



NatWest
Group

Championing potential

**A relationship
bank for a
digital world**

**NatWest Group plc
2022 Environmental, Social and Governance
Disclosures Report**



Our 2022 reporting suite brings together key reports including NatWest Group's Annual Report and Accounts, Climate-related Disclosures Report which includes the initial iteration of our Climate transition plan and Environmental, Social and Governance Disclosures Report. The reports are intended to provide useful information to our stakeholders and are available at natwestgroup.com



NatWest Group Annual Report and Accounts

Our 2022 Strategic report, Governance and remuneration report, including the Annual report on remuneration, risk and capital management disclosures and financial statement and related notes.



Company announcement and Financial supplement

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



Climate-related Disclosures Report

Our latest progress against our climate ambitions including the initial iteration of our Climate transition plan. The report covers climate-related governance, strategy, risk management (including scenario analysis) and metrics and targets.



ESG Frameworks Appendix

Our progress with reference to industry-wide sustainability standards: UN Principles of Responsible Banking, Global Reporting Initiative, WEF IBC Stakeholder Capitalism Metrics and Sustainability Accounting Standards Board (SASB) Standards.

Also included in our reporting suite:

Non-financial information datasheet which summarises our selected non-financial information data on our key ESG metrics.

2022 Basis of Reporting

which comprises our approach, scope, and controls for the sustainability metrics included in the reporting suite and within the scope of EY assurance.

www.natwestgroup.com

Inside this report

Introduction

Guided by our purpose	4
Chief Executive Officer and Chief Financial Officer review	5

Strategy

Our strategy	8
ESG at a glance	9
How we engage stakeholders	10
Key ESG topics for our stakeholders	11
How we create value	12
Collective action	13
Climate	14
Enterprise	20
Learning	25
Responsible banking	33
Supporting our customers	34
Engaging our suppliers	43
Supporting our colleagues	44
Supporting our communities	48

Governance

Responsible governance	51
Tax payments and responsibilities	55
Respecting human rights	57

Risk Management

How we do business	59
ESE risk management	62
ESE risk framework	63

Metrics and Targets

Climate, enterprise, learning and DE&I metrics	65
Measuring our performance	66
Our ESG rating performance	67

Important Information

	68
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Championing potential

A relationship bank for a digital world

We are driven by our purpose and enabled by our strategy.

We remove barriers to create strong enterprises. We turn ambition into action to help tackle climate change. And we build financial capability through learning.

By supporting our customers at every stage of their lives, we can build long-term value, invest for growth, make a positive contribution to society and drive sustainable returns for shareholders.



Introduction

4 Guided by our purpose

5 Chief Executive Officer and Chief Financial Officer review

Caution about the information in this ESG Disclosures Report

Note on materiality

The below should be considered when assessing and referencing materiality in the context of this report.

Our public disclosures, including our voluntary environmental, social and governance (ESG) disclosures in this report, 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 voluntary ESG disclosures, we have adapted our approach to materiality based on both the subject matter and purpose of the disclosures. In particular, when we believe that doing so may allow us to better address sustainability-related matters of interest to our key stakeholders, 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 ESG disclosures, including the views of our key stakeholders. To accommodate this approach to materiality, we may occasionally have regard to new frameworks and standards when we believe that doing so may allow us to better understand and address sustainability matters.

Certain parts of this report – 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 approach to materiality means that this report, and many of our voluntary ESG disclosures, including with respect to climate and sustainability-related risks and opportunities, include certain information that we have not included in our LSE and SEC filings for which we use a different approach to materiality.

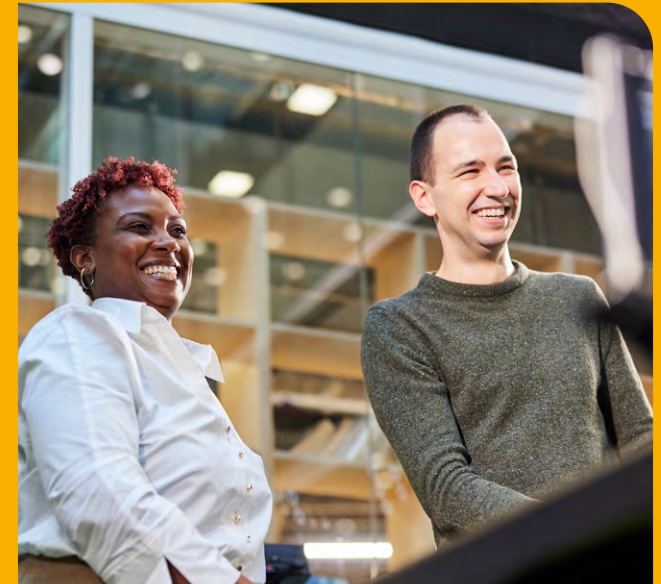
Our approach to materiality in this report also means that statements made in this report and in our other voluntary ESG disclosures use a greater number and level of assumptions and estimates than many of our LSE and SEC filings. These assumptions and estimates are subject to change over time, and, when coupled with the longer time frames used in these disclosures, make any assessment of materiality inherently uncertain.

The information in this report includes non-financial metrics, estimates or other information that are subject to significant uncertainties, which may include the methodology, collection and verification of data, various estimates and assumptions, and/or underlying data that is obtained from third parties, some of which cannot be independently verified.

As a result, we expect that certain disclosures made in this report may be amended, updated, recalculated and restated in the future as the quality and completeness of our data and methodologies continue to improve.

Caution about SDGs

The Sustainable Development Goals (SDGs) are a collection of 17 non-legally binding interlinked global goals set forth by the UN for countries and governments. These are included only as indicative guidance for NatWest Group's ambition to align to its strategy to the UN Sustainable Development Goal and NatWest Group makes no representation, warranty, or assurance of any kind, express or implied, or takes no responsibility or liability as to whether NatWest Group's strategy furthers the objective or achieves the purpose of the indicated SDG.





Guided by our purpose

A relationship bank for a digital world

We are guided by our purpose

Read more on pages 5 to 6

We are informed by the needs of our stakeholders

Read more on page 10

We have four strategic priorities...

Read more on pages 8 to 9

...creating a positive impact through our areas of focus

Read more on pages 14 to 32

NatWest Group champions potential, helping people, families and businesses to thrive.

Because when they thrive, so do we.

Delivering long-term sustainable value and attractive returns, now and for the next generation:



Customers



Investors



Regulators



Colleagues



Communities



Suppliers

Focused on growth, underpinned by our values and an intelligent approach to risk:



Supporting customers at every stage of their lives



Simple to deal with



Powered by innovation and partnerships



Sharpened capital allocation



Climate

We have made addressing the climate challenge and supporting our customers in their transition to net zero a key strategic priority.

Read more on pages 14 to 19.



Enterprise

Our ambition is to remove barriers to enterprise and to provide businesses in the UK the support they need to grow.

Read more on pages 20 to 24.



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.

Read more on pages 25 to 32.

Our purpose

NatWest Group champions potential, helping people, families and businesses to thrive. Because when they thrive, so do we. Our purpose 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.

Our stakeholders

We aim to balance the different interests of our stakeholders – customers, investors, regulators, colleagues, communities and suppliers, in all 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 robust balance sheet, strong capital position and capital-generative businesses mean we are well placed to support our customers and invest for growth, as well as driving sustainable returns to shareholders and creating long-term value for our stakeholders.

Our strategy

We are a relationship bank for a digital world. Our strategy for growth delivers on our purpose and drives sustainable returns to shareholders through four strategic priorities: we will support our customers at every stage of their lives; we will be powered by innovation and partnerships as we accelerate our digital transformation; we will be simple to deal with; and we will allocate our capital in a way that delivers for customers and shareholders.

Our values

Our values are at the heart of how we deliver our purpose-led strategy. In 2022, having engaged with colleagues, customers, community stakeholders and suppliers, we launched our refreshed values of being **inclusive, curious, robust, sustainable and ambitious**. These refreshed values now 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 our 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.

Better Business

We continue to partner with the Blueprint for Better Business, whose framework informs our purpose-led decision-making and helps us to create and protect value for customers, suppliers, colleagues, communities, future generations and our shareholders.



Chief Executive Officer and Chief Financial Officer review

A relationship bank every step of the way

'We believe our focus on ESG is a crucial component that allows us to create sustainable long-term value, to invest for growth, to make a positive contribution to society.'

Alison Rose DBE
Group Chief Executive Officer



Why is understanding environmental, social and governance factors central to NatWest Group fulfilling its purpose?

AR The importance of companies earning their social licence to operate has never been greater. Businesses need to be accountable to all their stakeholders, including wider society and the environment. And this, in my view, is essential not just for the wellbeing of people, families and the planet but also for businesses themselves.

When I first took up my role as Chief Executive, we committed to a purpose that guides all of our decision-making – we champion potential, helping people, families and businesses to thrive. Being led by this purpose acknowledges that we have a reciprocal relationship with all our stakeholders – knowing that when they succeed, so do we.

Monitoring and managing ESG outcomes and understanding the impacts of our business are therefore an integral part of NatWest Group's operating model. We believe our focus on ESG is a crucial component that allows us to create sustainable long-term value, to invest for growth, and to make a positive contribution to society.

How has NatWest Group delivered positive and fair outcomes for its stakeholders in 2022?

AR Undoubtedly, one of the biggest impacts on many of our stakeholders, from customers and communities to colleagues and suppliers, has been the rapid increases in the cost of living. We responded quickly and meaningfully, by establishing an online cost of living hub to share resources and tools, informing customers of the support that is available to them. We carried out c.0.7 million financial health

checks during 2022 and reached out to our retail customers to offer support and information on this pressing issue. This was in addition to £4 million in donations in collaboration with organisation including Citizens Advice, The Trussell Trust StepChange and PayPlan to provide support and grants.

We also took a range of actions on charges, including waiving fees on some products where appropriate. For our commercial customers, we were able to provide tailored support to the most impacted sectors, including a £1.25 billion lending package for our c.40,000 agriculture customers, as well as freezing standard published tariffs on Business Current Accounts for 12 months to help SMEs.

Supporting our colleagues during this period has continued to be a key focus. In addition to the pay review in April 2022 and following consultation with our recognised employee representatives in September 2022, we put in place targeted action to provide long-term support for colleagues through a

permanent increase in base pay for our lowest-paid colleagues, globally. This brought total investments in pay of around £115 million per annum in 2022, an increase of 85% on 2021.

I was also immensely proud of the announcement of our new partner leave policy⁽¹⁾, which supports all eligible colleagues with significantly more time away from work to help their partner look after their new child, whether the child has arrived through birth, adoption or surrogacy.

NatWest Group places an exceptionally high level of importance on achieving good customer outcomes. Taking action to align with the Financial Conduct Authority's (FCA) new Consumer Duty is a key priority for the bank. Products and services in scope of the Duty are being managed under the banner of a single implementation programme which aims to meet both the letter and spirit of the regulation and that this is reflected not just in our policies and procedures, but culturally across the bank as well.

(1) Our partner leave policies will replace existing paternity leave policies from 1 January 2023 across our operations in the UK, Offshore, Republic of Ireland, US, Poland and India.



Chief Executive Officer and Chief Financial Officer review continued



‘We believe the proposed sustainability standards will create a common reporting baseline and help weave sustainability-related topics into the strategy and operating model of the bank.’

Katie Murray
Chief Financial Officer

What are the key ESG challenges our stakeholders have been facing and how are we responding?

AR The current economic conditions have the potential to exacerbate significant hardships for the most vulnerable in society. In addition to our immediate response to the situation, our ambition is to deliver purpose-led programmes, which we believe can drive positive change for our stakeholders.

Learning is a key focus area for the business. We continue to deliver our MoneySense and CareerSense programmes, helping young people with financial advice and employability, to help break down the barriers for people to succeed and thrive. In 2022, we collaborated with footballer and campaigner Marcus Rashford MBE and the National Youth Agency to provide NatWest Thrive, a unique programme for young people to build their confidence with money.

Three years on from the publication of the inaugural Alison Rose Review of Female Entrepreneurship, across the UK, entrepreneurs have benefited from funding, advice and mentoring schemes and students have received enterprise training, leading to significant year-on-year growth in female-led start-ups. We also regularly track and disclose our progress against all the ambitions of the 2020 Banking on Racial Equality report to identify the areas where we need to take further action to deliver the long-term value.

There is a fundamental need to assess and measure impacts for the relationship between our business activities and key ESG topics. We recognise that progress is significantly constrained by an availability of data that is reliable, timely, verifiable, comparable, and sufficiently granular. Nevertheless, although this is an industry-wide issue, we are committed to improving the analysis, consistency and transparency of data to inform and improve our purpose-led decision-making processes.

How is NatWest Group developing the way it measures the impact of its business?

KM We have been exploring new ways of measuring our impact in our key focus areas of financial capability and enterprise. We are currently in a period of change in the way companies report on ESG. A key development expected in 2023 is that the new International Sustainability Standards Board (ISSB) will aim to bring about a convergence of financial and ESG reporting.

This will require companies to report on their most material ESG risks and impacts in much greater depth, increasing transparency on the sustainability of their operations.

We welcome the work by the ISSB to develop global sustainability disclosure standards and we believe the proposed global sustainability standards will help create a common reporting baseline at scale, and help weave sustainability-related topics into the strategy and operating model of the bank. In this report, we have embraced the spirit of the proposed ISSB standards structure and continued to present fair and balanced information about our key ESG topics under the headings of Strategy, Governance, Risk Management and Metrics and Targets. In 2023, we look forward to seeing the final standards from the ISSB to continue shaping our future sustainability reporting.

How has NatWest Group continued to integrate ESG in its operating model in 2022?

KM Our ambition is to embed purpose in every part of NatWest Group. To ensure this happens, our purpose is embedded within our existing corporate governance framework and processes and these support appropriate levels of oversight and integration of ESG topics across the entire bank.

For instance, work continued during 2022 to further integrate climate risk into the enterprise-wide risk management framework, including the enhancement of climate risk appetite measures. Climate considerations are also incorporated into transaction acceptance standards as part of NatWest Group’s wholesale credit risk management approach.

We recognise that the activities of our customers have the potential to pose Environmental, Social and Ethical (ESE) risks. To help us manage these risks, we continued to enhance our policies and processes to give us better insight into certain customer relationships, transactions, and projects in higher risk sectors and activities. This will give us better insight into our customers’ activities and enable us to address issues of concern.

We also want to support our customers to develop more sustainable practices by integrating ESG across all of our services and operations. Notably, we have now provided £32.6 billion* of climate and sustainable funding and financing, against our target to provide £100 billion between 1 July 2021 and the end of 2025.

In 2022 NatWest Group was proud to be awarded the Sustainable Markets Initiative’s Terra Carta Seal. The Terra Carta Seal recognises organisations that are demonstrating their commitment to, and momentum towards, the creation of sustainable markets. As one of the UK’s biggest banks for retail customers, and a leading lender to business, we have a clear role to play in supporting our customers’ transition.

What do you see as the future topics of engagement with NatWest Group’s stakeholders?

AR We are progressing through our journey to better understand environmental risks and opportunities, and will continue to review external frameworks and guidance like the Taskforce for Nature-related Financial Disclosures (TNFD) framework. However, measuring the environmental impacts of financing is an evolving and complex area. It requires collaborative approaches with partners, stakeholders and peers to help identify, assess and mitigate the negative impacts of human activities on the environment and nature.

New and emerging social, commercial and economic trends are shaping our customers’ financial lives and there are important opportunities to transform our relevance and value to customers, building on their trust. We will do this by delivering personalised solutions throughout customers’ lifecycles; embedding our services in our customers’ digital lives; and supporting customers’ sustainability transitions.

Our ambition is to collaborate with our stakeholders to identify, measure and track our performance through insightful metrics that build a fair, balanced and understandable view of our activities. For us, the insight derived from building these stakeholder relationships is key to ensuring sustainable, long-term returns for our business.

Alison Rose DBE
Group Chief Executive Officer

Katie Murray
Chief Financial Officer

* Within the scope of EY assurance. Refer to page 70.



Strategy

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

8 Our strategy and ESG at a glance

10 How we engage with stakeholders

11 Key ESG topics for our stakeholders

12 How we create value

13 Collective action

14  Climate

20  Enterprise

25  Learning

33 Responsible banking





A strategy to deliver our purpose, driving sustainable returns

Our execution is centred around our purpose, driving sustainable growth through our strategic priorities. We are a relationship bank for a digital world, building ever-deeper and closer connections with our customers throughout their financial lives, enabling people, families and businesses to thrive.

 Supporting customers at every stage of their lives




 Powered by innovation and partnerships

We are here for the people, families and businesses we serve. By standing strong and standing together, we can provide the support and security our customers, colleagues, economy and society need while generating sustainable returns.

Our purpose-led strategy aims to deliver sustainable, long-term business performance by creating greater value for our stakeholders. As a relationship bank for a digital world, we champion our customers' potential by supporting them at every stage of their lives. With this approach, our purpose will create longer-term and deeper relationships with our customers, helping them, our communities and the economy to thrive.

We are evolving to power our customers' financial lives of tomorrow and be there through the challenges of today, building diversification and resilience for the future. As we understand more about our customers' future financial lives, we see important opportunities to build and explore new forms of long-term value for our customers. These themes for further sustainable growth are led by, and reinforce, our purpose, creating new ways to empower our customers, enable enterprise, and build financial confidence to help our stakeholders make most of their money. We will do this by delivering personalised solutions throughout our

We have identified three key growth areas where we can amplify our strategy:

-  **Delivering personalised solutions throughout our customers' lifecycles – every customer is an individual.**
-  **Embedding our services in our customers' digital lives – being where our customers are.**
-  **Supporting our customers' sustainability transitions.**

 Simple to deal with

 Sharpened capital allocation

customers' lifecycles; embedding our services in our customers' digital lives; and through supporting customers' sustainability transitions.

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. For a number of years, we have chosen to partner 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's needed to bring it to life across our organisation. 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 pages 14 to 19, Enterprise, refer to pages 20 to 24 and Learning refer to pages 25 to 32.

Crucially, understanding the impact of our business is vital for realising how we, as a company, live our purpose. The outcomes we report 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.





ESG at a glance

A selection of our 2022 ESG highlights seen through the Blueprint for Better Business lens

Honest and fair with customers and suppliers

A good citizen

Launched benefits calculator

as part of the Cost of Living Hub and increased the interest paid on our Digital Regular Saver to 5%.

c.0.7m

financial health checks⁽¹⁾ carried out in 2022, helping customers to organise their finances.



NatWest Group won the Fast Payer Award

for the second year running, placing us in the top 7 companies in 2022.

We have delivered

5.1 million^(*)

financial capability interactions in FY 2022 against the 2023 target⁽²⁾

FY20, FY21 & FY22: 14.07m



Direct community investment in 2022

amounted to £13.6 million^(*) compared with £7.3 million in 2021.

This includes the funding we make available to support colleague giving and the direct costs of delivering our community programmes.



In 2022, we supported **53,000^(*) individuals and businesses** through **269,000^(*) interventions** to start, run or grow a business⁽³⁾.

NatWest Group's purpose aims to deliver long-term sustainable performance and create the greatest value for our stakeholders

Over £12 million

was donated by our colleagues and customers in 2022 to three DEC appeals supporting the humanitarian relief efforts in Afghanistan, Ukraine and Pakistan.

76k hours

were volunteered by our colleagues to local communities and good causes received over

£3.8 million

through their giving and fundraising.

A responsible and responsive employer

We hired **1,135 interns, graduates and apprentices** in 2022, including **171 apprentices** recruited through our social mobility programmes.

Launched the **Peppy Health app**, a digital product providing colleagues and their partners with online support on the menopause as well as access to specialist clinicians.



Announced the launch of our new **partner leave policy** which went live in January 2023. The policy supports all eligible colleagues with significantly more time away from work to help their partner look after their new child, whether the new child has arrived through birth, adoption or surrogacy.

Our View colleague survey

Colleague sentiment on inclusivity remained strong in 2022, maintaining a score of 93%, 9% above the Global Financial Services Norm and 8% above the Global High Performance Norm.

We have supported 16k young people this year through our **CareerSense Programme** (over 24,000 since launch in June 2021).



We launched **NatWest Thrive**, a collaboration between **NatWest, the National Youth Agency and Marcus Rashford MBE**, aimed at helping young people feel financially secure and able to fulfil their potential.

NatWest Thrive has been rolled out to 15 youth clubs, reaching over 800 young people across the UK.

£32.6 billion^(*)

cumulative contribution towards £100 billion climate and sustainable funding and financing target⁽⁴⁾ (2021: £8.1bn (between 1 July - 31 Dec 2021)).



We developed the initial iteration of our **Climate transition plan** which outlines the steps we aim to take to at least halve the climate impact of our financing activity by 2030 and achieve our net zero climate ambition by 2050.

(1) Inclusive of Digital Financial health checks.

(2) Includes additional initiatives approved during 2021 and 2022 which met the criteria for inclusion in the financial capability target

(3) Represents approximate number of interventions delivered by and individuals supported through enterprise programmes during 2022, which is based upon data provided by third parties delivering these interventions without further independent verification by NatWest Group.

(4) Between 1 July 2021 and the end of 2025.

(*) Within the scope of EY assurance. Refer to page 70.



How we engage with stakeholders

We have a reciprocal relationship with all our stakeholders, knowing that when they succeed, so do we. The insights we gain by listening and engaging with them enable us to improve outcomes for customers, society and the environment. Below we provide some examples of how we collaborate with our key stakeholders to create value.

How we engaged



Customers

The people and businesses we serve
Read more about our customers on pages 29 to 35, 42 to 44 of the 2022 Annual Report and Accounts, and pages 14 to 29, 34 to 42 of this ESG Disclosures Report

- With 1,300 entrepreneurs through the NatWest Group Accelerator programme in 2022, of which 50% were female-led businesses.
- With our retail customers through face-to-face branch interactions, video banking, data analysis and surveys including Net Promoter Scores. We discussed their journeys, our products, usage of their data and reducing fuel costs and carbon footprint.
- With the Carbon Planner tool, which helps users to identify potential cost and carbon savings.
- Our Board met with customers during a regional visit to Bristol to hear about challenges and opportunities facing these customers and how the bank could best support them.



Investors

Providers of our capital and funding
Read more about our investors on page 45 of the 2022 Annual Report and Accounts

- With our investors at meetings with our senior management, presentations at industry conferences and investor round tables, where progress on delivery of our strategy and future priorities, updates on the financial performance of our business, our funding requirements and deep-dives on our franchises were all provided.
- The NatWest Group Chairman, CEO and CFO took part in quarterly results presentations and 169 meetings with our largest investors, discussing progress against strategic priorities, financial performance, interest rate sensitivity, capital returns policy, environmental, social and governance topics, regulation and the macroeconomic environment.



Regulators

Whose rules and expectations we seek to comply with
Read more about our regulators on page 52 of the 2022 Annual Report and Accounts

- With regulators, including the Prudential Regulation Authority, on managing the financial risks from climate change, including submissions regarding compliance approach taken to regulatory standards and the Bank of England Climate Biennial Exploratory Scenario.
- With Financial Conduct Authority on our implementation of the new Consumer Duty.
- Non-executive directors engaged with regulators through continuous assessment and proactive engagement meetings, discussing strategy, financial performance, capital distributions, Board and Committee priorities, Board effectiveness, governance, the risk and control environment, financial crime, ring-fenced bank independence, Consumer Duty and the cost of living.



Colleagues

The people who deliver our purpose
Read more about our colleagues on pages 46 to 49 of the 2022 Annual Report and Accounts, and pages 30 to 32 and 44 to 47 of this ESG Disclosures Report

- With our colleagues through our Colleague Experience Squad, employee-led networks, over 1,400 Wellbeing Champions and also through our colleague opinion survey, Our View, to discuss key issues such as the NatWest Group purpose, wellbeing, inclusion, leadership and reward.
- With our frontline colleagues through meetings, where we featured climate change awareness, focusing on reducing household energy bills and carbon emissions, as well as developing colleagues' capability to have conversations on climate.
- The Board proactively engaged with colleagues through the Colleague Advisory Panel on topics including remuneration, our values, customers in vulnerable situations and future skills.



Communities

The places where we can have an impact
Read more about our communities on pages 50 and 51 of the 2022 Annual Report and Accounts, and page 48 and of this ESG Disclosures Report

- With our charity relationships, customer giving channels and colleagues on facilitating customer donations and enabling employee volunteering and fundraising. For example, together the bank, our customers and colleagues have raised over £12 million for the three DEC appeals in Afghanistan, Ukraine and Pakistan.
- With young people to help them develop money skills and climate change awareness through MoneySense, Island Saver, and our new programme NatWest Thrive.
- With NGOs, academia and think tanks to discuss progress against NatWest Group's climate-related ambitions.
- During meetings with community groups in the southwest of England, the Board gained an insight into our work with these groups and reiterated the Board's support and the bank's commitment to such projects.



Suppliers

Where we source our goods and services
Read more about our suppliers on page 52 of the 2022 Annual Report and Accounts, and page 43 of this ESG Disclosures Report

- With our key suppliers through regular review meetings with a standing agenda point to discuss the Supplier Charter, which includes elements such as modern slavery and human rights issues.
- By launching a new inherent risk questionnaire to simplify how we interact with our suppliers and stakeholders.
- The Board received training on embedding our purpose in our supply chain and increasing diversity and inclusion with existing and new suppliers.



Key ESG topics for **our stakeholders**

Being purpose-led means we strive to create value by balancing the different needs of our stakeholders. To do so we need to understand the issues that matter most to them. Based on our 2021 in-depth materiality assessment, involving a large programme of stakeholder engagement supported by a third-party expert, our 2022 approach has been to re-evaluate our key ESG topics and refresh where appropriate to ensure our list continues to be comprehensive, relevant and reflective of our stakeholder groups' perspectives.

For this assessment, we've taken into consideration the evolving landscape and engaged with a number of internal and external stakeholders. This exercise has resulted in a more focused list. The findings guide our reporting and decision-making, ensuring we remain focused on the right issues.

Climate, enterprise and learning continue to be the three focus areas of our purpose, where we can make a meaningful contribution and build long-term value in our business. This year's review once again confirmed that, as a responsible business, our approach to a broader range of ESG topics is also of great significance to our stakeholders.

We'll continue to re-evaluate annually, by engaging and working closely with our stakeholders to deepen our understanding of the ESG issues that matter most to them and their changing expectations of how we address them.

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.

Our key ESG topics seen through the Blueprint for Better Business lens.

Key ESG topics	In this report	Other disclosures
Honest and fair with customers and suppliers		
Financial wellbeing, customers in vulnerable situations and accessibility	25-29, 35-37	Annual Report and Accounts: pages 30-31, 42-43
Financial crime, cyber-security and data protection	39-40, 61	Annual Report and Accounts: pages 64-67, 69; Financial Crime statement
Consumer protection, fair products and marketing	37-39	Annual Report and Accounts: page 52
Responsible supply chain	43	Annual Report and Accounts: page 52; Supplier Charter
A good citizen		
Enterprise	20-24, 54	Annual Report and Accounts: pages 14-15, 26-27, 34
Diversity, equity and inclusion	45, 52	Annual Report and Accounts: pages 48-49, 102-103
Human rights	57	Annual Report and Accounts: page 52; Human Rights Position Statement
A responsible and responsive employer		
Colleague learning, fair reward and wellbeing	30-32, 44-47	Annual Report and Accounts: pages 46-47
A guardian for future generations		
Climate action	14-17, 54	Climate-related Disclosures Report
Nature and biodiversity	18-19	Nature and Biodiversity Statement
Innovation and digitisation	35	Annual Report and Accounts: pages 22, 42-43, 134-137
Social impacts of financing and lending	41-42	Annual Report and Accounts: page 35

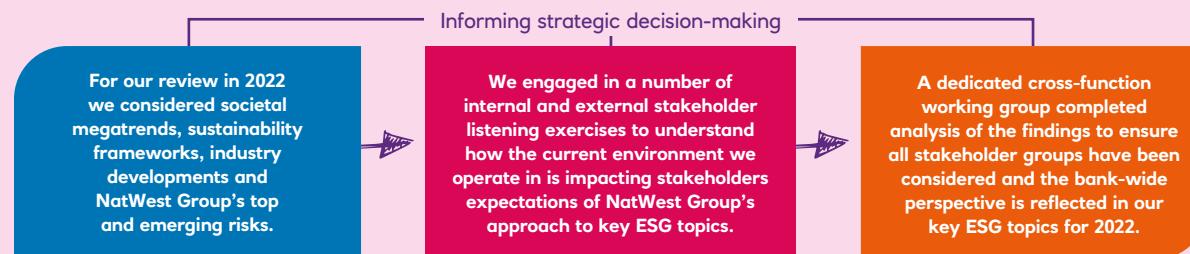


The progress we've made against each of the key ESG topics identified varies and we know we have more to do to strengthen our approach. Topics aligned to our focus areas (or areas which we've concentrated on as a responsible business) such as climate action, enterprise, colleague learning, fair reward and wellbeing and responsible supply chain are well established, and we'll continue to develop our understanding, monitoring and actions within each.

Other topics such as nature and biodiversity, human rights and the social impacts of financing and lending are less progressed and will continue to require attention as we further develop our ability to measure and respond to these topics. Details of our actions and how we've delivered against all of our topics are described throughout this document.

Identifying the key ESG topics for our stakeholders

Our starting point for key ESG topics for 2022 was based on the findings from our 2021 full refresh which included extensive desk research, a quantitative survey of approximately 2,500 consumers (including NatWest Group customers) and qualitative interviews with representatives across all our stakeholder groups, as well as members of the executive team. For 2022, the 2021 findings were re-evaluated to ensure our key ESG topics continue to be comprehensive, relevant and reflective of our stakeholders' perspectives given the fast-changing environment we operate in.





How we create value

Guided by our purpose and informed by the needs of our stakeholders, we aim to create value that has a positive impact on our environment and wider society.

Our key relationships and resources

Human

- Strong and deep customer relationships
- Capable and diverse talent pipeline
- Healthy inclusive culture
- Creative and innovative partnerships
- Positive contribution to communities

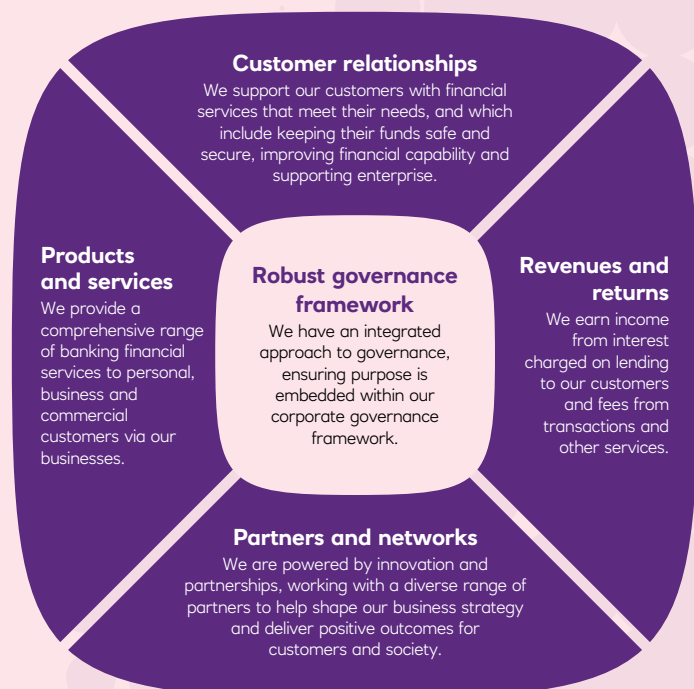
Financial

- Strong balance sheet
- Focused capital allocation
- Sustainability as a driver for value creation
- Intelligent approach to risk

Infrastructure

- Property and technology infrastructure
- Partnerships and collaborations to enable a diverse and sustainable supply chain

Our approach to running a **safe and secure bank**



Value created for stakeholders and society during the year

79%

of our lending exposure, as at 31 December 2019, covered by 2030 sector targets validated as science-based by the Science Based Targets initiative (SBTi)

**Over £10 million**

raised to support relief efforts for the Disasters Emergency Committee (DEC) Ukraine Appeal by NatWest Group, and through customer and colleague donations

**Over 72k**

trees planted by our UK colleagues in partnership with The Conservation Volunteers

**76k hours**

volunteered by our colleagues to help local communities. £3.8 million raised for good causes by colleague giving and fundraising

**Over £80 million**

of Coutts' clients' capital mobilised in equity growth funding for SMEs in the UK Enterprise Fund

**167**

colleagues re-skilled as part of a formal programme



NatWest Group's systems enabled

over 19,500

new customers to apply for a mortgage online, an increase of 47% from 2021

**MoneySense has helped 11.5 million**

young people learn about money since it launched in 1994

**46%**

reduction in emissions in our direct own operations⁽¹⁾ (2021: 44%)⁽⁵⁾

**0.5 million^(*)**

additional customers helped to start saving during FY 2022 against the 2023 target⁽²⁾ FY20, FY21 & FY22: 1.7m⁽³⁾

**£2.9 billion^(*)**

Retail Banking Green Mortgage completions since launch⁽⁴⁾ (2021: £0.7 billion)



Strategic priorities

Supporting customers at every stage of their lives

Simple to deal with

Powered by innovation and partnerships

Sharpened capital allocation

(*) Within the scope of EY assurance. Refer to page 70.

(1) 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.

(2) Includes instances where customers had savings with other banks and transferred them to their NatWest Group account.

(3) Includes additional 144k customers for 2021 and 2020. The customers helped start to save criteria was revised in April 2022 to reflect products aligned to the ambition.

(4) Since launch in Q4 2020. Retail Banking Green Mortgage products only. Green mortgages are available to all intermediaries for all residential and Buy to Let properties with an energy performance rating of A or B and specific new build developer properties. Available for purchase, porting and re-mortgage applications.

(5) Historic values are updated from values reported in 2021. This is due to updated bills, data provision and extrapolations.



Collective action

We take collective action through our signatory status and memberships to move forward as a responsible business. In collaboration with our various partners, we have progressed a number of key initiatives throughout 2022.



UN Principles for Responsible Banking

We were founding signatories of the UN Principles for Responsible Banking (PRB) in 2019 and our ambition is to align our strategy with the 2015 Paris Agreement and UN Sustainable Development Goals (SDGs).

In 2022, we joined the PRB Framework Review Taskforce. The Review Taskforce updated the PRB self-assessment report template and the new version launched in September 2022. We have adopted this new template and, in line with requirements for our third self-assessment, elements of our PRB reporting are subject to limited assurance.

Full details of our third self-assessment can be found in the ESG Frameworks Appendix

UN Sustainable Development Goals

Our Climate, Learning and Enterprise ambitions are aligned to seven UN SDGs where we believe we can make a positive contribution.

The SDGs are included as indicative guidance of each green asset definition in our Green, Social and Sustainability Financing Framework and are illustrated against each criterion category of our climate and sustainable funding and financing inclusion criteria.

Our policies, including our Human Rights Position Statement, our Modern Slavery and Human Trafficking Statement and our Supplier Charter, reinforce our ambition to support SDGs.

In addition to highlighting activity related to the SDGs aligned to our focus areas, case studies included throughout this document reference positive impacts mapped against other SDGs.

Read more on the embedding of SDGs into our strategy

Read more on our external commitments and reporting standards

Read more on our external awards and recognition



UN Global Compact

During 2022 we continued our participation in the UN Global Compact, publishing our annual Communication on Progress. We continued our participation in the Making Global Goals Local Working Group and the Modern Slavery Working Group, and we supported the webinar series on social mobility with funding and speakers.



Financial Markets Standards Board (FMSB)

We chaired the FMSB ESG Ratings Working Group, to produce a White Paper examining ESG rating methodologies and data collection processes that has fed into International Organisation of Securities Commissions (IOSCO), European Securities and Markets Authority (ESMA) and Financial Conduct Authority (FCA) working groups on the matter.



Transition Plan Taskforce (TPT)

The Transition Plan Taskforce (TPT) was launched by HM Treasury in April 2022 to develop the gold standard for private sector climate transition plans. Our CEO sits on the steering group, enabling NatWest Group to support the development and implementation of the UK's Sustainability Disclosure Requirements.



Sustainable Markets Initiative (SMI)

NatWest Group is proud to be a founding partner of the Sustainable Markets Initiative (SMI). Alison Rose DBE, was invited to speak at the SMI's CEO Summit held as part of New York Climate Week and we jointly ran a collaborative event at COP27 to drive collective action to transition the agricultural ecosystem. NatWest Group was awarded the SMI's Terra Carta Seal in 2022.



Business in the Community (BITC)

We were a partner of Business in the Community's (BITC) 40th anniversary celebrations during 2022 and remain signatories to the Mental Health at Work Commitment and the Race at Work Charter. We support BITC Regional Leadership Boards across the UK and funded a pilot in Coventry and Bradford to support 202 small businesses, which included 127 women entrepreneurs and 140 business owners from ethnic minority background.



Chartered Institute of Personnel and Development (CIPD)

We are the first financial services organisation to become a CIPD People Development Partner (PDP). NatWest is strongly aligned with the CIPD Profession Map, which is principles-led, evidence-based and outcomes-driven. We have delivered sessions to help colleagues understand the map and where their roles sit within it. Our human resources team also participated in a 'data boot camp' as part of our ambition to develop future skills.



B Corporation (B Corp) Coultts only

In July 2021, Coultts became the first UK-headquartered private bank to become B Corp certified. Since the certification, Coultts has engaged with more than 75 clients and 12 suppliers about achieving B Corp status and also worked with NatWest Group's purpose-led Accelerator to support 130 entrepreneurs and business leaders by providing a deep dive into the B Corp certification journey and encouraging them to take the B Impact Assessment (BIA) as a strategic exercise for their businesses.

NatWest Group is not a Certified B Corp. Coultts is currently the only Certified B Corp business in the NatWest Group



Science Based Targets initiative (SBTi)

During 2022 we published 2030 sector-specific targets validated by the SBTi as science based. NatWest Group's initial iteration of our Climate transition plan focuses on the delivery of our 2030 decarbonisation ambitions and our SBTi targets.



Climate

We have an ambition to be a leading bank in the UK helping address the climate challenge.

Throughout 2022 we continued to enhance our assessment and measurement of climate-related risks and opportunities. This work has guided the development of the initial iteration of our Climate transition plan.

The plan outlines the steps we aim to take to at least halve the climate impact of our financing activity by 2030 and achieve our net zero climate ambition by 2050.



[Read more in our 2022 Climate-related Disclosures Report](#)



Our climate strategy

Our purpose is to **champion potential**. Helping people, families and businesses to thrive.

Our climate ambition is to be a leading bank in the UK, helping address the climate challenge.

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

Our 2030 climate ambitions

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

We plan to reduce carbon intensity of our in-scope AuM by 50% by 2030, against a 2019 baseline, and to move 70% of in-scope AuM to a net-zero trajectory.⁽¹⁾

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

How we are helping to address the climate challenge



Supporting customer transition to net zero

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

We have an ambition to support our UK mortgage customers to increase their residential energy efficiency and incentivise purchasing of the most energy efficient homes, with an ambition that 50% of our mortgage portfolio has an EPC rating of C or above by 2030.



Helping to end the most harmful activities

We plan to phase-out of coal for UK and non-UK customers who have UK coal production, coal fired generation and coal related infrastructure by 1 October 2024, with a full global phase-out by 1 January 2030.



Powerful partnerships and collaborations

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



Getting our own house in order

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

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

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

We plan to use only renewable electricity in our direct own global operations by 2025 (RE100) and improve our energy productivity 40% by 2025 against a 2015 baseline (EP100).

We plan to install electric vehicle charging infrastructure in 15% of spaces across our UK portfolio by 2030 and upgrade our fleet of around 100 vehicles to electric by 2025 (EV100).

Achievement of our Climate ambitions is dependent on timely, appropriate government policy, technology developments, as well as on our customers and society to respond. At the same time, as a purpose-led organisation, we aim to engage and support our customers' transition to a net-zero economy. Refer to section 3.4 of the 2022 NatWest Group plc Climate-related Disclosures Report for further details. For further detail on our climate ambitions and SBTi targets refer to sections 1.3 and 3.3 of the 2022 NatWest Group plc Climate-related Disclosures Report.

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



Climate progress highlights

We want to deliver a more sustainable economy and future for the customers and communities we serve. Helping to address the climate challenge – one of the biggest issues of our time – lies at the core of our purpose.

Our ambition⁽¹⁾

Net Zero

by 2050 across our financed emissions, assets under management and operational value chain.

-50%

at least halve the climate impact of our financing activity by 2030, against a 2019 baseline, and align with the 2015 Paris Agreement

£100bn

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

50%

reduction in emissions from our operational value chain by 2030, against a 2019 baseline

50%

of our UK mortgage customers' homes at or above EPC C rating by 2030

50%

reduction in emissions from our direct own operations by 2025, against a 2019 baseline⁽⁴⁾

Full phase out of coal by 1 January 2030

2022 progress highlights

79%

of our lending exposure, as at 31 December 2019, covered by 2030 sector targets validated by the Science Based Targets initiative (SBTi)

41.5%^(*)

of our UK mortgage customers' homes rated as EPC C or above, as percentage of homes for which EPCs are available (£138.8bn or 68% of Retail Banking portfolio)

2021: 38.3%⁽⁶⁾

46%

reduction in emissions from our direct own operations since 2019⁽⁴⁾

2021: 44%⁽⁸⁾

330,000+

Customers accessed our carbon tracking tools, developed in collaboration with Cogo and available through our Retail Banking mobile app⁽⁶⁾

£32.6bn^(*)

cumulative contribution towards £100bn climate and sustainable funding and financing target⁽²⁾ (£24.5bn⁽¹⁾ in 2022).

2021: £8.1bn (1 July - 31 December)

£2.9bn^(*)

Retail Banking Green Mortgage completions since launch⁽³⁾

2021: £0.7bn since launch

£0.3bn^(*)

Exposure to in-scope coal customers⁽⁵⁾. £0.9bn⁽¹⁾ exposure to oil and gas majors⁽⁵⁾

2021: £0.6bn (coal) and £0.8bn (oil and gas majors)

Climate transition plan

Developed the initial iteration of our Climate transition plan, reflecting our 2022 Say on Climate resolution, which received 92.58% of votes cast in favour.



(SDG 7.1, 7.2, 13.1, 13.3, 13.3, 17.7)⁽⁷⁾

(1) Refer to section 1.2, 1.3 and 3.3 of the 2022 Climate-related Disclosures Report for further detail on our climate ambitions and SBTi targets.

(2) Between 1 July 2021 and the end of 2025.

(3) Since launch in Q4 2020. Retail Banking Green Mortgage products only. Green mortgages are available to all intermediaries for all residential and Buy to Let properties with an energy performance rating of A or B and specific new build developer properties. Available for Purchase, Porting and Re-mortgage applications.

(4) 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.

(5) As defined in the Credible Transition Plan (CTP) assessment. Refer to pages 30 – 31 of the NatWest Group plc 2021 Climate-related Disclosures Report for further details on the assessment of CTPs for oil and gas majors and in-scope coal customers. Increases in oil and gas exposure in 2022 are largely attributable to foreign exchange movement.

(6) Retail Banking RBS, NatWest and Ulster Bank Northern Ireland mobile apps.

(7) For further details of Sustainable Development Goals (SDGs), see Strategy section, page 13.

(8) Historic values are updated from values reported in 2021. This is due to updated bills, data provision and extrapolations.

(*) Within scope of EY assurance. Refer to page 70.



Funding the drive to clean transport



Championing sustainability ambitions

NatWest Group has set out a clear ambition to be a leading bank in the UK helping to address the climate challenge. A key part

of this is providing financing structures for businesses that are developing sustainable energy.

One such business is electric vehicle fleet and battery storage specialist Zenobé. Established in 2017, Zenobé currently works with the majority of major bus operators in the UK, as well as local authority-owned bus companies, to electrify their fleets and minimise the lifetime costs of their electric vehicles (EV) and charging infrastructure. The company also provides battery storage solutions to grid operators, accelerating the uptake of renewables.

By 2025, Zenobé aims to have a fleet of at least 3,000 EV buses, and 1GW of battery storage.

To support this ambition, the company has established a funding platform with an initial volume of

£241 million, which will enable it to service and finance up to 430 new e-buses in the UK and Republic of Ireland.

Having worked with NatWest Group on an innovative financing facility in 2021, Zenobé turned to our team again to advise on a multi-source debt structure to help accelerate the expansion of the EV fleet sector.

Our One Bank team, comprising colleagues from Private Placements, Specialist Asset Financing, Risk Solutions, ESG Advisory and Climate & ESG Capital Markets, collectively delivered a bespoke funding package. This incorporated green loans and private placements that adhered to the Loan Market Association's Green Loan Principles, attracting institutional investors and bank lenders.

We believe this financing will have a real-world impact for accelerating the UK's drive to electrify its public road transport system.

Combined with Zenobé's technical expertise, the financing enables the company to offer end-to-end services to the bus operators including the design,

We believe this financing will have a real-world impact for accelerating the UK's drive to electrify its public road transport system.

installation, financing and operation of electrical charging infrastructure and buses in the depot.

This is a clear example of our purpose in action: building relationships with businesses such as Zenobé, championing its potential and empowering it to deliver on its sustainability ambitions.



Watch the story online

The QR code above directs to a case study video on our 2022 Annual Report webpage. None of the information on that webpage (including the case study video) is, or should be read as being, incorporated by reference into this report.



Nature, biodiversity and climate change

At NatWest Group we view climate change, natural resource scarcity, biodiversity loss, and their associated impacts, as significant dangers to the livelihoods of our customers and society at large, both now and in the years to come.



Sustainable Markets Initiative

In 2022, NatWest Group was proud to be awarded The Sustainable Markets Initiative's 2022 Terra Carta Seal⁽¹⁾, recognising our work on, and momentum towards, the creation of sustainable markets. As we continue to increase our understanding of nature-related risks and opportunities, we recognise that collaboration with expert partners can deliver insight both for NatWest Group and the wider community.

Key activities during 2022 include:

Supporting customer transition to net zero

- Our climate and sustainable funding and financing inclusion criteria include lending to activities that protect and restore biodiversity, such as regenerative farming practices. The criteria define the activities that contribute to our target of providing £100 billion climate and sustainable funding and financing between 1 July 2021 and the end of 2025.
- We advocated ambitious policy incentives, including environmental land management schemes, to reward sustainable farming practices towards net-zero targets and improve agricultural resilience to climate change⁽²⁾. We were also pleased to continue our collaboration with the Global Farm Metric to help measure the sustainability of farming.

Helping to end the most harmful activities

- Continuing our long-standing management of soft commodities that are associated with a higher risk of deforestation, in December 2022 we updated our ESE risk acceptance criteria to clarify we intend to stop lending and loan underwriting to producers of soft commodities (such as palm oil, soy and cocoa) operating in tropical regions who have not obtained sustainable certification of their direct soft commodities activities and supply chain by 31 December 2024.
- NatWest Group continues to voluntarily report against the soft commodities that have high deforestation-related risks for the UK, including rubber, cocoa, pulp and paper, leather and beef, palm oil, soy and timber.

Building powerful partnerships and collaborations

- We are working with Palladium to support Revere, a collaboration with UK National Parks that aims to increase investment in natural capital and help secure a sustainable future for the UK's best-loved protected landscapes. Restoration projects generate nature-related income through the valuation and sale of ecosystem services.
- We collaborate with University of Exeter's 'Renewing biodiversity through a people-in-nature approach' (RENEW) project will work with landowners, businesses, and communities to restore woodlands, wetlands and farmland across England, Northern Ireland, Scotland and Wales – focusing on the role of business and financial decision-makers.

Getting our own house in order

- We purchased 120,000 tCO₂e in carbon credits to mitigate our direct own operational emissions. These credits are assured under the Verified Carbon Standard and Triple Gold certified to the Climate, Community & Biodiversity Alliance Standards.

(1) For further details on the Terra Carta Seal, see <https://www.sustainable-markets.org/terra-carta-seal/intro>

(2) Refer to 'Financing nature-positive transition in the agriculture sector' <https://www.natwest.com/content/dam/natwest/business-insights/documents/nw-sustainable-agriculture-pdf.pdf>



Understanding nature-related financial risks

In April 2022 NatWest Group collaborated with the University of Cambridge Institute for Sustainability Leadership and Banking Environment Initiative to publish a nature-related financial risk use case focused on land degradation and UK farmers. As one of the UK's largest lenders to the agricultural sector, we wanted to understand the potential financial risks to arable farming producers.

The use case indicated that some arable businesses on highly degraded land could suffer as much as a 40% reduction in crop yields following an extreme weather event such as a heatwave, while average declines would be approximately 5%. A second scenario examined the vulnerability of degraded land to a spike in fertiliser prices – a timely analysis given that UK farmers have seen

fertiliser costs increase nearly three-fold in 2022 compared to 2021. While results showed that such a rise in prices would be largely mitigated by a commensurate increase in food prices, the second scenario highlighted benefits of positive land management practices.

While further research is required, future exploration can be integrated into the development of NatWest Group's Global Farm Metric. This common framework of sustainability metrics and accompanying assessment tool will, once developed, enable farmers to measure their environmental and social impact.

Read more on financial risks and land degradation



Learn more about our approach to responsible lending and financing

Nature and Biodiversity Statement

Forestry, Fisheries and Agribusiness Risk Acceptance Criteria

Soft Commodities Compact Reporting

Climate and Sustainable Funding and Financing Inclusion Criteria



Preparing for nature-related financial disclosures

The United Nations Biodiversity Conference (COP15) was chaired by China and hosted by Canada in December 2022. COP15 concluded with the adoption of the Kunming-Montreal Global Biodiversity Framework (GBF), which aims to address biodiversity loss, restore ecosystems and protect indigenous rights. The GBF also includes 23 targets to achieve before 2030, including mobilising public and private funding and requiring companies and financial institutions to monitor, assess, and transparently disclose their risks, dependencies and impacts on biodiversity. As a purpose-led organisation, we know we need to play our part.

Governance

The NatWest Group Plc Board is responsible for promoting the long-term sustainable success of NatWest Group and is supported by the Group Sustainable Banking Committee in doing this. In 2022 we updated the responsibilities of our Sustainable Banking Committee to include oversight of progress on broader environmental themes such as biodiversity, forests and water. Our Climate Change Executive Steering Committee has also received updates and discussed emerging environmental issues and nature focused projects like the Global Farm Metric during the course of 2022.

Strategy

We understand that nature can play an important role in addressing the adverse impacts of climate change through its capacity to store carbon, mitigate physical risks and support resilient communities.

We seek to reduce the most harmful impacts arising from our lending activity through our environmental, social and ethical (ESE) sector-based lending policies, which are further explained under Risk and impact management.

Our climate and sustainable funding and financing inclusion criteria (CSFFI) include the creation, protection, management and restoration of biodiversity, habitat, and ecosystems; activities that improve water and soil quality; regenerative farming practices; and activities that maximise environmental net gains by promoting biodiversity and nature-based solutions. These inclusion criteria define the activities that contribute to our ambition to provide £100 billion of climate and sustainable funding and financing between 1 July 2021 and the end of 2025.

Risk and impact management

Since 2021, we classify “biodiversity and nature loss” as a formal emerging risk for NatWest Group. The activities of our customers can also pose ESE risks – including polluting activities, destruction of habitats and the potential for human rights infringements.

Our ESE framework forms part of NatWest Group’s overall reputational risk policy requiring enhanced due diligence to be performed for certain lending and loan underwriting customer relationships, transactions, activities and projects in higher risk sectors and activities.

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 voluntary standards including the Equator Principles and the UN Global Compact.

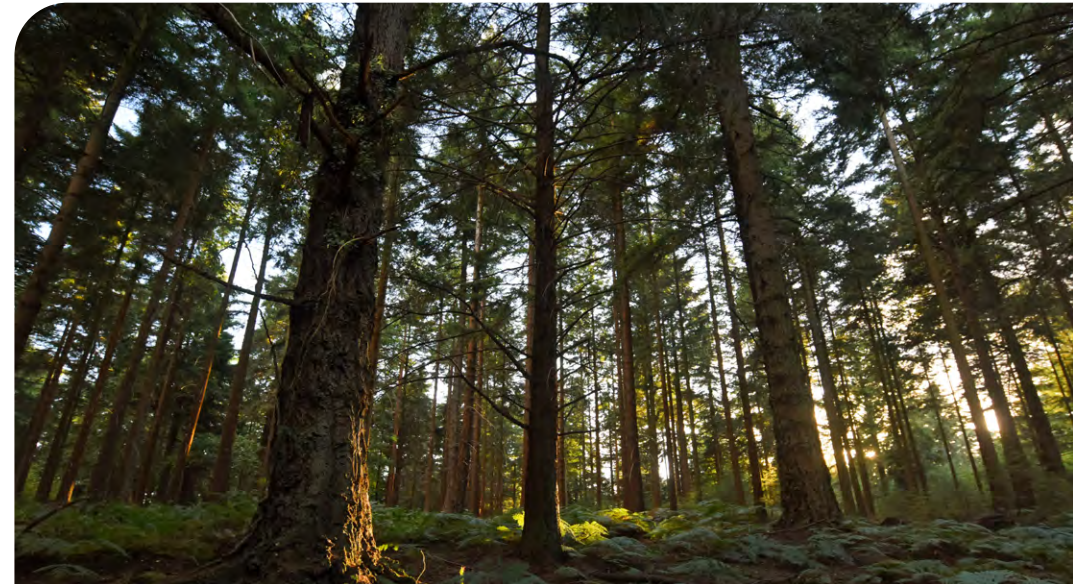
Read more about our approach to ESE and reputation risk management.

In 2022, NatWest Markets N.V. piloted an initial, limited, environmental risk materiality assessment, with the aim to understand how environmental risks could potentially impact NatWest Markets N.V.’s lending book.

Metrics and targets

NatWest Group recognises the importance for investors and other stakeholders to understand how we measure and monitor our environmental impacts, dependencies, risks and opportunities.

During 2023, we will continue to explore existing and emerging frameworks like the Taskforce for Nature-related Disclosures (TNFD) beta framework, other measurement methodologies and available data-sources to identify the most meaningful, comparable and robust metrics to measure our environmental impacts, dependencies, risks and opportunities.



Framework developments

NatWest Group is contributing to collective action on environmental issues through exploratory collaborative groups, including the TNFD Forum. In support of this group’s objectives, we continue to explore the emerging TNFD guidance, share learnings with other organisations, and provide feedback to the taskforce.

Specifically, we expect these activities to contribute towards:

- further developing our understanding of our environmental impacts, dependencies, risks and opportunities, and linkage to other sustainability issues;
- developing our ability to measure environmental impacts, dependencies, risks and opportunities;
- exploring how we can develop our existing governance, strategy and risk management capabilities in relation to managing our environmental impacts, dependencies, risks and opportunities;
- collaborating with partners to build insights and data assets; and
- identifying any capability or knowledge gaps for NatWest Group.



Strategy **▷ Enterprise**



Enterprise

As a purpose-led bank, our ambition is to help businesses to thrive, remove the barriers to enterprise and champion anyone starting or growing a business.



Enterprise progress highlights

Our ambition

250,000

interventions delivered to start, run or grow a business in 2022 ⁽¹⁾

(SDG 8.3)

2022 progress highlights

269,000^(*)

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

2021: c.200,000

35,000

individuals and businesses supported through enterprise programmes in 2022 ⁽¹⁾
(SDG 8.3)

30,000

youth interventions supported through enterprise and entrepreneurship activity ⁽³⁾ (SDG 8.3)

53,000^(*)

individuals and businesses supported through enterprise programmes ⁽¹⁾

2021: c.55,000

48,000^(*)

youth interventions supported through enterprise and entrepreneurship activity ⁽³⁾

75%

of support based in regions outside London and the South East England⁽²⁾
(SDG 8.3, 10.2)

60%

of support provided to women ⁽²⁾
(SDG 8.3, 5.5)

90%^(*)

of support based in region outside London and the South East England ⁽²⁾

2021: c.75%

59%^(*)

of support provided to women ⁽²⁾

2021: c.60%

20%

of support provided to individuals from ethnic minority backgrounds⁽²⁾
(SDG 8.3, 10.2)

20%

of support provided to those with a purpose-led business or business idea ⁽²⁾
(SDG 8.3, 10.2)

34%^(*)

of support provided to individuals from ethnic minority backgrounds. ⁽²⁾

2021: c.26%

32%^(*)

of support provided to those with a purpose-led business or business idea ⁽²⁾

2021: c.52%



(1) Represents approximate number of interventions delivered and individuals supported through enterprise programmes during 2022, which is based upon data provided by third parties delivering these interventions without further independent verification by NatWest Group.

(2) Demographics cover uniquely supported individuals and youth interventions supported.

(3) Youth interventions supported through enterprise and entrepreneurship activity is a new metric introduced in 2022.

(*) Within the scope of EY assurance. Refer to page 70.



Removing barriers to enterprise

Enterprise is the cornerstone of success and the lifeblood stimulating economic growth of the wider UK economy. As a purpose-led bank, we want to remove barriers to enterprise and champion anyone starting or growing a business. However, we know that, for many, this remains harder than it should be.

As a purpose-led bank, our ambition is to help businesses to thrive and to become the biggest supporter of start-ups in the UK. In 2022, we supported 53,000^(*) individuals and businesses through 269,000^(*) interventions to start, run or grow a business. We engaged 48,000^(*) young adults in enterprise and entrepreneurship activity.

Advancing female entrepreneurship

Rose Review

In February 2022, Alison Rose DBE, the Chief Executive Officer of NatWest Group, and Paul Scully MP, then Minister for Small Business, published the third Rose Review Progress Report.

The 2022 progress report demonstrated the exceptional resilience of female entrepreneurs throughout the pandemic. The initial Rose Review, published in 2019, highlighted that if women in the UK started and scaled businesses at the same rate as men, it would have the potential to add £250 billion to the UK economy. The 2022 report showed that since 2019 more women than ever are starting new companies, outstripping growth in male-led firms for the first time.

In June 2022, the second Investing in Women Code report was published. There are now over 160 signatories to the code which demonstrates financial services firms' commitment to improve female entrepreneurs' access to tools, resources and finance, a 50% increase compared to 2021.

Also in 2022, as part of the Women Angel Investment Taskforce, we established Women Backing Women – an angel investor campaign to support women to become business angels and give female founders across the UK access to early-stage investment.

As a bank, we have over 1,000 independently accredited Women in Business specialists. These specialists recognise that women often benefit from a different approach to banking and building relationships, and can provide tailored support, expertise and access to finance for female entrepreneurs facing barriers to starting or growing a business.

(*) Within the scope of EY assurance. Refer to page 70.

100 Female Entrepreneurs to Watch

In collaboration with The Telegraph and the Rose Review board, we launched the 100 Female Entrepreneurs to Watch list which celebrates women in business who are at the beginning of their journeys with high potential to grow their businesses.

#SheMeansBusiness

We collaborated with the social technology company Meta on the 'She Means Business' campaign to offer female business owners financial-readiness and digital skills training, alongside business support including opportunities to grow business connections and networks.

The collaboration builds on our strong relationship with Meta and leverages our joint scale and expertise to support more women from across the UK to start up and succeed in business.

Time to Change

To accelerate the push for a more inclusive economy, in May 2022 NatWest Group and the Centre for Research in Ethnic Minority Entrepreneurship (CREME) at Aston University published Time to Change, a report exploring the challenges faced by Ethnic Minority Business (EMB) communities in the UK.

The report highlights key challenges faced by EMBs in the UK and presents 10 evidence-based recommendations inviting policymakers, corporations and entrepreneurs to come together in a strategic collaboration to build trust in EMB communities and provide ethnic minority-owned businesses more bespoke and impactful support.

The report's innovative and solutions-based approach provides a blueprint for advancing the growth potential of EMBs in the UK. If implemented, its recommendations could increase EMB's contribution to the UK economy from £25 billion to £100 billion Gross Value Added (GVA).

Supporting businesses and entrepreneurs from ethnic minority backgrounds

This is an opportune moment for NatWest Group to champion enterprise and entrepreneurial activities in the UK's diverse communities. We are forming an entrepreneur forum made up of EMB owners which will give us first hand insight into how we can better serve our EMB communities. We are also creating an internal working group made up of representatives from taskforces and different business areas to address feedback provided by the entrepreneur forum where possible.

As well as collaborating with CREME and Aston University on Time to Change, our SME Transformation Taskforce is working with key stakeholders to break down barriers to finance for EMBs. We are also a member of the all-party parliamentary groups that support EMBs.

We are working to build trust with and maintain a presence in EMB communities through our collaboration with organisations such as Black Seed, as well as our regional partners. We acknowledge building trust-based relationships will require our colleagues to expand their knowledge and skills, so we are exploring developing tools that will further enable positive interactions between our colleagues and EMB customers and communities.

Regional Board partners

Our Regional Boards work with local support organisations and partners to deliver grants to support inclusive entrepreneurship and focus on helping women and individuals from disadvantaged or under-represented groups overcome the hurdles to starting a business. In 2022, our Regional Boards delivered 17,000 interventions and supported over 3,000 women in business, including 1,300 from an ethnic minority background. Of the businesses supported, over 500 were purpose-led and 89% of our support was to individuals based outside London and the southeast of England.



Enterprise Hubs and NatWest Group Accelerator Programme

In 2022, we supported 1,300 entrepreneurs through the NatWest Group Accelerator programme, of which 50% were female-led businesses. We expanded our footprint to 13 Enterprise Hubs across the UK to further enhance local and regional ecosystems and networks, and provide modern co-working space for entrepreneurs. During 2022, we continued to deliver our Accelerator Programme through in-person and virtual coaching sessions, workshops, thought-leadership, and events. By offering access to 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 continued our specialist Accelerators to bring network support to high-growth businesses in specific sectors across the UK. This included working with leading growth sector and industry partners to deliver programmes on topics such as clean transport, circular economy, and interactive entertainment.



Championing diverse entrepreneurship

Support for purpose-led businesses

Big Society Capital

NatWest Group continued to support Big Society Capital as a shareholder and one of the founding members. In 2022, we celebrated their 10th anniversary and supported their new strategy to better meet the needs of purpose-driven businesses. We also provided support to the Big Society Capital board through a bank representative board member.

Social and Community Capital

NatWest Social & Community Capital, a charity funded and supported by NatWest Group, was shortlisted in the Social Investment Deal of the Year category at the 2022 Social Enterprise UK awards for the funding deal they were able to offer social-led business Northumbria Youth Action. This gave the business access to support and funding to continue trading and develop young people's skills to help them enter employment.

Support for young enterprise

The Prince's Trust

Through our long-standing relationship of over 40 years with The Prince's Trust, we support young people from harder-to-reach communities. Together, we provided entrepreneurs aged 18 to 30 access to grant funding and offered tailored support to maintain their core business operations throughout the COVID-19 pandemic.

During 2022, 520 young adults were supported through the NatWest Group's funded enterprise programme, including 63% women, 27% individuals from ethnic minority backgrounds and 78% people based outside London. Since we launched the fund in 2021, £366,170 has been distributed in grants to 840 young people to help them test their business ideas.

Dream Bigger

NatWest Dream Bigger aims to inspire young people across the UK through entrepreneurship education, raising their confidence and improving employability outcomes for 16 to 18-year-olds in preparation for the future world of work. We were proud to sponsor the National Careers Challenge for a third year running in 2022.

This collaboration drives our ambition to support the future of entrepreneurship across the UK to life and demonstrates the impact of an entrepreneurial education on the outcomes for young people in the workplace.

SME Transformation taskforce

Taskforce boards that meet on regularly across key regions and discuss the challenges impacting UK SMEs, including COVID-19 and Cost of Living. The boards work in collaboration with both public and private organisations, not only to share knowledge but also to help us to find effective solutions and support available for UK SMEs.

Supporting high-growth businesses

In April 2022, we launched our high growth proposition. Open to all UK businesses, this focuses on three key stages of business growth: early growth, sustained growth and scaling up. By answering three short online questions about investments, turnover and annual growth rate, businesses can tell us where they are on their growth journey, allowing us to direct them to the most relevant support, and products tailored to the customer to take their business to the next stage.

UK Enterprise Fund

In collaboration with BGF, Coutts has continued to support UK SMEs with the UK Enterprise Fund (UKEF), which provides a unique opportunity for clients to invest in a diversified portfolio of UK-based growth stage private companies. Inspired by the Rose Review of Female Entrepreneurship, 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. Over £80 million of Coutts client capital has been mobilised across UKEF 1 and 2, with UKEF 3 due to launch in later in 2023. £34 million has been invested across the two funds so far (with the UKEF 2 portfolio still being built), with BGF co-investing over £340 million alongside this into 55 businesses. 21% of the investment has gone towards female-led businesses and 22% of companies are addressing climate change. The Fund is also supported by wider BGF and NatWest Group initiatives which include support female-led businesses, such as assistance to help get investment ready.

Supporting access to expertise

Business Builder

Business Builder is our online tool providing learning resources to support businesses at all stages of their lifecycle. It provides users with a wide range of resources in one place and forms part of our wider phased journey to personalise and simplify support for businesses.

We have developed new modules aligned to the needs of businesses and focused on issues like the cost of trading, financial resilience and action tools to support energy and cost saving.

Digital Boost

We built on our relationship with Digital Boost to support SME recovery and drive inclusive economic growth. During 2022, Digital Boost supported over 4,000 individuals through its mentoring sessions and the collaboration has evolved to deliver bespoke programmes, including the Small Business Bootcamp offered as part of the Go Beyond competition run by NatWest Group and Meta, and through our Access to Business Experts initiative.

Cost of living support for SMEs

In 2022 we launched the Business Cost of Living Hub, providing universal access to a range of content and tools for all UK SMEs. Our dedicated hub contains helpful resources, such as: a free cashflow tool, energy calculator, supply chain navigator, sector support, and Workplace wellbeing resources. To support and provide certainty to our SME customers in these challenging times, we have frozen all Business Current Account fees and tariffs, committing to not making any increases to these published fees for a minimum of 12 months. We also launched our Green Loans and Green Asset Finance propositions for qualifying SMEs, with no arrangement fee, and reduced the lower threshold on our Green Asset Finance offering from £50,000 to £25,001, ensuring that more businesses can access funding to help transition to more sustainable practices, in turn reducing costs in the long term.





Championing potential of diverse enterprises



Championing the potential of UK businesses is about more than just providing financial backing.

For us, it's about helping to remove the barriers to enterprise.

We know we can play a key role in inspiring future generations to develop their skills, experience and business ideas, and ultimately to achieve their goals.

A great example of this is our support for Birmingham-based social enterprise Miss Macaroon. Founded by Rosie Ginday MBE in 2011, the company combines a passion for producing premium-quality food and a desire to help young people gain the skills and confidence to change their lives.

Starting life with a small kitchen space and just £500 in capital, Miss Macaroon has now produced over three million macaroons for global brands, royalty and a host of celebrities, as well as becoming one of the region's leading employability programmes.

We were first able to support Rosie through the NatWest Group Accelerator programme by providing one-to-one coaching, access to mentors and industry experts, and networking with a community of like-minded entrepreneurs, as well as hot-desking space at our commercial offices in Birmingham. Through the Accelerator programme, Rosie received support to expand her company and open multiple retail outlets across the Midlands.

The company has gone from strength to strength, expanding its operations from individual customer orders to catering for wholesale businesses. With the development of a unique colour-matching service, Miss Macaroon has also attracted major corporate clients such as John Lewis.

Importantly, Miss Macaroon's commercial success has enabled its social purpose, helping to deliver the MacsMAD programme which provides young people who often have multiple and complex needs the opportunity to gain work experience, better their career prospects and positively change their lives.

To date, 134 young people have been supported through the programme. It's a fantastic achievement that not only speaks to Rosie's vision, but also to the opportunities created when businesses get the support to thrive.

Through the Accelerator, Rosie received support to expand her company and open multiple retail outlets across the Midlands.



Watch the story online

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Learning

We 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 people to take control of their finances and their futures, and to make the most of their money.



Learning progress highlights

Our ambition

15m

financial capability interactions delivered between 1 January 2020 and 31 Dec 2023⁽¹⁾

(SDG 4.4, 4.6 and 10.2)

50%

colleague elective learning focused on future skills by end of 2023⁽⁴⁾

2m

additional customers helped to start saving between 1 January 2020 and 31 Dec 2023⁽²⁾

(SDG 10.2)

1,100

graduates, interns and apprentices hired in 2022, including our social mobility programme

2022 progress highlights

5.1m^(*)

financial capability interactions delivered in FY 2022 against the 2023 target⁽¹⁾

FY20, FY21 & FY22: 14.07m

35%

colleague elective learning focused on future skills at end 2022⁽⁴⁾

0.5m^(*)

additional customers helped to start saving during FY 2022 against the 2023 target⁽²⁾

FY20, FY21 & FY22: 1.7m⁽³⁾

1,135

graduates, interns and apprentices hired in 2022, including our social mobility programme



- (1) Includes additional initiatives approved during 2021 and 2022 which met the criteria for inclusion in the financial capability target
- (2) Includes instances where customers had savings with other banks and transferred them to their NatWest Group account.
- (3) Includes additional 144k customers for 2021 and 2020. The customers helped to start to save criteria were revised in April 2022 to reflect products aligned to the ambition.
- (4) Starting from May 2022.
- (*) Within the scope of EY assurance. Refer to page 70.



Building financial confidence and resilience

Our ambition is to support the financial capability of our customers and communities. 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 people to take control of their finances and their futures, and to make the most of their money.

Target 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. During 2022, we delivered 5.1m^(*) interactions, with a cumulative total of 14.07m interactions against the strategic target of 15 million by 2023.

Target 2:

Help two 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. During 2022, we helped an additional 0.5m⁽¹⁾ customers start to save, with a cumulative total of 1.7m⁽¹⁾ customers to date against the strategic target of 2 million by 2023.

(*) Within the scope of EY assurance. Refer to page 70

(1) Includes additional 144k customers for 2021 and 2020. The customers helped to start to save criteria were revised in April 2022 to reflect products aligned to the ambition.

Building strong financial foundations

Scaling our financial capability education offering.

Our Financial Foundations pilot programme aims to help develop good money practices and financial resilience for adults. Initially, the Financial Foundations programme centred around a series of free, interactive workshops facilitated by trained bank colleagues for small groups of young adults, job seekers and survivors of domestic abuse.

However, the financial challenges of 2022 meant there was a much wider interest in the programme from new audiences. As well as local authorities, social housing groups and higher education teaching staff, we received enquiries from large corporate and commercial clients.

A.S. Watson Group is one such example. It operates over 1,300 retail stores across the UK and Ireland, including the Savers and Superdrug brands, which employ around 20,000 people across these locations.

We delivered the Financial Foundations workshops as a webinar to a range of their colleagues, covering topics such as budgeting, planning for the unexpected and managing debt.

The response to the sessions was positive, with some participants committing to take new actions to improve their financial situation.

Jennie Kerr, A.S. Watson Group's head of Payroll, Shared Services & Reward, said 'With the increase in energy prices and the general cost of living, it was important for us to focus on our financial wellbeing strategy in 2022 and to give our colleagues hints and tips to improve their long-term financial health. After a survey revealed the majority of our employees were self-taught when it came to money management, we decided some formal financial education could be a good place to start.

'We're passionate about bringing the very best information to our colleagues so we were delighted to partner with NatWest to provide these sessions. The feedback we received from colleagues who attended the live sessions was really positive, prompting lots of reflection on money management, personal spending habits and other important topics for our colleagues in this climate.

Following from the success of these workshops and to meet the growing number of requests, the Sustainable Banking team are now developing a variety of delivery methods to allow us to reach these new audiences at scale.'

'We're passionate about bringing the very best information to our colleagues so we were delighted to partner with NatWest to provide these sessions.'

Jennie Kerr

A.S. Watson Group Head of Payroll, Shared Services & Reward





Building financial confidence & resilience continued

The rising cost of living has left millions of people with new money worries, particularly households with lower incomes, those who spend a higher percentage of their income on energy, or those who are experiencing rising mortgage rates and rent increases.



The power of savings

With the cost of living on the rise, it's never been more important to support our customers to start to save and build up a resilience pot. In early 2022, we introduced Round Ups – making it easy for customers to get into the savings habit by saving little and often. Round Ups are available in our mobile app and allow customers to round up to the nearest pound when making purchases, with the spare change directed to their savings pot.

With the option to double round ups, the small amounts soon add up for our customers. So far c.1.2m customers have switched on the feature, and over 96m round up transfers have taken place, meaning customers have collectively saved a massive £138m to date.

Supporting our customers

This year we have stepped up our support for those seeking to know more about how to manage their money, start a savings pot or deal with the unexpected. The focus of our financial capability initiatives is to support customers to build resilience and skills, so they can better deal with price increases and know where to go for help and information.

Tips and tools to navigate the cost of living

A dedicated cost of living section on our websites has information, hints, tips and tools providing easy-to-access help and guidance for customers. Money-saving tips, budget planning and a tool for reviewing benefit support complement the Spending Tracker app tool where customers can view real time activity in their account, supporting financial knowledge.

Financial Health Checks

Our trained Senior Personal Bankers provided reviews of personal finances during the year, helping customers to chat through their goals and focus on their future.

Inbest benefit calculator

An early pilot programme helping households identify benefits they may be entitled to has shown strong results. The most common reason why people miss their benefits is that they are unaware of welfare benefits they are allowed or assume they are not eligible. By offering access to the Inbest Benefit Calculator via our website, customers can simply and anonymously identify unclaimed benefits and maximise their income. Early data indicates that 82% of users who completed the calculator are eligible for previously unclaimed benefits, averaging £662 per month.

Making saving easier

Developing a savings habit is an essential element of building financial resilience, and this year we introduced Round Ups to our suite of savings and investment products.

Know My Credit Score

Understanding a credit score and how it is calculated is an important part of developing good money management skills. Building a good credit score can affect a person's ability to borrow money or access products such as credit cards or loans. The Know My Credit Score feature in the banking app provides a free score and recommends things to do to improve it.

3.8m customers have used the feature 30 million times this year, up 58% on 2021, helping them grow their financial capability.

Supporting our communities

In 2022 we continued to develop our range of free, easy-to-access initiatives for both customers and non-customers to develop good money habits.

MoneySense

Recognising the fast-changing world of money and the need to break the cultural taboos surrounding it, this year MoneySense focused on offering tangible support to our different audiences. For parents, new content has explored how to talk to children about the rising cost of living, dealing with pester power and cryptocurrencies. For young adults, our In Focus series has tackled key cost of living themes, such as inflation, investing and finding support for their future. Talk Money Week in November saw us launch a dedicated Talk Money hub and a series of vox pop videos across social media channels, which explored the topics of credit, debt, and how talking about money makes us feel. In schools we launched a guide for teachers to introduce talking about money in the classroom, and how it can impact young people's lives. Through the MoneySense schools programme we've reached over 1 million young people during 2022.

NatWest Rooster Money

NatWest Rooster Money is a prepaid debit card and pocket money app that gets young people confident with money and helps develop positive money habits.

Launched as NatWest Rooster Money in May 2022 it is simple for parents, carers and children to learn together through easy-to-use educational content and tools to build important life skills. Over 136,000 UK families are moving through the milestones of learning about money. Features in the app include a virtual pocket money tracker and savings pots. Young people can also learn about earning through chores, and there are family-friendly controls and educational tools, helping young people grow their money confidence.

Funding for charities and partners

Following consultation with our partner organisations, NatWest Group launched a package of support for customers, colleagues and communities to help with the rising cost of living. This included £4 million in donations delivered in collaboration with organisations including Citizens Advice, The Trussell Trust, Step Change and PayPlan, to provide support and grants. Dame Clare Moriarty, Chief Executive of Citizens Advice, said:

'We are very grateful for the donation NatWest has made towards our Help through Hardship helpline, that we deliver in collaboration with The Trussell Trust and MIND.'

'The helpline has been in huge demand. NatWest's donation will help us to provide vital support to people facing hardship, sadly needed now more than ever as the cost of living crisis continues to unfold.'

Dame Clare Moriarty

Chief Executive of Citizens Advice



Helping young people to Thrive



NatWest Group collaborates with footballer and campaigner Marcus Rashford

We believe all young people deserve to feel financially secure and fulfil their potential.

Yet 81% of young people today say they are uncertain about their financial future⁽¹⁾. And 56% of 12-17-year-olds don't feel confident about managing their money⁽²⁾.

We want this to change.

But we know that, for this to happen, we must think beyond money management and practical financial education. We know we must also help young people overcome the emotional and psychological obstacles blocking their success.

That's why we have created a programme for 8- to 18-year-olds that aims to help them develop their self-belief as well as their money confidence.

(1) London Institute of Banking and Finance.

(2) Money Advice Service.

NatWest Thrive is a unique collaboration between NatWest Group, the National Youth Agency (the national body for youth work) and footballer and campaigner Marcus Rashford MBE.

It's built around three pillars: the redemptive power of (forging a new) identity; delivery by trusted adults and role models; and connection to the young people's interests and passions.

NatWest Thrive is about people, relationships, mentoring and contact with role models to create community and connection. It's why the programme is primarily delivered face-to-face, in relevant, safe places for young people and with trusted adults.

In April 2022, we launched the programme's pilot scheme to 135 young people in three youth clubs in London, Manchester and Sunderland.

Following that, over the summer, we rolled out a 12-week NatWest Thrive programme to 12 more youth clubs, reaching more than 800 young people across the UK during 2022.

(3) NatWest Thrive Impact report – our summer impact 2022.



Our vision is now to scale the programme to improve the financial confidence of many more young people.

As part of our commitment to the next generation, we have partnered with the National Youth Agency, and plan to transfer £3 million of our apprenticeship levy to train youth workers to help address the shortfall of qualified staff over next years.

We also plan to train NatWest colleagues to deliver the Thrive programme in their local youth club using their volunteering hours.



Results from the summer programme are hugely encouraging: 98% say their money confidence has improved after four sessions and 83% say it has improved their mental wellbeing⁽³⁾.



Watch the story online

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Championing our colleagues' potential

Delivering long-term, sustainable performance means recognising that the skills our people need to succeed in the future will be different from those of today. Whether in relation to a current role or a future career – inside or outside NatWest Group – we are passionate about providing our colleagues with the capabilities they require to fulfil their potential to thrive.

Our ambition is that skills will drive learning, talent, recruitment and mobility, supporting the bank's longer-term strategic workforce planning by anticipating current and future hiring and the resources the business needs to transform the organisation. We are upskilling colleagues in future-focused skills, investing over 2.5 million hours in training in future skills, and hiring 5,000 engineers to support our customers in a digital world by the end of 2026. This approach is a key contributor to the bank's transformation plans and is fully embedded in our people proposition. It also aligns to our values, culture plans, and Critical People Capabilities skills and behaviour framework.

NatWest Group Academy

We provide all colleagues, regardless of their role, level, working pattern or location, opportunities to build future skills through the NatWest Group Academy, which brings together learning opportunities and curated content in a single place.

In addition to mandatory training for all colleagues (see page 60) and job specific training, we also offer a range of learning opportunities.

96% of colleagues have accessed the Academy since its launch in 2020, and the rate of completed elective learning has increased by 39% across NatWest Group compared to 2020. Our ambition is to increase colleagues' elective learning by 50% by the end of 2023.

The Academy is also available to customers and communities, through Learning with NatWest. More information is available on page 32.

Building critical skills for the future

We're focused on ensuring our colleagues undertake the right learning, and have an ambition that by the end of 2023 half of colleagues' elective learning completions at NatWest Group will focus on building critical skills for the future.

In March 2022, we updated our behavioural framework to reflect our new values and include future-focused skills.

We worked with the UK's Financial Services Skills Commission to develop an industry-wide skills framework to identify 10 future skills all our colleagues will need. These are reflected in our refreshed Critical People Capabilities (CPCs) skills and behaviour framework as priority themes for all colleagues.

To allow colleagues to create and prioritise time to focus on development, and to ensure this is embedded across NatWest Group, we have:

- given all colleagues two days per year dedicated to developing our priority future skills, which is part of our 2.5 million hours investment;
- launched our Learning for the Future programme – designed to be a kit-bag of learning to help colleagues start their journey; and
- leveraged new technologies, including artificial intelligence, to develop a more personalised learner experience with smart recommendations to help colleagues better understand what skills they need and how to build them.

We also refreshed our CPC Checker – a self-assessment tool for the CPCs which helps colleagues to map their strengths and development areas against the CPC skills and behaviours, including our 10 future skills. Over 13,500 colleagues have completed the CPC Checker in 2022. These improvements are enabling colleagues to better develop the skills the organisation needs and enhance their potential.

By the end of 2022, a monthly average of 35% of colleagues' elective learning completions were focused on future skills learning. And, in the 2022 learning and careers pulse survey, 72% of colleagues agreed they knew the skills they need to develop for their career at NatWest Group.

Cross-skilling, reskilling and upskilling

In Q4 2021, we launched a 'gigs' functionality on our Human Resources system Workday, to better enable cross-skilling, reskilling and upskilling for our colleagues.

Colleagues can post opportunities to support a short-term piece of work: allowing them to bring new skills into a team and allowing colleagues to develop new skills at pace.

During 2022, 237 gigs were raised providing over 660 opportunities for colleagues to develop different skills through a short-term gig opportunity.

Personalised learning recommendations

In June 2022, we launched Career Hub, a new functionality in Workday, to provide colleagues with personalised recommendations, based on their skills and skills interests, for learning, jobs, mentors and gigs.

If colleagues record their skills and interests on their career profile alongside the workforce data we already hold on Workday, we can offer a more personalised experience, and 25% of colleagues have done this so far.

This use of technology was one of the factors in achieving a bronze award for Best Digital Learning Transformation Programme at the 2022 Learning Technologies Awards.

Talent Academy and Ivy House

Our global Talent Academy was launched in 2021 to identify, develop and support our highest potential colleagues, and create credible and diverse talent pipelines enabling NatWest Group to thrive now and in the future. In 2022, the programme won the Excellence in Inclusive Assessment category at the UK's Association of Business Psychology Awards.

The Talent Academy continues to support and develop over 3,300 members through a quarterly programme of challenging and purposeful opportunities. In 2022, 111 development events were delivered, including 57 live events, a Group Executive Committee speaker series and collaborations with external partners including Decoded and Trustees Unlimited. 77% of the opportunities on offer were exclusive to Talent Academy, including career coaching and exclusive access to development pathways, such as the Junior Management Team (JMT), the Power MBA Future Leader Programme and the cross-organisational mentoring scheme Mission Include.

Meanwhile, 58 members of the Talent Academy were selected in 2022 to participate in the Ivy House programme, an external leadership programme for junior colleagues. In addition:

- 36 members were given the opportunity to apply for a formal reskilling programme to retrain as User Experience Designers, Software Engineers or Data Engineers;
- over 500 members took part in a data-immersive experience, an engaging and interactive experiential workshop to help build understanding of data and making informed data driven decisions; and
- at a more senior level, 52 members signed up for Step on Board: a concierge service which offers support in securing a role on the board of a charity.

The current Talent Academy cohort will finish their development journey in the summer of 2023, and planning is underway for future talent development initiatives.



Championing our colleagues' potential continued

Junior Management Team

The second bank-wide Junior Management Team (JMT) was selected in December 2021. The JMT mirrors the NatWest Group Executive Committee and brings a fresh perspective and voice to that team. Members also deliver key strategic projects to broaden their experience, exposure and connections across NatWest Group. Some of the projects they have been involved in are lunch and learn seminars, embedding our values, the bank strategy refresh, and supporting leadership team events. They have also attended Group Executive Committee and Board sessions during 2022.

Recruitment for the next JMT commenced in November 2022 and the team will be in place by the end of Q1 2023.

Supporting our leaders' development

As we help our customers to grow and thrive, we want to champion the potential of our leaders to grow and thrive too. In 2022, the NatWest Group Leadership and Coaching faculty continued to provide team and group coaching, one-to-one coaching and leadership development for our most senior leaders and their teams.

In October 2022 we launched our new Thrive Leadership experience, which gives leaders opportunities to learn, experiment and grow their knowledge and skills to successfully lead themselves, their people and customers. It's a new, ambitious and challenging learning experience – building on our core leadership language and practices – that introduces colleagues to thought-provoking concepts, perspectives and methods. This helps our leaders to develop a deeper level of personal thinking, while building their impact and connection to our purpose and strategy.

Thrive Leadership focuses on five new externally-benchmarked purpose and leadership-driven themes:

- help empower people;
- re-imagine the future;
- inspire shared success;
- connect the dots; and
- adapt and learn.

Each theme is closely aligned to our Critical People Capabilities and refreshed values, to help colleagues build skills that they can continuously apply and adapt.



Reskilling for the future

Our formal reskill programmes continued and broadened in scope throughout 2022, taking in Talent Academy colleagues, alongside those at risk of redundancy. Opportunities focused on key future roles, including software engineers, data engineers and human-centred design roles.

Our Mobility Hub is a key enabler in supporting colleagues impacted by change programmes and drives internal mobility and reskilling across NatWest Group.

The goal of the Mobility Hub is to help colleagues find alternative opportunities, as well as to upskill and reskill into future-needed roles. This includes at-risk employees, those returning from long-term leave and those at transitional stages of their careers. The hub offers career-focused services including job matching, career coaching and guidance, as well as the bank's reskill programmes, delivered in collaboration with our Learning and Development team.

Andy Lee, a member of the Bankline team in NatWest Commercial & Institutional, was one of the colleagues supported to find a new role through a reskill programme.

In 2022, Andy took part in a pilot reskill programme focused on software engineering. For most of his 16-year career with NatWest Group, Andy had been in customer-facing roles, most recently working in Business Banking to support migrant and refugee entrepreneurs.

Andy learned about the reskill programmes after registering with the Mobility Hub when his role was at risk of redundancy. He applied to join a 12-week coding bootcamp to reskill as a Full Stack Software Engineer, where he learned the fundamentals of software engineering.

After the initial course, Andy had the chance to put his learning into action and work on a real-world application. For 24 weeks, Andy and other reskillers worked with a customer to build an application that would help take their business online and scale up their operations.

Following his successful completion of the reskill programme, Andy joined the Bankline team as a software engineer and was part of a small scrum team supported by senior engineers to work on improvements to an internal Bankline engineering site. This activity was part of a training roadmap to support the new scrum team to upskill on various topics like agile skills, front and backend unit testing, bug fixing, micro front ends, code reviews and dev ops enabling them to transition into Bankline feature teams in early 2023.

In 2022, over 980 colleagues registered with the Mobility Hub, 453 colleagues received job matching support and 182 were successfully redeployed within the bank, with support continuing for others into 2023. 167 colleagues have taken the opportunity to reskill for a targeted role or are actively participating in a programme.

'There were lots of pros and cons to undertaking such a dramatic career shift, but the reskill programme really helped me manage the transition. Overall, it's been a positive experience and I'm still learning a lot in my new role. Reskilling has definitely changed my life.'

Andy Lee

Bankline team, NatWest Commercial & Institutional





Championing our colleagues' potential continued

Succession planning

Our succession planning processes enhance our framework to develop and mobilise a diverse pool of our highest potential talent. Potential successors are assessed and developed against the behaviours, traits and drivers associated with success in a purpose-led role and organisation. Our Succession Council gives potential successors to the Group Executive Committee (ExCo) the opportunity to engage directly with the Group CEO and other ExCo members to determine whether they have the potential and aspiration to reach ExCo level. This is supported by robust development plans focused on accelerating succession readiness. Sixteen potential successors attended in 2022. Our most talented senior leaders are also given exposure through Board and Talent Connectivity sessions to discuss topics shaping the direction of NatWest Group. To date, 37 colleagues have had this opportunity.

Succession is reviewed by the Group Executive Committee twice a year, with many high-potential colleagues moving roles as a result of this focus.

In 2022, we have enhanced our strategic approach through an initiative called Talent to Value, which puts a different lens on talent and has opened up a wider population which might fill succession gaps. In addition to our succession planning at CEO-1 and CEO-2 levels, we have identified the top c.200 value-creating and specialist jobs in NatWest Group with a view to proactively matching talent with the potential, aspirations and skills required to thrive in these jobs. This sharpens our collective focus, as the hiring, retention, performance management, and succession planning for these critical jobs all merit the Board and ExCo's oversight and attention in the context of a competitive market for skills.

Between June and August 2022, NatWest Group carried out a bank-wide succession planning exercise for these value-creating and specialist roles. Alongside this, our ExCo talent 'deep dives' provide the opportunity for ExCo members to profile talented members of their teams in order to raise visibility of aspiration and potential next jobs, and to identify development and actions to support high-potential colleagues.

Inclusive recruitment

We launched a revised and improved Recruitment YES Check to ensure diversity, equity and inclusion are front of mind at every stage of the recruitment process. As part of this, we introduced Inclusive Interview Ambassadors who are trained in inclusion and identifying bias, to help bring diversity, challenge and an objective lens to the decision-making process. In 2022, we increased our team of Ambassadors to over 800 and introduced them in India.

At the end of 2022, we also started a returners initiative to focus on hiring more senior female talent, where we will be building our pipeline of senior female candidates. To do this, we partnered with the Return Hub, a specialist search firm whose focus is on candidates who reached a senior level in their career and then took a career break. This group are a source of untapped potential for senior leadership roles and we hope the collaboration will help expand the diversity of our talent pool.

In 2022, we also focused on proactive sourcing of in-demand technology roles, including for Java and automated testing. We interviewed more than 700 candidates and selected 269 new colleagues, working with hiring managers to match candidates to open roles.

Early career programme

True to our purpose of championing potential, we are investing in building future talent capability through our early career programme. In 2022, we hired 1,135 graduates, interns and apprentices, including 171 apprentices from a lower-income socio-economic background and 10 interns from underprivileged communities in India.

We received a total of 84,029 applications globally for our early career programmes for 2022, of which 43% were female and 61% of UK applicants were from ethnic minority backgrounds. We have climbed a further two places in the UK Times 100 employers' table and are now ranked the 35th Top Graduate Employer. We were also ranked 25th in the RateMyPlacement.co.uk Best 100 Student Employers 2022-2023, and 28th in the RateMyApprenticeship.co.uk Best 100 Apprenticeship Employers 2022-2023.

In India, in 2022 we worked with Navgurukul, a not-for-profit organisation, as part of our social mobility collaboration agenda and supported nine students from underprivileged communities with a six-month technology internship. Successful candidates were offered software engineer roles in our Technology India team at a highly competitive salary. We also ran an insight week for over 100 university students.

NatWest Group was also delighted to win Best Virtual Internship Programme at the UK's National Undergraduate Employability Awards for our summer intern programme. We also received a Gold award at the Employer Brand Management Awards for our Represent campaign, in which we ran seven live online sessions specifically aimed at encouraging applications from students from diverse backgrounds.

In 2022, we also launched our new Financial Crime graduate and intern programme with the first graduate intake scheduled for September 2023. We plan to increase our graduate, intern and apprentice intake for 2023.



CareerSense

We supported 16,136 young people in 2022 through our CareerSense programme (over 24,000 since launch in June 2021). This included providing schools with workshops and lesson plans which have supported 14,746 young people (13-to-18-year-olds).

As part of this work, we launched CareerSense Dream Bigger during National Careers Week in March 2022, of which we were also the headline sponsor.

We continued to support 16- to 24-year-olds not in education, employment or training through CareerSense Find Your Path. The programme includes co-created skills workshops delivered in local communities with youth partners, mentoring with a bank colleague, and a paid placement. To date we have enrolled 72 young people in the programme.

We also sponsor 16- to 18-year-olds with purpose-led leadership development through the Ivy House Award, and in 2022 we enrolled 1,168 students to work towards the award. We also continued our social mobility collaboration, supporting 120 16-18-year-old students through either an insight week or paid work experience. As part of Entrepreneurship Week in November 2022, we piloted our "Idea Accelerator" scheme for 16- to 18-year-olds, further developing entrepreneurial skills with 30 young people in London.

In November 2021, we launched Learning with NatWest, our external learning academy which supports communities, families and businesses (both customers and non-customers) and focuses on five key capabilities: climate, employability, entrepreneurship, future skills and financial capability. During 2022, there were over 56,000 visitors to the website and we also launched our Learning with NatWest podcast series.





Responsible Banking

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.



Supporting our customers

At NatWest Group we are supporting our customers to develop more sustainable practices, helping individuals, enterprise, corporates and communities adapt to evolving market expectations and capitalise on new opportunities. Our execution is centred around our purpose, driving sustainable growth through our strategic priorities.





Supporting our customers

Innovation and digitisation

Through our investment in data, technology, and digitisation we're able to deliver a better service to our customers, offering more relevant products, more quickly and at the right time.

Embedding our services in our customers' digital lives

Our retail mobile app enables our customers to bank whenever, wherever, with 8.9m^(*) of our customers mobile users. We have 3.8m^(*) customers using the online banking platform and 10.1m^(*) digitally active retail and business banking customers.

This year we continued to evolve to find more ways to make it easier for customers to manage their money.

- We have 63%^(*) of our active current customers exclusively banking with us using digital channels, through mobile and online.
- We have completed 10.4m^(*) Cora conversations throughout 2022, with 48%^(*) that required no human input.
- We had 0.3m^(*) video banking kept appointments during 2022.
- We introduced new app-based solutions including Round Ups, Split Bill and Rooster Money.

Debit Card PIN Reveal

In Q4 2022, we launched PIN reveal through our app for debit and credit card customers, which will reduce the number of paper-based PINs we issue.

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.

Carbon Tracking Tooling & Functionality

In Q3 2022, we launched the NatWest Group Carbon Planner, a free-to-use digital platform designed to help UK businesses identify potential cost and carbon savings. Carbon Planner surfaces personalised recommendations from more than 40 actions, across nine areas, which UK businesses can take to reduce their carbon footprint and potentially operating costs. Actions include improving insulation, introducing a packaging return programme, electric vehicle adoption and generating energy from waste.

We also released a number of enhancements to our carbon tracking tool for personal customers, developed in collaboration with Cogo, to allow customers to see a rolling monthly view of their carbon footprint and commit to quantifiable actions which give them personalised carbon savings. As at 31 December 2022, more than 330,000 customers had accessed carbon tracking features on the Retail app.

Our use of artificial intelligence

Our artificial intelligence (AI) virtual assistant Cora continues to learn and evolve, using intelligent automation to provide support to our customers 24/7. Cora has been integrated with our telephony system, and can now help customers to change their address, update their phone number or email, understand pending transactions and find out how to open a new account. In 2022, Cora handled 10.4^(*) million retail banking conversations.

We're also using sophisticated analytics, based on AI and machine learning, to help understand our customers' specific situations so we can support them better. For example, we use Natural Language Processing to quickly categorise customer calls relating to bereavements so we are better able to respond quickly and efficiently. This is part of our Customer Conversational Intelligence lab, which analyses tens of thousands of customer conversations daily, so we know which customer journeys we need to do more work on. We're also using a machine learning model to prioritise help for customers who need us the most, for example due to the impact of the cost of living crisis. In Q1 2022, we launched Project Leapfrog with an objective to continue developing and deploying advanced analytics based on artificial intelligence in order to improve our service offering, while retaining customer trust. To support this, we developed a control framework for advanced analytics which we are in the process of embedding across the bank. This will enable us to respond to emerging regulatory expectations and manage the model risks that could arise from the use of advanced analytics, and to continue to comply with the UK's data protection and privacy rules.

We are implementing new tools to support our colleagues when they develop, deploy and monitor advanced analytics. These tools allow them not only to track the accuracy of models but to detect and prevent unfair bias arising in decision-making based on those models. In addition, various forms of Data Ethics training were rolled out during Q4 across the bank, including specialist training for those directly involved in data and models management.

Open banking and APIs

Our API platform is recognised by external parties and the CMA as being in a leading position on performance, uptime and consumption. To date, over 3.2 million customers have used our APIs to access their account information and 1.8 million customers have used our APIs to make a payment – initiating transactions worth over £7.8 billion.

Payit™ accepted its first live Variable Recurring Payment (VRP), a new alternative digital payment option, making NatWest the first UK bank to successfully make a VRP using a bank-owned payment proposition.

The 'log in with bank API' enables customers to log in to FreeAgent accounting software, Rapid Cash and Rooster Money using their online or mobile banking credentials, removing the requirement to remember additional usernames and passwords.

The Home Buying and Ownership API reduces the processing time for customers making lump sum payments to their mortgage accounts.

The Mobile Banking Reference Data API protects customers against abusive payment references.

Open Banking payments now use Multi-Factor Authentication so customers can authenticate transactions using face biometrics.

Supporting with financial wellbeing

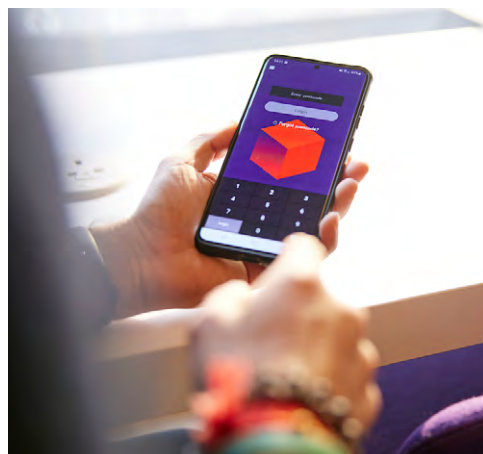
Retail customer insights

We now have over 80 different insight messages which we share with customers to help them save time and money, and give them financial peace of mind. Customers are sent spending analysis insights, such as their most frequent spending category and merchant, to better understand how they're spending their money.

We're also prompting customers on the anniversary of utility, broadband, phone and car insurance bills to remind them their deal may be coming to an end. One of the personalised messages we send to customers is to remind them about their media subscriptions and on average customers saved £132 by either switching or stopping their subscription.

Know My Credit Score

Over 3.8 million customers used this free feature in 2022, helping them to improve and protect their financial wellbeing. Customers can now see how future changes, such as applying for a new product or changing an existing product, could impact their credit score.



(*) Within the scope of EY assurance. Refer to page 70.



Supporting our customers continued

Accessible banking

We recognise that our customers' individual needs are different. We aim to make banking as accessible as possible for everyone, offering our customers the ability to choose from a variety of digital, face-to-face, and remote options. During 2022, we had 8.9million^(*) customers actively use our mobile app and 3.8million^(*) use our online banking platform.

Digital accessibility

In May 2022, for Global Accessibility Awareness Day, Oliver Holbourn (CEO of RBS International and executive sponsor for Enable, our disability employee-led network) and the Group ExCo agreed to an aspiration to embed accessibility practices across our franchises and functions by the end of 2023. This aspiration was supported by forming a new central team to help drive our plans to practice digital accessibility as a fundamental part of how we deliver digital customer interactions. We continue to learn in this space - as role modelled by our executives to learn and act on International Day of Persons with a Disability (IDPD).

Our digital channels are continually updating to help us become more disability inclusive and we continue to strive to design and build with reference to the latest version of the World Wide Consortium (W3C's) Web Content Accessibility Guidelines (WCAG). For example, by writing simply and taking particular care with the use of colour and our tone of voice. We also consider the experience of those using screen readers and the speed of messages received through our chat bot, Cora.

We delivered a 'tap to call' feature in our mobile app which allows our customers to go through pre-identified to our telephony colleagues to discuss their current or business account, removing the barrier of remembering their banking details.

Payment limits give customers more control over their banking, which we know has been useful to those prone to impulsive spending. We also offer dark mode on our mobile app, improving accessibility for neurodiverse customers and those with low vision by reducing eyestrain. This feature has been widened into journeys connected to the mobile app.

(*) Within the scope of EY assurance. Refer to page 70.

Supporting customers in vulnerable situations

At any time, a customer may find themselves either in a vulnerable situation or caring for a vulnerable loved one. In 2022, the impacts on cost of living have meant that for many of our customers this has been a reality. To support with this, we set up a Customers in Vulnerable Situations Centre of Excellence.

We continued to work with organisations such as GamCare and Citizens Advice 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 also have dedicated teams available to support customers in Financial Difficulty. Dedicated Customer Protection Teams engage with customers at risk of harm and support them, leveraging external partnerships where there is a need for more specialist help. We also continued to work with Her Majesty's Prison and Probation Service and the Scottish Prisons Service during 2022.

Read more about Customers in vulnerable situations here

'As a relationship bank for a digital world, our vision is to create an accessible bank by design.'

Oliver Holbourn

CEO of RBS International and executive sponsor for Enable, our disability employee-led network





Supporting our customers continued

Banking my way

Every customer is different and we continue to develop 'Banking My Way', letting our customers tell us more about themselves and the support they need. Whether there is a requirement for a sign language interpreter, braille documentation or simply for a colleague to speak slower, there's an array of adjustments we can provide to adapt to our customers' needs. Customers can alert us to such adjustments on mobile, online, in our branches or via our telephony teams. So far, over 136,000 people have registered for Banking My Way.

Whatever a customer's needs, Banking My Way means all of our front-line colleagues are aware of them every single time they contact the bank – allowing us to provide the right support from the outset.

Choice of channel

We aim to make banking as accessible as possible, offering our customers the ability to choose from a variety of digital, remote and face-to-face options. We have over 700 branches and other physical points of presence, including our ATM network and our relationship with the Post Office. We have dedicated teams available on the phone to support customers with product applications and we retain our dedicated over 60s customer care line, which was set up during the pandemic to support people. We continue to offer mobile branches, allowing customers to do all their usual everyday banking, like making deposits, withdrawing cash and paying bills.

We have hearing loops in all our branches, which provide support for customers using hearing aids, by making speech clearer and more understandable. Also, thanks to our partnership with SignVideo, we now have a service that lets colleagues and customers communicate easily in-branch or via Zoom using sign language interpreter.

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, translation services, large print and audio CD.

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.

To support our customers' needs, our property team are piloting individual sensory room settings with the 'Dynamic Environments' room setup in Milton Keynes, to explore the benefits of various lighting, colour intensity, scent and audio visual settings to personalise the environment to suit our customers. Further work to widen the pilot to another location is in progress, which will include soft seating, biophilia, tactile fidget items and other items to support 'Calming', 'Focused' and 'Concentrating' mood settings.

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 does not 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 890,000 basic bank account customers with this number increasing.

Understanding the customer experience using feedback

We recognise feedback from customers facing a variety of access needs, vulnerabilities and disabilities and review how to align our services to meet their requirements. To support this we have set up an Inclusive Design Panel to help us design services. The panel consists of external individuals, charities and subject matter experts with lived experience of different support needs – inclusive of people with disabilities.

We also use an inclusive design approach to service and design for the varying needs and disabilities of customers within our product and journey development. As an example, we have been on-site with disabled people this year learning more about how they access bank services digitally and conducting 'empathy' sessions utilising VR (virtual Reality) and other simulators to help change colleagues' perspectives.



Consumer protection

Criminals are using the circumstances of the ongoing cost of living crisis to exploit more UK customers through fraud and scams. Keeping our customers safe and secure is of paramount importance to us. Key highlights of activity during 2022 were:

Your Security Checklist

This new feature in the mobile app shows customers how to keep themselves safe when using the app, as well as sharing fraud and scam advice.

Targeting customers at high risk

Through the mobile app we can send messages to customers identified as being at high risk of scams.

Reporting Fraud

Customers can now report a suspected fraudulent debit card transaction using the mobile app.

LineBusy detection

We can see in real time if a customer's mobile phone line is also being used while they make an online payment.

This might suggest a fraudster is coaching the customer through the security questions. Through cross-industry data sharing we're able to deploy enhanced fraud prevention strategies to help protect our customers.

Fraud and scams education

We continue to invest in education and are reaching tens of millions of customers with our awareness material. Our Money Mule campaign was covered in both local and national media as well as on Instagram and TikTok channels, reaching even more customers. We also teamed up with actor Simon Callow to create The Scammer House of Horrors – a series of tales of cons and frauds rooted in real-life scams, to help people learn to protect themselves against scammers.

Mortgage roll-off window

To help customers secure a lower interest rate, we extended our mortgage roll-off window to six months. Customers can choose a product at any time during the window and still change to an alternative product if their circumstances change during the window. Customers who choose our tracker rate mortgage product can also switch to a fixed rate at a later date without paying an early payment charge.



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 various tools to guide this: including the YES check (page 59); 'Our Code' (page 59); the 'Critical People Capabilities' (pages 30 and 59); and our internal 'Policies' and 'Risk Standards'. Our Risk Standards and Policy documents focus on risks associated with the design, management and sale of our products and services, as well as our complaint management process, and how we support customers in vulnerable situations. All of our product governance-related risk standards and policies are designed to drive delivery of safe and sustainable products and services as well as enabling growth, customer retention and customer satisfaction. Using the various tools mentioned above, each of our business areas has established product governance procedures that will ensure our customers receive products that are appropriate for their immediate and future financial goals.

How we manage compliance

Our product governance Risk Standards and Operational Policies are applicable to all legal entities, franchises and functions. All colleagues involved in the design, management and distribution of our products and services are required to undergo training to ensure they are aware of the relevant Standards and Policies and understand their responsibilities. Our remuneration plans 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 Operational Policy. We must also comply with all local legal and regulatory requirements where these go further than the minimum standards we set out in our policies. There are three key phases to the Product Lifecycle as follows:

1. Product and service development

We aim to ensure that the proposals are designed to deliver good customer outcomes by ensuring that the target market is identified to a sufficiently granular level and aligned to a specific product strategy; the proposal meets the needs and financial objectives of customers in the target market while avoiding financial harm; the distribution strategy works for the identified target market; the proposal is designed to benefit the customer and deliver fair value; customers in the target market will be able to understand the product or service and its features and be appropriately supported throughout its lifecycle; and that consideration is given to the voice of the customer.

2. Product and service distribution

We have a complementary process that reviews the existing portfolio of products and services, which seeks to ensure that customers are treated fairly after the point of sale; and that any barrier 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) is removed.

3. Ongoing management

We aim to identify all activity that constitutes a financial promotion and to ensure that all financial promotions comply with the relevant regulations 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.



Supporting our customers continued

Addressing complaints

Dealing with customer complaints ensures fair customer outcomes and makes sure we meet our regulatory requirements as set out by the FCA. 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 2022, we received 198,663 reportable complaints compared to 239,108 in 2021. We run a centralised training and competence programme regularly for customer-facing employees which helps us effectively manage any negative customer experiences.

Read more on our complaints data

Read more about customers in vulnerable situations on page 36

Limitations of the product lifecycle process

The risks and limitations associated with Product Lifecycle governance are such that we operate from one set of minimum standards that are then applied across multiple franchises within the Group. As such we may see variation in the interpretation and application of our policies and procedures, which in turn could deliver different outcomes for customers depending on the customer type. In order to help mitigate this risk, we carry out regular assurance and testing against adherence to policy across the group, and seek attestation from each of our business areas to gather evidence around how they comply with our policies on an ongoing basis.

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 experts in the cybersecurity industry. To ensure we continue to defend against new and emerging threats, we have a series of programmes that develop and improve the deployed defences. In 2022, we had consistently high performance and stability of our most critical systems, which were available 99.97% of the time. The same timeframe has seen two Criticality 1 incidents compared with nine for 2021.^{1,2} These numbers include all events which had an impact on our operations, not just system issues.

(1) By way of illustration, a Criticality 1 incident could be a loss of key IT systems resulting in an impact to more than 15% of the bank's customers or an incident that leads to a financial loss of over £10M.

(2) Availability of our key systems is currently calculated against what we call our 'Tier 1 systems' – those defined as the most critical.

Through strong control frameworks, 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. We have experienced no material breaches in the last three years. 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 Information Officer who provides regular reports to the Executive Committee and Board. 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. Our Security owned policies and procedures are based on the Information Security Forum: Standard of Good Practice (ISF: SOGP) standard, which is aligned to a number of international and industry standards including ISO 27001 and the National Institute of Standards and Technology (NIST) Cyber Security Framework. An external audit is completed on an annual basis as part of NatWest Group's wider financial audit requirements. Information and cybersecurity risks are part of our internal learning modules which every colleague and contractor must complete annually and are supported by bite-sized emails and information on our intranet. Colleagues also receive job-specific training; for example, our Security team 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 and colleagues can use this service to escalate suspicions. NatWest Group also has a Group-wide 'Alertline' service so suspicions of physical security threats can be reported.

Protecting privacy and customer confidentiality

We see privacy as a vital component to achieving our purpose and it 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

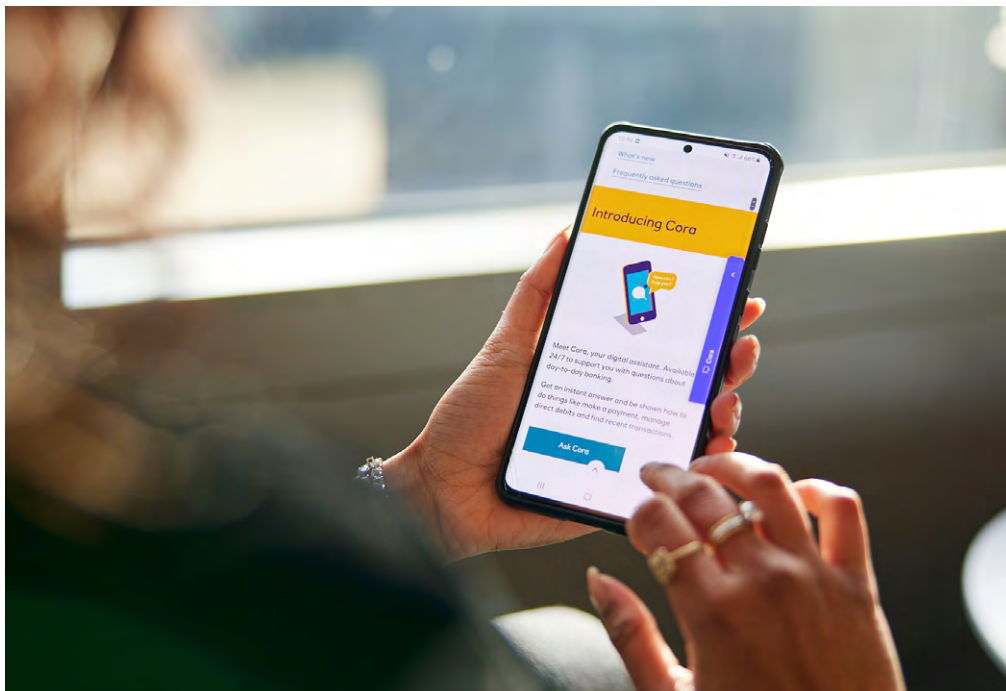
level and to the Group Board Risk Committee. Updates and reminders are also provided through internal communications to ensure privacy is at the forefront of all of our colleagues' minds.

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.



Supporting our customers continued



Data transfers and collaboration

We're continually refining our systems to comply with the UK 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 supporting 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 and data access tools such as APIs bring opportunities to build and develop 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 UK GDPR rules that came into force in May 2018, with a low volume of requests concerning other data-subject rights.

Consumer Duty at NatWest Group

Recognising its close alignment to our purpose-led strategy, NatWest Group views delivering good customer outcomes as an objective shared with all of our stakeholders including our regulators. Taking action to identify any existing gaps in the new Consumer Duty continues to be a top priority for the organisation. We place importance on achieving good customer outcomes and are supportive of moving from prescriptive consumer conduct rules to principles-based outcomes which rightly place the onus on firms to ensure their customers are making financial decisions best suited to their needs.

To implement this, we have committed significant investment to ensure that any action taken is managed holistically across NatWest Group and with the different customer journeys considered. As such each of the bank's businesses that have products and services in scope of the Duty are being managed under the banner of a single implementation Programme. Our approach to implementation in this way is helping to make sure we meet both the letter and spirit of the regulation and that this is reflected not just in our policies and procedures, but culturally across the organisation as well.

Our Programme team continues to meet regularly with our regulators to collaborate on approach as well as ensuring they are fully apprised of our implementation progress. Going forward, Consumer Duty will continue to feature regularly as an agenda item on NatWest Group's most senior committees to ensure a retained focus on challenging our approach and delivering good customer outcomes.



ESG products and services across businesses

NatWest Group through its Corporates and Institutional franchise takes an integrated, multi-product approach to ESG, assisting clients across key aspects including ESG ratings, reporting, investor engagement, and structuring related financing products. We provide ESG and sustainable finance advisory to our corporate and institutional customers.

Corporates and Institutional

NatWest Markets has continued to play a leading role in the evolution of the corporate, public sector, financial institutions and the sovereigns, supranationals and agencies (SSA) sustainable finance markets. A selection of our 2022 mandates is shown below:

Triton

NWM led a €950 million net asset value (NAV) facility acting as Lead Arranger, Facility Agent, Security Agent and ESG Coordinator for Triton Fund V. The transaction is one of the first ESG linked NAV Lines in the European market, with margin adjustments occurring per KPI covenants in place.

Compass Group inaugural sustainable transaction

NatWest Markets acted as sole Sustainability Coordinator for Compass Group, with a successful dual-tranche issuance, supported by key euro and sterling investors. This funding supports the next steps in Compass Group's sustainability ambitions, to enable positive environmental and social change in the food services sector.

SDG mapping

NatWest Markets (NWM) has supported its clients in raising over £11bn of SDG-aligned green, social, sustainability and sustainability-linked (GSS/S) bond issuance in 2022. SDGs 13 (Climate Action), 11 (Sustainable Cities & Communities) and 7 (Affordable & Clean Energy) contributed over 50% of the total issuance volume per SDG that NatWest Markets supported its clients in raising in 2022. Pressure continues to mount on issuers to increase their focus on combating climate change. This is reflected in the increasing proportion of issuance directed to SDG 13 (14% in 2020, compared with 17% in 2022) where NatWest Markets lead managed the GSS/S transactions.

Note: Each NWM GSS/S transaction is mapped to the specific SDGs aligned in the issuers framework. The 'per SDG' issuance amount is calculated by dividing the NWM issuance portion by the number of SDGs present in an issuer's framework.

Climate and Sustainable Funding and Financing (CSFF)

As part of our support for customer transition to net zero, we are championing climate solutions including climate and sustainable funding and financing. NatWest Group uses its CSFFI criteria⁽¹⁾ to determine the assets, activities and companies that are eligible to be counted towards its climate and sustainable funding and financing targets. Having exceeded our previous £20 billion target ahead of schedule, in October 2021 NatWest Group announced a new target to provide an additional £100 billion of CSFF between 1 July 2021 and the end of 2025. In the 18 months since the £100 billion target began NatWest Group has provided £32.6 billion^(*) of climate and sustainable funding and financing, including £24.5 billion^(*) in 2022.



(1) For the year ended 31 December 2022, the NatWest Group CSFFI criteria published in October 2021 was used to determine the assets, activities and companies that are eligible to be counted. Revised CSFFI criteria were published in December 2022 will be used from 1 January 2023. Full details of the CSFFI criteria can be found at natwestgroup.com

(*) Within the scope of EY assurance. Refer to page 70.



ESG products and services across businesses continued



Private Banking

Embedding ESG into asset management

In May 2022, we announced our interim strategy to achieve net zero emissions across our assets under management (AuM). This includes setting out the percentage of our AuM that we consider within scope for net zero alignment: 89% of AuM are in scope to be managed in line with net zero. This includes all core managed funds and discretionary portfolios. It also includes short- and a medium-term targets to increase the percentage of our in-scope AuM that we consider to be on a net zero trajectory: 50% aligned to a net zero trajectory by 2025, increasing to 70% by 2030.

We embedded our net zero ambition into our core investment products. All customers invested in our core managed funds and discretionary portfolios now have a minimum amount of their wealth invested in funds that are on a net zero trajectory. For customers invested through Coutts Invest, NatWest Invest and Royal Bank Invest this is at least 50% of the assets by value in our Personal Portfolio Funds (PPF) range. For customers invested in our Coutts Multi-Asset Funds (CMAF) range and discretionary portfolios this is at least 20%.

Read more on Coutts ESG exclusions policy and Voting Policy

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. Coutts embeds material environmental, social and governance (ESG) factors into its investment process that lead to better-informed investment decisions.

Read more on Coutts Responsible Investing Policy

In July 2022, Coutts launched its inaugural B Corp report.

Read more on Coutts B Corp site

Green, Social and Sustainable (GSS) Bonds issuances

NatWest Group has issued five GSS bonds and used the proceeds from these to facilitate lending across a number of eligible green and social assets, including renewable energy, green mortgages, SME lending in deprived areas and affordable housing.

We aim to prepare an allocation and impact report on our GSS bond issuances which will be made available on the NatWest Group website. We intend to make available at least annually a single allocation and impact report including all outstanding Green and Social financing allowing investors to find the required information in one single document. In September 2022, NatWest Group issued a €1 billion Green Bond, the proceeds of which were intended to be allocated towards financing and/or refinancing new or existing Eligible Green Loans in the Renewable and Green Buildings categories according to the Eligibility Criteria as described in the 2020 October NatWest Group GSS Bond Framework.

GSS Framework

NatWest Group updated its GSS Bond Framework in December 2022, under which it issues GSS bonds to institutional investors. The expanded framework includes a comprehensive range of eligible green and social assets that could be used in conjunction with a GSS bond issuance.

Read more on GSS bonds impact report and GSS framework

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 22, Treasury held c.14%⁽¹⁾ of its disclosed Liquidity bond portfolio in GSS assets. 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.

Read more on NatWest Group pension funds

(1) Based on third party classification of issuer documents.



Engaging our Suppliers

Our Supplier Charter

Our Supplier 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. This is covered in our tender process and is a standing agenda point of supplier review meetings conducted as part of ongoing contract management. The Charter details what we expect from our suppliers, and also outlines our own ambitions in the aforementioned key areas and the outcomes we aim to achieve by working together.

We review the Charter annually to help us become a more sustainable business, delivering better outcomes for our customers, our colleagues, our shareholders and the communities in which we operate.

Aligned with the objectives of our supplier charter, we have worked with EcoVadis since 2020, a leading organisation providing third-party evidence-based assessments of the sustainability performance of businesses. The assessments help us to understand and measure our own performance and that of our suppliers against core ESG pillars, enabling us to identify social, environmental and ethical improvements required.

Since 2020, NatWest Group has made significant progress working with EcoVadis, with over 531 suppliers scoring an average of 55.4% against the Global EcoVadis average of 44.8%. EcoVadis also conducted a sustainability assessment of NatWest Group, scoring 62% which is significantly higher than the global EcoVadis average of 49% for the financial services sector. This ranks NatWest Group in the 86th percentile.

Supporting our suppliers to Net Zero

Our ambition is to halve our wider value chain operational emissions including supply chain emissions by 2030, and have a minimum 90% reduction by 2050. There is a huge focus on how we start to work with our suppliers and customers on understanding and reporting their own emissions and build the capability to measure and report these together. Our suppliers' data will enable us to measure and monitor our own indirect climate impact which will enable us all to take the right steps towards net zero.

We are in the process of scoping out a multi-year programme to work with our supply chain to reduce carbon emissions. During Q4 2022, we have undertaken data analysis to understand the capability of our suppliers, where they are on the journey to net zero, and what help they might need to progress.

Prompt payment and cost of living

We continue to pay our suppliers promptly for the services they provide to us. Our standard payment terms are 30 days; however, we have continued to maintain immediate payment on goods and services on receipt, which supports our suppliers during the cost of living crisis. This goes significantly beyond our commitment undertaken as a signatory to the Government's Prompt Payment Code, which requires payment to be made in 60 days.

Good Business Pays is a campaign to end late or slow payments to suppliers. For the second year running, NatWest Group was recognised for fast payment throughout our organisation, winning the Fast Payer Award, placing us in the top seven companies in 2022.

Working together

We continue to 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 get to Net Zero.

Some examples include:

- 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 principles into performance objectives of procurement and implementing improvement plans for suppliers who fall below the EcoVadis global benchmark.
- During 2022, we worked with FLAIR to help us measure our progress towards a racially equitable culture within our own supply chain services operations.
- We launched a new inherent risk questionnaire to simplify how we interact with our suppliers and stakeholders.

Further information on how we manage risk in our supply chain can be found in the Suppliers section of our Statement on Modern Slavery and Human Trafficking

The table below shows average days to pay invoices for NatWest Group's key legal entities for H2 2022 as submitted for statutory reporting purposes under Payment Practices and Performance Reporting as required by the UK Government. Data is sourced from internal reporting systems without any manual intervention for statutory reporting.

Natwest Group	Average number of days to pay (H2 2022)
NatWest Group plc	6
National Westminster Bank Plc	6
The Royal Bank of Scotland plc	6
Natwest Markets Plc	7
Lombard North Central plc	4
RBS Invoice Finance Limited	4
Coutts & Company	5

'NatWest Group is one of the best examples of a Fast Paying company. They have managed to build a culture of fast and on time payment across all their businesses and subsidiaries.'

Terry Corby

Chairman, Good Business Pays



Supporting our colleagues

Our colleagues are the heart of our business. By supporting them in what they do, we can champion their potential and collectively deliver our purpose. Following the refresh of our bank-wide values, we now have one clear story about how our values and Critical People Capabilities flow from our purpose and strategy.

We set out how we'll help our colleagues to live our values and champion their belonging, ideas, judgement, impact and future. We bring these to life through a set of pledges that give our colleagues practical ways to champion their potential, including new wellbeing and learning initiatives.

Inclusive

We champion your belonging

Curious

We champion your ideas

Robust

We champion your judgement

Sustainable

We champion your impact

Ambitious

We champion your future

Engaging with employee representatives

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. 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 73% of our employees are covered by a collective agreement and/or employee representative arrangements.

In addition, through our group-wide Colleague Advisory Panel (CAP) colleagues can engage directly with senior management and the Board on topics which are important to them, strengthening the voice of colleagues in the boardroom. In 2022, its approach was reviewed and refreshed to promote even richer engagement with the Board and to increase opportunities to exchange views.

In addition, we have a new CAP chair and a refreshed panel of 28 colleagues who are self-nominated or part of an employee representative body.

We design our selection process to ensure membership is representative of the bank's population e.g. business area, organisation level, location, working pattern and employee-led networks. Thereafter, the representatives for each area are selected at random to ensure that everyone has a chance to participate and to minimise the risk of bias in the process.

The CAP met with representatives from the Board twice in 2022 to discuss issues such as:

- remuneration (including for executives and the wider workforce);
- our values;
- future skills; and
- the work being done on supporting customers in vulnerable situations.



Family-focused leave policies

We support families and carers, ensuring they can 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-focused leave policies which reflect not just our legal obligations and local jurisdictional practices, but also our purpose. These policies include maternity, adoption, partner, shared parental, parental, carers, and dependants' 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 result of this engagement, we have a new partner leave policy which is live from January 2023 across our operations in the UK, Offshore, Republic of Ireland, US, Poland and India. The policy supports all eligible employees with significantly more time away from work to help their partner look after their new child, whether the new child has arrived through birth, adoption or surrogacy. The policies introduce significantly enhanced pay and leave for eligible fathers and partners to share the caring responsibilities. The policy is open to both same-sex parents and heterosexual parents.

This ultimately champions the potential of both parents and promotes gender equality in the workplace.

In the UK and Offshore, employees can take up to 52 weeks (42 weeks in the Republic of Ireland) of leave with up to half of this time being on full pay. In India, total leave will be for 12 weeks on full pay, in the US 16 weeks on full pay and in Poland 20 weeks on full pay. We continue to develop the proposition in our other jurisdictions.

As a purpose-led organisation, we also recognise we have an important role in supporting employees with other types of caring responsibilities, which is why we updated our carers' leave policy in 2022 to make it easier to request carers' leave – and it can now be taken a day at a time instead of in one-week blocks.





Supporting our colleagues continued

Creating a diverse, equitable and inclusive workplace is integral to fulfilling our purpose. We want to give everyone who works here, and every customer who comes into contact with us, the chance to succeed and the support to thrive.

Our progress and targets

Inclusive workplace

Colleague sentiment on inclusivity remained strong in 2022, maintaining a score of 93 percentage points. We are nine percentage points above the Global Financial Services Norm (GFSN) and eight percentage points above the Global High Performance Norm (GHPN). In June 2022, we also conducted a colleague pulse survey focused on championing belonging, in which 95% of participants agreed that NatWest Group does a good job highlighting the importance of diversity, equity and inclusion (DE&I).

Gender

We have a target to have full gender balance in our CEO-3 and above global roles by 2030. At 31 December 2022, we had 40%^{(1)(*)} women in our CEO-3 and above global roles, an increase of 2% since 31 December 2021. This reflects a 11% increase since the targets were introduced in 2015. In 2022, FTSE 100 Women Leaders, previously the Hampton-Alexander Review, ranked us 26th (up from 49th in the 2021 FTSE 100 'Women on Boards and Leadership' rankings).

Ethnicity

Our ethnicity target is to have 14% of colleagues from ethnic minority backgrounds in our CEO-4 and above UK roles by 2025. At 31 December 2022, of 82% of colleagues who have disclosed their ethnicity, in CEO-4 and above UK roles, we have 11%⁽¹⁾ of colleagues from ethnic minority backgrounds, which remains consistent from 2021. 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 2022, we have 1.5% of colleagues who identify as Black in CEO-5 and above UK roles, which remains consistent from 2021. Overall, of those who disclose their ethnicity, 2.8% of colleagues in the UK identify as Black. We remain focused on implementing our Racial Equality Taskforce commitments.

For full details, refer to our Banking on Racial Equality Report, 2022 Annual Report and Accounts our Non-financial Information Datasheet and [natwestgroup.com](https://www.natwestgroup.com).

Socio-economic diversity

In 2022, we added socio-economic background as a focus area, allowing for a more intersectional approach.

To help us progress we asked colleagues to share their socio-economic background for the first time in our colleague survey, Our View. We also participated in the City of London Socio-Economic Diversity Taskforce Survey, contributing c.1,000 of the 9,000 total entries.

Another step was to create the One Bank Socio-Economic Working Group in June 2022. Matt Austen, Director of Strategy and Corporate Development, was appointed as the Group's first executive sponsor for socio-economic diversity and provides oversight and direction.

We also looked at how we can support our existing socio-economic aligned programmes, such as CareerSense and our apprenticeship scheme.

One Bank Diversity, Equity and Inclusion Action Committee

In December 2022, we celebrated the first anniversary of our One Bank DE&I Action Committee. Chaired by our Chief People and Transformation Officer, Jen Tippin, and Chief Marketing Officer Marg Jobling, the committee brings together senior leaders to drive DE&I action consistently across the bank.

The committee has three workstreams focused on leadership and retention, learning and development and recruitment. For example, in recruitment, prompts were added to our HR system Workday, reminding line managers to use the Recruitment YES Check, to complete an inclusive interview training module, and to provide feedback to all internal candidates.

More broadly, the committee has driven DE&I e-learning enrolment rates, like the Choose to Challenge e-learning, which saw over 36,000 colleagues bank-wide sign up in 2022, to learn how to confront non-inclusive behaviours. In April 2022, members of the committee also discussed Global Accessibility Awareness Day and continued conversations on making everything we do accessible to both colleagues and customers.

Inclusion Champions

The role of an Inclusion Champion is to take action to create a workplace where our colleagues and customers feel they're treated fairly, with respect, and have equal opportunities. We have over 1,000 registered Inclusion Champions across all business areas.

In August 2022, we refreshed our programme to include:

- a monthly email, detailing key priorities linked to our One Bank DE&I Action Committee's focus areas and suggested learning;
- an updated intranet hub with resources and learning;
- roles and responsibilities;
- a more detailed Inclusion Champions list facilitating a stronger network among colleagues.

We also delivered targeted learning sessions on psychological safety by an external expert. This equipped Inclusion Champions with the skills to support a safe, inclusive workplace for all colleagues.

Employer of the Year at the National Diversity Awards

In September 2022, we won the Diverse Company Award at the National Diversity Awards. The awards honour charities, role models and community heroes who embrace DE&I, to empower and inspire the wide breadth of diverse communities across the UK.

The award was given in recognition of our work to create a more diverse and inclusive workplace. This included the Women in Engineering career-switcher reskilling programme, delivered in collaboration with Code First Girls. The programme upskills women in the concepts and applications of software development and data science, and aims to ensure our colleagues have skills for the future irrespective of their gender.

For full details of our awards, recognition and external partners refer to [natwestgroup.com](https://www.natwestgroup.com)

(1) NatWest Group's management structures were revised during 2022. For the purpose of remuneration reporting, the representation targets were set based on the management structures in place at the start of the FY 2022 with performance assessed at 31 December 2022. Based on the management structures at the start of 2022, we had 41% women in our CEO-3 and above global roles as at 31 December 2022, an increase of 3% since 31 December 2021. This reflects a 12% increase since the targets were introduced in 2015.

(*) Within the scope of EY assurance. Refer to page 70.



Supporting our colleagues continued

We recognise that being proactive to support positive mental health and wellbeing is a crucial part in achieving our purpose.

Supporting colleagues' positive mental health

Mental health is a key health focus for NatWest Group. In 2022, we continued to focus on supporting colleagues' mental health, fully endorsing the Mental Health at Work Commitment, an external framework of standards that promotes mental health in the workplace. Our Wellbeing Champions are there to listen and be there for their colleagues in every business and location globally. We now have over 1,400 colleagues acting as Champions, who continue to be upskilled in various aspects of wellbeing with monthly webinars and bespoke training. Drawing from our experience to date, we were delighted to help the Gibraltar Samaritans launch their own Wellbeing Champion programme based on our successful model.

Our colleagues value the support of our Employee Assistance Programme (EAP), and we increased the number of counselling sessions available from six to eight. To help those displaced by the Russian invasion of Ukraine, we extended our EAP support in Poland to cover any refugee living in the same house as a colleague. In the UK, support is also available to the volunteers in our Gogarburn welcome centre.

Being resilient in the new hybrid way of working is an area we focused on throughout 2022. To support this we launched a digital cognitive behavioural therapy programme and a new resilience journey, with over 12,500 colleague interactions, to help build and maintain colleagues' resilience.

Driving innovation with our wellbeing support

Our bank-wide Wellbeing Implementation Committee helps us cascade information across our business, as well as taking feedback to help us form our wellbeing strategy. To inform our future wellbeing strategy, we continued to build our data sources both internally and with our partners, giving us the ability to focus on specific areas to deliver timely and relevant wellbeing interventions. For example, we worked with RBS International to conduct a mental health risk analysis, which helped us to truly understand the root causes of stress and anxiety in the workplace.

The responses provided a great opportunity to identify where more support is needed, and highlighted the importance of continuing to talk about the support available.

We continue to drive innovation with our wellbeing programmes and support. In October 2022, on World Mental Health Day, we announced our collaboration with JAAQ (Just Ask A Question), a new interactive mental health and wellbeing social media platform that provides information from trusted experts, academics and people with lived experiences, including from our executive sponsor for wellbeing Jen Tippin, our Group Chief People and Transformation Officer. In our Gogarburn office space in Edinburgh we have a new 'JAAQxNatWest' room for colleagues to experience this new mental health tool in a relaxed and safe space.

We also provide inclusive and psychologically safe environments for colleagues to connect with and offer emotional support to others who have had similar experiences. This is done in a drop-in 'café' format that provides a supportive and relaxed environment to cover subjects such as bereavement, caring commitments, mental health and menopause.

Menopause is an important topic and one we aim to fully support our colleagues with. Working with Peppy Health, we launched a brand-new digital product globally providing colleagues and their partners with online support and access to specialist clinicians.

Over 1,000 of our colleagues downloaded the app within the first few weeks, exceeding our internal target, and giving them access to fully personalised support.

In addition to menopause and mental health support, our Let's Talk Health campaign for 2022 focused on reproductive health and cancer support. During this time, we also launched a new cancer guide and support programme.

In 2022 we were delighted to once again be confirmed as one of the top 10 UK employers for working families. We were assessed alongside a range of different organisations from the public, private and third sectors using the Working Families' Benchmark, which measures flexible working, policies and benefits for carers and families in the workplace. And with the addition of our new family-friendly partner leave policy going live in 2023, we are reaffirming our ambition to help working families thrive.

Our September 2022 Our View survey noted our internal wellbeing index at 81 percentage points, one percentage point above the Global High Performance Norm (GHPN) and four percentage points above the Global Financial Services Norm (GFSN). This survey also noted a favourable score of 93 percentage points from colleagues who felt their manager supported and encouraged their wellbeing.

For more details on colleague wellbeing please see natwestgroup.com



Supporting colleagues' financial wellbeing

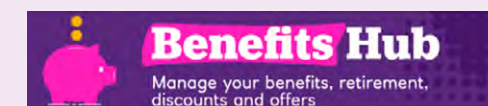
When colleagues first join us, it's a great opportunity to demonstrate our support for their wellbeing. All our graduates and interns receive a financial wellbeing induction to help them understand how their pay works, how to read their payslip and the essentials of budgeting, debt management and saving for life after work.

All our new starters are enrolled in our Retirement Savings Plan (RSP), with the minimum pension contribution of 8% fully met by NatWest Group. We also encourage employees to put away more money through our award-winning 'Save More Tomorrow' campaign. This lets members automatically increase their RSP contributions in small but meaningful ways every April. RSP members can also access their pension account on the go via a smartphone app. In 2022, we've increased participation in our flagship UK RSP to 86% and have put steps in place to increase this to 100%.

NatWest Group Benefits Hub

All our employees have access to benefits, and in 2022, to give an enhanced experience, we launched our new NatWest Group Benefits Hub in the UK, Republic of Ireland, Jersey, Guernsey and Isle of Man. The hub is where employees can access our flexible benefits programme, choosing from a range of pension, protection, healthcare and lifestyle options, including offers and discounts. Employees have access to a personalised account showing available options, helping them to make informed decisions tailored to their needs. We also have a financial wellbeing zone available with tailored guides and support for all colleagues and their families across a range of financial wellbeing themes including budgeting, planning for the future or accessing expert assistance.

For details of our cost of living support for employees please see the 2022 Directors' remuneration report





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 of our remuneration policies and the support provided to employees for the cost of living crisis, as well as the latest gender and ethnicity pay gap reporting, read our 2022 Directors' remuneration report and natwestgroup.com

Continuous performance management

Aligned to our ambition of being a learning organisation, and following our principle of paying for performance, is our approach to continuous performance management. At the start of 2020, we moved to this approach, using regular performance and development conversations between line managers and colleagues. These regular check-ins follow a short template of questions focused on goals, achievements, learnings and skills development. This approach positions line managers as coaches and encourages colleagues to own their own performance and development, helping them to thrive and reach their full potential.

To support our colleagues' development, we encourage open and constructive feedback. We have a number of tools to help with this, including anytime feedback from peers, self-assessments on our Critical People Capabilities (CPCs) skills and behaviours framework, and 360-degree feedback which gives insights from multiple stakeholders. All colleagues also have performance goals aligned to their job so they are clear on what they need to achieve and how to achieve it, providing clarity on their contribution to our overall purpose, and goals can be revised throughout the year.

To make development a priority, all colleagues have a personal development plan, further building our colleagues' current and future skills. At the end of the year, colleagues are allocated a rating that reflects their overall performance. Importantly, colleagues' achievements are evaluated on both what they have achieved, and how they have achieved it, through our CPC skills and behaviours framework.

Wider workforce remuneration

We are 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 to reflect the current and future needs of the business.

We know how difficult the last 12 months have been for our colleagues as well as the customers and communities we support, and have announced a range of support measures in response to the cost of living crisis. In September 2022, we provided a permanent uplift in salary to our lower-paid employees. This targeted action was complemented by a one-off cash payment in January 2023 to approximately 60,000 employees, worth £1,000 for UK employees and an appropriate amount in our other jurisdictions. There will also be further significant investment in fixed pay from April 2023. Nearly 90% of our junior employees covered by our negotiated pay approach will receive a salary increase of at least 7%. The lowest starting salary in the UK will rise to £22,000 on a full-time basis, an increase of 16% since April 2022.



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. When the new UK real living wage rates were announced in September 2022, we immediately increased pay for our employees and relevant suppliers ahead of the May 2023 deadline.

For further details of our cost of living support for employees and our Fair Pay Charter please see the 2022 Directors' remuneration report and natwestgroup.com

Aligning remuneration to delivery of ESG measures

Variable pay for executive directors (EDs) is based on performance against a range of measures and targets. These measures have increasingly been aligned to NatWest Group's purpose, with goals and targets in the 2022 annual bonus scorecard for EDs related to climate, enterprise and financial capability. Our ESG measures also include people targets, which have evolved beyond employee engagement to incorporate purpose, culture and diversity targets. See page 54 for details of how executive remuneration aligns with our ESG priorities and the five principles of a purpose-led business, as set out in the Blueprint for Better Business framework.

Details of our performance assessment against the 2022 ED performance measures can be found in the 2022 Directors' remuneration report

How stakeholders shape our approach

A number of measures are in place to make sure 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 employee 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 Chair or members of Group RemCo meet with colleagues each year through the Colleague Advisory Panel (CAP). In May 2022, there was a discussion at the CAP on our approach to executive pay, its link to our ESG priorities and wider workforce remuneration more generally. The cost of living crisis was, understandably, one of the main themes during the discussion. The CAP continues to be

an effective way of establishing two-way dialogue between colleagues and Board members.

Sharing in Success

We also announced a new colleague Sharing in Success scheme in February 2023. The scheme aims to reward one bank behaviours and outcomes, drive a one bank mindset, and align all colleagues across the Group to our purpose and strategy. The performance assessment will include consideration of our purpose metrics, further aligning remuneration with ESG performance across the entire workforce. For further details refer to the Directors' remuneration report in the 2022 Annual Report and Accounts.



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 2022 amounted to £13.6 million⁽¹⁾ compared with £7.3 million in 2021, 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.

Colleague charitable giving

In 2022, we continued to promote our Do Good Feel Good campaign to give our colleagues opportunities to support the good causes they care about through volunteering and fundraising. Our colleagues donated and fundraised over £3.8 million for good causes and volunteered over 76,000 worktime hours, providing their skills and expertise to support our communities. Our popular challenge events in September 2022 offered colleagues across the UK free access to fundraising events which included walking, running, bungee and abseiling. In addition to this we matched all colleague fundraising throughout the month of September. Through this campaign, our colleagues raised over £580,000 for charitable causes. Our 2021 Do Good Feel Good challenge events won Best Scheme to Encourage Staff Fundraising at The Better Society Awards in May 2022.

To celebrate Giving Tuesday, a global day of giving, we donated £200,000 to the charities our colleagues support through payroll giving, incentivising them to sign up to the programme or increase their donation. In recognition of the cost of living crisis, we held three auctions for rare and collectable banknotes, with the proceeds donated to Trussell Trust whose service demands for their foodbanks increased significantly across the UK.

Disasters & Emergency Appeals

Across 2022, our colleagues and customers donated to three appeals launched by the Disasters Emergency Committee (DEC). These appeals supported the humanitarian relief efforts in Afghanistan, Ukraine and Pakistan, and led to over £12 million being donated to DEC, which includes £2.7 million donations from NatWest Group. DEC and NatWest Group were shortlisted for two awards at the 2022 Corporate Engagement Awards, winning Most Effective One off Campaign for the DEC Ukraine Appeal and a Silver Award for Most Innovative Collaboration.

Customer charitable giving

Through our customer giving channels, including our mobile app, Reward account and online donations, we facilitated customer donations amounting to £7.6 million. Our mobile app has proved to be a successful channel for generating additional income for the charity sector. In 2022, over £4.6 million was raised through this platform. For Giving Tuesday, we matched customer reward donations amounting to £150,000. Tyl, our card payment provider for businesses, has donated over £270,000 to charity. For every card payment, Tyl donates to charities and community projects around the country.

NatWest Group independent charities

NatWest Group has three independent, well-established charities, which continue to support specific activities in line with our purpose – The NatWest India Foundation⁽¹⁾, the Coutts Foundation⁽²⁾ and NatWest Social & Community Capital⁽³⁾.



15-year partnership anniversary with The Conservation Volunteers

In November we were delighted to celebrate 15 years of working in partnership with The Conservation Volunteers, enabling our colleagues to give 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 2022, we continued to provide colleagues opportunities to participate in our tree planting programme, helping them to make a positive contribution to tackling climate change,

while helping to improve natural environments and enjoy the benefits of the outdoors and working together as a team.

In 2022, our colleagues planted approximately 72,000 trees, with c.2,900 trees being planted in our own headquarters at Gogarburn in Edinburgh. This event was attended by our Coutts Scotland colleagues to celebrate Coutts' collaboration with The Queen's Green Canopy, an initiative inviting people and communities to plant a tree to mark the Platinum Jubilee of Her Majesty Queen Elizabeth II and to benefit the environment.

(1) The Foundation's company registration number (CIN) is: U45200MH2007NPL167933.

(2) Charity Registration No: 802643.

(3) Charity Registration No: 1079626.

(*) Within the scope of EY assurance. Refer to page 70.



Support for Ukraine



How NatWest Group was able to help

Following the invasion of Ukraine, colleagues from across the bank did what they could to help. Donations from NatWest Group colleagues and customers to the DEC Ukraine Humanitarian Appeal exceeded £10 million. This included £2.5 million matching from the bank, over £2.3 million in Reward donations (including Gift Aid) and c.£284,000 (including Gift Aid) donated by colleagues through our SponsorMe page.

Gogarburn House, in the grounds of our head office in Edinburgh, was made available to the Scottish Government and Edinburgh City Council to use as a welcome centre for people displaced from Ukraine, and greeted almost 10,000 people during the year since opening in April 2022.

Many of our colleagues supported directly. Anna Majdak, based in our Warsaw office in Poland, travelled to the border with Ukraine to offer her support. Together with her husband and friends, she set up a stall offering clothes and food to those crossing into Poland, also transporting people to the registration centre four kilometres from the crossing.

'The first trip was a natural, spontaneous reaction', Anna recalls. 'What we saw there showed how much our help was needed and was, in fact, essential.'

'We made a collection available so people could donate money for fuel and the purchase of necessary items. After a week at the border, our stall was fully equipped including a grill to provide hot food.'

Many of the refugees Anna helped were children. 'There were many that crossed the border alone,' she says. 'They were able to wait with us, being warmed up with blankets in our cars, until family members were able to pick them up.'

Elsewhere, our colleagues opened their homes to families fleeing the conflict, helped Ukrainian refugees secure access to medical facilities and provided language classes.

'What we saw there showed how much our help was needed and was, in fact, essential.'

Social Inclusion Bond to Support Ukrainian Refugees

NatWest Markets led the USD 1 billion Social Inclusion (Refugee) bond for Council of Europe Development Bank (CEB), its first public issuance in US dollars in 2022. Demand for the transaction allowed the CEB to upsize the transaction to USD 1 billion, doubling its 'traditional' USD 500 million SIB print. The CEB was the first multilateral development bank to disburse grants to provide immediate aid to refugees from

Ukraine. Here, CEB were able to fund eligible social projects (affordable housing, education and vocational training, health and social care, and employment generation) within countries neighbouring Ukraine which experienced a large influx of refugees as a consequence of the crisis. Furthermore, CEB will screen projects to ensure consistency with climate goals in line with the objectives of the Paris agreement alongside their extensive Environmental and Social Safeguard Standards (ESSS).

By supporting the Council of Europe Development Bank's response to the Ukraine crisis, through their exclusively social mandate, we demonstrated our continued commitment to assist our customers.



Governance

Purpose is appropriately embedded in our robust governance framework to ensure we oversee ESG issues and monitor and manage significant sustainability-related risks and opportunities



In this section

- 51 Responsible governance
- 55 Tax payments and responsibilities
- 57 Respecting human rights



Responsible governance

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

This chart is a simplified visual of the NatWest Group-level approach to ESG governance. We are committed to the highest standards of corporate governance, business integrity and professionalism in all our activities. We take an integrated approach to governance, ensuring purpose is appropriately embedded within our existing corporate governance framework and processes, and that these support appropriate levels of oversight of ESG issues.

We will continue to monitor the effectiveness of these arrangements. The NatWest Group plc Board, subsidiaries, Board Committees, executive fora and cross-bank working groups all have a role to play in the delivery of this integrated governance approach.

Board level governance

NatWest Group plc Board – Responsible for promoting the long-term sustainable success of NatWest Group and the setting of strategic (including ESG) aims.

The Board establishes NatWest Group's purpose, values and strategy and leads the development of NatWest Group culture. It oversees NatWest Group process and performance as a purpose-led organisation.

Group Audit Committee

Assists the Board in respect of internal controls and financial reporting, considering financial and non-financial disclosures, including those related to ESG matters.

Group Sustainable Banking Committee

Supports the Board in overseeing and challenging actions being taken by management to run NatWest Group as a sustainable business, including challenging ESG progress and overseeing commitments to the UN Principles for Responsible Banking.

Group Nominations and Governance Committee

Monitors the governance arrangements of NatWest Group and oversees the review of Board skills and succession planning activity.

Group Board Risk Committee

Provides oversight and advice to the Board in relation to current and potential future risk exposures, risk profile and determination of risk appetite, including climate risk.

Group Performance and Remuneration Committee

Reviews and approves performance measures, including those relating to ESG and purpose activity, performance assessment and remuneration arrangements.

Technology and Innovation Committee

Assists the Board in overseeing and monitoring the execution of NatWest Group's strategic direction in relation to technology and innovation.

Executive governance

Group CEO — Overall accountability for delivery of sustainable business performance. Joint Senior Manager Function (SMF)⁽¹⁾ accountability for identifying and managing financial risks from climate change, together with the Group Chief Risk Officer (CRO). The Group CEO's accountabilities are delegated to the executive team.

Executive Disclosure Committee (EDC)

Chaired by and supporting the Group CFO. Responsible for disclosure controls and procedures. Reviews all significant disclosures and ensures these are accurate and complete, and fairly represent business and financial conditions.

Executive Risk Committee

Chaired by and supporting the Group CEO. Responsible for considering material and/or enterprise-wide risks including reputational, strategic and climate risk.

Climate Change Executive Steering Group

Chaired by the CEO of RBSI⁽²⁾, supporting the SMFs and their delegates. Responsible for delivery and implementation of NatWest Group's strategic climate ambitions, as well as overseeing broader environmental progress.

Group Reputational Risk Committee

Chaired by and supporting the Group CRO. Considers the reputational impact of significant ESG decisions, including risk appetite, policy and customer acceptance.

ESG Disclosure Steering Group

Operating under the Group CFO's delegated authority and acting as a sub-committee of EDC, the steering group reviews and approves ESG-related external disclosures.

Climate working groups

Core, cross-bank working groups support delivery, risk management and opportunities-based activity including the Climate Risk Oversight Forum, Measurement and Reporting Steering Group, and Climate Opportunities Group.

Cross-bank and business level working groups

Local, business-level arrangements and cross-bank working groups, such as the Emerging Environmental Issues Working Group and the Human Rights Steering Group, promote cross-bank collaboration and support executive members and their teams to explore and deliver on the ESG agenda.

(1) Senior Manager Function holder (Group CEO and Group CRO)

(2) Previous Director, Strategy and Ventures who continues to chair the forum



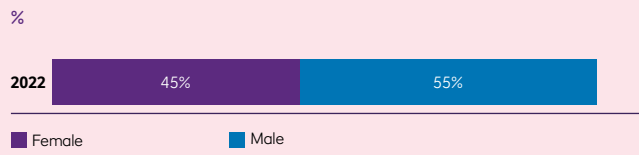
Responsible governance continued

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

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

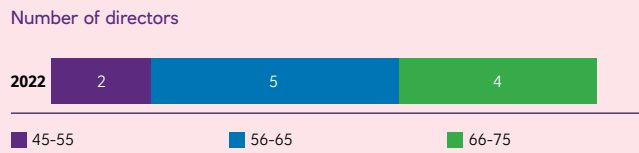
NatWest Group plc – Board composition at 31 December 2022

Gender

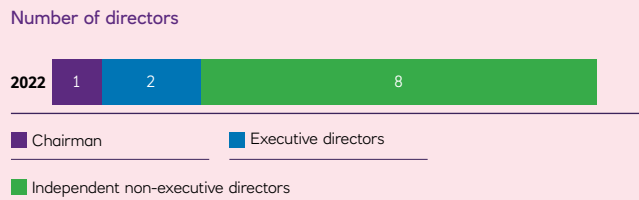


There are 11 directors on the Board, five female and six male. At the end of 2022, 45% of the Board were female, which exceeded the FTSE Women Leaders Review recommendation of 40% female Board representation by the end of 2025.

Age range

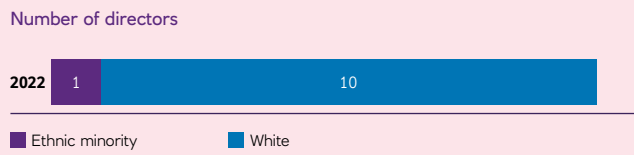


Executive vs non-executive directors and independence



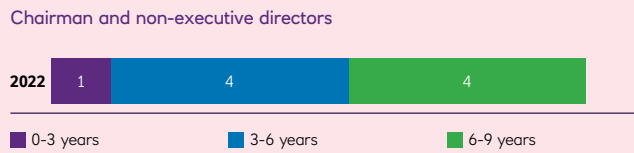
The Board considers all eight non-executive directors to be independent and the Chairman was considered to be independent on appointment.

Ethnicity



Throughout 2022 the Board met the Parker Review’s recommendation with at least one director from an ethnic minority background.

Length of tenure

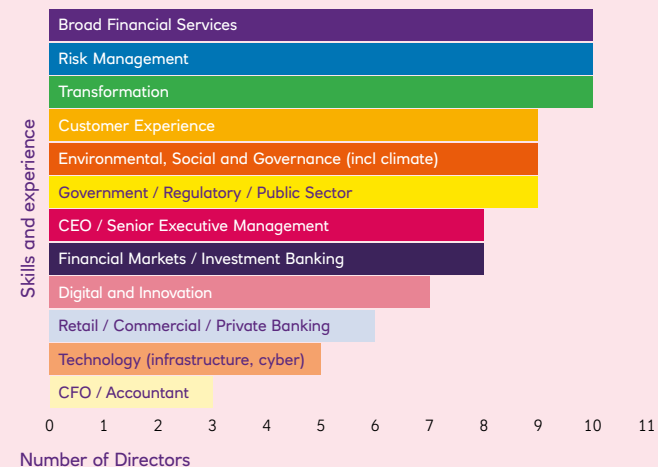


Board diversity and inclusion

The boardroom inclusion policy aims to promote diversity and inclusion in the composition of the Board of Directors of Natwest Group plc, NatWest Holdings Limited, National Westminster Bank Plc and The Royal Bank of Scotland plc and in the nominations and appointments process. This policy reflects NatWest Group’s values, its inclusion guidelines and relevant legal or voluntary code requirements.

A copy of the boardroom inclusion policy is available at natwestgroup.com

Skills and experience



The Board is structured to ensure that the directors provide an appropriate combination of skills, experience and knowledge as well as independence.

The bar chart above is an extract from our Board skills matrix, which is reviewed by the Group Nominations and Governance Committee and approved by the Board annually.

The matrix reflects directors’ self-assessment of the skills and experience they bring to Board discussions, in line with pre-determined criteria aligned to current and future strategic priorities.



Responsible governance continued

Purpose and ESG governance activity and focus areas in 2022

Board oversight in action

During 2022 the Board has overseen progress towards NatWest Group's purpose-led ambitions and external sustainability commitments. It also received regular updates on progress against purpose targets via the Board business insights packs.

Purpose remained a key component of Board level strategic discussions during 2022 as directors collaborated with management towards a vision of our strategy, including exploring the opportunities for sustainable growth. The Board confirmed its support for a plan to amplify our strategy and will oversee progress in 2023. The Board or Board Committees (on behalf of the Board) also received a range of updates throughout the year covering ESG topics via reporting from the Group CEO and the executive management team. This included updates on climate, enterprise, financial capability, culture, learning and skills, values, colleague engagement, including the colleague opinion survey, cost of living actions and information security. The Board approves the climate risk appetite and receives regular updates on climate risk via the Risk report, which is presented at each Board and Board Risk Committee meeting.

For further detail on the operating rhythm and range of topics considered by the Board and its Committees please see pages p86 to p135 of the Governance section of the 2022 Annual Report and Accounts.

Board training

Our Board training programme prioritised key areas of focus and included supply chain diversity, digital currencies, financial crime and climate. The 2022 annual climate training session, led by NatWest Group's climate education partner University of Edinburgh, built on directors' foundational climate knowledge and included climate-related institutional change, climate measurement and influencing strategy.

How we listen to and engage with stakeholders

The Board has engaged with key stakeholders, including investors, colleagues, suppliers, customers, community representatives, and thought leaders, throughout the year on a range of topics including ESG matters such as climate, enterprise and the cost-of-living crisis. In September 2022, the Board participated in a dedicated, face-to-face stakeholder

engagement day, which provided an opportunity to directly engage with a variety of stakeholders, helping to promote their voices in the boardroom.

Additional information on our approach to corporate governance, including stakeholder engagement and purpose-led decision-making, can be found in the 2022 Annual Report and Accounts (Section 172(1) Statement and Corporate Governance report).

Climate and broader environmental governance

In line with the wider NatWest Group purpose and ESG governance model, climate governance is integrated in existing senior governance structures, building on their areas of responsibility and expertise. Further information on Board, Board Committee and management-level responsibilities and governance activity on climate, including the Board's decision to submit a 'Say on Climate' resolution to the 2022 AGM and oversight and approval of NatWest Group's initial iteration of our climate transition plan, are included in more detail within the Governance chapter of the 2022 NatWest Climate-related Disclosures Report.

The Group Sustainable Banking Committee (SBC) received an update on broader environmental policy and progress covering biodiversity and nature. The Committee's terms of reference were broadened to incorporate environmental (including biodiversity, forests and water) oversight to help promote this topic within the Board-level governance structure. Our Climate Change Executive Steering Committee has also received updates and discussed emerging environmental issues and nature-focused projects during 2022.

Social governance

During 2022, the SBC and the Board considered social matters via management reports on modern slavery, human rights activity, and decarbonisation of the supply chain. The Board approved NatWest Group's Human Rights Position Statement and Modern Slavery and Human Trafficking Statement published on natwestgroup.com.





Responsible governance continued

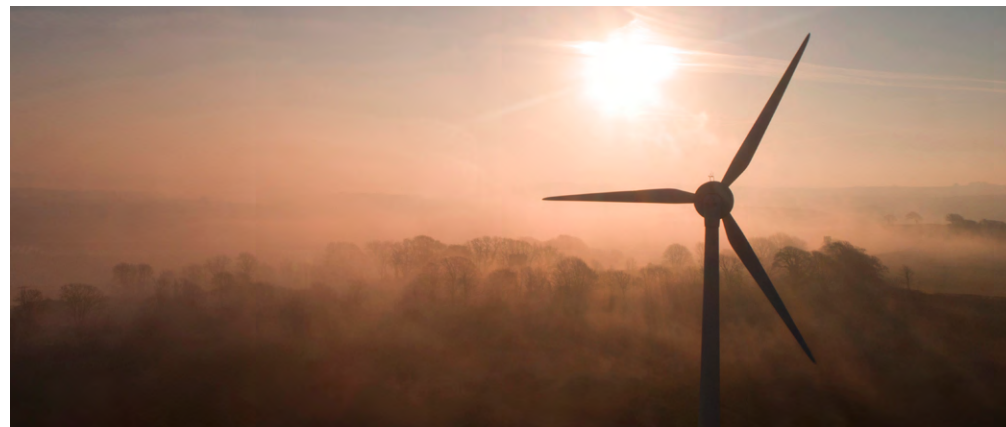
Aligning executive pay with ESG performance and our purpose-led strategy

In addition to considering financial measures, the process to determine variable pay for executive directors continues to reflect progress against our ESG priorities. The combined bonus scorecard for 2022 and the assessment of satisfactory performance under the Restricted Share Plan (RSP) aligns with the five principles of a purpose-led business, as set out in the Blueprint for Better Business (BfBB) framework.

Details of the assessment against the 2022 performance measures for executive directors can be found in the NatWest Group Directors' Remuneration Report

The ESG-related performance goals and measures agreed for executive directors flow through to the executive management team, adjusted as appropriate to reflect individual areas of responsibility. In a number of areas our ESG ambitions stretch over several years. However, we are clear on the specific measures and targets set for each year and publish these for our stakeholders.

The measures and targets are reviewed annually to align with our latest strategic focus areas. For the wider workforce, the annual bonus pool is based on a balanced scorecard which includes climate, customer and people measures, broadly aligning with the position taken on ESG measures for our executive directors and the executive management team.



Five principles of a purpose-led business

	A guardian for future generations	Honest and fair with customers and suppliers	A good citizen	A responsible and responsive employer	Has a purpose which delivers long-term sustainable performance
Variable pay for 2022	<p>Tackling climate change is core to our purpose.</p> <p>Several climate measures are included in the bonus scorecard for executive directors.</p> <p>The climate category accounts for 10% of annual bonus awards for 2022. This includes three measures as follows:</p> <ol style="list-style-type: none"> 1. Carbon emissions from own operations 2. Funding and financing committed to climate and sustainable finance 3. Initial iteration of our Climate transition plan 	<p>Putting customers at the heart of what we do will help people, families and businesses to thrive.</p> <p>We target customer satisfaction and the likelihood that customers will recommend our brands in annual bonus decisions.</p> <p>A weighted Net Promoter Score (NPS) will account for 10% of the annual bonus awards for 2022.</p> <p>RSP awards will also be assessed to ensure that performance has been sustainable before the vesting takes place.</p>	<p>We can only deliver on our purpose-led strategy by continuing and deepening our relationships with all our stakeholders.</p> <p>There are targets to encourage and grow businesses and to increase financial capability.</p> <p>The Group Performance and Remuneration Committee has discretion when making decisions to ensure outcomes are fair and appropriate.</p> <p>Variable pay can also be recovered from individuals if we believe the payments are no longer justified.</p>	<p>We are determined to create a diverse workforce with an equitable and inclusive culture.</p> <p>This will also help us in serving our diverse range of customers and communities in the ways they need.</p> <p>There are targets to increase the percentage of females and colleagues from ethnic minority backgrounds in the top layers of the organisation.</p> <p>Together the purpose, culture and people targets account for 10% of annual bonus awards for 2022.</p>	<p>A very high proportion of pay is delivered in shares over many years. This encourages executive directors to think and act in the best long-term interests of all our stakeholders.</p> <p>Ten per cent of the 2022 annual bonus award will be based on maintaining efficient and safe levels of capital. If risk performance is not at the required level, annual bonus awards can be adjusted. RSP awards also take financial and risk considerations into account prior to vesting.</p>
ESG alignment	E		S		G



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, through investment in education, health services and infrastructure projects. During 2022, we paid a total of £2.17 billion of tax in the UK (2021: £1.73 billion). We were ranked as the 3rd highest taxpayer in the PwC 2022 Total Tax Contribution survey of The 100 Group, which referenced our tax payments made in 2021. 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 2022, we collected a total of £0.82 billion of tax on behalf of the UK Government, primarily in relation to employee income tax and National Insurance contributions.

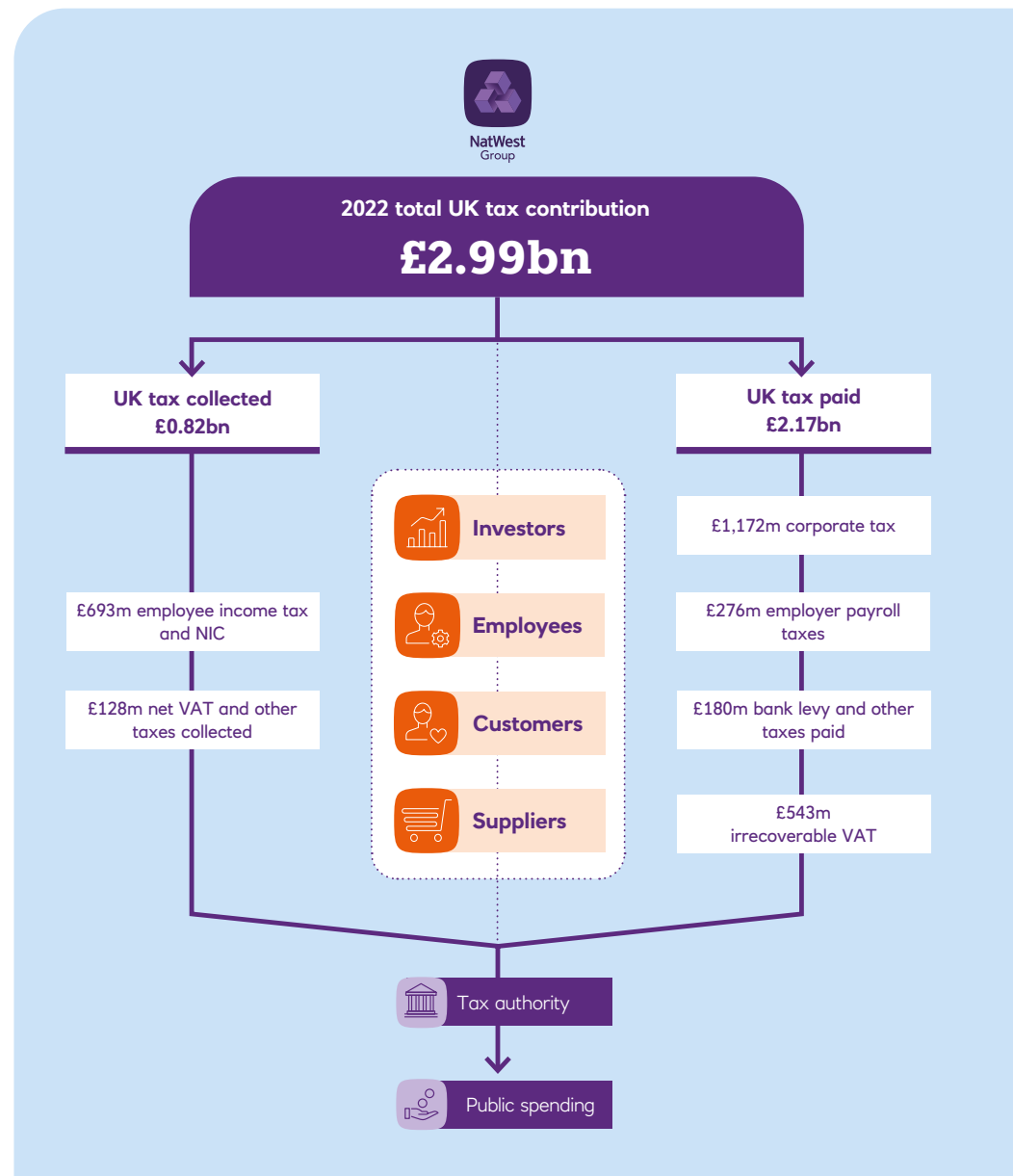
We have a low appetite for tax risk. However, as one of the largest banks in the UK, we are exposed to tax risk as part of our day-to-day business. Through our internal risk management framework, we have put in place policies and processes to reduce the level of tax risk arising from our operations as far as reasonably possible and to ensure that we fulfil our global tax responsibilities.

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 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 tolerance for knowingly facilitating tax evasion which is a financial crime. Further details on our approach to detecting and preventing financial crime are available in the financial crime section of this disclosure on page 61.

Read more on our approach to tax and management of tax risk in our Tax Strategy here



3rd We were ranked the 3rd 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. We have a presence in the Republic of Ireland 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 and during 2022 this phased withdrawal continued to progress.

We also have a commercial presence in Jersey, Guernsey, Isle of Man, Gibraltar and Luxembourg via RBS International. RBS International is a well-established business, run through locally-regulated subsidiaries and branches. RBS International offers a wide range of banking activities and is a significant local employer.

As noted in our tax strategy document, we do not use low-tax jurisdictions with the main aim of reducing tax liabilities.

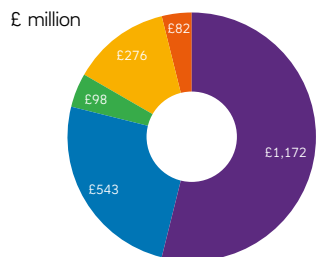
As a UK-headquartered bank, the UK-controlled foreign companies rules subject the profits of subsidiaries in low-tax jurisdictions to UK tax where they do not fall within the exemptions legislated by the UK Government. Details of our subsidiaries and operations overseas are provided in our 2022 Annual Report and Accounts (refer to note 12 of the parent company accounts beginning on page 377).

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.

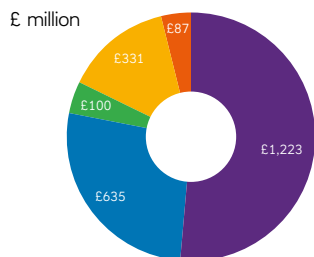
We support global initiatives aimed at making the global tax system more effective, for example the 'Global Anti-Base Erosion Model Rules (Pillar Two)' published by the Organisation for Economic Co-operation and Development (OECD) in December 2021 and expected to be legislated in the UK during 2023.

£2.17 billion of tax was paid by NatWest Group in the UK during 2022



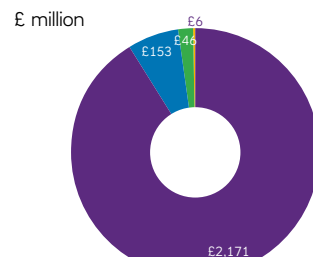
- Corporate income tax: £1,172 million
- Irrecoverable VAT/sales tax: £543 million
- Bank levy: £98 million
- Employer payroll taxes: £276 million
- Business rates/other taxes: £82 million

£2.38 billion of tax was paid by NatWest Group globally during 2022



- Corporate income tax: £1,223 million
- Irrecoverable VAT/sales tax: £635 million
- Bank levy: £100 million
- Employer payroll taxes: £331 million
- Business rates/other taxes: £87 million

Analysis of tax paid during 2022 by geographical region



- UK: £2,171 million
- EMEA: £153 million
- Asia-Pacific: £46 million
- Americas: £6 million

We realise **95% of our total income in the UK and 91% of our total taxes are paid in the UK.**

In 2022, for every **£1 of UK corporation tax paid, we also paid an additional £0.85 in other UK taxes.**

Over the last five years, we have paid **£7.9bn in UK taxes to the UK Government.**

We are a significant employer in the UK and in 2022 paid **£276m in employer NIC and collected £693m in employee PAYE and NIC.**

In 2022, we contributed **£2.99bn 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



Respecting human rights

At NatWest Group, we understand that businesses have an important role to play in promoting respect for human rights and we continue to align our approach to internationally recognised human rights standards including the United Nations Guiding Principles on Business and Human Rights (UNGPs). We have established a policy framework to respect and promote human rights with our customers, our colleagues and our suppliers. These are reflected in our Human Rights Position Statement which was reviewed and updated in 2022.

We regularly engage with stakeholders around our responsibilities to respect human rights and are members of the Thun Group, which discusses how the financial services sector can incorporate and embed the UNGPs into their due diligence processes. Throughout 2022, we participated in several indices and benchmarks which helped to inform our activity and identify opportunities to continually improve and evolve our approach.

We also participated in and continue to adhere to reporting requirements under a range of initiatives, which include positions on respect for human rights, including the Equator Principles and UN Global Compact.

Our Human Rights Steering Group continues to coordinate our activities, and to make recommendations to the NatWest Group Executive Committee and Board to develop and strengthen our approach.

The chair of the steering group has oversight of all of NatWest Group's policies related to human rights and is responsible for facilitating progress in this space.

Further information on respecting human rights can be found in our 2022 Human Rights Position Statement

Tackling modern slavery and human trafficking

NatWest Group recognises its obligation to comply with all appropriate legislation, including the UK Modern Slavery Act. We publish an annual statement which sets out the steps that we are taking to identify and address modern slavery and human trafficking within our own operation and throughout our value chain.

We have put in place policies covering our customers, colleagues and suppliers, which seek to address modern slavery and monitor our financing and supply chain for this activity.

In 2022, NatWest Group continued to be a member of the UN Global Compact's UK Modern Slavery Working Group and engaged 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.

For further information and to read our Modern Slavery and Human Trafficking Statement, visit natwestgroup.com

Working with TRIBE Freedom Foundation

Since 2018, NatWest Group has been working with TRIBE Freedom Foundation to support survivors of modern slavery and raise awareness of the issue amongst colleagues. TRIBE Freedom Foundation is a registered UK charity, established to fight modern slavery, end human trafficking and empower the survivors. Over the past four years, we have collaborated with TRIBE Freedom Foundation on a range of initiatives including research, fundraising and awareness raising.

Key highlights include:

- gaining insight and guidance from TRIBE Freedom Foundation's financial industry research, particularly around survivor inclusion initiatives;
- raising more than £90,000 to assist the charity's anti-slavery projects, enabling long-term support for survivors;
- delivering numerous joint webinars to NatWest Group colleagues, highlighting the realities of modern slavery, the impact on victims and the role that financial services play in tackling modern slavery and human trafficking; and
- working with other stakeholders including Themis and the Independent Anti-Slavery Commissioner to deliver and publish a research report looking at the role the financial service sector plays in preventing modern slavery and human trafficking.

'Partnering with NatWest Group has really enabled us to amplify our impact and expand our reach across the financial industry. Fundraising by NatWest colleagues over the last four years has provided invaluable multi-year funding, enabling us to sustainably grow our projects and empower greater numbers of survivors. NatWest colleagues from across the group have also contributed to the development of the TRIBE Freedom Foundation Survivor Financial Empowerment Hub which will help create a life-changing impact for thousands of survivors across the UK. We are delighted to continue working together to create change and rally the financial sector in the fight against modern slavery.'

Laragh O'Malley

Head of Impact and Partnerships
TRIBE Freedom Foundation





Risk management

How we manage risk across key ESG matters.

In this section

- 59 How we do business
- 62 ESE risk management
- 63 ESE risk framework





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 were 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 and Financial Conduct Authority (FCA) Rules.

Safe and healthy workforce

In 2022 we saw a reduction in employee RIDDOR incidents (which in 2021 included nine reports of occupational diseases) decreasing from 20 in 2021 down to 12. We also saw a decrease of reportable injuries to members of the public, from 5 in 2021 to 3 in 2022.

In 2022, there was an increase in overall H&S related incidents and accidents of 21.54% from 2021,

Our critical people capability behaviours – how we behave

Our Critical People Capabilities are made up of skills and behaviours and set clear expectations on what is consistently required from us all. They explain how we need to work every day and are aligned to our purpose, values and risk culture.

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 financial crime which cover the topics of anti-bribery and corruption, anti-money laundering, sanctions, fraud and anti-tax evasion as well policies focused on inside information and personal account dealing as well as complaints management, privacy and client confidentiality and our records management.

Our Code, policies and the YES Check apply to all NatWest Group and subsidiary employees, third-party workers and suppliers undertaking work for the bank.

[Read more on how we support compliance with Our Code](#)

which reflects more colleagues using our premises following the pandemic. In comparison to 2019 overall accident data there were 31% fewer in 2022. Twenty per cent of these were related to property defects for which remediation is always recommended. NatWest Group is significantly below the 2022 HSE benchmarks for reportable employee injuries.

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

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. A strong risk culture that encompasses both prudential and conduct risk outcomes and prescribed behaviours is the essential foundation for intelligent risk-taking, which enables NatWest Group to fulfil its purpose and meet the needs and expectations of customers and other key stakeholders. Colleagues are expected to take personal responsibility for understanding and proactively managing the risks associated with their roles. The target intelligent risk-taking 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 on 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 and capital management section of the NatWest Group 2022 Annual Report and Accounts

NatWest Group classifies its principal risks as either financial risks – such as credit risk, market risk, climate risk, capital adequacy or liquidity and funding risk – or non-financial risks, such as conduct risk, financial crime risk and operational risk. Work continued during 2022 to further integrate climate risk into the enterprise wide risk management framework – including the development of meaningful 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.

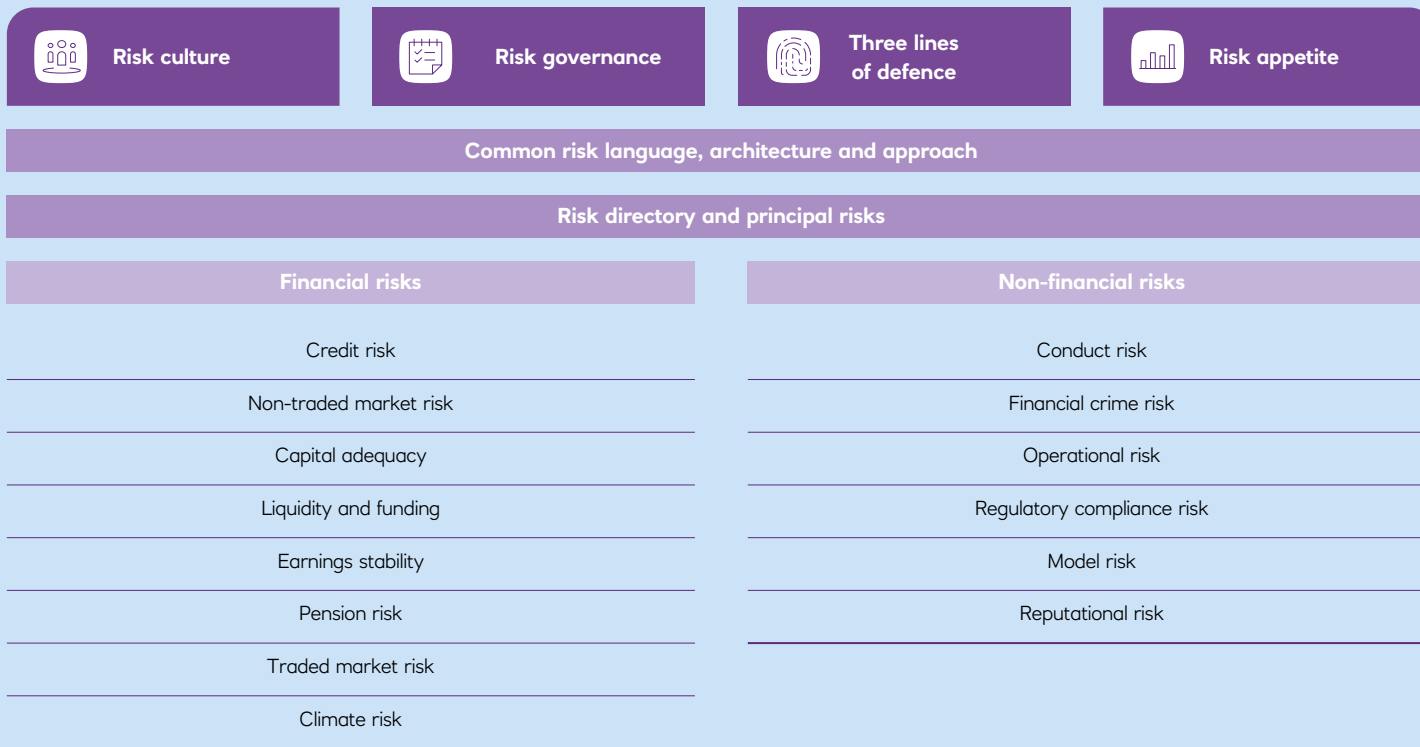
Compliance

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 appraisal 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 Regular mandatory training for all colleagues, including part-time colleagues and contractors, 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 and conduct, credit and financial crime risk are subject to testing and monitoring by the Risk function. 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 targeted reviews are also carried out where appropriate to ensure appropriate customer outcomes.

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

Enterprise-wide risk management framework





How we do business continued

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 51.

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.

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 which provide services to customers whose interests may conflict; a remuneration policy that avoids 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.

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 whistleblowers' champion.

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. However, examples of what can be reported through Speak Up are documented in the Speak Up policy.

The 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 2022, 97% of those completing our colleague opinion survey agreed that they know how to raise concerns about wrongdoing in their business. 90% of colleagues also agreed it was safe to speak up in their business, and 89% believe that if they raise concerns they will be handled appropriately. In 2022, 355 cases were raised compared to 415 in 2021.

Of 366 concerns investigated during 2022, 42% related to discrimination and harassment (including sexual harassment, racial harassment, bullying, and managerial behaviour). Where cases were substantiated, appropriate action was taken to rectify the situation, following discussion with Human Resources and the respective business unit.

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 are also provided by our in-house competition lawyers on an ongoing basis.

Lobbying and political involvement

NatWest Group has a long-standing policy of not making political donations and we 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, for example UK Finance. Where appropriate, we participate in government consultations and policy discussions to share our industry expertise and perspective. For instance, recent engagement 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 detecting and preventing financial crime seeks to tackle the harm generated, to protect people, families and businesses, and to support compliance with relevant financial crime legislation and regulation in the jurisdictions in which we operate.

Our financial crime framework is built on the following pillars:

- Policies and procedures: These ensure that our business seeks to prevent, detect and address financial crime that may arise as a result of our operations, products, services, our customers and suppliers.
- Regular risk assessments: These ensure that we align and continue to strengthen procedures in line with our inherent risks.
- Independent Audit: This continuously assesses the effectiveness of our controls.
- Customers: We seek to know our customers by undertaking due diligence and monitoring.
- Process and technology: We aim to have high-quality detection and prevention systems and controls across the bank to manage the risks presented.
- Culture and colleagues: We aim to have a culture of financial crime detection and prevention among all our colleagues, with deep expertise in all specialist roles. We undertake colleague and customer training and awareness activity so that everyone understands the role that they play in tackling financial crime. In addition, everyone in the bank has a performance objective to prevent and detect financial crime.
- Partnership working: We recognise that we cannot tackle financial crime in isolation. However, we strive to be the industry leader, and we work with partners including industry bodies, law enforcement, regulators and government to tackle financial crime.

NatWest Group seeks to detect and prevent financial crime and fraud to protect the bank, people, families, and businesses. The Group strives to avoid breaches in financial crime and fraud legislation.

Read more on detecting and preventing financial crime and our Financial Crime Statement



Environmental, Social and Ethical (ESE) risk management

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. ESE risk 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.

To manage these risks, we have developed Risk Acceptance Criteria (RAC) for nine sectors which present heightened ESE risk and define the level of ESE risk the bank is prepared to accept. The ESE RAC are applicable to corporate customer on-boarding, lending and underwriting, and apply to all legal entities. Some of the activities which we prohibit include; sexual entertainment venues, the manufacture, sale, trade, servicing or stockpiling of Highly Controversial Weapons, new coal relationships and customers using harmful child labour, forced labour, modern slavery or human trafficking.

We also have an ESE risk concerns process which seeks to ensure that ESE risk is identified and managed for customers and transactions in sectors which are not covered by Risk Acceptance Criteria. 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.

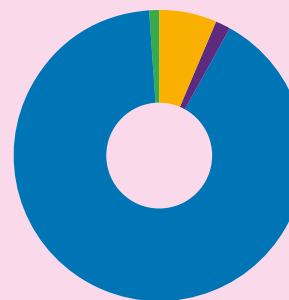
All customers who fall into the 'restricted' ESE risk category are subject to enhanced due diligence. This includes ensuring that companies have relevant policies and procedures to manage ESE risks and the capacity to manage these risks through good governance and control. It also assesses the companies external ESE track record to ensure that it remains within our ESE Risk Acceptance Criteria. All restricted customer relationships are approved by an accountable executive and/or a franchise/legal entity Reputational Risk Committee. ESE Risk Framework oversight and effectiveness is provided by the Risk Function and reported annually to the Group Reputational Risk Committee, an overview of the ESE risk framework is provided on page 63.

In early 2023, we announced we will not provide reserve based lending specifically for the purpose of financing oil and gas exploration, extraction and production for new customers, and, after the 31 December 2025 we will not renew, refinance or extend existing reserve based lending used specifically for the purpose of financing oil and gas exploration, extraction and production.

In 2022, we undertook 535 customer ESE assessments (2021: 305), and 126 trade-related transactions involving defence equipment (2021: 108). The increase is representative of more cautious approach to assessing customers against risk acceptance criteria in 2022.

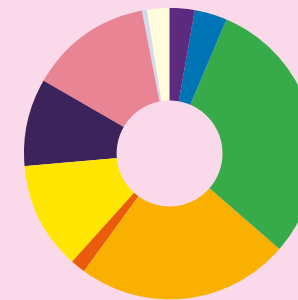
Read more on our ESE and reputational risk management

Customers assessed against the ESE policy in 2022 by category



- High: 9
- Normal: 486
- Prohibited: 5
- Sensitive: 35

Customers assessed against the ESE policy in 2022 by sector



- Adult entertainment: 16
- Animal welfare: 19
- Defence: 160
- Forestries, fisheries and agribusiness: 127
- Generic: 8
- Mining & metals: 65
- Oil and gas: 51
- Power generation: 73
- Private security companies: 4
- Gambling: 12

(1) Majority of assets defined as 51%.



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.

- Sectors presenting heightened ESE risk**
- Adult entertainment
 - Animal welfare
 - Defence
 - Mining & metals
 - Oil & 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 more frequently 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 franchise/legal entity Reputational Risk Committee. The customer relationship is assessed every one or two years, or more frequently 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.



Metrics and Targets

The metrics and targets used to assess, monitor and manage ESG topics.

In this section

- 65 Climate, enterprise, learning and DE&I metrics
- 66 Measuring our performance
- 67 Our ESG rating performance





Climate, enterprise, learning and diversity equity and inclusion (DE&I) metrics

Climate



-50%

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

50%

we plan to reduce the carbon intensity of our in-scope Assets under Management by 50% by 2030, against a 2019 baseline⁽¹⁾

50%

reduction in emissions from our direct own operations⁽²⁾ by 2025, against a 2019 baseline

£100bn

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

We 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

Enterprise



250,000

interventions delivered to start, run, and grow a business

35,000

individuals and businesses supported by enterprise programmes

30,000

number of youth interventions⁽⁴⁾

75%

of those supported will be based in regions outside London & South East England⁽³⁾

60%

of supported provided will be to women⁽³⁾

20%

of support provided will be from an ethnic minority background⁽³⁾

20%

of those businesses supported will be purpose-led⁽³⁾

Learning



15m

financial capability interactions delivered between 2021-2023.

2m

additional customers helped to start saving between 2021-2023.⁽⁵⁾

DE&I



Gender balance

in our CEO-3 and above global roles by 2030.⁽⁶⁾

14%

of colleagues from an ethnic minority background in our CEO-4 and above UK roles by 2025.⁽⁶⁾

(1) 89% of Assets under Management are considered to be in-scope to be managed in line with net zero. This includes all core managed funds and discretionary portfolios.

(2) 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.

(3) Demographics cover uniquely supported individuals and young people supported.

(4) Youth interventions supported through enterprise and entrepreneurship is a new metric for 2022.

(5) Includes instances where customers had existing savings with other banks and transferred them into a NatWest Group account.

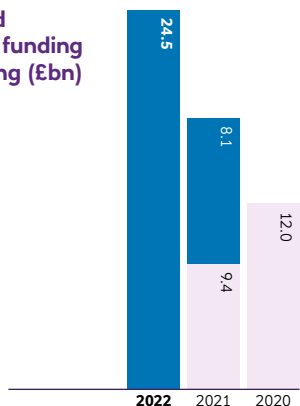
(6) To maintain integrity, we remove colleagues from our reporting that sit in CEO-3 and above that do not hold leadership or influential roles.



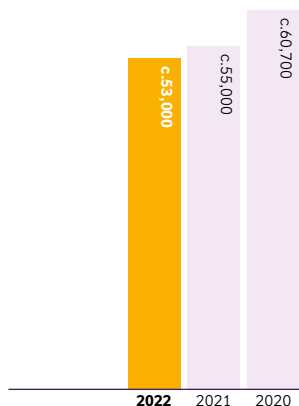
Measuring our performance

Non-financial measures

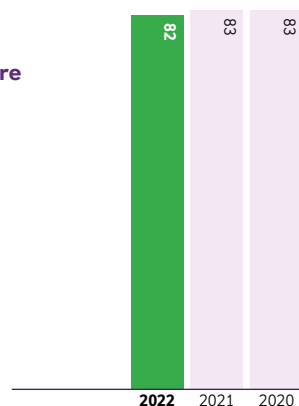
Climate and sustainable funding and financing (£bn)



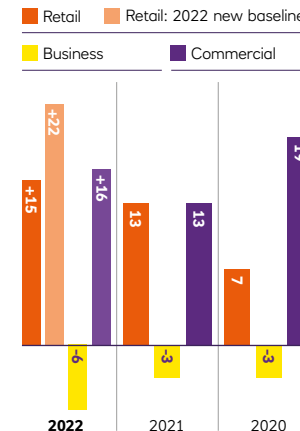
Individuals supporting enterprise¹



Build up and strengthen a healthy culture



Net Promoter Score (NPS)



2022 Targets

Provide an additional £100 billion of climate and sustainable funding and financing from 1 July 2021 to the end of 2025.

Support the removal of barriers to UK enterprise growth through the provision of learning, networking, and funding interventions.

Achieve our Culture target of 83 points as measured through the Our View colleague survey⁽¹⁾.

Increase the likelihood that customers will recommend our brands and achieve NPS targets for our core customer-facing businesses.

Why it is important

A guardian for future generations.

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

A good citizen.

Remove barriers to UK enterprise growth.

A responsible and responsive employer.

Build up and strengthen a healthy culture.

Honest and fair with customers and suppliers.

Build up and strengthen a healthy culture.

Our performance

In 2022 we provided £24.5^(*) billion of climate and sustainable funding and financing, towards our £100 billion target.

This took our cumulative total since July 2021 to £32.6^(*) billion towards our target to provide £100 billion climate and sustainable funding and financing by the end of 2025.

■ Climate and sustainable finance and funding provided towards our £100 billion target.

In 2022 we have supported 48,000^(*) young people and 53,000^(*) individuals and businesses through our enterprise programmes, with 269,000^(*) customer interventions delivered. Of those supported:

- 34%⁽¹⁾ were people from ethnic minority backgrounds.
- 32%⁽¹⁾ businesses were purpose-led.
- 59%⁽¹⁾ support provided to women
- 90%⁽¹⁾ were in regions outside London and southeast England.

In 2022 we narrowly missed our target on Culture of 83 by one point.

In 2022 we changed our Culture measurement calculation methodology from the Financial Services Culture Board (FSCB) methodology to the Willis Towers Watson (WTW) methodology, as we no longer participate in the FSCB survey.

- NatWest Retail Main Bank NPS exceeded its target by 1 point. There was an additional improvement of 7 points driven by a methodological change⁽²⁾.
- Despite missing its NPS target in 2022, NatWest Business Banking continues to rank 3rd compared with its high-street competitors.
- NatWest Commercial & Mid-Market met its 2022 target by retaining 1st position versus its high street competitors.

Alignment with our strategy and areas of focus



Climate

How we measure our progress and our future sustainable long-term targets

Funding and financing provided to support climate and sustainable activities in line with our climate and sustainable funding and financing inclusion (CSFFI) criteria.

Read more in our Climate-related Disclosures Report



Enterprise

Support provided to individuals, businesses and young people through enterprise programmes and customer interactions, to start, run or grow a business.

Read more on Enterprise on pages 21 to 24



Learning

Annual 'Our View' colleague sentiment survey.

Read more on Learning on pages 25 to 32.



Simple to deal with

NatWest Retail Banking NPS 23 or be 3rd; NatWest Business Banking NPS -6 or be 3rd; NatWest Commercial Banking NPS 17 or 1st.

Read more on Supporting our customers pages 34 to 42.

^(*) Within the scope of EY assurance.

⁽¹⁾ All scores shown are for NatWest Group and include Ulster Bank Rol. To enable like-for-like year-on-year comparisons, all scores shown are based on the WTW calculation methodology.

⁽²⁾ During 2022, a methodological change was made to retail NPS measurement which resulted in an uplift in NPS scores for all brands including NatWest. 2022 performance has been measured removing the impact of this positive change. 2023 goals have been set from a new +22 baseline which takes into account the positive impact of the methodological change.



Our ESG rating performance

NatWest Group has continued to proactively respond to a number of key ESG surveys and sustainability assessments, achieving above industry average in several benchmarks ⁽¹⁾.



Coutts | PRI Principles for Responsible Investing ⁽²⁾

Coutts has outperformed the median peer group score in the latest UN-supported Principles for Responsible Investment (PRI) assessment. Our investment and stewardship policy, which details our approach to integrating ESG principles into our investment process, was given a score of 98% by the PRI.



Sustainalytics Risk Report ⁽³⁾

In December 2022, NatWest Group received an ESG Risk Rating of 17.4 from Sustainalytics and was assessed to be at Low Risk of experiencing material financial impacts from ESG factors.



S&P CSA

NatWest Group scored 61 (out of 100) in the 2022 S&P Global Corporate Sustainability Assessment. As of 31 December 2022, we performed in the top quintile in the Banks Industry in the S&P Global Corporate Sustainability Assessment.



CDP Climate Change Disclosure

In the 2022 CDP Climate Change Disclosure we maintained our score of B, against a Financial Services average of B-. We continue to work to further integrate climate-related considerations within business processes and support the transition to a net-zero economy.



Workforce Disclosure Initiative (WDI)

In 2022 we achieved a disclosure score of 68%, compared with an industry average of 67%. We have been participating since WDI inception in 2017.



FTSE4Good

FTSE4Good Index Series ⁽⁴⁾

In 2022 we achieved a score of 4.3 out of 5, placing us at 89th percentile among banks.



ISS ESG Rating

As of December 2022 we have improved our ESG rating to C+ and retained Prime status with ISS ESG, scoring in the top performing organisations in the industry.



Tortoise ⁽⁵⁾

We ranked 1st in the "Talk" Score which indicates the level of commitment to measurable and time-bound targets and memberships and 3rd in the "Walk" score which measures performance across a wide range of areas from poverty and inequality to climate change and biodiversity.



World Benchmarking Alliance (WBA)

We ranked 10th out of 395 financial institutions assessed in the inaugural 2022 Financial System Benchmark with an overall score of 40/100.

MSCI Rating ⁽⁶⁾

In December 2022, NatWest Group received a rating of AA (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment.

- (1) 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.
- (2) The Summary Scorecard is available at <https://www.coutts.com/insight-articles/news/2022/Investments/coutts-has-outperformed-the-median-peer-group-score-in-the-latest-un-supported-principles-for-responsible-investment-assessment.html>. Public Transparency Report can be accessed at <https://www.coutts.com/content/dam/rbs-coutts/coutts-com/Files/wealth-management/Coutts%20Institute/responsible-investing/pri-assessment-report-2021.pdf>.
- (3) Copyright ©2022 Sustainalytics. All rights reserved. This section contains information developed by Sustainalytics www.sustainalytics.com. Such information and data are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, nor an investment advice and are not warranted to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions available at <https://www.sustainalytics.com/legal-disclaimers>.

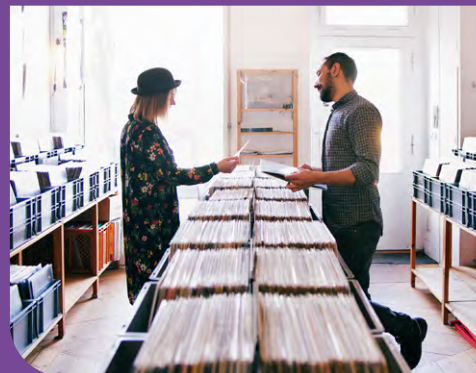
- (4) FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that NatWest Group has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.
- (5) Tortoise Responsibility100 Index.
- (6) The use by NatWest Group of any MSCI ESG Research LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein do not constitute a sponsorship, endorsement, recommendation, or promotion of NatWest Group by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.



Important Information

In this section

- 69 Important information
- 70 Other important information, including our assurance approach





Important information

Cautions about this report

This report 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.

Caution about the information this report is based on.

This report is prepared based on reviews and analysis of (i) our data derived from management systems that are not necessarily part of the internal controls and procedures over financial reporting used for the preparation of our IFRS financial statements; and (ii) financial, statistical and other information and data published by third parties.

Caution about data, metrics and methodologies.

The information in this report includes non-financial metrics, estimates or other information that are subject to significant measurement uncertainties, which may include the methodology, collection and verification of data, various estimates and assumptions, and/or underlying data that is obtained from third parties, some of which cannot be independently verified.

The preparation of certain information in this report 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 report 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 and/or may need to be restated or changed.

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 report 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.

Caution about the lack of definitions or standards.

There is currently no single globally recognised or accepted, consistent and comparable set of definitions or standards (legal, regulatory or otherwise) of, nor widespread cross-market consensus

- i. as to what constitutes, a 'green', 'social' or 'sustainable' or having equivalent-labelled activity, product or asset; or
- ii. as to what precise attributes are required for a particular activity, product or asset to be defined as 'green', 'social' or 'sustainable' or such other equivalent label; or
- iii. as to climate and sustainable funding and financing activities and their classification and reporting.

Therefore, there is little certainty, and no assurance or representation is given 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', 'social' or 'sustainable' or attributing similar labels. We expect policies, regulatory requirements, standards, and definitions to be developed and continuously evolve over time.

To support transparency about our process for reporting this data and measures, NatWest Group developed a Basis of Reporting document for 2022, which details our approach, scope, and controls for selected ESG measures. It should be read together with this report and is available at natwestgroup.com.

Caution about references to websites.

Reference to websites and other reports is made for information purposes only, and information found at such websites or in such reports is not incorporated by reference into this report. 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; or (ii) the information provided in Strategy, Governance, Risk Management sections.

Caution about forward-looking statements in this report.

Certain sections in this report contain forward-looking statements, such as aims, ambitions, estimates, forecasts, plans, projections and targets and other metrics, including but not limited to,

- NatWest Group's aim to at least halve the climate impact of its financing activity by 2030 and align with the 2015 Paris Agreement;
- NatWest Group's ambition to become net zero by 2050 across its financed emissions, assets under management and operational value chain;
- NatWest Group's target to provide £100 billion climate and sustainable funding and financing between 1 July 2021 and the end of 2025;
- NatWest Group's target to provide at least £10 billion in lending for EPC A or B rating residential properties between 1 January 2023 and the end of 2025 as part of its wider target to provide £100 billion of climate and sustainable funding and financing between 1 July 2021 and the end of 2025;
- NatWest Group's ambition that 50% of its mortgage book will have an EPC rating of C or above by 2030;
- NatWest Group's sector level emissions reduction targets validated as science based by SBTi, climate scenarios and emissions intensity pathways, estimated climate projections and forecasts;
- NatWest Group's plan (i) not to provide reserve based lending specifically for the purpose of financing oil and gas exploration, extraction and production for new customers;

- (ii) that after 31 December 2025 not to renew, refinance or extend existing reserve based lending specifically for the purpose of financing oil and gas exploration, extraction and production; and (iii) not to provide reserve based lending and borrower base financing to upstream Oil and Gas companies specifically for the purpose of financing upstream assets located in Arctic or Antarctic Waters;
- NatWest Group's ambition to remove barriers to enterprise and provide businesses in the UK with the support they need to grow; and
- NatWest Group's ambition to help people to take control of their finances, to make the most of their money, safely and securely – now and in the future.

Words or phrases such as 'ambition', 'aim', 'anticipate', 'believe', 'budget', 'continue', 'could', 'effort', 'estimate', 'expect', 'forecast', 'goal', 'guidance', 'intend', 'intention', '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 other forward-looking statements.

There are many significant uncertainties, assumptions, judgements, opinions, estimates, forecasts and statements made of future expectations underlying these forward-looking statements which could cause actual results, performance, outcomes or events to differ materially from those expressed or implied in these forward-looking such statements.

The most important of these uncertainties and factors that could cause actual results and outcomes to differ materially from those expressed or implied in forward-looking statements are summarised in the 'Risk Factors' included on pages 404 to 425 of the NatWest Group 2022 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 and which may be amended from time to time).



Other important information, including our assurance approach

Other uncertainties and factors include, without limitation:

- i. the extent and pace of climate change, including the timing and manifestation of physical and transition risks, the macroeconomic environment;
- ii. uncertainty around future climate-related policy, including the timely implementation and integration of adequate government policies;
- iii. the effectiveness of actions of governments, legislators, regulators, businesses, investors, customers and other stakeholders to mitigate the impact of climate and sustainability-related risks;
- iv. changes in customer behaviour and demand, changes in the available technology for mitigation;
- v. the roll-out of low carbon infrastructure;
- vi. the availability of accurate, verifiable, reliable, consistent and comparable climate-related data;
- vii. lack of transparency and comparability of climate-related forward-looking methodologies;
- viii. variation in approaches and outcomes – variations in methodologies may lead to under or overestimates, and consequently present exaggerated indication of climate-related risk;
- ix. reliance on assumptions and future uncertainty (calculations of forward-looking metrics are complex and require many methodological choices and assumptions); and
- x. see also, Section 5.7 ('Caution about climate-related metrics, data and methodology challenges') and the 'Caution about climate-related and other forward-looking statements and metrics' of the 2022 NatWest Group's Climate-related Disclosures Report.

Accordingly, undue reliance should not be placed on these statements.

Furthermore, changing national and international standards, industry and scientific practices, regulatory requirements and market expectations regarding climate change, which remain under continuous development, are subject to different interpretations. There can be no assurance that these standards, practices, requirements and expectations will not be interpreted differently than what was NatWest Group's understanding when defining its climate-related ambitions and targets or change in a manner that substantially increases the cost or effort for NatWest Group to achieve such ambitions and targets.

No duty to update.

The forward – looking statements contained in this report only speak 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 report, 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.

No offer of securities or investment.

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

This report, the information, statements and disclosure included in this report are not formally part of any offering documents and are not contractually binding. This report is not intended to form part of any communication of any offering issued under this report and it is not intended to be an advertisement for the purposes of the UK Prospectus Regulation and investors should not make any investment decisions based on the information included in this report.

Assurance

NatWest Group plc appointed Ernst & Young LLP (EY) to provide independent assurance over certain sustainability metrics and elements of the UN Principles for Responsible Banking ('UN PRB') Template. These sustainability metrics are marked with an asterisk (*) and the UN PRB Template is presented within the ESG Frameworks Appendix within 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.

Read more: EY independent assurance statement

Name and address

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

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NatWest
Group

NatWest Group plc
2022 Environmental,
Social and Governance
Disclosures Report
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