



NatWest
Group

NatWest Group

Nature Statement

Our evolving approach to nature

Climate change, nature loss and the responses to these challenges have implications for the economy, society, and the financial system. We continue to develop our understanding of the climate-nature nexus in terms of opportunities, risks, impacts and dependencies. We also continue to work to integrate management of climate and nature-related risks into strategic planning, transactions and decision-making. However, we recognise that our approach to nature-related risk is not as mature as our approach to climate-related risk.

Published by the Green Finance Institute and WWF-UK in 2025, [Business Investment in Nature: Supporting UK Economic Resilience and Growth](#) projects a 4.7% reduction in UK GDP by 2030 because of climate and nature risks. Water shortages have the potential to cost the UK economy up to £25 billion over the next five years due to delays to housing projects. Flooding and storms caused more than £585 million in UK insurance claims in 2024, while UK farmers felt the impact of up to a 38% reduction in key crop yields. The UK CCC's Seventh Carbon Budget Report highlights the need to invest in nature-based solutions now to scale emission reductions post-2030.

Please see the NatWest Group plc [2025 Climate Transition Plan Report](#) for broader context.

Supporting our customers' nature needs

NatWest Group recognises the role of nature-based solutions in supporting climate resilience and adaptation.

Financing activities

Between 1 July 2021 and 30 June 2025 we provided £110.3 billion in climate and sustainable funding and financing¹ therefore exceeding our target to provide £100 billion between 1 July 2021 and the end of 2025. We used our climate and sustainable funding and financing inclusion (CSFFI) criteria¹ to determine the assets, activities, targets and companies that were eligible to be included towards our target.

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

Between 1 July 2025 and 31 December 2025, we provided £19.0 billion in climate and transition finance.²

Activities eligible under the CTF framework include for example:

- Sustainable and/or regenerative farming practices
- Creation, protection, management, and restoration of biodiversity, habitat, and ecosystems by taking mitigation and compensation measures. Including, but not limited to, soil, peatland, saltmarsh and pasture remediation, agriculture (crop and livestock production), rewilding, forestry (afforestation and reforestation), renewable energy generation, water (supply and waste) and non-fossil fuel transport
- Air, soil, and water pollution control

For more details on climate and sustainable funding and financing and climate and transition finance, refer to pages 19 and 20 of the NatWest Group plc 2025 Climate Transition Plan Report.

Sustainable finance advisory

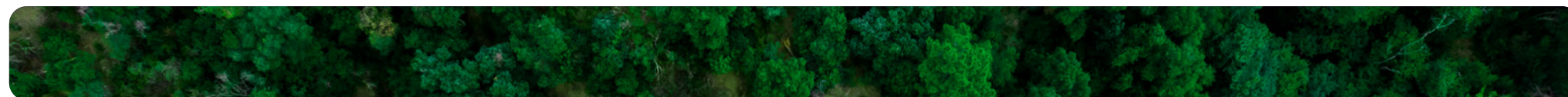
In 2025, we brought together a dedicated Sustainable Finance Advisory (SFA) team that unites climate and sustainable finance colleagues and specialists from across the business. The team enhances our advisory capabilities, offers tailored guidance, thought leadership and innovative solutions. With policymakers increasingly focused on the climate and nature nexus, SFA offers expertise to help customers reduce their broader environmental footprint and own their impact as data and methodologies develop.

Examples of solutions through SFA:

- With the support of the British Business Bank, we executed a £20 million Sustainability Linked Loan (with the flexibility of an £80 million accordion facility) for Rural Asset Finance, a UK-based lender supporting agricultural and rural businesses. The deal included performance targets linked to low-carbon energy and the adoption of regenerative agriculture.

- As a founding member of voluntary carbon market technology platform [Carbonplace](#), NatWest Group advises customers who want to define their strategy and approach to carbon credit management. Included among a diverse range of carbon credits available through Carbonplace are nature-based solutions credits generated through projects delivering afforestation, regenerative agricultural and soil carbon sequestration.
- In 2025, we contributed to the [UN Ocean Investment Protocol](#) as part of the Advisory Group for development of the protocol. It is a framework for financial institutions, (re)insurers, ocean industries, governments and development finance institutions to scale private finance towards a sustainable ocean economy.

For more details on SFA, refer to page 48 of the NatWest Group plc 2025 Climate Transition Plan Report.



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

2. Climate and transition finance, as defined in the [CTF framework](#), represents only a relatively small proportion of our overall financing and facilitation activities. NatWest Group's own Green, Social and Sustainability bond issuances are not included towards our CTF target.

Supporting our customers' nature needs

Supporting water infrastructure investments

While we continue to develop our understanding of the climate-nature nexus in terms of opportunities, risks, impacts and dependencies, increasing pressure on water resources is one emerging area of focus where the need for public-private investment is clear.

- We announced our support for United Utilities by financing the refurbishment of the Haweswater Aqueduct. This vital water infrastructure project supplies water from Cumbria to 2.5 million customers in Greater Manchester and Lancashire.
- We also supported Wendling Beck, a 2,000-acre landscape-scale project in Norfolk which is delivering natural flood management through river meandering and floodplain restoration. Our cash management services have enabled this repeatable, scalable project, which focuses on restoring species-rich grassland, hedgerows and wetlands, to generate nature-based credits for this emerging market for nutrient mitigation and biodiversity net gain.

Investment products and solutions

Investment Products and Solutions (formerly known as the Investment Centre of Expertise) sits within Coutts & Co (Coutts) and continues with the mandate to provide investment products and services to NatWest Group customers. Total AUM was £43.7 billion as at 31 December 2025.

We implement our responsible investing approach through three key activities: investment selection, voting and engagement, and exclusions.

EOS by Federated Hermes (EOS)³ provide voting recommendations and engage directly with companies held by our custom-built funds. EOS engagement focused on four key themes, as shown in the adjacent diagram, each of which had several priority themes and sub-themes. Key priorities in 2025 included climate change, natural resource stewardship, circular economy and zero

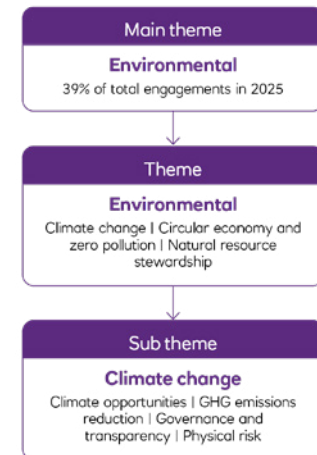
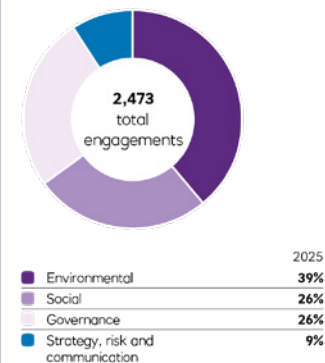
pollution. Environmental issues made up 39% of total engagements in 2025.

Climate engagement continued to grow in response to shifting policies and increasing investor demand for stronger efforts in support of biodiversity and natural ecosystem restoration as well as clearer corporate disclosures, and more ambitious target-setting.

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

For more details on investment products and solutions, refer to pages 60 – 67 of the NatWest Group plc 2025 Climate Transition Plan Report.

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



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

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

Supporting our customers' nature needs

Food and agriculture



'Farmers and land managers are stewards of the land. They need to be sufficiently empowered to make the change, while also improving the climate resilience of agriculture and the natural environment.' - UK Climate Change Committee's Seventh Carbon Budget

The agriculture sector is vital for the UK economy, as British farmers produce approximately 60% of the nation's food.

Between 1 January and 30 June 2025, we provided £2 million in climate and sustainable funding and financing to the agricultural sector, with a further £2 million in climate and transition finance between 30 July and 31 December 2025.⁵

Through ongoing policy advocacy and collaboration with a wider range of stakeholders, including other financial institutions, we continue to highlight the need for bold action to help accelerate private finance towards future-proofing UK agriculture.

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

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

Throughout 2025, NatWest Group continued to work with McCain

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

Food and Drink Federation collaboration

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

The webinars, which engaged 90 businesses in 2025, explained how the Ambition 2030 strategy can help businesses of all sizes to set targets. It explored sustainability themes such as reducing emissions across supply chains and operations, embedding nature into business strategy to help enhance resilience and the commercial benefits of circularity.

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

For more details on food-related sectors, refer to pages 32 - 34 of the NatWest Group plc 2025 Climate Transition Plan Report.

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

Our approach to nature-related risks

Climate and nature risk is the threat of financial loss or adverse non-financial impacts associated with climate change and nature loss, and the political, economic and environmental responses to it. We continue to work to integrate management of these climate and nature-related risks into strategic planning, transactions and decision-making. However, we recognise that our approach to nature-related risk is not as mature as our approach to climate-related risk.

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

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

While our approach to nature-related risk is not as mature as our approach to climate-related risk, we have continued to make progress in 2025, particularly in respect of our NatWest Markets N.V. business. This includes a water risk assessment and continued development of our Environmental Decisioning Framework (for more details, see pages 58 and 49 respectively of the NatWest Group plc 2025 Climate Transition Plan Report).

Nature-related scenario analysis

Maturing our approach to scenario analysis:

In 2025, we have begun to develop a qualitative scenario narrative to explore the cascading and compounding consequences of climate change and nature loss over a 5-to-10-year period. This has been explored in internal workshops to inform future scenario development.

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



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

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

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

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

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

For more details on risk and scenario analysis, refer to pages 53 – 58 of the NatWest Group plc 2025 Climate Transition Plan Report.

Our approach to nature-related risks

Environmental Decisioning Framework

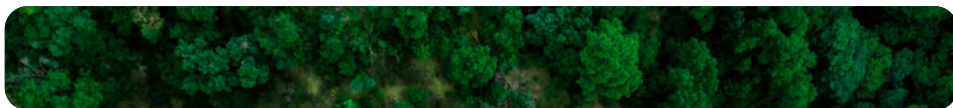
The Environmental Decisioning Framework (EDF) enables engagement with customers on physical and transition environmental-related risks – including nature-related risks. EDF enables structured conversations with customers using quantitative information. Following first-generation testing on a small number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

Environmental Risk Acceptance Criteria

We recognise that the activities of our customers can have Environmental & Social (E&S) impacts – including polluting activities and the potential for human rights violations. The E&S Risk Framework⁶ 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.

The E&S Risk Framework applies to all legal entities in NatWest Group for the on-boarding of non-personal customers for the purpose of providing financing⁷ and applies to the management of E&S risk throughout these customers' life cycles.

It is comprised of E&S Risk Acceptance Criteria (RAC) for seven sectors which present heightened E&S risk, including forestry, fisheries and agribusinesses, and a RAC for human rights. These criteria are published on our [downloads page](#).



Managing deforestation risk

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

Global population growth and shifting consumer appetite, can place natural resources under strain, leading to deforestation, habitat loss including peatland conversion, water scarcity and

the depletion of food stocks essential to local communities.

In 2025, we expanded the coverage of our Forestry, Fisheries, and Agribusiness Environmental, Social and Ethical – now [Environmental and Social \(E&S\) – Risk Acceptance Criteria \(RAC\)](#), broadening the scope of deforestation risk-related commodities requiring certification⁸ to include primary processors, as well as producers.⁹ We also included coffee within the list of commodities requiring either Rainforest Alliance and/or Fairtrade certification. For more information on this topic, see our [deforestation and land use page](#).

6. From 1 January 2026, we updated the name of our ESE Risk Framework to the E&S Risk Framework. This change better reflects the framework's underlying methodology which focuses on a risk-based approach aligned to our organisational risk appetite, rather than values based judgements.

7. Refers to any financing, refinancing and facilitating activity through lending (including reserve-based lending), loan underwriting, bond underwriting, arranging and/or distribution of debt or equity, as well as trade and working capital finance.

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

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

Nature in our own operations

As part of our strategy to achieve net zero by 2050, we are proactively addressing anticipated residual emissions through investment in nature-based solutions. In 2025, we invested in UK Woodland Carbon Code credits at The Broughton Sanctuary, an initiative projected to generate approximately 37,000 carbon credits over 50 years while enhancing biodiversity and improving community access to green spaces. This represents an initial step in a broader approach to managing residual emissions within our decarbonisation roadmap¹⁰.

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

For more details on operational emissions, refer to pages 13 - 16 of the NatWest Group plc 2025 Climate Transition Plan Report.



Colleague engagement

Climate and nature education

In 2025, colleagues demonstrated an ongoing commitment to sustainability learning, achieving around 12,700 completions of our climate and nature education resources developed in partnership with the University of Edinburgh. For more details on climate education and colleague engagement, refer to page 52 of the NatWest Group plc 2025 Climate Transition Plan Report.



Volunteering

Our longstanding partnership with The Conservation Volunteers (TCV) continued during 2025 with 3523 colleagues taking part in environmental volunteering days, which included the planting of 15,487 trees across the UK.

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

Policy engagement and advocacy

We continue to advocate on specific policy progress areas, with the aim of removing both financial and non-financial barriers that can help unlock private finance to support our customers in their transition to net zero¹¹. Below are examples of such engagements and advocacy. For more details, see page 51 of the NatWest Group plc 2025 Climate Transition Plan Report.

Financing resilient food systems and land management through nature recovery

Aim of engagement

Support farmers to adopt nature-friendly practices and advocate government and food companies to pay for environmental outcomes.

Industry and UK Government advocacy for the investment case on nature financing.

How we delivered on this in 2025

- **Supported WWF-UK dairy campaign:** engaged with farmers and Government in England and Wales on addressing barriers to transition for dairy farmers, showcasing how nature-friendly practices can improve resilience.
- **WWF-Scotland campaign:** published and engaged with Scottish Government on the [Regenerative Agriculture Transition Scotland Roadmap](#).
- **Routes to Regen:** launched by the Sustainable Markets Initiative to scale regenerative farming, working with industry to promote long-term resilience.
- **Green Finance Institute and WWF-UK:** supported campaign to develop [nature-positive transition pathways](#) for key sectors in the UK Government's Environmental Improvement Plan (EIP).
- **Supported publication** of the Cambridge Institute for Sustainability Leadership's '[Scaling Finance for Nature](#)' primer, which articulates how finance can unlock nature recovery now.

UK Government/industry developments:

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

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

Legal information

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

Caution about the information this Statement is based on. The processes we have adopted to define, collect and report data on our nature-related performance, as well as the associated information in this Statement, are not subject to the same formal processes adopted for financial reporting in accordance with established reporting standards, often involving manual processes and less robust controls, which may affect data quality and consistency. They involve a higher degree of judgement, assumptions and estimates than is required for our reporting of historical financial information prepared in accordance with established reporting standards. This Statement, including some of the key findings, estimates and projections and any information contained or otherwise accessible through the websites mentioned, are based on various industry and other information and are based on assumptions and estimates and the result of market research, and are not statements of historical fact and are historical and only speak as of their respective date.

Caution about sustainability-related financing. Sustainability-related (including nature, social, sustainability, sustainability-linked, green, climate, transition) financing and facilitation currently represents only a relatively small proportion of NatWest Group's overall financing and facilitation activities. Accordingly, information relating to sustainability-related financing and facilitation should be read in the context of NatWest Group's broader balance sheet, risk profile and financing and facilitation activities, and should not be interpreted as indicative of NatWest Group's overall financing or facilitation strategy.

Caution about nature-related scenario analysis. This Statement includes nature-related scenario analysis based on models that are subject to material limitations and uncertainties. Nature-related financial risk modelling is evolving but remains a developing field. As such, there are current limitations in both data quality and analytical techniques, which should be considered with caution when interpreting the results presented in this Statement. Nature-related scenarios used in this Statement are not forecasts and do not predict future outcomes. Instead, they represent alternative, plausible futures intended to help understand the potential scale and nature of changes that may occur. These scenarios do not cover all possible future pathways, and by using a particular scenario, NatWest Group does not imply any judgement about its likelihood or probability.

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No duty to update. The forward-looking statements contained in this Statement only speak as of the date they were published. Except to the extent legally required, we expressly disclaim any obligations or undertaking to update or revise any forward-looking statements in this Statement, whether to reflect any change in our expectations regarding those forward-looking statements, any change, events, conditions or circumstances on which any such statement is based, or otherwise. However, NatWest Group reserves the right to update or revise any statement in this Statement at our discretion.

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