

RBS Environment Statement

Setting out our approach to ensure that RBS considers environmental issues in all parts of its operations and business activities

Introduction

This statement sets out our approach to ensuring that RBS considers environmental issues in all parts of our operations and business activities. We recognise that our size and reach means we have an important role to play in promoting environmental sustainability worldwide.

We view climate change, resource scarcity, and biodiversity loss, and their associated impacts as major risks to the livelihoods of our customers and society at large, both currently and in the years to come. We are therefore focussed on facilitating the transition to low carbon forms of energy generation and sustainable use of natural resources, as well as reducing the direct impacts of our operations.

Scope

This statement applies to The Royal Bank of Scotland Group plc (RBSG), which includes, The Royal Bank of Scotland plc (RBS plc) and The Royal Bank of Scotland N.V. (RBS NV), any of their direct or indirect subsidiaries and/or any entities in which RBSG has a stake of more than 50% and/or management control. Please click [here](#) to view the legal structure for RBSG.

Our commitments

We will achieve our aim through the implementation of the following seven commitments.

1. Compliance with legal and voluntary standards

RBS aims to ensure that all of our operations worldwide operate in compliance with local laws and regulations. We have processes in place to assess this and rectify any contraventions should they occur. In addition, RBS also operates in accordance with the [ten principles of the United Nations Global Compact](#), which include three principles on the environment which we seek to uphold throughout our sphere of influence.

2. Efficient operations

We are committed to reducing the direct environmental impacts of our operations and have targets and strategies in place to achieve this. Our four key target areas are: carbon emissions, waste generation, water and paper use. In 2014 we set out targets for a 20% carbon reduction, 5% water use reduction and 50% paper reduction by 2020. We also committed to diverting all waste we generate away from landfill. By 2016, we exceeded our carbon, water and paper targets. We have now set new, more ambitious targets. Our targets are

aligned with climate science, the goals set out by the Paris Agreement, and the UK government's own climate goals.

Our targets, by 2020:

- 45% reduction in energy and associated CO₂ emissions (using a science based method)
- 10% reduction in water usage
- Zero waste disposal to landfill
- 60% reduction in paper usage

In addition to the above new targets, we will continue to maintain a 52% reduction in CO₂ emissions from business travel and purchasing all of our electricity from renewable sources across our UK and Ireland operations.

3. Engaging suppliers

We also engage our supply chain on environmental issues, as we have a wider impact outside of our direct footprint. Our suppliers are expected to follow the [RBS Supplier Code of Conduct](#), meaning, that they are expected to abide by all legislation and regulations relating to the protection of the environment, and manage their operations in accordance with good environmental practice. This includes having policies and procedures in place to reduce greenhouse gas emissions, energy use, water use, waste generation, consumption of finite natural resources and pollution of land, air and water.

4. Assessing risks in high-impact sectors

Some of the sectors that RBS provides banking services to have potentially high environmental impacts. These sectors include oil & gas, power generation, forestry, fisheries and agribusiness, and mining and metals. To help us assess and manage any potential risks, we operate an ethical, social and environmental (ESE) risk management framework. Whereby, we conduct due diligence on relevant customers and transactions, considering their environmental impacts as well as expecting customers to adhere to environmental standards.

5. Greener mainstream banking services

We are focussed on improving the environmental performance of our mainstream banking services. As a bank we are currently in an era of responding to technological change whereby, many customers now prefer the convenience and ease of accessing digital banking services instead. This means we are able to reduce paper, energy and water use, the generation of waste, unnecessary data storage, and travel between sites. These reductions are measured continually and form part of our overall environmental targets. We now have 5.5 million customers regularly using our mobile banking app and in 2017, we became the first UK bank to start offering paperless mortgages.

6. Banking services for environmental sectors

We realise that the development, installation and operation of environmental technologies such as renewable energy systems and energy efficiency measures can require specific forms of finance and financial services that are sometimes different to conventional technologies. For over 25 years we have been supporting our customers in these sectors by providing bespoke solutions to mitigate their emissions, funding renewable energy generation, and financing innovative projects to spread new and more efficient energy technologies. RBS has been externally recognised as a leading lender to the UK renewables sector by number of transactions over the past 6 years (2012-2017). RBS has now committed to funding £10bn to the sustainable energy sector by 2020 – helping to accelerate the transition to a low carbon economy.

7. Reporting and disclosure

We are committed to open and transparent reporting of our environmental performance, this includes our

annual combined Strategic Report, our Sustainable Banking pages on rbs.com. We have publically pledged our support for the Financial Stability Board's (FSB) Taskforce on Climate-related Financial Disclosures (TCFD) and reported further details of our approach to TCFD in our Annual Report and Accounts. As well as contributing to voluntary initiatives such as the CDP (formally known as the Carbon Disclosure Project), Dow Jones Sustainability Index and FTSE4GOOD index.

For further information please visit <https://www.rbs.com/rbs/sustainability/responsible-business/approach-to-climate-change/direct-environmental-impacts.html>