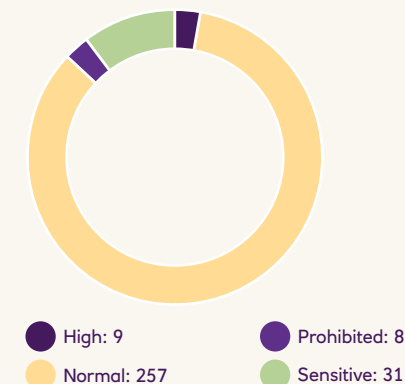
We recognise that the activities of our customers can have environmental, social and ethical (ESE) impacts – including polluting activities and the potential for human rights infringements. To help us assess and manage these risks, we have an ESE risk framework comprising policies and processes to give us better insight into our customers’ activities and address issues of concern. The framework forms part of NatWest Group’s overall reputational risk policy and requires enhanced due diligence to be performed for certain customer relationships, transactions, activities and projects. Risk officers and customer-facing colleagues receive regular training on ESE risks and procedures. Our policies reflect applicable national and international laws and confirm that we expect our customers to adhere to local and international environmental, social and human rights standards. The policies also incorporate a number of voluntary standards such as the Equator Principles (EP) and the UN Global Compact.

ESE sector risk acceptance criteria (RAC) apply to all legal entities within NatWest Group and define the level of ESE risk the bank is prepared to accept. This includes having relevant policies and procedures which demonstrate a good understanding of ESE issues and the capacity to manage

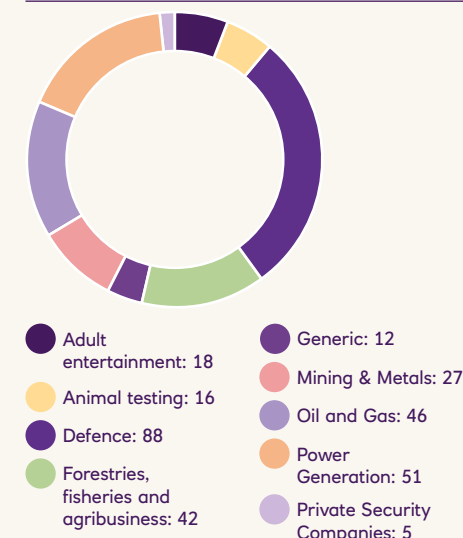
these risks through good governance and control. As such, NatWest Group has developed RAC on nine sectors which present heightened ESE risk. The ESE risk concerns process seeks to ensure that ESE risk is identified and managed for customers and transactions in sectors which are not covered by a sector RAC. Examples might include major or sustained environmental, human rights, modern slavery or social issue-related campaigns against a company in sectors such as agriculture/food, chemicals, tobacco, pharmaceuticals and waste management, or companies associated with controversial projects. Our oil and gas, power and mining & metals sector RAC encompass the NatWest Group commitment to stop lending and underwriting to companies with >15% of activities related to thermal and lignite coal, and to major oil and gas producers unless they had a credible transition plan aligned with the 2015 Paris Agreement in place by the end of 2021.

In 2021, we made additional enhancements to our power generation and mining and metals sector RAC which confirm that we will have no new exposure to thermal and lignite coal (coal). We will plan to phase out of coal for UK and non-UK customers who have UK coal production, coal fired generation and coal related infrastructure by 1 October 2024, with a planned full global phase out by 1 January 2030. See our [2021 Climate-related Disclosures Report](#) for full details. In 2021, we undertook 305 customer ESE assessments (2020: 140), and 108 trade-related transactions involving defence equipment (See graph – 2020: 90).

Customers assessed against the ESE policy in 2021 by category



Customers assessed against the ESE policy in 2021 by sector





How we do business continued

ESE risk framework

At NatWest Group, we have nine ESE sector risk acceptance criteria (RAC) for sectors that present heightened ESE risk. Customers or trade transactions that fall within a sector RAC, or any other customer where associated ESE risk concerns have been identified, are subject to enhanced due diligence.

Initial screening is completed by the relationship managing team and an ESE risk rating is assigned.

The specialist ESE assessments team perform an ESE risk assessment and confirm the ESE risk rating of the customer relationship or transaction. The risk rating determines approval requirements and when the next ESE assessment is required in the customer lifecycle.

NatWest Group ESE sector risk acceptance criteria (RAC)

Adult entertainment

Animal testing

Defence customer

Mining and metals

Oil and gas

Power generation

Gambling

Forestry, fisheries and agribusiness

Private security companies

Normal
Customer relationship or transaction subject to due diligence. Customers undertaking 'normal' ESE activities are assessed every five years, or before then if an ESE risk concern specific to the customer is identified.

Restricted
Customers engaged in restricted activities undergo enhanced due diligence by a specialist team.

Prohibited
We do not support individual transactions or customers with activities which are prohibited by sector RAC.

Customer onboarding or transaction processing stopped

Confirmed ESE risk rating:

Normal

Confirmed ESE risk rating:

Restricted

The customer relationship or transaction is approved by an accountable executive and/or a specialist risk committee. The customer relationship is assessed every one or two years, or before then if an ESE risk concern specific to the customer is identified.

Confirmed ESE risk rating:

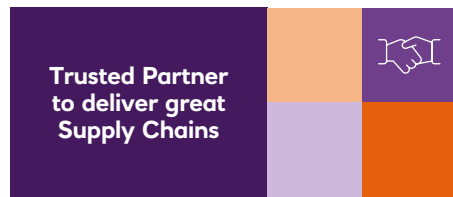
Prohibited

A specialist risk team is responsible for developing and maintaining our ESE risk framework and assisting the business and support functions on its implementation and oversight. Our suite of sector ESE RAC is reviewed and updated regularly to ensure it reflects the evolving risk landscape.



Engaging our suppliers

The NatWest Group Supplier Charter



As a purpose-led business we foster strong relationships with all our key stakeholders, including our supply chain. By 2022, our ambition is to quantify the impact of all supplier activities through a supplier engagement framework.

A key milestone towards this ambition was the launch of the **NatWest Group Supplier Charter** in September 2020 (replacing our supplier code of conduct). The charter sets out our aims and expectations in the areas of ethical business conduct, human rights, environmental sustainability, diversity and inclusion, the Living Wage and prompt payment. It details what we expect from our suppliers, but also outlines our own commitments in these key areas and the outcomes we aim to achieve by working together. In 2021, led by NatWest Group's Chief Administrative Officer and with collaboration from subject matter experts and policy owners, we have completed our first annual review of the effectiveness of the charter and its expectations.

Central to the aims of charter, we worked with EcoVadis – a leading organisation providing third-party evidence-based assessments of sustainability performance. EcoVadis are helping us to understand and measure our own performance and that of our suppliers against the charter, enabling us to identify social, environmental and ethical improvements. NatWest Group has made significant progress in the first year of working with EcoVadis, with 834 suppliers invited to take part in assessment and 480 rated, representing 88% of its in scope 3rd party spend being assessed against ESG credentials. The assessment criteria are shown below:

Environment	Labour and human rights	Ethics	Sustainable procurement
Policies – Actions – Results			
<ul style="list-style-type: none"> Energy consumption and GHGs Water Biodiversity Local and accidental pollution Materials, chemicals and waste Product use Product end-of-life Customer health and safety Environmental services and Advocacy 	<ul style="list-style-type: none"> Employee health and Safety Working conditions Social dialogue Career management and training Child labour, forced labour and human trafficking Diversity, discrimination and harassment External stakeholder human rights 	<ul style="list-style-type: none"> Corruption Anticompetitive practices Responsible information Management 	<ul style="list-style-type: none"> Supplier environmental practices Supplier social practices
<p>Topics covered by the EcoVadis assessment are weighted and activated according to supplier industry, size and geography.</p>			

“We are very pleased to be working with NatWest Group, helping them collaborate with suppliers to drive sustainability performance. Significant progress has been made in just one year with 85% of in-scope spend already rated on sustainability topics across environmental, labour & human rights, ethics and sustainable procurement. Their commitment to embed this into business as usual is real with the EcoVadis rating integrated into contract clauses, internal procurement systems and processes and supplier relationship management. NatWest has been a first mover for the FS sector in the UK. We're proud to be partnering with them to drive meaningful impact at scale”

– Nicola Sherwin, Vice President Customer Success – EcoVadis

Working together, towards common challenges

We collaborate with our suppliers to encourage and enable a diverse supply chain that is not only sustainable, but is also expected to have a positive impact on the global community. This collaboration also supports the bank's ambition to halve emissions across our operational value chain by 2030. Below are some examples of how we expect this to happen:

- We expect our suppliers to implement the standards of the charter with their own suppliers.
- The charter (and sustainability) is covered in our tender process, and is a standing agenda point of supplier review meetings conducted as part of ongoing contract management. These meetings are conducted monthly, quarterly or annually dependent on the supplier's tier classification. They enable us to review supplier performance to ensure compliance with their contract and service-level agreements.
- Supply chain managers are continually trained internally on onboarding and performance management of suppliers, as well as on key ESG topics, such as climate, diversity and inclusion and sustainable procurement to equip them with the knowledge and skills to drive forward supplier discussions and activity.
- Embedding EcoVadis into performance objectives of procurement.



Tax payments and responsibilities

We are privileged to play a central role in the UK economy. That brings with it a deep responsibility to the communities we serve and to wider society. Our tax contributions are just one of the ways in which we achieve this.

Our tax payments are used by governments to benefit wider society, for example, via investment in education, health services and infrastructure projects. During 2021, we paid a total of £1.73 billion of tax in the UK (2020: £1.14 billion). We were ranked the 5th highest taxpayer in the PricewaterhouseCoopers 2021 Total Tax Contribution survey of The 100 Group, which referenced our tax payments made in 2020. The 100 Group represents members of the FTSE 100 along with several large private companies in the UK.

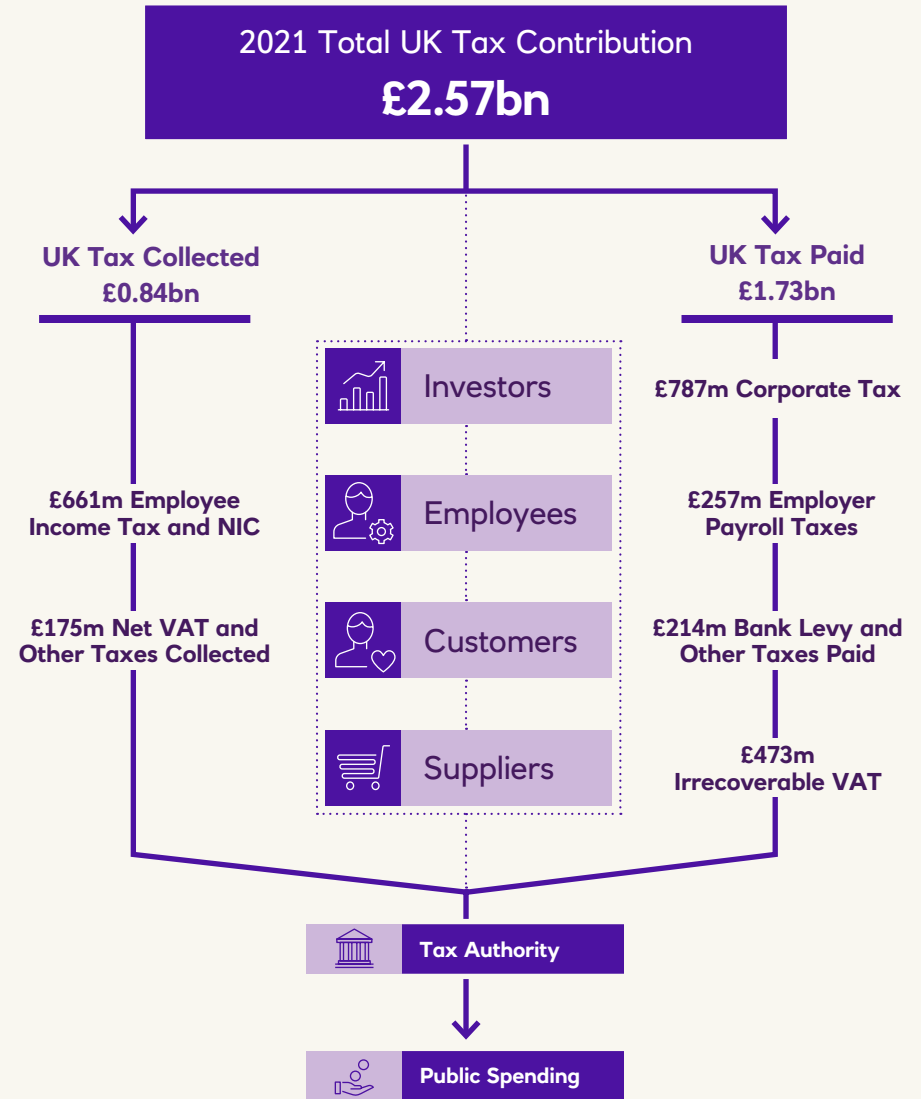
In addition to the taxes we pay, we also collect and administer taxes and social security contributions on behalf of governments. During 2021 we collected a total of £0.84 billion of tax on behalf of the UK Government, primarily in relation to employee income tax and National Insurance Contributions.

As one of the largest banks in the UK, we have a responsibility to society to pay the right amount of tax in the jurisdictions in which we operate and follow the spirit as well as the letter of the law. These principles are central to our approach to tax and are underpinned by our Tax Strategy which has been approved by the NatWest Group Board of Directors and is reviewed and updated each year. We have put in place policies and processes to ensure that we fulfil our responsibilities.

We do not offer products to our customers that might assist them in avoiding tax. We also comply with global initiatives to improve tax transparency.

We have no appetite for knowingly facilitating tax evasion. Further details are available in the financial crime section of this supplement, page 41.

 [Read more about our approach to tax and access our Tax Strategy here](#)



5th We were ranked the 5th highest taxpayer in terms of UK taxes paid in PwC's latest Total Tax Contribution survey of The 100 Group



Tax payments and responsibilities continued

Global tax contribution and operations in low tax jurisdictions

Over recent years we have substantially reduced our operations overseas and have increasingly focused on our banking activities in the UK and Ireland, the latter via our regulated subsidiary Ulster Bank Ireland DAC. On 19 February 2021, we announced that we would begin a phased withdrawal from the Republic of Ireland over the coming years.

We also have a commercial presence in Jersey, Guernsey, Isle of Man, Gibraltar and Luxembourg via RBS International. Both Ulster Bank Ireland DAC and RBS

International are well-established businesses, run through locally regulated subsidiaries. RBS International (and Ulster Bank Ireland DAC historically) offer a wide range of banking activities and are significant local employers. As noted in our Tax Strategy document, we do not use low-tax jurisdictions with the main aim of reducing tax liabilities.

As a UK headquartered group, the UK-controlled foreign companies rules subject the profits of subsidiaries in low-tax jurisdictions to UK tax where they do not fall within the exemptions legislated by the UK Government. Details of our subsidiaries and operations overseas are provided in our 2021 Annual Report and Accounts

(refer to note 12 of parent company accounts beginning p.376). We are continuing our efforts to simplify the legal entity structure and reduce the complexity of NatWest Group. This includes reducing our presence in low-tax jurisdictions. All intra-group transactions are required to be priced on an 'arm's length' basis, reflecting where value is created and in line with internationally accepted transfer pricing standards and local tax laws.

We support global initiatives aimed at making the global tax system more effective, for example the 'Global Anti-Base Erosion Model Rules (Pillar Two)' published by the OECD in December 2021.

We realise **89% of our total income** in the UK and **90% of our total taxes are paid** in the UK.

In 2021, for every £1 of UK corporation tax paid, **we also paid an additional £1.20** in other UK taxes.

Over the last five years, **we have paid £7.2bn in UK taxes** to the UK Government.

We are a significant employer in the UK and in 2021 **paid £257m in employer NIC** and **collected £661m in PAYE and NIC**.

In 2021, we contributed £2.57bn of UK taxes through taxes paid and collected which will go towards funding valuable public services.

More detail on our global corporate income tax payments and our country-by-country reports can be found at natwestgroup.com.

£1.73 billion of tax was paid by NatWest Group in the UK during 2021



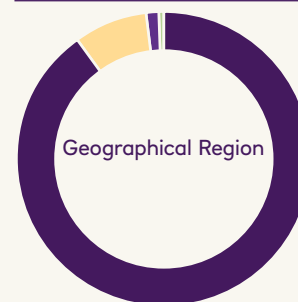
- Corporate income tax: £787 million
- Irrecoverable VAT/sales tax: £473 million
- Bank levy: £126 million
- Employer payroll taxes: £257 million
- Other taxes: £88 million

£1.92 billion of tax was paid by NatWest Group globally during 2021



- Corporate income tax: £856 million
- Irrecoverable VAT/sales tax: £504 million
- Bank levy: £163 million
- Employer payroll taxes: £306 million
- Other taxes: £92 million

Analysis of tax paid during 2021 by Geographical Region



- UK: £1,731 million
- EMEA: £157 million
- Asia-Pacific: £26 million
- Americas: £7 million



Respecting human rights



At NatWest Group, we understand that businesses have an important role to play in promoting respect for human rights. We seek to promote and respect human rights through the continued implementation of policies and practices covering our colleagues, customers and suppliers. This approach reflects our desire to maximise any positive impacts and reduce, where possible, any potential negative impacts that our activity and the activity in our value chain, may have on society.

Recognising the importance of human rights, we seek to operate in accordance with the Universal Declaration of Human Rights. Our approach to respecting human rights is also informed by a range of international standards and principles including the UN Guiding Principles on Business and Human Rights (UNGPs).

NatWest Group engages on the responsibilities of businesses in respecting human rights. We are a member of the Thun Group, which discusses how the financial service sector can incorporate and embed the UNGPs into due diligence processes. We also participate in several indices and benchmarks which help to inform our activity and identify opportunities to continually improve our approach.

We have established a human rights steering group, a management group that brings representatives from across NatWest Group together to coordinate our activities, and to make recommendations to NatWest Group Executive Committee and Board to develop and strengthen our approach.

In 2021, we worked with a specialist human rights consulting firm, twentyfifty, to undertake an analysis of how our existing policies, processes and governance perform against the global standard set out in the UNGPs. The analysis involved an assessment to identify our salient human rights issues. This work is ongoing and we will continue to report on our progress.



[Read more: Our latest human rights statement](#)

Tackling modern slavery and human trafficking

Tackling modern slavery and human trafficking (MSHT) forms an integral part of our approach to respect and promote human rights. We seek to address the issue through continued implementation of policies covering our customers, colleagues and suppliers and by monitoring our financing and supply chain for this activity.

NatWest Group is a member of the UN Global Compact's UK Modern Slavery Working Group and we engage with a range of stakeholders, including law enforcement agencies, think tanks, charities

and non-governmental organisations (NGOs), which helps us to grow our understanding and knowledge of the issue.

In 2021, we continued to raise awareness of MSHT amongst colleagues. Prior to Anti-Slavery Day in October, we held a webinar with charitable organisations TRIBE Freedom Foundation and Unseen which highlighted the realities of modern slavery, the impact on victims and examined the role that the financial services sector can play in tackling the issue. The webinar coincided with the launch of a group wide e-learning module which was created alongside Unseen. The module highlights red flag indicators that colleagues can use to recognise possible signs of modern slavery and provides information on how to report any concerns.

We also continued to support survivors of modern slavery by working with Unseen to deliver a package of support which includes the provision of safe and reliable access to a bank account and bespoke, ongoing support through a dedicated team of customer support specialists. For the third year, our colleagues in NatWest Markets supported the TRIBE Freedom Foundation and raised over £30,000 to assist the charity's anti-slavery projects, enabling long-term support for survivors and helping to prevent modern slavery.



[Read more: Our modern slavery and human trafficking statement](#)





Supporting our customers

Transformation and innovation

We are continuing to innovate and accelerate our digital transformation. By harnessing new technology and partnering with leading organisations, we are enhancing and evolving our customer experiences. During the period 2021–2023, we're investing £3 billion, with 80% of that investment spent on digital and technology transformation.

We continue to evolve our retail mobile app. In 2021 some of our deliveries included:

Cheque image capture and pay in

Since launch in May 2021, our customers have deposited 1.9 million cheques quickly and easily using their mobile app.

Dark mode

In March 2021 we became the first high street bank to provide a dark mode option on our app, which has helped over 3.5 million customers to date to reduce energy consumption on their mobile devices.

PayMe

So customers can easily settle payments between family and friends (without the need to share account details or hold cash) we launched PayMe. Customers can either request payment by generating a link that is shareable, or generate a QR code from the app, which can be scanned by the payer and fulfilled through Open Banking.

Spending and CoGo carbon footprint tracker

Since its launch in the mobile app in 2019, our 'Spending' feature has provided 71 million insights to our customers so they can understand their spending behaviours better. Carbon Tracking has now been added to help customers understand the climate impact of their spending while being supported with ideas to lower their carbon footprint.

Facial biometrics

Since March 2021, more than 8 million transactions have been completed with our facial biometrics technology, removing the need for a card reader.

Open Banking and APIs

Our 'Bankline Direct' Indirect Payments API allows financial institutions to give their customers 24/7 secure access to faster payment services. That's possible because of our approach in leveraging API technology and the intelligent use of our data. In 2021 our API processed more than 2.1 million transactions to the value of £4 billion thereby displaying customer trust, resilience, and competitive value. In the same period, we processed 4.8 million transactions of a total value of £2.2 billion Open Banking payments across NatWest Group.

Product innovation for our commercial customers

With a strong track record on innovation, backed by a large and mature ecosystem

and through collaborations with experienced and innovative companies, we have driven significant benefits for our customers. For example, Tyl allows merchants to take payments anytime, anywhere with next day settlements as standard – improving the customer's funding position and through the integration of Tyl with other innovations like Payit and Mettle, we will offer a 'one bank' SME and payments proposition.

Our use of artificial intelligence

Our artificial intelligence (AI) virtual assistant Cora, continues to learn and grow, using intelligent automation to provide personalised and contextual support services to our customers 24/7. Cora now also operates with interactive voice response. Customers can speak to Cora and complete requests like pin reminders with many opportunities to come for future conversations. In 2021, Cora handled 10.7 million retail banking conversations, up 27% on the previous year.

Information security and system availability

NatWest Group has a comprehensive set of layered security defences against new and emerging threats. These are regularly tested by both our in-house security testing team and some of the leading experts in the cybersecurity industry. To ensure we continue to defend against new and emerging threats, there is a series of

funded programmes that, informed by an active intelligence team, continually develop and improve the deployed defences.

In 2021, we had consistently high performance and stability of our most critical systems, which have been available 99.98% of the time. The same timeframe has seen nine Criticality 1 incidents⁽¹⁾ compared with eight for 2020. These numbers include all events which had an impact on our operations, not just system issues.

Through strong control frameworks and appropriate investment, we continue to maintain focus on our operational resilience capability, with customer service a priority. In support of this, we have policies, standards and mature processes in place to minimise the potential for any technology or IT system disruptions. These include recovery procedures and incident response plans, all of which we test on a regular basis to reduce risk.

The Board and executive management are engaged in our security strategy and review process. The accountable executive for information and cybersecurity is the Group's Chief Administrative Officer who provides regular reports to the Executive Committee and Board on relevant security matters. The Group's Chief Information Security Officer presents an information and cybersecurity update to the Executive Risk Committee and Group Board Risk Committee annually as a minimum.

1. By way of illustration, a Criticality 1 incident could be a loss of key IT systems resulting in an impact to more than 5% of the bank's customers or an incident that leads to a financial loss of over £100,000.



Supporting our customers continued

Colleague and supplier training

Information and cybersecurity risks are referenced in our internal e-learning system and learning modules that every colleague and contractor must complete annually. Advice is available to all colleagues via the intranet security portal. In addition, colleagues receive job-specific training. For instance, security personnel attend courses with the Centre for the Protection of National Infrastructure and the National Cyber Security Centre, as well as having opportunities to gain professional qualifications.

We operate a group-wide security response and recovery hotline for information security events. All colleagues can use this service to escalate suspicions. NatWest Group also has a group-wide 'Alertline' service that colleagues can use in relation to suspicions of physical security threats. The Alertline phone number is detailed on the reverse of employee security passes for convenience.

Keeping money safe and secure

Our fundamental goal is to keep our customers' money safe and secure. Remaining ahead of frauds and scams has therefore been a vital focus during the year.

In 2021, we prevented 542,969 cases of attempted fraud against our customers, amounting to over £193.3 million in the UK.^(*)

159 fraud hotline

Along with other major banks and telecoms companies, we participated in a pilot scheme to introduce a hotline to help fight fraud across the industry and protect our customers from fraud and scams Spearheaded by Stop Scams UK (SSUK), the phone number 159 is designed to disrupt scams in which victims have been contacted or engaged by a scammer via phishing or impersonation. The number works by encouraging customers experiencing suspected fraud to stop, hang up and call 159, at which point they are directed to their bank.

Fraud and scams education

We are committed to ensuring we empower customers to detect and prevent fraud and scams at first point of contact. In 2021, we ran a range of campaigns to arm customers with the knowledge and tools to keep their money safe, including a seasonal shopping education campaign with a focus on purchase and delivery scams and virtual 'keeping your money safe' lessons.

Manage My Limits

This feature was implemented into online banking and the mobile app, putting customers in control of their payments by defaulting limits to historic levels, thus reducing opportunities for fraudsters. The initial release resulted in 95% of customers' daily payment limits being reduced to £5,000.

Free security software

We continue to provide our customers with 'Malwarebytes Premium' security software solution, free of charge until 2024. The software, taken up by over 164,000 users by the end of 2021, can be used on

Android and iOS devices and provides anti-malware capabilities, as well as protection against phishing, robo-calls, known scammers and malicious text filtering.

We are also offering our Bankline customers free access to 'Heimdal Security' which provides a suite of AI-powered endpoint threat prevention tools to protect their businesses.

Identifying criminal networks

Implemented in June 2021, the Ne04J Graph database software enables us to identify complex criminal networks, fraud and mule rings across our banking network. The new system improves on the existing capability providing a wider dataset, a more intelligent interface while streamlining our current operational processes.

79%

of our active current account customers are digitally active, using either mobile or online channels.

9.7m^(*)

We have 9.7 million active digital users. We're constantly improving our award-winning mobile app, which is now regularly used by more than 8.3 million customers.

529,910^(*)

Video banking interactions during 2021.

(*) Within the scope of EY assurance. Refer page 98.



Supporting our customers continued

Accessible banking

We continue to invest in a range of ways to make banking more accessible. Our customers can choose from digital, face-to-face and remote options. We have more than 800 branches and 16,000 physical points of presence, including our ATM network and our relationship with the Post Office.

Customers now have more control of their finances through our mobile app, including the ability to open an account, check and understand their credit score and apply for a mortgage.

We are committed to making our customer and colleague journeys accessible by design. To support this, we aim to follow the World Wide Web Consortium (W3C) Web Content Accessibility Guidelines (WCAG) to Level A and AA. We gain insight and direction from disabled people in our research and we have invested in internal and external digital accessibility specialists to evaluate our experiences and share SME knowledge.

In our app, biometrics reduce the need to remember passwords, while keeping our customers secure. As well as the environmental benefits, dark mode also helps to reduce eye strain, supports people with light sensitivity and improves readability for people with visual impairments. Furthermore, we have an executive level sponsored accessibility working group delivering strategy for more inclusive experiences.

We're the only UK bank to offer customers the ability to lock their debit card on the app and still get cash from an ATM using our 'Get Cash' service. Customers can lock and unlock their card for six different payment channels, so they have even more control over their card spend. Customers also have the ability to add a gambling block onto their card which, once removed, provides the customer with a 48 hour 'cool off' period. Supporting customers via the 'message us' feature in the app, is our AI virtual assistant Cora. And if Cora can't help, with 'tap to call', our contact centre colleagues are just a click away.

Our video banking service supports customers when they want the reassurance of a face-to-face conversation with our highly trained colleagues. We offer customers who require additional support a range of accessibility services, such as accessible statements in braille, large print and audio CD. In addition, we also provide sign video and translation services. BT's Relay UK service also supports customers with hearing impairments through a type-to-talk service, while accessible card readers, rubber signature stamps, braille card wallets and our talking ATM service are other key accessibility features.

Financial inclusion

We know that access to a bank account is the first crucial step towards financial inclusion. It's why we provide a personal basic current account to anyone who doesn't have one already. The account has no monthly fee and provides a debit card, access to digital banking services and

everyday support such as text alerts to help customers manage their money. We currently have over 670,000 basic bank account customers with this number increasing. We also continued to work with Her Majesty's Prison and Probation Service and the Scottish Prisons Service in 2021 to provide a bank account for those leaving prison.

We also offer a free community bank account to not-for-profit organisations (with a turnover less than £100,000), including our free accounting software FreeAgent and Bankline for Communities.



Find out more about how we're working to create a society which is financially confident and resilient on page 31

Supporting customers in vulnerable situations

At any time, a customer may find themselves either in a vulnerable situation or caring for a loved one experiencing a vulnerability. The continuing impact of COVID-19 has meant that for many of our customers this has been a reality in 2021. Our dedicated customer care line, which was set up as a result of the pandemic, has helped and supported 527,123 people in 2021.

Our support service 'Banking My Way' continues to develop. Customers can now tell us via the mobile app about reasonable adjustments we can make to help them. Customers can also alert us to such adjustments in our branches, via our telephony teams and online. So far, over 75,000 people have registered for Banking My Way.

In 2021, we continued to work with organisations such as GamCare and the Money Advice Trust to improve the support available to customers in vulnerable situations, connecting them to expert advice where appropriate.

We continued to run digital lessons and fraud and scam awareness events remotely via virtual delivery.

We significantly expanded our successful referral programme with Citizens Advice, connecting customers to their advisers where we identify additional advice or vulnerability needs.

In February 2021, with the domestic abuse charity SafeLives, we launched The Circle Fund. The Circle Fund, available for three years, supports SafeLives to provide small grants to help economic abuse victims and survivors to regain financial confidence and control. This follows from our announcement to donate £1 million for the fund in 2020.

To help our colleagues become more informed and better support the accessibility needs of our digital customers, we have created a digital mastery video as well as an accessibility knowledge base where colleagues can become more familiar with accessibility tools such as Microsoft Edge's read-aloud and translation functionality.



Read more about how we support customers in vulnerable situations



Supporting our customers continued

Fair products and responsible marketing

Product governance

Creating and distributing products to our customers to meet their needs is at the heart of what we do. Our end-to-end product-lifecycle process is designed to keep our customers and NatWest Group safe while delivering a financial return. We use four tools to guide this: the 'YES check'; 'Our Code'; the 'Critical People Capabilities'; and our internal policies. Among our key policy documents are the 'Product Lifecycle Policy', the 'Customers in Vulnerable Situations Policy' and the 'Complaints Management Policy'.

The Product Lifecycle Policy assists us in delivering safe and sustainable products and services as well as enabling growth, customer retention and customer satisfaction. All our products and services are in scope of this policy, with product lifecycle governance also ensuring our customers receive products that are appropriate for their immediate and future financial goals.

How we manage compliance

The Product Lifecycle Policy applies to all legal entities, franchises and functions. All colleagues involved in the product lifecycle are required to be aware of the policy, understand their responsibilities and undertake training. Our remuneration plans and incentive packages for staff promote and encourage fair customer outcomes throughout the product lifecycle.

NatWest Group must also meet the needs of customers (new and existing) who are in (or are at risk of being in) a vulnerable situation and must be able to evidence how we comply with the Customers in Vulnerable Situations Policy.

We must also comply with all local legal and regulatory requirements where these go further than the minimum standards set out in this policy. There are three key phases of the Product Lifecycle Policy:

1 Product and service development

We aim to ensure that the proposals are designed to deliver fair customer outcomes by: ensuring that the target market is identified and aligned to a specific product strategy; the proposal meets the needs of customers in the target market; the distribution strategy works for the identified target market; the proposal is designed to benefit the customer; that customers in the target market will be able to understand the product or service and its features; and that consideration is given to the voice of the customer. Our pricing standards ensure that customers are paying a fair price for the products and services they are receiving.

2 Product and service distribution

We aim to identify all activity that constitutes a financial promotion and ensure all financial promotions comply with relevant regulation set out in our Financial Promotions Guides. All financial promotions are approved by the Financial Promotions Approval team, with separate teams providing oversight and assurance as part of our three lines of defence model. Financial promotions are reviewed at least annually.

In addition, controls are in place to ensure that any direct marketing and the use of cookies complies with our data protection obligations. We also ensure that the sale of products and services and the provision of advice is undertaken fairly and meets the standards of suitability and appropriateness. Throughout the sales journey we inform and educate our customers about all aspects of a product in a clear, fair and not misleading way. We also operate a training and competence framework to monitor the competence and capability of our sales staff.

3 Ongoing management

We have a complementary process that reviews the existing portfolio of products and services, which seeks to ensure the following:

- Customers are treated fairly after the point of sale;
- The removal of any barriers to switching products and services (where the barrier is not in the best interests of the customer and/or it impacts the delivery of fair customer outcomes).

Addressing complaints

Colleagues welcome any complaints, take ownership of them and provide the resolution for the customer as quickly as possible. Where the issue is more complex, one of our complaint handling experts will become involved. A key priority for the business is to reduce complaints by addressing the underlying causes. In 2021, we received 239,108 reportable complaints compared to 303,129 in 2020.



[Read more: Our complaints data](#)



[Read more about customers in vulnerable situations on page 50](#)



Supporting our customers continued

Protecting privacy and customer confidentiality

We see privacy as a vital component to achieving our purpose and is therefore embedded across all parts of our business. A central privacy team oversees privacy compliance and all business areas have an accountable executive responsible for privacy compliance, supported by a local privacy team. The Group Data Protection Officer oversees awareness, training and reporting to the UK Information Commissioner's Office, supported by additional country data protection officers.

Our Privacy and Client Confidentiality Policy includes both data protection and client confidentiality. The policy has a defined escalation process for privacy and client confidentiality issues. It also clearly sets out how we manage privacy, client confidentiality and personal data breaches and specifies that anyone breaching the policy can be subject to disciplinary action. All our customers, colleagues and third parties can therefore be confident that we treat protection of their data with the utmost seriousness. NatWest Group provides updates to senior management on privacy and client confidentiality, including at Board level and to the Group Board Risk Committee. Updates and reminders are also provided through internal communications to ensure privacy is at the forefront of all of our colleagues' minds.

Transparency

NatWest Group has adopted a layered and accessible approach to providing privacy information, as recommended by the UK Information Commissioner. We present an overview of our approach to data protection and privacy on our website and these pages are constantly reviewed so they are up to date and accessible to users across all digital platforms. We also aim to have marketing preferences that adequately reflect customer wishes.

Data transfers and collaboration

We're continually refining our systems to comply with the General Data Protection Regulation (GDPR), the UK Data Protection Act and other local legislation. We factored in the impact of Brexit and UK & European case law on our privacy obligations and cross-border data flows. In addition to this, we have a close relationship with regulators and industry bodies as appropriate. Our privacy teams are in regular contact with other internal teams to assist with initiatives such as to support victims of financial crime.

Privacy and client confidentiality training

All colleagues and contractors are required to undertake annual mandatory privacy and client confidentiality training. Each year, we also engage with our suppliers to understand the privacy governance arrangements they have in place (including policy, mandatory procedures and training and awareness) and review the responses to ensure that satisfactory controls exist.

Training topics include:

- What the bank's privacy and client confidentiality obligations are.
- Privacy considerations for new projects, systems and so on.
- How colleagues should recognise and respond to requests from individuals to exercise their data rights.
- What to do in the event of a breach.

The privacy and client confidentiality training module is updated annually, with new topics and learnings from the previous year. Job-specific training is provided as necessary for colleagues based upon their job roles, for example job specific training on redactions for the Subject Access Team. The bank uses internal checklists intended to guide the best decision-making, and the safe use, storage and sharing of information, which include the YES Check and Info SAFE checklists.

Artificial intelligence

'Info SAFE' is used to support our AI and machine learning strategy via 'fairness assessments' of models, in addition to the checklist questions below which are relevant for all colleagues across NatWest Group when they deal with customers' or colleagues' data. The Info SAFE checklist asks the following questions:

Secure: Are you confident that NatWest Group and its suppliers are meeting the required policies and standards for protecting our customers' and colleagues' information?

Accountable: Am I confident that I understand my responsibilities when using customers' and colleagues' information to make decisions?

Fair: Are decisions made using customers' and colleagues' information, accurate, just and reasonable, including those decisions made using AI?

Ethical: Are decisions made using customers' and colleagues' information reflective of our core values, inclusion and pro-diversity?

Privacy by design and default

New data-driven innovation brings opportunities to build systems using fundamental privacy principles such as 'privacy by design' and 'default'. The privacy teams work closely together to ensure fundamental privacy concepts are implemented and to ensure consistency across the bank. Privacy impact assessments are also carried out to ensure that privacy risks are identified and minimised as early as possible.

Regulator communications and data subject rights

NatWest Group has specialist teams who respond to queries relating to data-subject rights. Data-subject access requests have remained relatively steady following the GDPR rules that came into force in May 2018, with a low volume of requests concerning other data subject rights.

Supporting our communities

A thriving economy depends on thriving communities. As a leading financial firm in the UK, we believe we can make a real and positive difference to people's lives.

We're committed to supporting and giving back to the communities we operate in. Our direct community investment in 2021 amounted to £7,266,818⁽¹⁾ compared with £11,078,270⁽¹⁾ in 2020, as measured using the Business for Societal Impact benchmarking standard. This includes the funding we make available to support colleague giving and the direct costs of delivering our community programmes.

In 2021, we continued to promote our Do Good Feel Good campaign to give our colleagues opportunities to support the good causes they care about. As COVID-19 restrictions eased, we recommenced our popular challenge events in October 2021, offering colleagues free access to walking, running and abseil events across the UK, as well as a virtual event, enabling colleagues around the globe to take part. Across all our fundraising and volunteering programmes, our colleagues have given £3,543,533 and 43,003 worktime volunteering hours.

The COVID-19 response was still very much in our focus in 2021. In April, as the pandemic in India was escalating, our

colleagues supported the Disasters Emergency Committee's Coronavirus Appeal. NatWest Group, which has 13,000 employees in India, also donated £260,000 to UNICEF's VaccinAid campaign to help vaccinate two billion people worldwide.

Following our support of the National Emergencies Trust Coronavirus Appeal in 2020, for which we were shortlisted for several awards, NatWest Group became a patron of the NET in January 2021. In this new capacity, we are one of the first organisations the charity calls on in an emergency response and on hand to supply surge capacity volunteers.

NatWest Group has three independent, well-established charities, which continue to support specific activities in line with our purpose – including **The NatWest India Foundation⁽²⁾**, **the Coutts Foundation⁽³⁾** and **NatWest Social & Community Capital⁽⁴⁾**.

To better understand where and how we can impact, we needed to deepen our understanding of the communities in which we live and serve. In 2021, we produced leading research into why communities matter to people (and how to build them) with the **Centre for Social Justice**, and researched the role ethnicity plays in the lived experience of banking services in the UK.

1. Includes a one-off matching donation of £5 million to the National Emergencies Trust Coronavirus Appeal.
 2. The Foundation's company registration number (CIN) is: U45200MH2007NPL167933.
 3. Charity Registration No: 802643.
 4. Charity Registration No: 1079626.
 (*) Within the scope of EY assurance. Refer to page 98.



Tree Planting

NatWest Group commits to plant 100,000 trees

Trees are the ultimate carbon capture and storage machines

Since 2007, NatWest Group colleagues have given their time, energy and skills to undertake vital conservation projects across the UK.

Together we have created new forests, built new green parks, and restored derelict land to community use. The impact of this work will be felt for years to come.

In 2021, we began an ambitious project to continue this legacy. Working with The Conservation Volunteers, we launched a programme to plant 100,000 trees in local communities across Scotland, England and Northern Ireland. The idea was simple: to make a positive contribution to tackling climate change, while helping to improve natural environments and enjoying the benefits of being outdoors and working together as a team.

While the pandemic impacted our ability to undertake as much of the conservation work as we would have liked, the programme continues into 2022, with tree planting planned throughout the first and fourth quarters of the year.

Colleagues are encouraged to take part in projects in their local area, learning about different planting methods and how these will support biodiversity. It also gives our volunteers the chance to directly help their local communities, seeing the benefits of their work for years to come.

Trees are the ultimate carbon capture and storage machines. Because every tree planted has the potential to absorb an average of one tonne of CO₂ during its lifetime, the project is also a very tangible way for colleagues to support NatWest Group's climate ambitions.

Partnering with Cancer Research UK to maximise donations

Charities are losing out on potentially hundreds of millions of pounds in extra funding when donors don't Gift Aid eligible donations. NatWest Group therefore partnered with Cancer Research UK (CRUK) to explore how we could start to fix this problem. The result was the 'Maximise Your Giving' pilot created using our Mimo technology, which we launched in October 2021. Customers who have made a payment to CRUK will receive a prompt on our mobile banking app pointing them to our web pages that provide information about maximising charity giving. One of the options is to link through to the CRUK website where the customer can then complete a Gift Aid declaration allowing CRUK to claim the Gift Aid on the donations they've made.



Supporting our colleagues

Helping our colleagues thrive

We want NatWest Group to be a great place to work. By offering a fulfilling job, a healthy workplace, fair rewards, excellent development and great leadership, we believe together our colleagues can thrive and unlock the full potential of NatWest Group.

Our People Pledge sets out commitments and initiatives in direct response to what colleagues tell us is important to them. The pledge is split into five promises: 'Help you develop your skills'; 'Support your wellbeing'; 'Help customers thrive'; 'Create inclusive and connected teams'; and 'Help you make a difference'. Throughout 2021, we have worked with colleagues across all these promises to help champion their potential and help them to thrive.

The pandemic has drastically altered how we work and has changed, perhaps forever, the relationship between employers and employees. We listen to colleagues and use this insight to ensure we attract, engage and retain the best talent for the future. Our colleague listening strategy – which includes our colleague opinion surveys; a 'Colleague Advisory Panel' (CAP) that connects colleagues directly with our Board; the Colleague Experience Squad, a group of colleagues who volunteer to provide feedback on colleague products and services; and 'Workplace', our social media platform – all contribute to a deeper understanding of colleague sentiment.

1. NatWest Group 'Our View' results exclude Ulster Bank Rol.

We also track metrics and key performance indicators to benchmark with sector and high-performing comparisons.

Over 46,700 colleagues (81%) participated in our September 2021 Our View survey. The results show that colleague sentiment remains strong, despite the pandemic. Lead measures in culture, purpose, inclusion and building capability showed continued and sustained year-on-year improvement (+1 percentage point each) and, across all 15 measured categories, NatWest Group sits an average of 11 percentage points above the Global Financial Services Norm (GFSN) and five percentage points above the Global High Performance Norm (GHPN).⁽¹⁾

Regular interactions with our employee representatives such as trade unions, elected employee bodies and works councils are a vital means of transparency and engagement for us. We frequently use these sessions to discuss developments and updates on the progress of our strategic priorities: in 2021, for example, topics included 'ways of working' and 'health and safety in the context of the pandemic'. We are committed to respecting our employees' right of freedom of association across all our business and we share information about our employee representative bodies with our colleagues on our intranet. Approximately 76% of our employees are covered by a collective agreement and/or employee representative arrangements.

In addition, through the CAP established in 2018, our colleagues can engage directly with senior management and the Board on topics which are important to them, thereby strengthening the voice of colleagues in the Boardroom. The CAP is made up of 28 colleagues who represent employee-led networks, talent programmes, employee representative bodies or are self-nominated. In this way we ensure the panel is diverse, inclusive and representative of the workforce.

The CAP met with representatives from the Board three times in 2021 to discuss issues such as wellbeing, remuneration (including executives and the wider workforce), climate, retail banking strategy, sustainability and purpose. The CAP continues to be highly regarded by those who attend and has proven to be an effective way of establishing two-way dialogue between colleagues and Board members. In 2022 we are reviewing our approach to how the Board engages with the workforce.

Family-friendly and leave policies



We're committed to supporting families and carers, ensuring they are able to balance family and work responsibilities in a way that supports their mental and physical wellbeing. To enable this, we offer a broad and competitive range of family-friendly and leave policies which reflect local practices in each of our global jurisdictions. These policies include maternity, adoption, shared parental, paternity, parental, carers, and dependents' leave. To ensure continuous improvement across our policy offering, we actively listen to colleagues through our colleague experience feedback forums, our employee-led networks, our employee representatives, and regular industry benchmarking.

As a purpose-led organisation, we also recognise we have an important role in proactively supporting colleagues during difficult times. As such, in 2021 we introduced support for colleagues experiencing domestic abuse through our 'Safe Leave Policy'. Under the policy, colleagues will be able to take two weeks paid leave to support with relocating, and unlimited paid time off to attend related appointments (e.g. court hearings, solicitor meetings). We also provide bereavement support for colleagues experiencing loss, including those who have lost a baby. Recognising that individuals will deal with loss differently, our Bereavement Policy provides for paid leave, with further support available through our Employee Assistance Programme, and Family and Carers Employee Led Network.



Supporting our colleagues continued

Diversity, equity & inclusion

We are committed to progressing our diversity, equity and inclusion strategy. In summary:

- **Inclusive workplace:** Colleague sentiment on inclusivity continued to increase with a score of 93 percentage points.
- **Gender balanced:** We have a target to have full gender balance in our CEO-3 and above global roles by 2030. At 31 December 2021, we had 38% women in our CEO-3 and above global roles, a decline of 1% since 31 December 2020.

While representing an increase of 9% since targets were introduced in 2015, we know we have more to do and continue to focus on the recruitment, retention and advancement of women.

- **Ethnically diverse:** Our ethnicity target is to have 14% Black, Asian and Minority Ethnic colleagues in our CEO-4 and above UK roles by 2025. At 31 December 2021, of 86% of colleagues who have disclosed in CEO-4 and above UK roles, we have 11% Black, Asian and Minority Ethnic colleagues. This represents a 3% increase since targets

were introduced. We also have a target to have Black colleagues occupying 3% of CEO-5 and above UK roles by 2025. At 31 December 2021, we have 1.5% of colleagues who identify as Black in CEO-5 and above UK roles. Overall, of those who disclose their ethnicity, 2% of our colleagues in the UK identify as Black. We continued to embed our Racial Equality Taskforce commitments.

- **Disability smart:** We supported our colleagues with disabilities through a career development programme and

created a roadmap for becoming an even more neuroinclusive employer.

- **LGBT+ innovative:** We participated in the UK Stonewall Workplace Equality Index and, as founding partner, again supported the British LGBT Awards.



For full details, refer to our 2021 Annual Report and Accounts, and Non-financial information datasheet

Transforming our diversity, equity and inclusion learning

With help from our Inclusion Champions, we transformed our e-learning module by featuring videos focusing on colleagues' 'lived experiences'. Video participants shared barriers they had encountered and how they champion inclusive behaviours.

The module asked colleagues to reflect, share their own lived experiences and feedback via Workplace. Almost a third of colleagues (over 18,000) had completed the learning by the second week and they rated it 4.3 out of 5, alongside affirming feedback:

'Can't remember coming out of a mandatory piece of learning with goosebumps before!'

Our Inclusion Champions

We have around 1,500 Inclusion Champions who are passionate change advocates from all areas of NatWest Group. In 2021 we delivered an ambassadors education programme to our Champions and in November we ran a survey to understand the impact our Champions are having. Of the 462 Champions who responded, 99% had taken action to increase either their knowledge or that of their colleagues, and 88% believed their actions had a positive impact on their colleagues. The three most common actions were: 1) Using their learning time to understand more about diversity, equity and inclusion; 2) Joining one or more of our employee-led networks; 3) Sharing insights with their colleagues.

Inclusion Week 2021

Diversity, equity and inclusion was showcased globally through our dedicated Inclusion Week. The theme was 'Action for Inclusion', challenging colleagues to commit to taking real action to drive change. During the week, there was a 300% increase in visits to our inclusion intranet page, as well as a 218% increase in activity on Workplace. We received strong feedback from colleagues:

'It really felt that our leaders are living the bank's purpose of championing people from all backgrounds and that the inclusion agenda is being taken seriously.'

One Bank Diversity, Equity & Inclusion Action Committee

In line with our 'One Bank' transformation, which aims to break down internal barriers and build relationships across the organisation, we created a 'One Bank Diversity, Equity & Inclusion Action Committee'. Announced as part of the 2021 Inclusion Week, we brought together key stakeholders, including employee-led networks, to share best practice and drive a focused, action-orientated and impactful approach. Chaired by our Chief People & Transformation Officer and Chief Marketing Officer, the group will ensure we work together to push forward our diversity, equity and inclusion agenda, removing duplication of activities and to utilise resources more efficiently.



Supporting our colleagues' wellbeing

To be part of NatWest Group means being part of something bigger than ourselves, where the strength of our culture underpins everything we do; an organisation where we all learn, grow, thrive and support each other.

A vital part of this is having a fully embedded wellbeing strategy. Through our People Pledge and our group-wide People Strategy we are able to provide the support our colleagues, customers and communities need. In 2021, we were delighted to be recognised externally, winning the 'HR Excellence Awards: Best health and wellbeing strategy' category and the 'This Can Happen: Best COVID-19 Company Response – Internal' category.

During 2021, COVID-19 support continued to be front and centre as we launched a 12-week rehabilitation programme to support colleagues and families who are experiencing Long COVID symptoms. In India, we helped our colleagues to source oxygen and medical equipment, assisted with the cost of COVID-19 vaccinations, and set up emotional wellbeing support for them and their families.

We continued our 'Let's Talk' health focus in 2021 as we focused on physical health topics such as menopause, reproductive health and cancer awareness, as well as a focus on mental health. We introduced virtual 'cafés' that provide emotional support and a safe space for colleagues to talk on topics such as menopause, caring, bereavement and mental health. Through our collaboration with the Bank Workers Charity and Kooth, we were delighted to support the mental health of colleagues' young family members aged 11 to 18.

We continued to focus on supporting mental health throughout 2021, fully supporting the Mental Health at Work Commitment. Our Wellbeing Champions are there to listen and 'be there' for their colleagues in every location globally. Launched in 2020, we now have over 1,300 colleagues acting as Wellbeing Champions and they continue to be upskilled on various aspects of wellbeing to support and amplify our wellbeing strategy, and signpost colleagues to the right resources at the right time.

Our Go Challenge in 2021 helped our colleagues improve their physical and mental wellbeing and create social connections through a bank-wide activity challenge. During the challenge, 17,000 cycled, walked, ran, danced and climbed their way to an incredible total of 6.9 billion steps (3.4 million miles) in nine weeks – 2,600 trees will be planted by teams as a result of the challenge; one for every team who took part.

We continued to monitor the wellbeing of our colleagues throughout 2021 and our pulse surveys helped us understand the specific points of wellbeing impacting our colleagues. Our September 2021 Our View survey noted a favourable score of 93 percentage points when asking colleagues if they felt their manager supported and encouraged their wellbeing. Our internal wellbeing index (84 percentage points) shows that we are three percentage points above the Global High Performance Norm (GHPN) and 10 percentage points above the Global Financial Services Norm (GFSN).

Safe and healthy workforce

In 2021, the number of overall health and safety related incidents and accidents has slightly increased by 4% in line with greater numbers of colleagues starting to return to offices. We saw a continuing downward trend in the overall number of employee-related reportable injuries decreasing from 14 to 11 in 2021 – despite greater numbers of colleagues working in offices. NatWest Group is within the 2021 HSE benchmarks for reportable employee injuries.

For any reportable injuries to members of the public, any property defects presented as part of investigation procedures have been remediated following these incidents.



[Read our health and safety performance in detail here](#)

Supporting colleagues with Long COVID



Supporting the physical and mental wellbeing of our colleagues throughout the COVID-19 pandemic continued to be a priority throughout 2021. With many colleagues returning to work after contracting COVID-19, but still living with the effects of Long COVID, we wanted to introduce a programme in partnership with Nuffield Health that helped in their recovery.

Pam Lawson, a Product Owner in the Technology team in Edinburgh, was one colleague who was able to benefit from the programme. Pam was supported in her return to work by her line manager through adjustments to her working pattern tailored to her needs. She believes that the remote Long COVID programme, through a structure of physical and mental activities, helped kickstart her rehabilitation and improved her energy levels towards living with this chronic illness: "At the beginning of the programme I hadn't really been exercising, the fatigue was bad, but I had it in my head I had to start walking, so I'd been starting to do that when the course started. At the beginning of the programme, I could manage a 30-minute walk, and after six weeks I was able to do a two-hour walk."

This progress has not been continuous, and Pam's condition continues to fluctuate due to the effects of Long COVID; at some points returning to finding a 30-minute walk tiring again. Despite this, the programme has had a positive impact on her health and the lessons learned through the programme have continued to aid in her recovery.



Supporting our colleagues continued

Financial wellbeing

When colleagues first join us, it's a great opportunity to demonstrate our commitment to their wellbeing. All our graduates and interns receive a financial wellbeing induction to help them understand how their pay works, how to read their payslip and the essentials of budgeting, debt management and saving for life after work. All of our new starters are enrolled in our Retirement Savings Plan (RSP), with the minimum pension contribution of 8% fully met by NatWest Group, and we encourage colleagues to put away more money through our award winning 'Save More Tomorrow' campaign. This lets our members automatically increase their RSP contributions in small but meaningful ways every April.

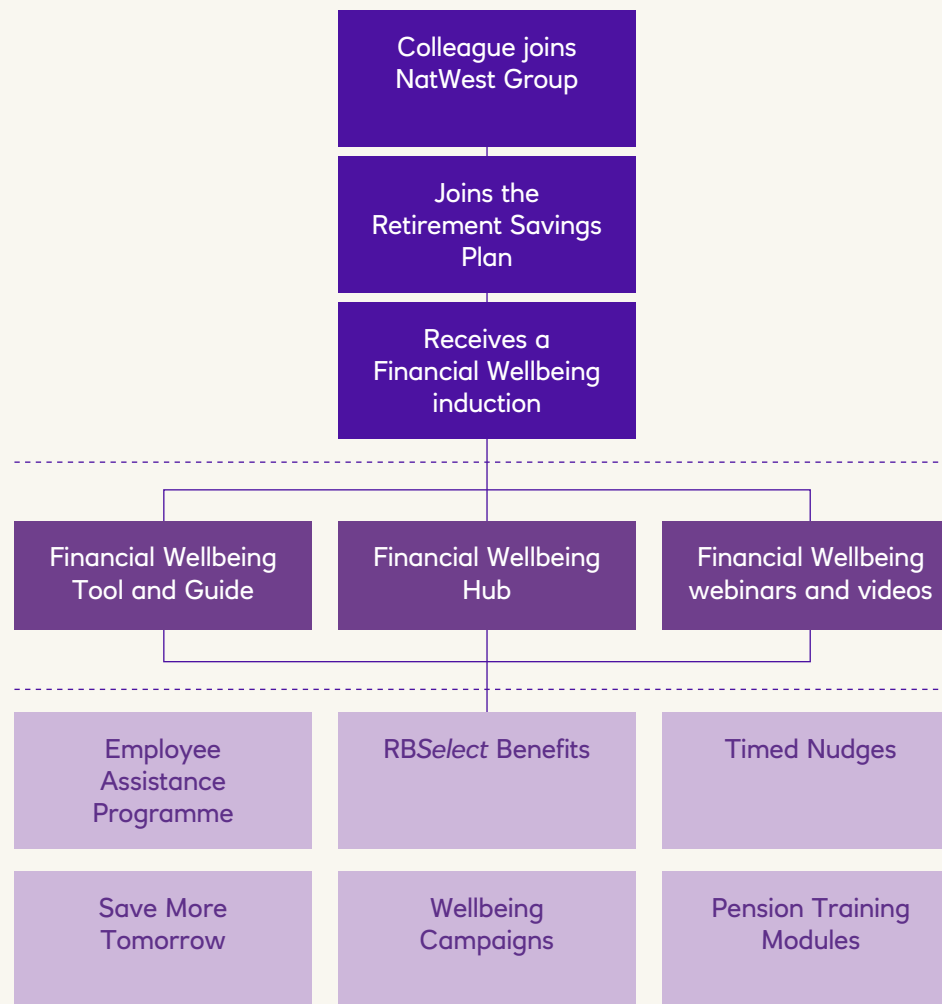
Colleagues have access to a wide offering to help their financial wellbeing. They can access benefits through *RBSelect*, our flexible benefits programme allowing colleagues to choose from a range of pension, protection, healthcare and lifestyle options. They can also book in for a financial health check with one of our Personal Bankers, use our Employee Assistance Programme for counselling and support, and they can view a wide range of webinars and videos as part of our wellbeing campaigns. A new Financial Wellbeing hub is available to all colleagues, and RSP members can now access their pension account on the go via a smartphone app.

We've increased participation in our flagship UK RSP to 85% and have put steps in place to increase this to 100%. We continue to use new and innovative techniques to engage colleagues and garner their views about retirement savings. This has included Deliberative Democracy sessions with a cross section of members challenging how their Retirement Savings Plan should be invested, and the Environmental, Social and Governance (ESG) factors to be prioritised. Comprehensive member interviews have also been undertaken to understand how to best provide the right pension data and information to enable informed decisions.

We have also rolled out Tumelo in collaboration with Legal & General. It demonstrates purpose in our approach to pensions by allowing colleagues to:

- find out which companies their pension savings are invested in
- let Legal & General know which matters are important to them and how they'd vote
- use their voice to influence the way companies are run.

Financial wellbeing offerings for our colleagues





Supporting our colleagues continued

Fair and transparent reward

We want our colleagues to perform at their best every day. In return, we promise to pay competitively and transparently. For full details about our remuneration policies and colleague share plans, as well as the latest gender and ethnicity pay gap reporting, read our 2021 Annual Report and Accounts and natwestgroup.com pages.

All colleagues have performance goals across a balanced scorecard that helps to clearly link their contribution to our overall purpose. Goals are revised as needed throughout the year, with progress, development and feedback discussed in one-to-one conversations and quarterly check-ins. At the end of the year, colleagues are allocated a rating that reflects their overall performance. Importantly, this is not only assessed by *what* was achieved. Through our 'Critical People Capabilities' framework, we also have a consistent behavioural measure for *how* it was achieved.

Wider workforce remuneration

We're committed to paying our colleagues fairly, knowing this helps them feel valued, respected and recognised for the work they do. Our 'Fair Pay Charter' sets out our commitment to pay all our colleagues competitively and transparently, and our 'Reward Policy' is updated according to the current and future needs of the business. In the UK, our rates of pay continue to exceed the 'Living Wage Foundation'

benchmarks. For our major hubs outside the UK, we continue to pay above the minimum and living wage rates in the Republic of Ireland as well as exceeding the minimum wage benchmarks in India and Poland. The number of colleagues at NatWest Group who believe they are paid fairly is significantly above the Global Financial Services Norm.

Alongside the financial clarity and certainty we provide our colleagues through our approach to fair pay, we also offer a range of benefits designed to help colleagues make their lives easier and save money. Through RBS*elect* and other platforms, colleagues can access and choose from a range of pension, protection, healthcare and lifestyle benefits to suit their needs.

Climate in remuneration

We ensure that our climate strategy is embedded in personal and business performance measures. From 2020, we included a clear climate goal and measures in our executive director goals. From 2021, climate has been included as part of the performance adjustment process for variable remuneration pools across NatWest Group, ensuring that the work of all colleagues to support the transition to a low carbon economy is reflected in business performance.

Our Fair Pay Charter

Principles to support fairness for all our colleagues

1. Simplicity. The reward proposition has been simplified to make it easier for colleagues to understand.

2. Consistency. The structure of pay and benefits is consistent for colleagues based on their location and role, with a clear rationale for exceptions.

3. Flexibility. Colleagues are supported in working flexibly, in ways that balance customer and business needs and their personal circumstances. Colleagues can also select the combination and level of benefits that best meets their needs.

4. Transparency. Pay decisions reflect the performance of NatWest Group and the individual, taking into account the behaviours and values demonstrated. Information on salary ranges and the annual pay review is readily available to all colleagues. Gender and ethnicity pay gaps are reported. Please see natwestgroup.com for more details.

5. Listening. Colleagues are surveyed regularly, and engagement sessions are held on reward with our colleague representatives and the Colleague Advisory Panel.

6. Clarity. Clear communications are provided on pay and performance decisions. Clear expectations are set on how colleagues are rewarded and the principles guiding decisions, including having clearly defined performance goals, regular check-ins with managers and feedback.

7. Reliability. Pay is well administered with colleagues paid accurately and on time. Colleagues can access their payslips and other pay documents 24/7 via Workday.

8. Inclusive. NatWest Group requires fairness and inclusion and that judgement is exercised with thought and integrity. There is a Group-wide commitment to rewarding colleagues in a way that is free from discrimination.

9. Competitive. A competitive total reward proposition is provided that enables NatWest Group to attract, motivate and retain colleagues based on market rates for their role, location, performance, skills and experience.

10. Security. There is an appropriate mix of fixed and variable pay and a core level of benefits. NatWest Group is an accredited Living Wage Employer in the UK with rates of pay that exceed the Living Wage Foundation Benchmarks.



Supporting our colleagues continued

Aligning executive remuneration to delivery of ESG measures

The value of long-term incentive awards made to executive directors (ED) is based on performance against a range of measures and targets. Over the past few years, these targets have increasingly been aligned to NatWest Group's purpose, including targets related to climate, enterprise and financial capability with ESG metrics fully embedded. The 'Blueprint for Better Business' (BfBB) framework was used to complement the existing balanced scorecard.

Full details of the 2021 performance assessment and the 2022 ED performance measures can be found in the NatWest Group Directors' Remuneration Report.

How stakeholders shape our approach

A number of measures are in place to make sure that we consider employee and shareholder views on our approach to pay and performance. The Group Performance and Remuneration Committee (Group RemCo) engages with institutional investors and regulators on our pay proposals. We also hold a number of shareholder events each year which allow retail shareholders and colleague shareholders to engage with Board directors and executives on issues of interest, including pay. The views of shareholders are taken into account by the Group RemCo when reviewing the remuneration policy and pay decisions for the year.

The Chairman of Group RemCo meets with colleagues each year through the CAP, where discussions take place on the alignment of executive and wider workforce remuneration. Feedback from the meeting held in November 2021 was positive, with members of the CAP stating that the principles behind executive director pay were clear and fair.

Celebrating contribution

There are many ways we recognise colleagues for the contribution they make, outside of the annual pay and performance cycle. These include:

- 'Living Our Values', our colleague recognition programme, which recognises colleagues who have demonstrated our values in a significant way. This can include awarding gifts or 'ovations'; recognition vouchers which allow colleagues to choose their own gifts.
- long service awards of between £250 and £500, depending on the length of service.





Additional disclosures

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UN Principles for Responsible Banking (PRB) reporting

NatWest Group became a founding signatory of the PRB in September 2019, and we are committed to an ongoing process to further align our strategy to the objectives of the 2015 Paris Agreement and the UN Sustainable Development Goals (SDGs).

This is our second PRB self-assessment report and demonstrates our progress against all six principles, using the PRB template.

Reporting and self-assessment requirement	High-level summary and some highlights in 2021	References for further details and full descriptions
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Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals (SDGs), the 2015 Paris Climate Agreement and relevant national and regional frameworks.

<p>1.1 Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	<p>NatWest Group provides a comprehensive range of banking and financial services to personal, business and commercial customers via our franchises. Examples include current and savings accounts, credit cards, mortgages and investments for our personal customers; to banking, lending, project finance, risk management and trading solutions for our large commercial customers.</p> <p>We earn income from interest charged on lending to our customers and fees from transactions and other services. We pay interest to customers who place deposits with us and to investors who buy our debt securities. We also make reward payments on products like our Reward bank accounts and credit cards. The attributable profit generated is either returned to shareholders or retained and reinvested into new and improved products and services for our customers.</p> <p>We support our personal, business, commercial and institutional customers with financial services that meet their needs, which include keeping their funds safe and secure, improving financial capability and supporting enterprise. We believe in treating customers fairly, offering flexibility to our customers in how they choose to bank with us and providing extra help to customers in vulnerable situations or financial difficulty.</p>	<p>A Strategic report p35</p> <p>E Committed to our focus on ESG p9</p>
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Key: **A**= 2021 Annual Report and Accounts, **C**= 2021 Climate-related Disclosures Report, **E**= 2021 ESG Supplement, **W**= NatWest Group Website, **S**= Coutts Sustainability Report



UN Principles for Responsible Banking (PRB) reporting

Reporting and self-assessment requirement	High-level summary and some highlights in 2021	References for further details and full descriptions
<p>1.2 Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the 2015 Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>We recognise the huge responsibilities that our role brings from supporting the day-to-day financial needs of 19 million customers, to the positive impacts we can have on the environment and wider society.</p> <p>Purpose focus areas – We have identified three focus areas where we can make a meaningful contribution and build long-term value in our business:</p> <p>Climate: We have made addressing the climate challenge and supporting our customers in their transition to net zero a key strategic priority.</p> <p>Enterprise: We are committed to removing barriers to enterprise and providing business in the UK the support they need to grow.</p> <p>Learning: We are helping people to take control of their finances, to make the most of their money, safely and securely – now and in the future.</p> <p>We aim to create value for all our stakeholders while having a positive impact on the environment and wider society, supporting SDGs particularly: 4, 5, 7, 8, 10, 13 and 17.</p> <p>Policies and commitments – SDGs are embedded into our green, social and sustainability (GSS) bond framework and our Climate and Sustainable Funding and Finance criteria. Our policies, including our Human Rights Statement, our Modern Slavery and Human Trafficking Statement and our Supplier Charter reinforce our commitment to SDGs.</p> <p>National and regional frameworks – We align with, and support, a number of frameworks and external commitments, including the UK Strategy for Financial Capability; HM Treasury's Alison Rose Review into Female Entrepreneurship; Business in the Community's Race at Work Charter for colleague inclusion; the UK Government's Code of Practice on Taxation for Banks; the Soft Commodities Compact for Consumer Goods; the United Nations Global Compact (UNGC); UN Guiding Principles (UNGPs), Partnership for Carbon Accounting Financials (PCAF); Science Based Targets initiative (SBTi), Principles for Responsible Investment (PRI); and the Equator Principles. We are signed up to the Collective Commitment on Climate Action (CCCA) and joined the industry-led UN-convened Net-Zero Banking Alliance. In April 2021, alongside 42 other banks and UNEP FI, we became founding members of the Glasgow Financial Alliance for Net Zero (GFANZ).</p> <p>2015 Paris Agreement alignment – We have set ourselves the challenge to at least halve the climate impact of our financing activity by 2030 and align with the 2015 Paris Agreement.</p>	<p>A Strategic report p13</p> <p>C Introduction p1, Strategy p18-46, Metrics and Targets p57-94</p> <p>E Committed to our focus on ESG p4, Climate p20-23, Enterprise p24-28, Learning p29-37</p> <p>W ESG Policies and Downloads Repository, GSS bond framework</p>



UN Principles for Responsible Banking (PRB) reporting

Reporting and self-assessment requirement	High-level summary and some highlights in 2021	References for further details and full descriptions
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Principle 2: Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis:

Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfils the following elements:

- a) Scope: The bank's core business areas, products/services across the main geographies that the bank operates in as described under 1.1. have been considered in the scope of the analysis.
- b) Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.
- c) Context & Relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.
- d) Scale and intensity/salience of impact: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services. (Your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))

Show that building on this analysis, the bank has:

Identified and disclosed its areas of most significant (potential) positive and negative impact.

Identified strategic business opportunities in relation to the increase of positive impacts/reduction of negative impacts.

PRB Portfolio Impact Assessment tool – In 2021 we undertook an initial Portfolio Analysis working alongside United Nations Environment Programme Finance Initiative (UNEP FI) using the PRB tool for an initial assessment of potential impacts in our lending book.

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

Context & Relevance – The scope of portfolio analysis focused on data from our core business portfolios and the main geographies where we operate: Retail Banking and Commercial Banking in the mainly in the UK.

Scale and intensity/salience of impact – Our three areas of focus (Climate, Enterprise and Learning), seek to make positive impacts aligned with seven SDGs. The preliminary findings from the PRB tool were useful in identifying other possible positive and negative impact areas which complemented other processes of monitoring emerging areas of risk including ongoing stakeholder engagement, a 2021 ESG materiality assessment and emerging risk working groups and monitoring.

While the tool is still in its infancy, we will continue to work collaboratively with UNEP FI to address challenges and use the tool and its methodology to deepen our understanding of positive and negative impacts in our lending.

A Strategic report p2-80

E Committed to our focus on ESG p15

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

We have demonstrated commitment and significant progress towards this principle by undertaking an initial portfolio impact analysis using the PRB tool, supplemented by new and existing processes to identify and monitor areas of impact. We anticipate further development of impact analysis and measurement and are committed to working collaboratively through the PRB.



UN Principles for Responsible Banking (PRB) reporting

Reporting and self-assessment requirement	High-level summary and some highlights in 2021	References for further details and full descriptions
<p>2.2 Target Setting</p> <p>Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Timebound (SMART) targets, which address at least two of the identified 'areas of most significant impact', resulting from the bank's activities and provision of products and services. Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the 2015 Paris Climate Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline. Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximise the net positive.</p>	<p>As a PRB signatory we have been working to ensure that the ambitions for our three purpose focus areas contribute positively to the SDGs and we strive that they are aligned with the objectives of the 2015 Paris Agreement.</p> <p>Climate (SDG 7.1, 7.2, 13.1, 13.3, 17.17)</p> <ul style="list-style-type: none"> – We have an ambition to support our UK mortgage customers to increase their residential energy efficiency and incentivise purchasing of the most energy efficient homes, with an ambition that 50% of our mortgage book has an EPC or equivalent rating of C or above by 2030. – We plan to reduce the carbon intensity of our funds and discretionary portfolios by 50% by 2030 and to achieve net zero on discretionarily managed assets by 2050. – We intend to: 1) By 1 October 2024: phase out of coal for UK and non-UK customers who have UK coal production, coal fired generation and coal infrastructure. 2) By 1 January 2030: full phase out of coal. – We have an ambition to provide £100 billion Climate and Sustainable Funding and Financing between 1 July 2021 and the end of 2025. – We have an ambition to at least halve the climate impact of our financing activity by 2030 and align with the 2015 Paris Agreement. To do this, we plan to quantify our climate impact and set sector-specific targets by the end of 2022. – We plan to reduce carbon for our direct own operations by 50% by 2025, against a 2019 baseline. 	<p>A Strategic report p2-80</p> <p>C Introduction p3, Strategy p18-46, Metrics and Targets p57-94</p> <p>E Committed to our focus on ESG p4-19, Climate p20-23, Enterprise p24-28, Learning p29-37</p> <p>S Becoming a Net Zero Investor p20</p> <p>W Results & events, ESG Disclosures, Building a more inclusive bank</p>



UN Principles for Responsible Banking (PRB) reporting

Reporting and self-assessment requirement	High-level summary and some highlights in 2021	References for further details and full descriptions
2.2 Target Setting continued	<p>Enterprise (SDG 5.5, 8.3, 10.2, 17.17)</p> <ul style="list-style-type: none"> – Support 35,000 businesses or individuals through enterprise programmes. 60% to female-led businesses, 20% to Black, Asian, and Minority Ethnic-led businesses; and 10% to people intending to create purpose-led businesses. – 200,000 interventions or interactions to start, run and grow a business. <p>Learning (SDG 4.4, 4.6, 10.2, 17.17)</p> <ul style="list-style-type: none"> – 15 million people reached through financial capability interactions delivered by 2023. – 2 million additional customers helped to start saving by 2023. – 100% front-line colleagues professionally accredited within first 18 months in role. – UK Social Mobility Apprenticeship Programme extended across multiple UK locations. <p>In addition to our three purpose focus areas, we have targets for:</p> <p>Gender</p> <ul style="list-style-type: none"> – We have a target to have full gender balance in our CEO-3 and above global roles by 2030. <p>Ethnicity</p> <ul style="list-style-type: none"> – Introduced in 2018, our ethnicity target is to have 14% Black, Asian and Minority Ethnic colleagues in our top four layers (CEO-4 and above) in the UK by 2025. – In 2020, we launched the Racial Equality Taskforce to listen, learn and better understand the barriers faced by colleagues, customers and communities from Black, Asian and Minority Ethnic backgrounds. The Taskforce set out ten commitments in the Banking on Racial Equality report, including a new UK target to have Black colleagues occupying 3% of UK roles (CEO-5 and above) by 2025. 	

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

We have demonstrated commitment and progress towards this principle with the targets set and on-going participation of the UNEP FI target setting working groups. We anticipate further development and integration of the ability to measure and track progress including impact measurement and set further targets in the future.



UN Principles for Responsible Banking (PRB) reporting

Reporting and self-assessment requirement	High-level summary and some highlights in 2021	References for further details and full descriptions
<p>2.3 Plans for Target Implementation and Monitoring</p> <p>Show that your bank has defined actions and milestones to meet the set targets. Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent</p>	<p>Purpose and strategic progress – We monitor and report our progress against our focus area targets and commitments, either quantitatively or qualitatively, where possible. Updates are provided to relevant executive and non-executive governance forums including the NatWest Group Board during the year, as well as within our external results.</p> <p>Baseline – In Q3, we published an overview of NatWest Group’s performance and measurement for a selection of our climate, purpose and ESG measures. This supplemented our business performance summary section of the NatWest Group plc Q3 2021 Interim Management Statement. The report details progress against targets and rationale for any changes. For example, we explained that during H1 2021 NatWest Group exceeded its 2020-21 target of providing an additional £20 billion Climate and Sustainable Funding and Financing in the two years ended 2021. Therefore, in October 2021, NatWest Group announced a new target to provide an additional £100 billion of Climate and Sustainable Funding and Financing between 1 July 2021 and the end of 2025.</p> <p>Assurance – NatWest Group plc appointed Ernst & Young LLP (EY) to provide independent assurance over certain sustainability data and disclosures presented in the Group’s 2021 Strategic Report, the 2021 Environmental, Social and Governance (ESG) Supplement, and the 2021 Climate Related Disclosure Report. An assurance report was issued and is available at natwestgroup.com. This report includes further details on the scope, respective responsibilities, work performed, limitations and conclusion.</p> <p>Net-zero carbon – While there was previously no standard definition of net zero, as part of COP26, in October 2021 the SBTi released the ‘SBTi Corporate Net-Zero Standard’, the world’s first net-zero framework which encapsulates the full value chain of Scope 3 and deep decarbonisation targets. For own operations to support NatWest Group’s public commitments to the Net Zero Banking Alliance, we plan to align to the SBTi’s definition and account for the wider value chain, including suppliers. We continue to aim to halve our direct own operational carbon footprint by 2025 and set stretching targets for the wider operational value chain to halve by 2030, with minimum 90% decarbonisation by 2050 for all emissions (excluding financed emissions, which is covered in more detail in section 5.7 page 80 of our Climate-related Disclosures Report 2021).</p>	<p>A Strategic report p2-80</p> <p>C Metrics and Targets p57-94</p> <p>E Committed to our focus on ESG p4-19, Climate p20-23, Enterprise p24-28, Learning p29-37</p> <p>W ESG Disclosures, External assurance</p>

Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.

We have demonstrated further commitment and progress towards this principle with the targets set and updates provided during the year. We anticipate further development on the ability to measure and track progress and set further targets in the future.



UN Principles for Responsible Banking (PRB) reporting

Reporting and self-assessment requirement	High-level summary and some highlights in 2021	References for further details and full descriptions
<p>2.4 Progress on Implementing Targets for each target separately</p> <p>Show that your bank has implemented the actions it had previously defined to meet the set target. Or explain why actions could not be implemented/needed to be changed and how your bank is adapting its plan to meet its set target. Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)</p>	<p>Purpose and strategy progress – We have made significant progress on our purpose, areas of focus and related targets. Our progress includes:</p> <p>Climate (SDG 7.1, 7.2, 13.1, 13.3, 17.17)</p> <ul style="list-style-type: none"> – We have an ambition to support our UK mortgage customers to increase their residential energy efficiency and incentivise purchasing of the most energy efficient homes, with an ambition that 50% of our mortgage book has an EPC or equivalent rating of C or above by 2030. 38% of Retail Banking mortgages are at or above EPC rating C. £728 million Retail Banking Green Mortgage completions. – In 2021, the Coutts Asset Management Centre of Expertise reduced the carbon intensity of the equity holdings of all funds and discretionary portfolios, joined the Net Zero Asset Managers Initiative Asset Management and committed to reach net zero emissions across managed investments by 2050. Carbon intensity is calculated as carbon emissions per \$1 million of sales. Currently, this is only measured for equity holdings as data availability is better than for other asset classes. On average, equity holdings make up 60% of the total assets in the funds and portfolios. Carbon intensity data is sourced from external credible sources, at fund and underlying company level, and is used to calculate the weighted average carbon intensity for all in-scope assets under management. Where external data isn't available, proxies are selected that match the company/fund characteristics. Reductions compared to a 2019 baseline were due to actions taken within the funds and discretionary portfolios to shift to lower-carbon investments and through engagement with the companies and funds we invest in to encourage them to reduce their carbon emissions. As we work towards the ambition of reducing carbon intensity by 50% across all investments by 2030, we continue to enhance our data availability and expand coverage across all asset classes. The Coutts Asset Management Centre of Expertise has also divested from high-impact fossil fuels in its Coutts funds managed by BlackRock by excluding any companies that derive more than 5% of their revenue from thermal coal extraction, Arctic oil and gas and tar sands, and more than 25% of revenue from thermal coal energy generation. Following the launch of the BlackRock-managed funds at the end of 2020, we increased our voting activity five-fold and we continue to engage with more than 500 companies in the UK, EU and North America, supported by our stewardship partner EOS at Federated Hermes. The Coutts Asset Management Centre of Expertise reduced the carbon intensity of equity holdings of all funds and discretionary portfolios by an average of 38% compared with 31 December 2019. – We have an ambition to provide £100 billion Climate and Sustainable Funding and Financing between 1 July 2021 and the end of 2025. £17.5 billion Climate and Sustainable Funding and Financing completed, including £8.1 billion contribution towards our £100 billion target. – We have an ambition to at least halve the climate impact of our financing activity by 2030 and align with the 2015 Paris Agreement. To do this, we plan to quantify our climate impact and set sector-specific targets by the end of 2022. During 2021, we worked on enhancing our capabilities across additional corporate carbon intensive sectors. In addition, we extended the scope of emissions calculation for the Oil and Gas sector beyond extraction activities covered in 2020. We have now analysed 52% of our loans and investment portfolio based on our 2019 balance sheet and estimated financed emissions for a further eight high carbon emitting sectors. This builds upon progress in 2020, where we developed financed emissions estimates for four sectors. – During 2021, we reduced our direct own operations carbon footprint 46% against 2019 baseline. We plan to continue making significant emission reductions within our own operations, alongside investments to mitigate GHG emissions through carbon removal projects, programmes and solutions that provide benefits to climate, especially those that generate additional co-benefits for people and nature, in line with SBTi guidance. 	<p>A Strategic report p2-80</p> <p>C Introduction p3, Strategy p18-46, Metrics and Targets p57-94</p> <p>E Committed to our focus on ESG p4-19, Climate p20-23, Enterprise p24-28, Learning p29-37</p> <p>S Becoming a net-zero Investor p20</p> <p>W Results & events, ESG Disclosures, Building a more inclusive bank</p>



UN Principles for Responsible Banking (PRB) reporting

Reporting and self-assessment requirement	High-level summary and some highlights in 2021	References for further details and full descriptions
<p>2.4 Progress on Implementing Targets for each target separately continued</p>	<ul style="list-style-type: none"> - We intend to: 1) By 1 October 2024: phase out of coal for UK and non-UK customers who have UK coal production, coal fired generation and coal infrastructure. 2) By 1 January 2030: full phase out of coal. Credible transition plan assessments completed for oil and gas majors and in scope coal customers: In 2021, we made additional enhancements to our power generation and mining and metals sector RAC which confirm that we will have no new exposure to thermal and lignite coal (coal). We plan to phase out of coal for UK and non-UK customers who have UK coal production, coal fired generation and coal related infrastructure by 1 October 2024, with a full global phase out by 1 January 2030. <p>Enterprise (SDG 5.5, 8.3, 10.2, 17.17)</p> <ul style="list-style-type: none"> - c.55,000 individuals and businesses supported through enterprise programmes. The distribution for the individuals or businesses supported is c.75% to UK regions outside of London and the South East; c.60% to female-led businesses, c.26% to Black, Asian, and/or Minority Ethnic-led businesses; and c.52% to people intending to create purpose-led businesses. - c.200,000 interventions delivered to start, run or grow a business in 2021. (Note: Represents approximate number of interventions delivered by and individuals supported through enterprise programmes during 2021, which is based upon data provided by third parties delivering these interventions without further independent verification by NatWest Group.) <p>Learning (SDG 4.4, 4.6, 10.2, 17.17)</p> <ul style="list-style-type: none"> - 8.95 million financial capability interactions delivered by the end of 2021. (Note: Includes additional initiatives approved during 2021 which met the criteria for inclusion in the financial capability target.) - 1.07 million additional customers helped to start saving by the end of 2021. (Note: Includes instances where customers had existing savings with other banks and transferred them into a NatWest Group account) - 99.6% front-line colleagues professionally accredited within first 18 months in role. 	



UN Principles for Responsible Banking (PRB) reporting

Reporting and self-assessment requirement	High-level summary and some highlights in 2021	References for further details and full descriptions
<p>2.4 Progress on Implementing Targets for each target separately continued</p>	<p>Gender:</p> <ul style="list-style-type: none"> – We have a target to have full gender balance in our CEO-3 and above global roles by 2030. At 31 December 2021, we had, on aggregate, 38% women in our top three layers, a decline of 1% since 31 December 2020. While representing an increase of 9% since targets were introduced in 2015, we know we have more to do and we continue to focus on the recruitment, retention and advancement of women to meet our 2030 target. <p>Ethnicity:</p> <ul style="list-style-type: none"> – Introduced in 2018, our ethnicity target is to have 14% Black, Asian and Minority Ethnic colleagues in our top four layers (CEO-4 and above) in the UK by 2025. At 31 December 2021, of 86% of colleagues who disclosed their ethnicity in the top four layers in the UK, we have on aggregate 11% Black, Asian and Minority Ethnic colleagues. This represents a 3% increase since targets were introduced. Overall, of those who disclose their ethnicity, 17% of colleagues in the UK identify as Black, Asian and Minority Ethnic. – In 2020, we launched the Racial Equality Taskforce to listen, learn and better understand the barriers faced by colleagues, customers and communities from Black, Asian and Minority Ethnic backgrounds. The Taskforce set out ten commitments in the Banking on Racial Equality report, including a new UK target to have Black colleagues occupying 3% of UK roles (CEO-5 and above) by 2025. At 31 December 2021, we have 1.5% of colleagues who identify as Black in the top five layers in the UK. Overall, of those who disclose their ethnicity, 2% of our colleagues in the UK identify as Black. In 2021, we published a first anniversary update on the report, for full details refer to natwestgroup.com. 	

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

As a PRB signatory we strive to positively contribute to the SDGs and align with the objectives of the 2015 Paris Agreement through our three purpose focus areas.



UN Principles for Responsible Banking (PRB) reporting

Reporting and self-assessment requirement

High-level summary and some highlights in 2021

References for further details and full descriptions

Principle 3: Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.

We have a range of policies and practices in place to promote responsible relationships with our customers. Some examples include:

Purpose-led strategy – We are focusing on embedding purpose across our businesses and practices to further promote responsible relationships with our customers. Our four strategic priorities include supporting customers at every stage of their lives and being simple to deal with.

Culture & conduct – Our Code sets out our purpose and the values and behaviours we expect from each other. It underpins all our actions and interactions within the bank and in our external relationships and defines the principles for making responsible decisions, as well as the values behind our purpose and culture. Our ‘Yes Check’ is a key tool to help guide our thinking and decision-making, and includes questions to help us consider the perspectives of different stakeholders and the potential impact we could have before making the best decision. ‘Speak Up’ is the bank’s whistleblowing service for reporting any wrongdoing. Our colleague listening strategy which includes our colleague opinion surveys; a ‘Colleague Advisory Panel’ (**CAP**) that connects colleagues directly with our Board; the Colleague Experience Squad, a group of colleagues who volunteer to provide feedback on colleague products and services; and ‘Workplace’, our social media platform – all contribute to a deeper understanding of colleague sentiment. We also track metrics and key performance indicators to benchmark with sector and high-performing comparisons.

Environmental, social and ethical sensitive sectors – We acknowledge that the provision of products and services to customers operating in environmental, social and ethical (**ESE**) sensitive sectors creates the potential for harm to NatWest Group’s reputation through customer association. This includes association with customers that engage in activities linked to climate change. Our ESE risk framework gives clear guidance when dealing with customers, projects and transactions that present heightened ESE risk and includes specific risk acceptance criteria (**RAC**) for nine sectors. Customers that engage in activities included within a sector RAC are subject to enhanced due diligence at onboarding and throughout the customer lifecycle. In 2021, there were 305 customer ESE assessments completed and 166 of these fell within heightened climate risk sectors that have an ESE RAC in place (power, oil and gas, mining and metals, and forestry, fisheries and agribusiness).

Tackling modern slavery and human trafficking – Tackling modern slavery forms an integral part of our approach to human rights. We seek to tackle modern slavery and human trafficking through continued implementation of training and policies covering our customers, colleagues and suppliers and by monitoring our financing and supply chain for this activity.

Our Supplier Charter – The charter sets out our aims and expectations in the areas of ethical business conduct, human rights, environmental sustainability, diversity and inclusion, the Living Wage and prompt payment. It details what we expect from our suppliers, but also outlines our own commitments in these key areas and the outcomes we aim to achieve by working together. In 2021, led by NatWest Group’s Chief Administrative Officer and with collaboration from subject matter experts and policy owners, we have completed our first annual review of the charter.

A Strategic report p2-80

E Committed to our focus on ESG p4-19, Responsible business p38-59

W **ESG Policies and Downloads Repository, Conduct & Compliance, Business, human rights and modern slavery, Supplying goods and services**



UN Principles for Responsible Banking (PRB) reporting

Reporting and self-assessment requirement	High-level summary and some highlights in 2021	References for further details and full descriptions
<p>3.2 Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>To achieve our targets outlined in 2.1, each purpose focus area is required to work with customers and clients from across our business to tackle the barriers faced. Some examples included:</p> <p>Climate Opportunities Group – In December 2020, the Climate Opportunities Group (COG) was established to support our ambition to be a leading bank in the UK in helping to address the climate challenge. It was recognised that to do so, a one-bank approach was required on climate opportunities. COG brings together colleagues from all business segments and sector specialties to conceptualise and develop opportunities that complement the NatWest Group climate ambition. The COG has looked to develop opportunities across five key themes: Green Finance, Clean Transport, Clean Buildings, Clean Energy and Carbon Tracking & Behaviours.</p> <p>ESG Advisory services – We offer ESG Advisory support to our corporate customers, providing tailored strategic ESG advice across a breadth of areas including ESG ratings management, benchmarking corporate sustainability strategies and disclosures, and structuring of all sustainable financing instruments including loans, private placements and bonds. We offer this service to all customers; it is not limited to those who have accessed our ESG-related products or those who have inherently sustainable business activities. In addition, we champion thought leadership on the corporate impact of ESG through our NatWest ‘On Point’ hub.</p> <p>Issuances under the GSS Bond Framework – In November 2019 we established our Green, Social and Sustainability Bond Framework(1) (the ‘GSS Framework’), which was further updated in October 2020 to include a wider range of eligible loans to support specified use of proceeds bonds that have a positive environmental and/or social impact. Green and social issuance represented c.43% of NatWest Groups senior unsecured funding in 2021, demonstrating our ongoing commitment to the growth of GSS bonds and providing further diversification to our investor base. To date, NatWest Group has issued two green bonds under its GSS Framework, both of which directly support our commitments to finance more renewable energy projects and provide more mortgage funding for energy efficient homes.</p> <p>Inspire & Enable Action in our Clients – Coutts clients are concerned about climate change and would like support to address it. We aspire to enable and support our clients to reduce their carbon footprint. Coutts will also work with the government, industry peers and stakeholders to achieve net-zero emissions.</p> <p>B Corp Assessment – In July 2021, Coutts officially became a B Corporation and scored 83.2 in the B Corp Impact Assessment (BIA) – a verified assessment of our environmental and societal performance. This compares to the median score for ordinary businesses of 50.9 and pass mark of 80.</p> <p>Responsible Investing – Coutts Asset Management Centre of Expertise incorporates ESG into every stage of its investment process. Research from the Coutts Council has illustrated that the vast majority of Coutts clients are concerned about climate change and would like their bank to address it. Having committed to net-zero investments by 2050, Coutts helps clients manage climate risks and reduce the carbon footprint of their investments. It will also work with stakeholders, industry peers and the government to achieve net-zero emissions.</p>	<p>A Strategic report p2-80</p> <p>C Introduction p3, Strategy p18-46</p> <p>E Committed to our focus on ESG p4-19, Climate p20-23, Enterprise p24-28, Learning p29-37</p> <p>S Becoming a net-zero Investor p20</p> <p>W Results & events, ESG Disclosures, Coutts B Corporation</p>



UN Principles for Responsible Banking (PRB) reporting

Reporting and self-assessment requirement	High-level summary and some highlights in 2021	References for further details and full descriptions
<p>3.2 Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved. Continued</p>	<p>Supporting Business Customers – Against a backdrop of continued disruption due to COVID-19, we supported over 55,000 individuals and businesses through c.200,000 interventions in support of starting and growing a business. In 2021, we expanded the focus of our Business Builder programme, an online tool providing learning resources, to support businesses at all stages of their lifecycle.</p> <p>Over the past 12 months we have continued to deliver our award-winning Accelerator programmes virtually through coaching, workshops and events. By offering access to business expertise and a network of like-minded peers, the programme removes multiple barriers to enterprise, empowering UK entrepreneurs to scale their businesses to the next level. In addition, we launched the first of our Specialist Accelerators to allow us to bring network support to high-growth businesses in specific sectors across the UK.</p> <p>Research and experience tells us that access to experts and mentors is important for businesses at all stages. To support our customers, we launched our Mentor matching platform pilot with 100 NatWest Accelerator businesses now having access to 50 Coutts clients to act as mentors.</p> <p>Supporting Retail Banking Customers- In July 2021, we announced the launch of our carbon tracking app in collaboration with CoGo to enable personal customers to track their carbon footprint as they spend within our mobile app. Following a successful pilot, the carbon tracking feature went live in our mobile app in November 2021 and means we will be able to track and show customers the carbon footprint of their monthly spend. As a result, eight million customers can now see their carbon footprint within their NatWest, Royal Bank of Scotland or Ulster Bank NI banking app. We are the first bank in Europe to introduce features that will help customers analyse their spend and associated carbon footprint, and understand the impact of their spending on the environment and how to spend in a way which reduces their carbon footprint.</p> <p>Green Mortgages – In August 2021 we launched our Green remortgage product to complement the existing Green Mortgage purchase product which went live in October 2020. Retail Banking Green Mortgage products offer a lower interest rate for customers purchasing, porting or remortgaging a property with an EPC rating of A or B, rewarding them for helping drive the UK transition towards a net-zero economy. In November 2021 Retail Banking extended its Green Product offering to include Green buy-to-let Mortgages. The reduced interest rate for EPC A or B rated Buy to Let properties intends to encourage the purchase of energy efficient homes in this market.</p>	<p>E Committed to our focus on ESG p4-19, Responsible business p38-59</p>



UN Principles for Responsible Banking (PRB) reporting

Reporting and self-assessment requirement

High-level summary and some highlights in 2021

References for further details and full descriptions

Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.

Our approach to stakeholder engagement – When forming our purpose, we worked closely with 'Blueprint for Better Business', an independent charity which aims to enable a better society through better business. Its principles allow us to think more widely about our purpose and what is needed to bring it to life across our organisation: by being honest and fair with our customers and suppliers; acting as a responsible employer; operating as a good citizen in our communities; and being guardians for the next generation.

Our approach to stakeholder engagement covers board and company engagement with customers, colleagues, communities, suppliers, investors and regulators.

In 2021, our ESG materiality assessment involved a programme of stakeholder engagement to deepen our understanding of the ESG issues that matter most to them. The findings are used to inform our reporting, as well as our ongoing strategic thinking and help us remain focused on the right issues.

We identified climate, enterprise and learning as the three focus areas of our purpose where we can make a meaningful contribution, and our 2021 materiality assessment confirmed that broader ESG issues and those related to our core business responsibilities, are also important for many of our stakeholders.

Section 172(1) statement – The Board reviews and confirms its key stakeholder groups for the purposes of section 172 annually. For 2021, they remained customers, colleagues, communities and environment, investors, regulators and suppliers. For examples of how the Board has engaged with key stakeholders, including the impact on principal decisions refer to page 52 of our 2021 Strategic Report.

Communities – We were also once again in constant contact with our communities, including through our regional boards, leveraging existing relationships and forming new ones. Our seven regional boards are key to delivering the bank's strategy at a local level and championing potential across the UK. With membership drawn from across the bank, the local insight and strong teamwork of the boards is vital in demonstrating our purpose to the communities we are part of.

Partnership for the Goals – A strategic priority of NatWest Group is to be powered by partnerships, and progress across our three focus areas can only be achieved with collaboration. Refer to page 16 for some examples of our signatories, memberships and accreditations.

A Strategic report p2-80

E Committed to our focus on ESG p4-19

W Stakeholder engagement



Reporting and self-assessment requirement

High-level summary and some highlights in 2021

References for further details and full descriptions

Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

5.1 Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.

The Board – The Board establishes NatWest Group’s purpose, values and strategy and leads the development of NatWest Group culture. It oversees NatWest Group progress and performance as a purpose-led organisation. We are committed to the highest standards of corporate governance, business integrity and professionalism in all our activities. With the launch of our new purpose, we opted for an integrated approach to governance, ensuring purpose was appropriately embedded within our existing corporate governance framework and processes, and that these would support appropriate levels of oversight on ESG issues.

Executive committees – The Group Chief Executive Officer and senior executives are responsible for delivery of our purpose and Principles of Responsible Banking commitments.

Group Sustainable Banking Committee (Group SBC) – The SBC supports the Board in overseeing and challenging actions being taken by management to run NatWest Group as a sustainable business including challenging ESG ambitions and overseeing commitments to the PRB.

Group Executive Disclosure Committee – Chaired by Group CFO and supported by the ESG Disclosure Steering Group. Responsible for disclosure controls and procedures. Reviews all significant disclosures and ensures these are accurate and complete and fairly represent business and financial condition. This includes significant ESG disclosures.

Climate Governance – In line with the wider purpose and ESG governance model, climate governance is integrated in existing committees and builds areas of responsibility and expertise. Details of this and management’s role in assessing and managing climate-related risks and opportunities can be found in our 2021 Climate-Related Disclosures Report. Additional information on our approach to corporate governance can be found in the 2021 Annual Report and Accounts.

Independent advisors – Lord Stern continued as an independent advisor, highlighting our determination to be a leading bank in addressing the climate challenge.

Emerging Environmental Issues Working Group – In 2020, NatWest Group established the Emerging Environmental Issues Working Group, a cross-bank group that meets monthly to start to identify and track a wide range of environmental issues relevant for our business and make recommendations on the view to take on these issues. In 2021, in response to the issues related to environment we classified biodiversity and nature loss as a formal emerging risk for NatWest Group, underlining the importance of this to our organisation and our stakeholders. This is an evolving and complex area which requires collaborative approaches with partners, stakeholders and peers to help mitigate negative impacts of financing activities on the environment and nature, as well as supporting the growing sector of nature-based solutions, habitat restoration and biodiversity markets.

Human Rights Steering Group – We have established a human rights steering group, a management group that brings representatives from across NatWest Group together to coordinate our activities, and to make recommendations to NatWest Group Executive Committee and Board to develop and strengthen our approach. In 2021, we worked with a specialist human rights consulting firm, twentyfifty, to undertake an analysis of how our existing policies, processes and governance perform against the global standard set out in the UNGPs. The analysis involved an assessment to identify our salient human rights issues. This work is ongoing and we will continue to report on our progress.

One Bank Diversity, Equity & Inclusion Action Committee – In line with our ‘One Bank’ transformation, which aims to break down internal barriers and build relationships across the organisation, we created a ‘One Bank Diversity, Equity & Inclusion Action Committee.’

A Strategic report p2-80

C Governance p12-17

E Committed to our focus on ESG p13, Responsible business p47

W [Terms of reference for the board, Business, human rights and modern slavery](#)

Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.

We have demonstrated commitment and progress towards this principle with the sustainability considerations and alignment with the principles being embedded in existing governance structures and responsibilities, we will continue to monitor our governance approach and work to update as needed to support the embedding of the principles.



UN Principles for Responsible Banking (PRB) reporting

Reporting and self-assessment requirement	High-level summary and some highlights in 2021	References for further details and full descriptions
<p>5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<p>Our Values – Our values are at the heart of how we deliver our purpose-led strategy, shaping our culture and guiding our actions. In 2021, responding to feedback from stakeholders, we have engaged with colleagues, customers and communities to re-envision a modernised set of values that fully align with our strategic priorities. These collaborative and evolved values will be launched in 2022 and will form an integral part of our company’s cultural identity.</p> <p>Our Code and policy documents – Our Code and the YES Check are supplemented by a number of key policies and supporting guidance to ensure legal and regulatory requirements are met. They outline the expectations of the Group, customers and regulators as well as the processes and procedures that must be followed. The policies also seek to ensure risk is managed in a way that protects our customers and enables business continuity, even during challenging times. They include policies relating to anti-bribery and corruption, anti-money laundering, sanctions, inside information and personal account dealing as well as complaints management, privacy and client confidentiality and our records management.</p> <p>Training and learning – We provide all colleagues with access to build future skills through the NatWest Group Academy (regardless of role, level, working pattern or location), bringing together learning opportunities and curated content into a single place. This supports our commitment for all colleagues to be upskilled in future-focused skills by 2025. A total of 80% of colleagues have used it since it launched in 2020, and in 2021 we’ve offered new topics including cybersecurity and innovation. The NatWest Group Academy has helped increase learning across NatWest Group by 10%, with our target (aligned to the UN Sustainable Development Goals) to increase NatWest Group colleague learning by 50% by 2023.</p> <p>Climate training – The annual Board climate training session in October helped to enhance directors’ climate-related knowledge. This was a comprehensive training session where representatives from executive management were joined by NatWest Group’s independent climate adviser, Lord Stern of Brentford, the Chair of the Grantham Research Institute on Climate Change and the Environment. Areas of focus included recent key external developments and their impact on NatWest Group, including evolving regulatory and investor expectations, as well as rising external expectations relating to the banking sector as a whole. Directors also discussed expectations for COP26 from a policy, business, and banking perspective.</p> <p>Chartered Banker Institute – In February 2020 we became the first bank to be awarded Corporate Chartered status by the Chartered Banker Institute in recognition of our continuing investment in professional development and our commitment to professional values and advocacy. 185 colleagues, predominantly in front-line and risk roles have undertaken professional qualifications in Green and Sustainable Finance and Climate Risk through the Chartered Banker Institute in 2021.</p>	<p>A Strategic report p2-80</p> <p>C Strategy p34</p> <p>E Committed to our focus on ESG p4-19, Climate p20-23, Learning p24-28, Enterprise p29-37</p> <p>W Compliance statements and remuneration policy</p>



UN Principles for Responsible Banking (PRB) reporting

Reporting and self-assessment requirement	High-level summary and some highlights in 2021	References for further details and full descriptions
<p>5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others. Continued</p>	<p>Sustainable Futures Network – Sustainable Futures (SF) is an employee-led network that connects and supports our people to embed sustainability at work and at home. Over 5,000 colleagues were upskilled through the Sustainable Futures Employee Led Network in 2021, including Climate Change 101 and the newly launched Biodiversity 101 training, which supports the Bank’s central education strategy to embed the climate knowledge and capability at a grass roots level.</p> <p>Climate-related education – We have focussed on three key education priorities throughout 2021 to support the achievement of our climate ambition:</p> <ol style="list-style-type: none"> 1. Providing easily accessible climate awareness content for colleagues, customers and communities through our NatWest Group Academy 2. Equip colleagues in priority and customer facing roles with the necessary climate capability to do their job, support customers transition and meet regulatory requirements 3. Inspire climate action and innovation through learning, thought leadership and global outreach <p>Some examples include:</p> <p>Climate Change Awareness Module – Launched a new Climate Change Awareness module in March, in collaboration with the University of Edinburgh Centre for Business, Climate Change and Sustainability (UoE B-CCaS). Over 12,000 colleagues completed this module in 2021, helping them to understand the impacts of climate change and the positive actions they can take.</p> <p>Climate Change Transformation programme – A bespoke Climate Change Transformation Programme was provided for 1,007 priority and customer facing colleagues during 2021, developed in partnership UoE B-CCaS. Developed specifically for NatWest Group to build climate capability through blended self-paced exercises and recorded discussions from a range of academics, all experts in their field. 85% of those that completed the programme were confident ‘knowing how to respond and make decisions on climate change impacts within the organisation’ compared to 32% at the start of the programme.</p> <p>Aligning executive remuneration to delivery of ESG measures: The value of long-term incentive awards made to executive directors (ED) is based on performance against a range of measures and targets. Over the past few years, these targets have increasingly been aligned to NatWest Group’s purpose, including targets related to climate, enterprise and financial capability with ESG metrics fully embedded. The ‘Blueprint for Better Business’ (BfBB) framework was used to complement the existing balanced scorecard.</p> <p>Full details of the 2021 performance assessment and the 2022 ED performance measures can be found in the NatWest Group Directors’ Remuneration Report.</p>	<p>E Committed to our focus on ESG p4-19, Climate p20-23</p>

Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles

We have demonstrated commitment and progress towards this principle with the sustainability considerations and alignment with the principles being embedded in existing governance structures and responsibilities. We will continue to monitor our governance approach and work to update as needed to support the embedding of the principles.



UN Principles for Responsible Banking (PRB) reporting

Reporting and self-assessment requirement	High-level summary and some highlights in 2021	References for further details and full descriptions
<p>5.3 Governance Structure for Implementation of the Principles Show that your bank has a governance structure in place for the implementation of the PRB including:</p> <ul style="list-style-type: none"> a) target-setting and actions to achieve targets set b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected. 	<p>The governance structure and sources signposted in 5.1 govern our purpose and sustainability matters including targets.</p> <p>Our purpose has been integrated into the format of governance-decision documentation to ensure that these are required to explain how the proposal, business area or update aligns to our purpose.</p> <p>Our targets have also been integrated into our executive remuneration to drive purpose-led decision-making.</p> <p>During 2021, we reinstated the Climate Education Working Group as part of climate governance and introduced climate governance within product lifecycle and conducted training across retail customer journey teams.</p> <p>PRB working groups – we have joined and engaged in the various working groups that UNEP FI established to support the embedding of the principles.</p>	<p>A Strategic report p2-80</p> <p>C Governance p12-17</p> <p>E Committed to our focus on ESG p4-19</p>

Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.

We have demonstrated commitment and progress towards this principle with the sustainability considerations and alignment with the principles being embedded in existing governance structures and responsibilities. We will continue to monitor our governance approach and work to update as needed to support the embedding of the principles.



UN Principles for Responsible Banking (PRB) reporting

Reporting and self-assessment requirement	High-level summary and some highlights in 2021	References for further details and full descriptions
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Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Progress on Implementing the Principles for Responsible Banking

Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas.

Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.

Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.

We have now been signatories to the Principles for Responsible Banking (PRB) for over two years. We remain committed to further aligning our strategy with the 2015 Paris Agreement and the UN Sustainable Development Goals.

In 2021, we responded to the collective progress survey, helping to build a global picture of the progress made by over 200 signatories. We welcomed recommendations on the report from the Civil Society Advisory Board, including recognising the importance of the UNGP, which we are striving to further align with through our approach to Human Rights.

We are signed up to the Collective Commitment on Climate Action (CCCA) and continue to support working groups and UNEP FI pilot programmes, such as the one on biodiversity impact.

We have welcomed the opportunity to participate in UNEP FI events and are grateful for presentations given to our colleagues through our Talent Academy and Sustainable Futures Network as we work to further embed the principles.

Climate-related Disclosures Report – Our 2021 reporting suite brings together NatWest Group's financial, non-financial and risk performance for the year including our 2021 Climate-related Disclosures Report. The reports are designed primarily to meet the expectations of our investors and debt holders (including green, social and sustainability (GSS) bonds), as well as regulators, ESG conscious investors and our wider stakeholders, including customers, colleagues and society more broadly.

Sustainable reporting frameworks – NatWest Group has been reporting with reference to the International Integrated Reporting Council (IIRC) and the Global Reporting Initiative (GRI) for a number of years. In 2020, in recognition of the increased focus from investors on the Sustainability Accounting Standards Board (SASB) standards, the newly issued UN Global Compact and World Economic Forum's Annual Meeting of the New Champions (better known as WEF IBC), Stakeholder Capitalism Metrics. We present roadmaps in this document detailing our current alignment and will work to develop further alignment in the future.

E Committed to our focus on ESG p15

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking.

We have demonstrated commitment and significant progress towards this principle but anticipate further development in the future.



World Economic Forum International Business Council metrics alignment

World Economic Forum International Business Council (WEF IBC) announced defined Stakeholder Capitalism Metrics and recommended universal disclosures for sustainable value creation in line with the UN Sustainable Development Goals (SDGs). The disclosure requirements are organised into four pillars aligned with the SDGs and key ESG topics: Principles of governance, Planet, People and Prosperity.

We see the WEF IBC common metrics as an important initiative in the drive towards a common standard and in supporting companies to raise the standard of their ESG reporting. As this is a convergence of existing guidance, we recognise this as a useful tool in supporting us developing our ESG disclosures and to the extent we are not already aligned with relevant requirements we will commit to working to develop our reporting in the future.

We have reviewed our reporting and currently we partially or fully report against 18 of the 21 core and 20 of the 34 extended disclosures.

Further details can be found in the summary tables, which are included within the scope of EY's limited assurance. For additional information, please refer to our GRI Index and 2021 Annual Reporting suite including this document, our 2021 Annual Report and Accounts and our Climate-related Disclosures Report 2021.

Alison Rose, NatWest Group Chief Executive Officer is a member the International Business Council for the World Economic Forum.

The following tables summarise the metrics against which we provide full or partial disclosure.

Core Metrics

Principles of Governance 6/6	Planet 2/4	People 6/6	Prosperity 4/5
Setting purpose	Greenhouse Gas (GHG) Emissions	Pay equality	Absolute number and rate of employment
Governance body composition		Diversity and inclusion	Total tax paid
Anti-corruption		Wage level	Financial investment contribution
Impact of material issues on stakeholders	TCFD Implementation	Risk for incidents of child, forced or compulsory labour	Economic contribution
Protected ethics advice and reporting mechanisms		Health and safety	
Integrating risk and opportunity into business processes		Training provided	



Extended

Principles of Governance 5/6	Planet 4/12	People 5/9	Prosperity 6/7
Progress against strategic milestones	Paris-aligned GHG emissions targets	Freedom of association and collective bargaining at risk	Infrastructure, investments and services supported
Purpose-led management	Single use plastics	Living wage	Total social investment
Remuneration	Impact of solid waste disposal	Pay gap	Additional tax remitted
Alignment of strategy and policies to lobbying	Impact of fresh consumption	Human rights review, grievance impact & modern slavery	Total tax paid by country for significant locations
Monetary losses from unethical behaviour		Employee well being	Significant indirect economic impacts
			Social value generated



Global Reporting Initiative index

Our 2021 Annual Reporting and this accompanying Index have been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Comprehensive option, and with relevant part of the GRI G4 Financial Services Sector Disclosures. The tables that follow show our full or partial alignment to the relevant standards. This GRI Index covers our material topics and follows GRI Standards 2016 and, where relevant 2018. We note the GRI standards coming into effect from 1 January 2023 and look to adopt them in the future.

We use the GRI framework, as well as other frameworks, to maintain the rigour of our annual ESG reporting. We are aware of the increasing importance of providing our investors and other stakeholders with relevant and meaningful sustainability information so will continue to monitor the GRI standards and develop our alignment going forward.

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General Standard Disclosures

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Organisational Profile

102-1	Name of the organisation	NatWest Group plc
102-2	Activities, brands, products and services	A Our business performances p38 to 50 W Our brands
102-3	Location of headquarters	W Edinburgh, Scotland W Worldwide locations
102-4	Location of operations	W Worldwide locations
102-5	Ownership and legal form	A Governance p80 to 81 W Equity ownership statistics
102-6	Markets served	A Our business performances p38 to 50 W Worldwide locations
102-7	Scale of the organisation	A 2021 Financial performance and Operational highlights p2 to 3, Our purpose framework p12 to 13, Stakeholder engagement p14 to 17, Our strategy and Our strategy in action p18 to 27, Our purpose led focus areas p30 to 31, Our business performances p38 to 50, Financial statements p300 to 306. The number of persons employed at 31 December 2021 was 57,800. E Learning p29 to 37 N Colleagues
102-8	Information on employees and other workers	A Stakeholder engagement p14 to 17, Financial statements p300 to 306 E Learning p34 to 37, Responsible Business p38 to 59 N Colleagues W Working at NatWest Group
102-9	Supply chain	A Stakeholder engagement p14 to 17 E Responsible Business p38 to 59 W Supply chain W Supplier charter
102-10	Significant changes to the organization and its supply chain	E Responsible Business p38 to 59 W Supply chain
102-11	Precautionary Principle or approach	A Risk Management p188 to 285 E Responsible Business p38 to 59 C Full report p1 to 99



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General Standard Disclosures		Page number (or Link)
102-12	External initiatives	<p>A Group Chief Executive's review p6 to 11, Business performance p38 to 50, Our purpose-led focus areas p30 to 31</p> <p>E Collective action p15, Climate p20 to 23, Enterprise p24 to 28, Learning p29 to 37</p> <p>C Strategy p18 to 46</p>
102-13	Membership of associations	<p>A Group Chief Executive's review p6 to 11, Business performance p38 to 50, Stakeholder focus areas p54 to 63</p> <p>E Collective action p15, Climate p20 to 23, Enterprise p24 to 28, Learning p29 to 37</p> <p>C Strategy p18 to 46</p>
102-14	Statement from senior decision-maker	<p>A Chairman's statement p4 to 5, Group Chief Executive's review p6 to p11</p> <p>E Group Chief Executive Officer's statement p5 to 6</p> <p>C Group Chief Executive Officer's statement p5 to 6</p>
102-15	Key impacts, risks, and opportunities	<p>A Risk and capital management p188 to 285, Governance p96 to 187</p> <p>E Responsible Business p38 to 59</p> <p>C Full report p1 to 99</p>
102-16	Values, principles, standards, and norms of behaviour	<p>A Our purpose framework p12 to 13, Stakeholder engagement p14 to 17, Governance p96 to 187</p> <p>E Key ESG topics for our stakeholders p11 to 12, How we engage with stakeholders p10, Responsible Business p38 to 59</p> <p>W Our Values, Our Code</p>
102-17	Mechanisms for advice and concerns about ethics	<p>A Risk and capital management p188 to 285</p> <p>E Responsible Business p38 to 59</p>
102-18	Governance structure	<p>A Risk overview p72 to p75, Governance p96 to 187</p> <p>E Responsible Governance p13 to 14, Responsible Business p38 to 59</p> <p>C Governance p12 to 17</p>
102-19	Delegating authority	<p>E Responsible Governance p13 to 14</p> <p>C Governance p12 to 17</p>
102-20	Executive-level responsibility for economic, environmental and social topics	<p>E Responsible Governance p13 to 14</p> <p>C Governance p12 to 17</p>
102-21	Consulting stakeholders on economic, environmental, and social topics	<p>A Stakeholder engagement p14 to 17</p> <p>E Key ESG topics for our stakeholders p11 to 12, How we engage with stakeholders p10</p> <p>C Strategy p18 to 46</p>

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General Standard Disclosures		Page number (or Link)
102-22	Composition of the highest governance body and its committees	A Governance p96 to 187 W Executive management team
102-23	Chair of the highest governance body	Howard Davies A Chairman's Statement p4 to 5, Governance p101
102-24	Nominating and selecting the highest governance body	A Corporate Governance p98 and 115
102-25	Conflicts of interest	A Governance p96 to 187 E Responsible Governance p13 to 14
102-26	Role of the highest governance in setting purpose, values and strategy	A Governance p96 to 113 E Responsible Governance p13 to 14 W Board and committees
102-27	Collective knowledge of highest governance body	A Governance p96 to 187 W Board and committees
102-28	Evaluating the highest governance body's performance	A Governance p102 to 123
102-29	Identifying and managing economic, environmental, and social impacts	A Market environment p32 to 33, Climate-related disclosures p64, to 71, Risk overview p72 to 75, Governance p96 to 187 E Full report p1 to 99 C Full report p1 to 99
102-30	Effectiveness of risk management processes	A Risk and capital management p188 to 285 E Responsible Governance p13 to 14 C Risk management p47 to 56
102-31	Review of economic, environmental, and social topics	A Market environment p32 to 33, Climate-related disclosures p64 to 71, Risk overview p72 to 75, Governance p96 to 187 E Full report p1 to 99 C Full report p1 to 99
102-32	Highest governance body's role in sustainability reporting	A Governance p96 to 187 E Responsible Governance p13 to 14 C Governance p12 to 17

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		Information related to Standard Disclosures required by the 'in accordance' options may already be included in other reports by the organisation. In these circumstances, the organisation may elect to add a specific reference to where the relevant information can be found.	
102-33	Communicating critical concerns	A	Stakeholder engagement p14 to 17, Stakeholder focus areas p54 to 63
		E	Responsible Business p39 to 42
102-34	Nature and total number of critical concerns	E	Responsible Business p39 to 42
102-35	Remuneration policies	A	Corporate Governance p98 to 115, Directors' Remuneration Report p136 to 157
		E	Responsible business p58 to 59
		W	Director's remuneration policy
102-36	Process for determining remuneration	A	Corporate Governance p98 to 115, Directors' Remuneration Report p136 to 157
		E	Responsible Business p58 to 59
102-37	Stakeholders' involvement in remuneration	A	Governance p96 to 187
		E	Responsible Business p58 to 59
102-38	Annual total compensation ratio	A	Annual Remuneration Report p158 to p174
102-39	Percentage increase in annual total compensation ratio	A	Annual Remuneration Report p158 to p174
102-40	List of stakeholder groups	A	Stakeholder engagement p14 to 17
		E	Committed to our focus on ESG p10 to 12
		C	Strategy p18 to 46
102-41	Percentage of total employees covered by collective bargaining agreements	E	Responsible business p54
102-42	Identifying and selecting stakeholders	A	Stakeholder engagement p14 to 17
		E	How we engage with stakeholder p10, Key ESG topics for our stakeholders p11 to 12
		C	Strategy p18 to 46
102-43	Approach to stakeholder engagement	A	Stakeholder engagement p14 to 17
		E	How we engage with stakeholder p10, Key ESG topics for our stakeholders p11 to 12
		C	Strategy p18 to 46
102-44	Key topics and concerns raised	A	Stakeholder engagement p14 to 17
		E	Key ESG topics for our stakeholders p11 to 12
		C	Strategy p18 to 46

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General Standard Disclosures		Page number (or Link)
102-45	Entities included in the consolidated financial statements	A Financial statements p386
102-46	Defining report content and topic Boundaries	A Our purpose framework p12 to 13, Stakeholder engagement p14 to 17, Our strategy and Our strategy in action p18 to 27 E Key ESG topics for our stakeholders p11 to 12
102-47	List of material topics	A Our stakeholders 14 to 17 E Key ESG topics for our stakeholders p11 to 12 C Full report p1 to 99
102-50	Reporting period	The year ended and as at 31 December 2021 unless otherwise stated.
102-51	Date of most recent report	The 2021 Annual Report and Accounts released on 18 February 2022 along with the Climate-related Disclosures Report 2021.
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	W Contact us NatWest Group
102-54	Claims of reporting in accordance with the GRI Standards	NatWest Group reports with reference to the Core option of the GRI Standards
102-55	GRI Content Index	GRI Index
102-56	External Assurance	A Non-financial information statement p78 to 79, Financial statements p300 to 306 E Additional disclosures p61 C Introduction p13 W External assurance p1
103-1	Explanation of the material topic and its Boundary	A Our purpose framework p12 to 13, Stakeholder engagement p14 to 17, Our strategy and Our strategy in action p18 to 27, Our purpose led focus areas p30 to 31, Financial statements p300 to 306, Risk overview p72 to p75 E Key ESG topics for our stakeholders p11 to 12 C Full report p1 to 99
103-2	The management approach and its components	A Financial performance p2 to 3, Chairman's statement p4 to 5, Chief Executive's review p6 to 11, Our purpose framework p12 to 13, Our stakeholders 14 to 17, Our Strategy p18 to 19 E Committed to our focus on ESG p4 to 19, Climate p20 to 23, Enterprise p24 to 28, Learning p29 to 37 C Full report p1 to 99

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Economic standards			
GRI 201: Economic performance			
201	Economic performance: Management approach	A	Financial performance p2 to 3, Chairman's statement p4 to 5, Chief Executive's review p6 to 11, Business performances p38 to 50, Financial statements p300 to 306
201-1	Direct economic value generated and distributed		The revenues, operating costs, employee wages and benefits, taxes and distributions are presented in the Business review and Financial statements. Where material geographic and business splits are also included. A Business performances p38 to 50, Chief Financial Officer's review p82 to 95, Financial statements p300 to 306
201-2	Financial implications and other risks and opportunities due to climate change	A C	Climate-related disclosures p64 to 71, Risk overview p72 to 75, Risk and capital management p188 to 285 Full report p1 to 99
201-3	Defined benefit plan obligations and other retirement plans	A	Risk and capital management p278, Financial statements p300 to 306
GRI 202: Market presence			
202	Market presence: Management approach	A E	Market Environment p32 to 33 Learning p29 to 37, Responsible business p38 to 59
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	A E	Our stakeholders 14 to 17, Stakeholder focus areas p54 to 63 Learning p29 to 37, Responsible business p38 to 59
GRI 203: Indirect economic impacts			
203	Indirect economic impacts: Management approach	A E C	Financial performance p2 to 3, Chairman's statement p4 to 5, Chief Executive's review p6 to 11, Our purpose framework p12 to 13, Our stakeholders 14 to 17, Our Strategy p18 to 19 Full report p1 to 99 Strategy p18 to 46
203-2	Significant indirect economic impacts	A E C	Financial performance p2 to 3, Chairman's statement p4 to 5, Chief Executive's review p6 to 11, Our purpose framework p12 to 13, Our stakeholders 14 to 17, Our Strategy p18 to 19 Full report p1 to 99 Strategy p18 to 46

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GRI 205: Anti-corruption			
205	Anti-corruption: Management approach	A E	Stakeholder focus areas p54 to 63, Risk overview p72 to 75 Responsible business p39 to 42
1205-1	Operations assessed for risks related to corruption	A E	Stakeholder focus areas p54 to 63, Risk overview p72 to 75 Responsible business p39 to 42
205-2	Communication and training about anti-corruption policies and procedures	A E	Stakeholder focus areas p54 to 63, Risk overview p72 to 75 Responsible business p39 to 43
GRI 207: Tax			
207-1	Approach to tax	E W	Responsible business p45 to 46 Tax strategy
207-2	Tax governance, control, and risk management	E W	Responsible business p45 to 46 Tax strategy
207-3	Stakeholder engagement and management of concerns related to tax	E W	Responsible business p45 to 46 Tax strategy
207-4	Country-by-country reporting	A	The Capital Requirements (Country-by Country Reporting) Regulations p403 to 405
Environmental standards			
GRI 302: Energy			
302	Energy: Management approach	A C	Climate-related disclosures p64 to 71 Metrics and targets p57 to 93
302-1	Energy consumption within the organisation	A C	Climate-related disclosures p64 to 71 Metrics and targets p57 to 93
302-2	Energy consumption outside of the organisation	A C	Climate-related disclosures p64 to 71 Metrics and targets p57 to 93
302-3	Energy intensity	A C	Climate-related disclosures p64 to 71 Metrics and targets p57 to 93
302-4	Reduction of energy consumption	A C	Climate-related disclosures p64 to 71 Metrics and targets p57 to 93

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GRI 303: Water and effluents			
303	Water and effluents: Management approach	A C	Climate-related disclosures p64 to 71 Metrics and targets p57 to 93
303-5	Water consumption	A C	Climate-related disclosures p64 to 71 Metrics and targets p57 to 93
GRI 305: Emissions			
305	Emissions: Management approach	A C	Climate-related disclosures p64 to 71 Metrics and targets p57 to 93
305-1	Direct (Scope 1) emissions	A C	Climate-related disclosures p64 to 71 Metrics and targets p57 to 93
305-2	Energy indirect (Scope 2) GHG emissions	A C	Climate-related disclosures p64 to 71 Metrics and targets p57 to 93
305-3	Other indirect (Scope 3) GHG emissions	A C	Climate-related disclosures p64 to 71 Metrics and targets p57 to 93
305-4	GHG emissions intensity	A C	Climate-related disclosures p64 to 71 Metrics and targets p57 to 93
305-5	Reduction of GHG emissions	A C	Climate-related disclosures p64 to 71 Metrics and targets p57 to 93
305-6	Emissions of ozone-depleting substances	A C	Climate-related disclosures p64 to 71 Metrics and targets p57 to 93
GRI 306: Effluents and waste			
306	Effluents and waste: Management approach	A C	Climate-related disclosures p64 to 71 Metrics and targets p57 to 93
306-2	Waste by type and disposal method	A C	Climate-related disclosures p64 to 71 Metrics and targets p57 to 93

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GRI 308: Supplier environmental assessment

308	Supplier environmental assessment: Management approach	A Stakeholder engagement p14 to 17, Stakeholder focus areas p63 C Metrics and targets p66 to 72 E Responsible business p44 W Supplier charter
308-1	New suppliers that were screened using environmental criteria	A Stakeholder engagement p14 to 17 C Metrics and targets p66 to 72 E Responsible business p44 W Supplier charter

Social standards

GRI 401: Employment

401	Employment: Management approach	A Stakeholder engagement p14 to 17, Stakeholder focus areas p58 to 61 E Learning p34 to 37, Responsible business p54 to 59 W Working at NatWest Group
401-1	New employee hires and employee turnover	A Stakeholder engagement p14 to 17, Stakeholder focus areas p58 to 61 E Learning p34 to 37, Responsible business p54 to 59 N Colleagues
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	A Stakeholder engagement p14 to 17, Stakeholder focus areas p58 to 61 E Learning p34 to 37, Responsible business p54 to 59
401-3	Parental leave	A Stakeholder engagement p14 to 17, Stakeholder focus areas p58 to 61 E Responsible business p54 to 59

GRI 403: Occupational health & safety

403	Occupational health & safety: Management approach	A Stakeholder engagement p14 to 17, Stakeholder focus areas p58 to 61 E Responsible business p54 to 59 W Health and safety
403-1	Occupational health and safety management system	A Stakeholder engagement p14 to 17, Stakeholder focus areas p58 to 61 E Responsible business p54 to 59 W Health and safety

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GRI 404: Training and education			
404	Training and education: Management approach	A E C	Stakeholder focus areas p58 to 61 Learning p34 to 37, Responsible business p54 to 56 Strategy p34
404-2	Programs for upgrading employee skills and transition assistance programs	A E N C	Stakeholder focus areas p58 to 61 Learning p34 to 37, Responsible business p54 to 56 Colleagues Strategy p34
404-3	Percentage of employees receiving regular performance and career development reviews	A E	Stakeholder focus areas p58 to 61 Learning p34 to 37, Responsible business p54 to 59
GRI 405: Diversity and equal opportunity			
405	Diversity and equal opportunity: Management approach	A E W	Stakeholder focus areas p58 to 61, Governance p96 to 115 Learning p34 to 37, Responsible business p54 to 56 Working at NatWest Group
405-1	Diversity of governance bodies and employees	A E N W	Stakeholder focus areas p58 to 61, Governance p96 to 115 Responsible business p54 to 56 Colleagues Working at NatWest Group
GRI 405-2	Ratio of basic salary and remuneration of women to men	A E W	Stakeholder focus areas p58 to 61, Governance p96 to 115 Responsible business p54 to 56 Working at NatWest Group
GRI 412: Human rights assessment			
412	Human rights assessment: Management approach	A E W	Business performance p39 Responsible business p47 Human Rights Statement
412-1	Operations that have been subject to human rights reviews or impact assessments	E	Responsible business p47
412-2	Employee training on human rights policies	E W	Responsible business p47 Human Rights Statement
412-3	Local communities: Management approach	E	Responsible business p53

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GRI 413: Local communities			
413	Local communities: Management approach	E	Responsible business p53
413-1	Operations with local community engagement, impact assessments, and development programs	E N	Responsible business p53 Responsible business
GRI 414: Supplier social assessment			
414	Supplier social assessment: Management approach	E	Responsible business p44
414-1	New suppliers that were screened using social criteria	E	Responsible business p44
GRI 415: Public policy			
415	Public policy: Management approach	A E	Governance p184 to 186 Responsible business p39
415-1	Political contributions	A	Governance p186
GRI 417: Marketing and labelling			
417-1	Requirements for product and service information and labelling	E	Responsible business p51
GRI 418: Customer privacy			
418	Customer privacy: Management approach	E	Responsible business p52

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GRI 419: Socioeconomic compliance		
419	Socioeconomic compliance: Management approach	A Governance p181 to 183, Risk and capital management p279 to 283
419-1	Non-compliance with laws and regulations in the social and economic area	A Financial statements p366 to 372
Financial services sector disclosures		
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	A Key performance indicators p28 to 29, Our strategy p18 to 19, Our strategy in action p20 to 27, Our purpose-led focus areas p30 to 31, Business performance p38 to 50 E How we create value p9, Enterprise p24 to 28
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	A Key performance indicators p28 to 29, Our strategy p18 to 19, Our strategy in action p20 to 27, Our purpose-led focus areas p30 to 31, Business performance p38 to 50 E How we create value p9, Climate p20 to 23 C Full document p1 to 99
FS13	Access points in low-populated or economically disadvantaged areas by type	A Key performance indicators p28 to 29, Our strategy p18 to 19, Our strategy in action p20 to 27, Our purpose-led focus areas p30 to 31, Business performance p38 to 50 E Learning p29 to 37, Responsible business p50
FS14	Initiatives to improve access to financial services for disadvantaged people	A Key performance indicators p28 to 29, Our strategy p18 to 19, Our strategy in action p20 to 27, Our purpose-led focus areas p30 to 31, Business performance p38 to 50 E Learning p29 to 37, Responsible business p50

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Sustainability Accounting Standards Board (SASB) index

This is the second time we are reporting against the SASB disclosure framework (version 2018-10). The tables that follow detail our disclosures against the five Financial Industry Standards that we have identified as most closely aligned to our business, Mortgage Financing (FN-MF), Commercial Banks (FN-CB), Consumer Finance (FN-CF), Investment Banking and Brokerage (FN-IB) and Asset Management and Custody Activities (FN-AC). The tables indicate where to find information either in this report or within our wider reporting suite.

Unless otherwise stated all data and descriptions are for NatWest Group on a consolidated basis and not just the business segment or legal entity within the group relevant to that sector. The tables are structured by topic to take into account that some disclosure and indicator requirements appear in more than one sector. As SASB is a global framework with a US-focus we have in some instances had to provide the equivalent relevant UK disclosure. We do not currently disclose all metrics within these five standards, but we are aware of the increasing importance of providing our investors and other stakeholders with relevant and meaningful sustainability information so will continue to work with SASB to monitor develop the alignment of our disclosures going forward.

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	Code	Accounting metric	Reference or Response
Business Ethics			
Quantitative	FN-IB-510a.1 FN-CB-510a.1 FN-AC-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	A Other liabilities in Note 21 p358, Litigation and regulatory matters in Note 27 p366 to 372
Discussion and Analysis	FN-IB-510a.2 FN-AC-510a.2 FN-CB-510a.2	Description of whistleblower policies and procedures	A Whistleblowing p105 E Responsible business p41 to 42
Data Security			
Quantitative	FN-CF-230a.2	Card-related fraud losses from (1) card-notpresent fraud and (2) card-present and other fraud	A Operational risk p279 to 281
Discussion and Analysis	FN-CF-230a.3 FN-CB-230a.2	Description of approach to identifying and addressing data security risks	A Operational risk p279 to 281 E Responsible business p40 to 43, p52
Employee Diversity & Inclusion			
Quantitative	FN-AC-330a.1 FN-IB-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	A Diversity, Equity and Inclusion p59 to 61, Annual remuneration report p157 to 173 E Learning p36 to 37, Responsible business p55 N Colleagues W Working at NatWest Group
Employee Incentives & Risk Taking			
Quantitative	FN-IB-550b.1	Percentage of total remuneration that is variable for Material Risk Takers (MRTs)	A Other remuneration disclosures p174 to 179
Quantitative	FN-IB-550b.2	Percentage of variable remuneration of Material Risk Takers (MRTs) to which malus or clawback provisions were applied	A Other remuneration disclosures p174 to 179
Discussion and Analysis	FN-IB-550b.3	Discussion of policies around supervision, control, and validation of traders' pricing of Level 3 assets and liabilities	A Note 12 Financial instruments – valuation p335 to 343



Sustainability Accounting Standards Board (SASB) index continued

	Code	Accounting metric	Reference or Response
Environmental Risk to Mortgaged Properties			
Quantitative	FN-MF-450a.1	(1) Number and (2) value of mortgage loans in 100-year flood zones	A Risk overview p72 to 75, Climate risk p280 to 281, Reputational risk p284 to 285 C Strategy p37 to 46, Risk management p47 to 56, Metrics and targets p60 to 61
Discussion and Analysis	FN-MF-450a.3	Description of how climate change and other environmental risks are incorporated into mortgage origination and underwriting	A Risk overview p72 to 75, Climate risk p280 to 281, Reputational risk p284 to 285 C Strategy p37 to 46, Risk management p47 to 56, Metrics and targets p60 to 61
Financial Inclusion & Capacity Building			
Quantitative	FN-CB-240a.1	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	A Commercial Banking lending p44 to 45, 90 E Enterprise p25 to 27
Discussion and Analysis	FN-CB-240a.3	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	E Responsible business p45 to 46
Quantitative	FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	A Our strategy in action p20 E Learning p31 to 32, Responsible business p48 to 52
Incorporation of Environmental, Social and Governance Factors in Investment Management Advisory			
Quantitative	FN-AC-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	E Integrating ESG across our services and operations p17 to 19
Quantitative	FN-AC-410a.3	Description of proxy voting and investee engagement policies and procedures	W Coutts Asset Management Centre of Expertise has appointed EOS at Federated Hermes to advise and support voting and engagement activity. In doing so, Coutts applies EOS' responsible ownership principles

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A	2021 Annual Report and Accounts
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E	2021 ESG Supplement
N	Non-financial information datasheet
W	NatWest Group Website



Sustainability Accounting Standards Board (SASB) index continued

	Code	Accounting metric	Reference or Response
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis			
Quantitative	FN-CB-410a.1	Commercial and industrial credit exposure, by Industry	A Credit risk portfolio summary – sector analysis p214 to 230 C Heightened climate-related risk sectors p58 to 59
Discussion and Analysis	FN-CB-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	A Risk overview p72 to 75, Climate risk p280 to 281, Reputational risk p284 to 285 E Responsible business p39 to 44 C Risk management p47 to 56
Incorporation of Environmental, Social, and Governance Factors in Investment Banking & Brokerage Activities			
Quantitative	FN-IB-410a.2	(1) Number and (2) total value of investments and loans incorporating integration of environmental, social, and governance (ESG) factors, by industry	A Climate-related disclosures overview p64 to 71 E Integrating ESG across our services and operations p17 to 19 C Strategy p32
Quantitative	FN-IB-410a.3	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment banking and brokerage activities	A Climate-related disclosures overview p64 to 71 E Integrating ESG across our services and operations p17 to 19 C Strategy p32
Lending Practices			
Quantitative	FN-MF-270a.3	Total amount of monetary losses as a result of legal proceedings associated with communications to customers or remuneration of loan originators	A Other liabilities in Note 21 p360, Litigation and regulatory matters in Note 27 p368 to 374
Quantitative	FN-MF-270a.4	Description of remuneration structure of loan originators (Employee rem linked to mortgage sales)	A Directors' remuneration report p136 to 157, Annual remuneration report p158 to 174, Other remuneration disclosures p175 to 180 E Fair and transparent reward p55 to 56

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Sustainability Accounting Standards Board (SASB) index continued

	Code	Accounting metric	Reference or Response
Managing Business Continuity & Technology Risks			
Discussion and Analysis	FN-EX-550a.2	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected	A Operational risk p281 to 283 E Responsible business p51 to 52
Quantitative	FN-EX-550a.3	Description of efforts to prevent technology errors, security breaches, and market disruptions	A Operational risk p281 to 283 E Responsible business p48 to 52
Managing Conflicts of Interest			
Quantitative	FN-EX-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	A Other liabilities in Note 21 p360, Litigation and regulatory matters in Note 27 p368 to 374
Professional Integrity			
Quantitative	FN-IB-510b.4	Description of approach to ensuring professional integrity, including duty of care	A Human rights and modern slavery p39, Our Code p189 E Responsible business p38 to 59
Selling Practices			
Quantitative	FN-CF-270a.1	Percentage of total remuneration for covered employees that is variable and linked to the amount of products and services sold	A Directors' remuneration report p136 to 157, Annual remuneration report p158 to 174, Other remuneration disclosures p175 to 180 E Fair and transparent reward p57 to 58
Discussion and Analysis	FN-CF-270a.4	(1) Number of complaints filed with the Consumer Financial Protection Bureau (CFPB), (2) percentage with monetary or nonmonetary relief, (3) percentage disputed by consumer, (4) percentage that resulted in investigation by the CFPB	A Compliance and conduct risk p279 E Responsible business p51 W Customer complaints
Quantitative	FN-CF-270a.5	Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products	A Other liabilities in Note 21 p360, Litigation and regulatory matters in Note 27 p368 to 374

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Sustainability Accounting Standards Board (SASB) index continued

	Code	Accounting metric	Reference or Response
Systemic Risk Management			
Discussion and Analysis	FN-IB-550a.2 FN-CB-550a.2	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	A Risk management framework – Stress testing p193 to 196 C Strategy p37 to 46
Quantitative	FN-AC-550a.3	Total exposure to securities financing transactions	A Credit risk – Securities financing transactions and collateral p245
Discussion and Analysis	FN-AC-550a.4	Net exposure to written credit derivatives	A Credit risk – Derivatives p245 to 247
Transparent Information & Fair Advice for Customers			
Quantitative	FN-AC-270a.3	Description of approach to informing customers about products and services	A Our Code p189 E Responsible business p51
Activity Metrics			
Quantitative	FN-MF-000.A	(1) Number and (2) value of mortgages originated by category: (a) residential and (b) commercial	A Business review p82 to 95, Credit risk p197 to 248
Quantitative	FN-CB-000.B	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	A Business review p82 to 95, Credit risk p197 to 248
Quantitative	FN-AC-000.A	(1) Total registered and (2) total unregistered assets under management (AUM)	A Private Banking p89
Quantitative	FN-AC-000.B	Total assets under custody and supervision	A Private Banking p89

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Important information

Caution about the information in this ESG Supplement

This ESG Supplement has been prepared by NatWest Group plc (together with its subsidiaries the 'NatWest Group') for information and reference purposes only; it is intended to provide non-exhaustive, indicative and general information only and does not purport to be comprehensive; and it does not provide any form of legal, tax, investment, accounting, financial or other advice.

The preparation of certain information in this ESG Supplement requires the application of a number of key judgments, assumptions and estimates, including with respect to the classification of climate and sustainable funding and financing activities. The reported measures in this document reflect good faith estimates, assumptions and judgments at the given point in time. There is a risk that these judgments, estimates or assumptions may subsequently prove to be incorrect.

ESG reporting in our industry is not yet subject to the same globally recognised or accepted reporting or accounting principles and rules as traditional financial reporting. Accordingly, there is a lack of commonly accepted reporting practices for NatWest Group to follow or align to and ESG measures between organisations in our industry may be non-comparable.

In addition, the maturity of underlying data, systems and controls that support non-financial reporting is generally considerably less sophisticated than the systems and internal controls for financial reporting and it also includes manual processes. This may result in non-comparable information between organisations and between reporting periods within organisations as methodologies develop.

The further development of accounting and/or reporting standards could materially impact the performance metrics, data points and targets contained in this document and the reader may therefore not be able to compare performance metrics, data points or targets from one reporting period to another, on a direct like-for-like basis. NatWest Group plans to continue to review available data sources and enhance its methodology and processes to improve the robustness of its ESG reporting over time aligned with recognised industry developments. The further development of accounting and/or reporting standards could materially impact the performance metrics, data points and targets contained in this document and the reader may therefore not be able to compare performance metrics, data points or targets from one reporting period to another, on a direct like-for-like basis.

This ESG Supplement and any information contained or otherwise accessible through the websites mentioned in this ESG Supplement are historical and only speak as of their respective date. Reference to websites is made for information purposes only, and information found at such websites is not incorporated by reference into this document. NatWest Group is under no obligation to update these materials, absent a legal duty to do so. To the extent permitted by law, NatWest Group makes no representation, warranty or assurance of any kind, express or implied, or takes no responsibility or liability as to the fairness, accuracy, reliability, reasonableness, correctness or completeness with respect to (i) the third-party information found at any websites operated by third parties; and (ii) the opinions or conclusions expressed in this document.

Further to the above, climate and sustainable funding and financing activities and their classification and reporting are still not subject to a single recognised or accepted, consistent and comparable set of definitions or standards in the UK or globally either. There is little

certainty that such activities and or reporting of those activities will meet any present or future expectations or requirements for describing or classifying funding and financing activities as "green" or "sustainable" or having similar labels (including existing or proposed standards, such as the EU Taxonomy, EU SFDR and EU GBS). We expect policies, regulatory requirements, standards, and definitions to be developed and evolve over time.

To support transparency about our process for reporting this data and measures, NatWest Group developed a Basis of Reporting document for 2021, which details our approach, scope, and controls for selected ESG measures. It should be read together with this document and is available at natwestgroup.com.

No offer of securities or investment

The information, statements and opinions contained in this ESG Supplement do not constitute a public offer under any applicable legislation, an offer to sell or solicitation of any offer to buy any securities or financial instruments, or any advice or recommendation with respect to such securities or other financial instruments.

Cautionary note about forward-looking statements in this ESG Supplement. Certain sections in this document contain 'forward-looking statements', including, but not limited to, those statements regarding our ambitions, metrics, targets (including Climate and Sustainable Funding and Financing targets), goals, strategy, climate scenarios and emissions intensity pathways, estimated climate projections and forecasts, UK enterprise growth targets and financial capability interaction targets. Words or phrases such as 'anticipate', 'effort', 'estimate', 'believe', 'budget', 'continue', 'could', 'expect', 'forecast', 'goal', 'guidance', 'intend', 'may', 'objective', 'outlook', 'plan', 'potential', 'predict', 'projection', 'seek', 'should', 'target', 'will', 'would' or similar expressions that convey the prospective nature of events or outcomes generally indicate forward-looking statements.

The many significant uncertainties, assumptions, judgements, opinions, estimates, forecasts, statements made of future expectations and certain non-historical data underlying forward-looking ESG and climate-related metrics (such as carbon and other emissions metrics) and metrics to assess ESG and climate-related risk and opportunity outside of carbon exposure may limit the extent to which these ESG and climate-related metrics are used to better understand risk and evaluate progress towards established strategies, targets, objectives and commitments and could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

The most important of these uncertainties and factors, including, without limitations, are:

- lack of reliable emissions and other important data;
- quality of historical (emission) data;
- lack of common definitions and standards for ESG and climate-related data;
- lack of transparency and comparability of ESG and climate-related forward-looking methodologies;
- variation in approaches and outcomes – variations in methodologies may lead to under or overestimates, and consequently present exaggerated indication of ESG and climate-related risk;
- limitations of ESG and climate scenario analysis and the models that analyse them;
- reliance on assumptions and future uncertainty (calculations of forward-looking metrics are complex and require many methodological choices and assumptions);
- uncertainty around future ESG and climate-related policy; and
- complexity of calculation may require the assistance of one or more external data and methodology provider.



Other information – including our assurance approach

In addition, we may make forward-looking statements in other publicly available documents, and our management may make forward-looking statements orally to analysts, investors, representatives of the media and others. These statements are generally not based on historical facts, but instead represent our management's beliefs regarding future events, current plans, expectations, estimates, targets and projections, and are subject to significant inherent risks, uncertainties and other factors, both external (which are often beyond NatWest Group's control) and relating to NatWest Group's strategy or operations, which may result in NatWest Group being unable to achieve the current plans, expectations, estimates, targets, projections and other anticipated outcomes expressed or implied by such forward-looking statements. Further, NatWest Group has not, and does not intend to, independently verify third-party data. By their nature, certain of these disclosures are only estimates and, as a result, actual future results could differ materially from those that have been estimated. Accordingly, undue reliance should not be placed on these statements. The forward-looking statements contained in this document speak only as of the date we make them. Except to the extent legally required, we expressly disclaim any obligation or undertaking to update or revise any forward-looking statements in this document, whether to reflect any change in our expectations regarding those forward-looking statements, any change in events, conditions or circumstances on which any such statement is based, or otherwise.

This cautionary statement should not be regarded as a complete and comprehensive statement and should be read together with:

 [Read more: EY independent assurance statement](#)

- the 'Risk Factors' included on pages 406 to 426 of the NatWest Group 2021 Annual Report and Accounts (with special regard to the risk factors in relation to 'Climate and sustainability related risks' that describes several particular uncertainties, climate and sustainability related risks to which NatWest Group is exposed);
- the 'Forward looking statements' on page 434 of the NatWest Group 2021 Annual Report and Accounts; and
- Section 5.8 (Cautionary note about climate-related data and methodology challenges) and the Climate-related and other forward-looking statements and metrics (page 93) of the NatWest Group's Climate-related disclosure Report 2021.

Assurance

NatWest Group plc appointed Ernst & Young LLP (EY) to provide independent assurance over certain sustainability metrics, indicated with (*) in this report. The assurance engagement was planned and performed in accordance with the International Standard on Assurance Engagements (UK) 3000 (July 2020) Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE (UK) 3000 (July 2020)").

An assurance report was issued and is available at natwestgroup.com. This report includes further details on the scope, respective responsibilities, work performed, limitations and conclusion.

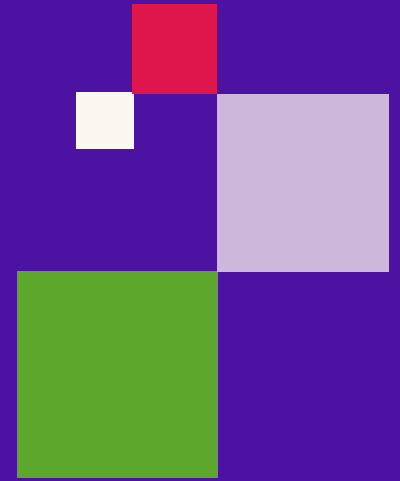
Name and address

'NWG' and 'NatWest Group' mean the company and its subsidiary and associated undertakings.

Principal offices
NatWest Group plc
PO Box 1000, Gogarburn
Edinburgh, EH12 1HQ

Acronym guide

CET1	Common Equity Tier 1	NET	National Emergencies Trust
COP15	15th United Nations Climate Change Conference of the Parties	PCAF	Partnership for Carbon Accounting Financials
COP26	26th United Nations Climate Change Conference of the Parties	PECF	Programme for the Endorsement of Forest Certification
CTP	Credible transition plan	PRA	Prudential Regulatory Authority
ED	Executive director	PRB	United Nations Principles for Responsible Banking
ELN	Employee-led networks	PRI	United Nations Principles for Responsible Investment
EPC	Energy Performance Certificate	S&CC	Social & Community Capital
ESE	Environmental, social and ethical	SBC	Group Sustainable Banking Committee
ESG	Environmental, social and governance	SBTi	Science Based Targets Initiative
EWRMF	Enterprise-wide risk management framework	SDG	United Nations Sustainable Development Goals
EY	Ernst and Young LLP	SME	Small and medium enterprise
FCA	Financial Conduct Authority	SMI	Sustainable Markets Initiative
FSC	Forest Stewardship Council	TCFD	Task Force on Climate-related Financial Disclosures
GDPR	General Data Protection Regulation	TNFD	Taskforce on Nature-related Financial Disclosures
GFSN	Global Financial Services Norm	UNEP FI	United Nations Environment Programme Finance Initiative
GHG	Greenhouse Gas	UNESCO	United Nations Educational Science and Cultural Organisation
GHPN	Global High Performing Norm	UNGC	United Nations Global Compact
GRI	Global Reporting Initiative	WEF IBC	World Economic Forum International Business Council
MaPS	Money and Pensions Service		
MREL	Minimum Required Eligible Liabilities		
MSA	Modern Slavery Act		
MSHT	Modern Slavery and Human Trafficking		



NatWest Group plc

2021 Environmental,
Social and Governance
Supplement

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