



NatWest
Group

**Serving our
customers
every day**

NatWest Group plc

2023 Annual Report and Accounts

NatWest Group is a UK-focused banking organisation, serving over 19 million customers, with business operations stretching across retail, commercial and private banking markets.

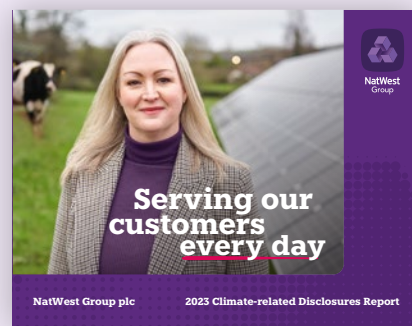
Our 2023 reporting suite

Annual Report and Accounts



Disclosures related to our strategic performance, governance and remuneration, risk and capital management, along with our financial statements and related notes, including the independent auditor's report.

Climate-related Disclosures Report



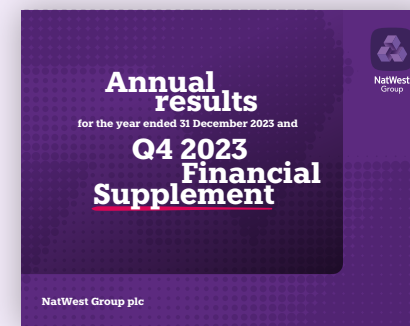
Progress against our climate ambitions and Climate transition plan.

ESG Disclosures Report and ESG Frameworks Appendix



Progress on Environmental, Social and Governance (ESG) matters and our frameworks appendix, prepared with reference to industry-wide sustainability standards.

Company Announcement and Financial Supplement



Our latest company information, including our financial performance for the year.



 [Read more and download our reports at natwestgroup.com](https://natwestgroup.com)

On the cover: Royal Bank of Scotland Personal Banker, Laura McWhinnie, at our Lanark branch. Laura works with customers to build their financial resilience and offers personalised support. Read the story on page 35.

Inside this report

1 Strategic report

3	Our 2023 performance
4	Chairman's statement
6	Group Chief Executive's review
8	Outlook statement
9	Our strategic framework
10	Our investment case and shareholder value
12	Our business model
14	Market environment
18	Delivering our strategy
20	Key performance indicators
24	Section 172(1) statement
26	Stakeholder engagement
30	Stakeholder focus areas
30	Investors
32	Customers
36	Colleagues
40	Regulators
41	Communities
43	Suppliers
43	Respecting Human Rights
44	Business performance
45	Retail Banking
46	Private Banking
47	Commercial & Institutional
48	NatWest Group's climate strategy and progress highlights
50	Task-force on Climate-related Financial Disclosures (TCFD) overview
58	Our own operational footprint
60	Risk overview
66	Viability statement
68	Non-financial and sustainability information statement

70 Financial review

71	Group Chief Financial Officer's review
72	Financial summary
76	Segment performance
82	Summary financial statements

83 Governance and remuneration

84	Our Board
88	Chairman's introduction
89	Governance at a glance
105	Report of the Group Nominations and Governance Committee
110	Report of the Group Audit Committee
115	Report of the Group Board Risk Committee
122	Report of the Group Sustainable Banking Committee
127	Directors' remuneration report
131	Remuneration at a glance
135	Wider workforce remuneration
138	Summary of Policy for executive directors
141	Annual remuneration report
162	Compliance report
165	Report of the directors
169	Statement of directors' responsibilities

170 Risk and capital management

172	Risk management framework
181	Credit risk
243	Capital, liquidity and funding risk
262	Market risk
274	Pension risk
275	Compliance and conduct risk
276	Financial crime risk
277	Climate risk
279	Operational risk
281	Model risk
282	Reputational risk

283 Financial statements

285	Independent auditor's report
298	Consolidated financial statements
305	Accounting policies
313	Notes to the consolidated accounts
389	NatWest Group plc financial statements and notes
407	Non-IFRS financial measures

413 Additional information

417	Risk factors
445	Shareholder information
448	Presentation of information
448	Forward looking statements

Approval of Strategic report

The Strategic report for the year ended 31 December 2023 set out on pages 1 to 69 was approved by the Board of directors on 15 February 2024.

By order of the Board

Jan Cargill

Chief Governance Officer and Company Secretary

15 February 2024

Chairman:

Howard Davies

Executive directors:

Paul Thwaite (Group CEO)
Katie Murray (Group CFO)

Non-executive directors:

Frank Dangeard
Roisin Donnelly
Patrick Flynn
Rick Haythornthwaite
Yasmin Jetha
Stuart Lewis
Mark Seligman
Lena Wilson

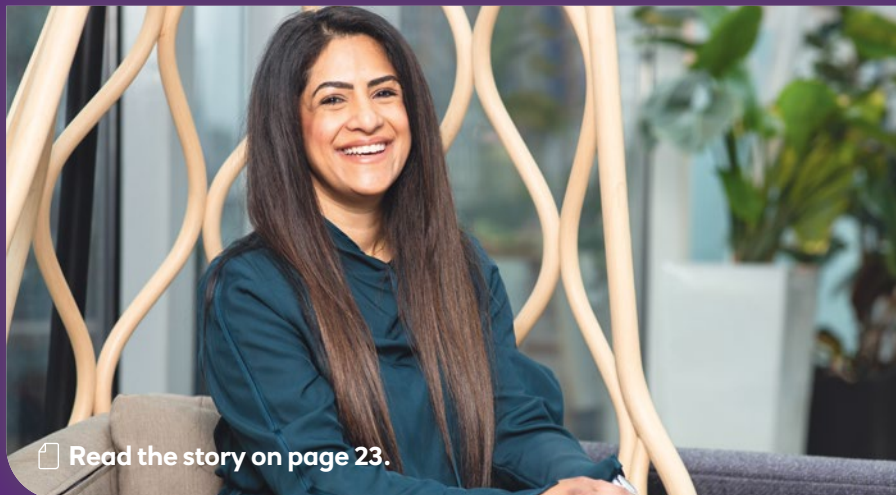
Serving our customers every day

We're dedicated to serving our customers. By being there throughout their lives, we can build long-term value, invest for growth and drive attractive returns for shareholders. Our focus is to continue building a great bank, powered by great people and delivering fantastic service to our 19 million customers.



[Read the story on page 17.](#)

Creating sustainable value



[Read the story on page 23.](#)



[Read the story on page 35.](#)

Our 2023 performance

Strong financial performance

Income	Operating expenses
£14,752m (2022: £13,156m)	£7,996m (2022: £7,687m)
Profit before tax	Profit attributable to shareholders
£6,178m (2022: £5,132m)	£4,394m (2022: £3,340m)

Robust balance sheet underpinning growth

Loans to customers (amortised cost)	Customer deposits
£381.4bn (2022: £366.3bn)	£431.4bn (2022: £450.3bn)
Loan:deposit ratio (LDR) (excl. repos and reverse repos)	Liquidity coverage ratio (LCR)
84% (2022: 79%)	144% (2022: 145%)

Strong capital generation

Common Equity Tier 1 (CET1) ratio ⁽¹⁾	Total capital returned to shareholders ⁽²⁾
13.4% (2022: 14.2%)	£3.6bn (2022: £5.1bn)
Risk-weighted assets (RWAs) ⁽¹⁾	Return on tangible equity (RoTE)
£183.0bn (2022: £176.1bn)	17.8% (2022: 12.3%)

Supporting our customers

Gross new mortgage lending in Retail Banking	Assets Under Management (AUM) net flows
£29.8bn (2022: £41.4bn)	£1.3bn (2022: £2.0bn)
Climate and sustainable funding and financing ⁽¹⁾	Net loans to customers in Commercial & Institutional
£29.3bn⁽³⁾ (2022: £24.5bn)	£131.9bn (2022: £129.9bn)

Driving efficiency

Cost:income ratio (excl. litigation and conduct) ⁽⁴⁾	Operating expenses (excl. litigation and conduct) ⁽⁴⁾
51.8% (2022: 55.5%)	£7,641m (2022: £7,302m)
Retail Banking customers exclusively using digital channels ⁽¹⁾	Commercial & Institutional customers actively using digital channels to interact with us
67% (2022: 63%)	86% (2022: 83%)

Delivering capital returns

Total ordinary dividend ⁽²⁾	Buybacks
£1.5bn (2022: £1.3bn)	£2.1bn (2022: £2.0bn)
Dividend per ordinary share ⁽²⁾	Increase in ordinary dividend per share ⁽²⁾
17.0p (2022: 13.5p)	26.0%

(1) On 1 January 2022 the pro forma CET1 ratio was 15.9% and RWAs were £176.3 billion following regulatory changes.

(2) Distributions paid and proposed. We paid a special dividend of £1.7 billion in 2022 as we returned surplus capital to shareholders. For full details of our distributions over the last five years refer to page 11.

(3) Cumulative contribution of £61.9 billion towards £100 billion between 1 July 2021 and the end of 2025 target.

(4) Litigation and conduct costs of £355 million (2022: £385 million).

(*) Within the scope of EY assurance. Refer to page 68.

Chairman's statement



'Our capital generation remained strong, which allowed us to invest in the business and provide shareholders with attractive returns and distributions. We have created a strong track record of distributing surplus capital to shareholders and this intention has not changed; we remain committed to a ~40% pay-out ratio on distributions.'

This will be my last Chairman's statement for NatWest Group after nine years in the role. As you will have seen, the bank announced in September 2023 that Rick Haythornthwaite who joined the Board as a non-executive director in January 2024, will take over as Chair in April 2024, ahead of our AGM.

I am confident that Rick's experience and range of skills will complement and further strengthen the Board in the years to come and support NatWest Group's continued progress.

2023 has been a challenging year for some of our customers as well as for our industry and the UK's economy. Inflation remained for much of the year and we saw 14 successive interest rate rises by the Bank of England, the fastest rate cycle since the 1970s. There are now, however, some grounds for optimism. Importantly, unemployment remains low and, by the end of 2023, inflation had started to come down, albeit still remaining well above the Bank of England's 2% target.

This uncertain environment has also had implications for the stability of a number of banks, both in Europe and in the United States. In general, banks in the UK have remained resilient. At NatWest Group, we have built a robust balance sheet with strong capital and liquidity, a largely secured retail loan book and well-diversified commercial lending.

Disciplined risk management continued to underpin our strategy and helps to ensure we are well positioned for the future. We closely monitor customer activity and behaviours for signs of stress, with a focus on maintaining good credit quality.

We have seen volatility in UK banking stocks prices through 2023, as the impact of changes in customer behaviour and market dynamics were reflected in the earnings outlook. However, against this challenging economic backdrop it is pleasing that NatWest Group performed well in 2023, with continued growth in our lending and progress against our strategy. In 2023, we delivered an operating profit of £6.2 billion, with an attributable profit of £4.4 billion.

Our capital generation remained strong, which allowed us to invest in the business and provide shareholders with attractive returns and distributions. We have created a strong track record of distributing surplus capital to shareholders and this intention has not changed; we remain committed to a ~40% pay-out ratio on distributions.

'At NatWest Group, we have built a robust balance sheet with strong capital and liquidity, a largely secured retail loan book and well-diversified commercial lending.'

In 2023, we announced £3.6 billion of capital returned to shareholders, including an interim dividend of £0.5 billion and a proposed final dividend of £1.0 billion. We were pleased to complete a directed buyback of £1.3 billion in May 2023 and the £0.5 billion on-market buyback announced in July 2023 which is expected to complete in Q1 2024. At full year 2023 we announced a new on-market buy back of £300 million, which we expect to be completed by the time we announce first-half results at the end of July 2024.

We maintain capacity for further directed and on-market buy backs and will continue to consider them as appropriate. As a result of these actions, and following an extension to the UK Government's trading plan, the UK Government's shareholding in the bank reduced from 45.97% at the end of December 2022 to 37.97% by 31 December 2023.

At the Autumn Statement in November 2023, the Chancellor announced that the Treasury remains committed to exiting its stake in the bank by 2025/26 and that it will explore options for a retail investor share sale in the next 12 months. Overall, good progress has been made in recent years and we believe the UK Government's ambition to sell down its stake in NatWest Group in the next two years is in the best interests of the bank and its shareholders.

Chairman's statement continued

Following the departure of Alison Rose as our Group Chief Executive Officer in July 2023, we welcomed Paul Thwaite as our Chief Executive Officer for an initial period of 12 months. He had been identified as her immediate successor six months before and took over at once, which stabilised the bank at a difficult time.

As is appropriate, it has fallen to my successor to manage the process of appointing a permanent CEO, supported by the Group Nominations and Governance Committee. The succession process has been completed and I am very pleased to see Paul secure the appointment. We can now look ahead to the future knowing we have both an incoming Chair and CEO with proven skills and who care deeply about this business and its customers.

To understand the facts of what happened in relation to customer decision-making during the summer of 2023, the Board commissioned the legal firm, Travers Smith, to conduct an independent review over two phases. We have now received and published the findings of the independent review. Furthermore, the bank is committed to implementing all of the recommendations made by Travers Smith and we are making changes to our policies and procedures to deliver better, more consistent outcomes for customers. The Board also decided on how these findings would impact Alison Rose's remuneration, which we announced to the market in November 2023.

As well as changes to our management, a number of changes were made to the Board during the year. Mike Rogers and Morten Friis stepped down as directors on 25 April and 31 July 2023 respectively. I would like to record our thanks to them for their significant contributions to the Board during their tenures. Stuart Lewis was appointed as a director on 1 April 2023, succeeding Morten Friis as the Chair of the Group Board Risk Committee on 1 August 2023.

Graham Beale, who became the Senior Independent Director of NatWest Holdings Limited in 2018, also stood down on 31 August 2023. We thank him for his excellent work in that role. Mark Rennison joined the Board of NatWest Holdings Limited as an independent non-executive director and became a member of the NatWest Holdings Audit Committee, with effect from 1 September 2023. Mark joined the NatWest Holdings Performance & Remuneration Committee in December 2023.

In July 2024, Geeta Gopalan will join the Board as an independent non-executive director. Geeta will be a valuable addition, bringing substantial financial and banking expertise, combined with a strong track record as a plc non-executive director.

My own intention to step down from the Board before I reached my nine-year tenure in July 2024 was disclosed at our AGM in April 2023.

The bank my successor inherits is very different to the one I joined in 2015. NatWest Group has returned to profitability, is more customer focused and is fundamentally stronger, delivering strong returns and regular distributions to shareholders. Despite the economic uncertainty that we have experienced in recent years, we remain well positioned to stand by our customers, to continue growing our lending responsibly and to play a vital role in the UK economy.

I am proud of what we have achieved over the past nine years and I wish Paul and Rick every success in this next chapter in NatWest Group's history.

Howard Davies
Chairman

'In 2023, we announced £3.6 billion of capital returned to shareholders, including an interim dividend of £0.5 billion and a proposed final dividend of £1.0 billion.'

Group Chief Executive's review



‘Our leading positions across our three customer businesses, and 19 million customer base provide strong foundations on which to create further long-term value for shareholders and make a meaningful contribution to the UK economy.’

Overview

NatWest Group performed well in 2023, delivering for our customers, our shareholders, and the wider UK economy.

Despite the macroeconomic uncertainty, our customers remained resilient, navigating both inflation and rising interest rates. Throughout the year, we supported them to manage their finances, meeting our goal to help 2 million customers save over £100 for the first time⁽¹⁾, and lent an additional £9 billion to the UK economy. Our investment in digital and data capabilities continues to make it easier for our customers to manage their money, and for our colleagues to provide great service.

As we look to 2024 and beyond, I am optimistic about the opportunities ahead for NatWest Group, building on our UK heritage, leading customer businesses, deep regional connections and financial strength. It is therefore an honour to be asked to lead the bank and to have the opportunity to shape the future of NatWest Group.

Business performance

Our overall operating profit of £6.2 billion was up 20% on 2022 and our return on tangible equity was 17.8%, compared with 12.3% at the end of 2022. Income, excluding notable items, was up 10% on 2022 at £14.3 billion, with total expenses up 5%.

Our disciplined approach to capital allocation and balance sheet management delivered attractive returns and distributions for our shareholders in 2023. We announced £3.6 billion of capital returns to shareholders, including an interim dividend of 5.5p at the half year and a proposed final dividend of 11.5p, bringing the total for 2023 to 17.0p, representing a 26% increase on 2022.

Our business performance was grounded in helping customers. In 2023, we increased our lending to customers by £9 billion, opened over 100,000 new start-up accounts for entrepreneurs, and over a million new personal current accounts, as well as helping 379,000 Retail banking customers to buy or re-mortgage their home.

We also made progress against our Climate transition plan in 2023, helping to build a more sustainable economy. We are working to support our customers' transition to net zero across a range of sectors and we have been a leading loan arranger to the UK power infrastructure⁽²⁾ and renewables sector over the last 10 years⁽³⁾. We have now provided

‘Our overall operating profit of £6.2 billion was up 20% on 2022 and our return on tangible equity was 17.8%, compared with 12.3% at the end of 2022.’

£61.9 billion in climate and sustainable funding and financing against our target of £100 billion between 1 July 2021 and the end of 2025.

Supporting our customers

During a year of macroeconomic uncertainty, we focused on supporting our customers to better manage their finances. In 2023, we helped six million customers by conducting financial health checks, providing improved personal insights on credit scores, and helping customers to save for the first time. We were also one of the first high street banks to sign up to the Mortgage Charter in July 2023 to ease the pressure of increasing mortgage costs, and we allowed our customers to lock in their next mortgage up to six months before the end of a fixed-rate deal.

Over 1.5 million new savings accounts were opened in 2023. By making our fixed term savings accounts available to more people, including those without an existing account with NatWest Group, and providing a broad range of flexible savings accounts, we met our goal to help two million people save more than £100 for the first time.

We are the biggest supporter of UK businesses, serving more than 1.5 million businesses across the country. During 2023, our extensive network of relationship managers continued to help corporate customers grow, manage costs, find the right funding solutions, and reduce risk in volatile markets. In the context of macroeconomic volatility, we also provided centralised resources such as a cashflow tool, energy calculator and supply chain navigator to manage costs, in response to business customers' demand for help on managing high energy prices. In response

(1) 2020 goal: To help two million customers save over £100 for the first time with NatWest Group since 2020.

(2) Power infrastructure comprise battery storage, electricity distribution, electricity smart meter and electricity transmission.

(3) NatWest Group ranked first among Loan Arrangers by deal value for the period 2014-2023. Source: Infralogic 31 December 2023.

Chief Executive Officer review continued

to broader concerns from our SME customers, we collaborated with the Federation of Small Business to give them access to independent support and advice on topics such as obtaining funding and managing late payments.

Our 19 million customer base means we are well-placed to support our customers to make sustainable choices, while driving value and growth from the commercial opportunities arising from the transition to a net-zero economy. Through initiatives such as partnering with WWF-UK and food manufacturer McCain we are reducing financial barriers for farmers transitioning to sustainable agricultural practices. Through Lombard, no.1 in UK asset finance, we supported customers with financing for electric vehicles, renewables, and cleaner energy alternatives.

Simple for customers

We want to make it easier for customers to do business with us and are investing in technology and partnerships to be a simple, safe, and smart bank, driven by data and digital innovation.

In 2023, our Retail Banking mobile app was used by more than 9.8 million customers and there were 10.9 million active digital users⁽⁴⁾ of our online and mobile banking platforms. 94% of our retail customer needs are now met digitally – up from 53% in 2019. In Commercial & Institutional, 86% of customers are now actively using digital channels to interact with us, and our innovative card and payments solution, Tyl, continued to grow. We were one of the first banks to offer Apple and Android Tap to Pay, a low-cost service removing the need for businesses to use hardware to accept payments.

We are also making it easier and quicker for our business customers to access financing with the launch of a new online lending platform, enabling customers to apply for a loan digitally in a matter of minutes.

By harnessing digital capabilities, we have also improved our customer service and productivity. In 2023, we collaborated with technology partners to responsibly use artificial intelligence (AI) to enhance customer engagement and improve efficiency. This led to the development of new AI capabilities, analysing customer behaviour to help us detect scams and fraud earlier to reduce financial loss.

Investing for the future

As set out in our Investment Case (refer to page 10), we have capacity for disciplined growth across our three customer businesses. Our focus is on delivering long-term value for our shareholders by putting our customers at the heart of our strategy and deepening our relationships with them to better meet their needs. Using data and technology will make the business more efficient and effective, making it easier for our customers to do business with us and improving engagement and productivity for our colleagues. Accompanied by a disciplined approach to cost, investment, and capital allocation, I am confident that these actions will deliver long-term sustainable value for our customers, shareholders, and the wider UK economy.

Building our team and culture

It is clear to me that our people are at the heart of our business, and I am grateful to our colleagues for their hard work, enthusiasm, and dedication throughout 2023. We have an engaged and resilient colleague base, and I am particularly pleased that our colleagues feel proud to deliver a great service to our customers.

We are also continuing to invest in future talent by providing colleagues with the skills and capabilities to fulfil their potential and build a high-performing culture. This includes offering reskilling programmes to build skills in software and data engineering, testing automation and human-centred designs, supporting future talent through our early career programmes and developing a new approach to performance management. These initiatives are equipping our people with the tools and opportunities to develop their own careers.

Conclusion

Our leading positions across our three customer businesses, and 19 million customer base provide strong foundations on which to create further long-term value for shareholders. In 2024, we will focus on disciplined growth, improving bank-wide simplification to make it easier to do business with us, and deploying capital efficiently while maintaining strong risk management to drive strong capital generation. This will enable us to continue supporting our customers, reinvest in the business, generate attractive distributions to shareholders, and make a meaningful contribution to the UK economy.

Paul Thwaite

Group Chief Executive Officer

‘We want to make it easier for customers to do business with us and are investing in technology and partnerships to be a simple, safe, and smart bank, driven by data and digital innovation.’

(4) An active digital user is a customer who has accessed either their online banking platform or mobile banking app.

The economic outlook remains uncertain. We will monitor and react to market conditions and refine our internal forecasts as the economic position evolves. The following statements are based on our current expectations for interest rates and economic activity.

Outlook⁽¹⁾

In 2024 we expect:

- to achieve a return on tangible equity of around 12%.
- income excluding notable items to be in the range of £13.0-13.5 billion.
- NatWest Group operating costs, excluding litigation and conduct costs, to be broadly stable compared with 2023.
- our loan impairment rate to be below 20 basis points.

In 2026 we expect:

- to achieve a return on tangible equity for the NatWest Group of greater than 13%.

Capital

- target a CET1 ratio in the range of 13-14%.
- expect RWAs to be around £200 billion at the end of 2025, including the impact of Basel 3.1, however this remains subject to final rules and approval.
- expect to pay ordinary dividends of around 40% of attributable profit and maintain capacity to participate in directed buybacks from the UK Government, recognising that any exercise of this authority would be dependent upon HMT's intentions. We will also consider further on-market buybacks as appropriate.


(1) The guidance, targets, expectations, and trends discussed in this section represent NatWest Group plc management's current expectations and are subject to change, including as a result of the factors described in the Risk Factors section. These statements constitute forward-looking statements. Refer to Forward-looking statements in this document.

Our strategic framework

Serving our customers every day


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

Our strategy is to grow our business by anticipating and meeting our customers’ needs, using data and technology to ensure we are simple to deal with, alongside a disciplined approach to cost, investment and capital allocation. Together these actions aim to deliver sustainable long-term value for our shareholders.

 Supporting customers at every stage of their lives

 Simple to deal with

 Sharpened capital allocation

 Powered by people, technology, innovation and partnerships

 [Read more on pages 18 and 19.](#)

We are informed by the needs of our stakeholders

We aim to balance the different interests of our stakeholders in all decision-making




 [Read more on pages 26 to 43.](#)

Our values are central to how we work together to deliver our strategy


Inclusive
Curious
Robust
Sustainable
Ambitious

Creating a positive impact


From supporting the day-to-day financial needs of 19 million customers to the other positive impacts we can have

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

 [Read more on pages 48 to 59 and in our 2023 Climate-related Disclosures Report.](#)

 **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 44 to 47 and in our 2023 ESG Disclosures Report.](#)

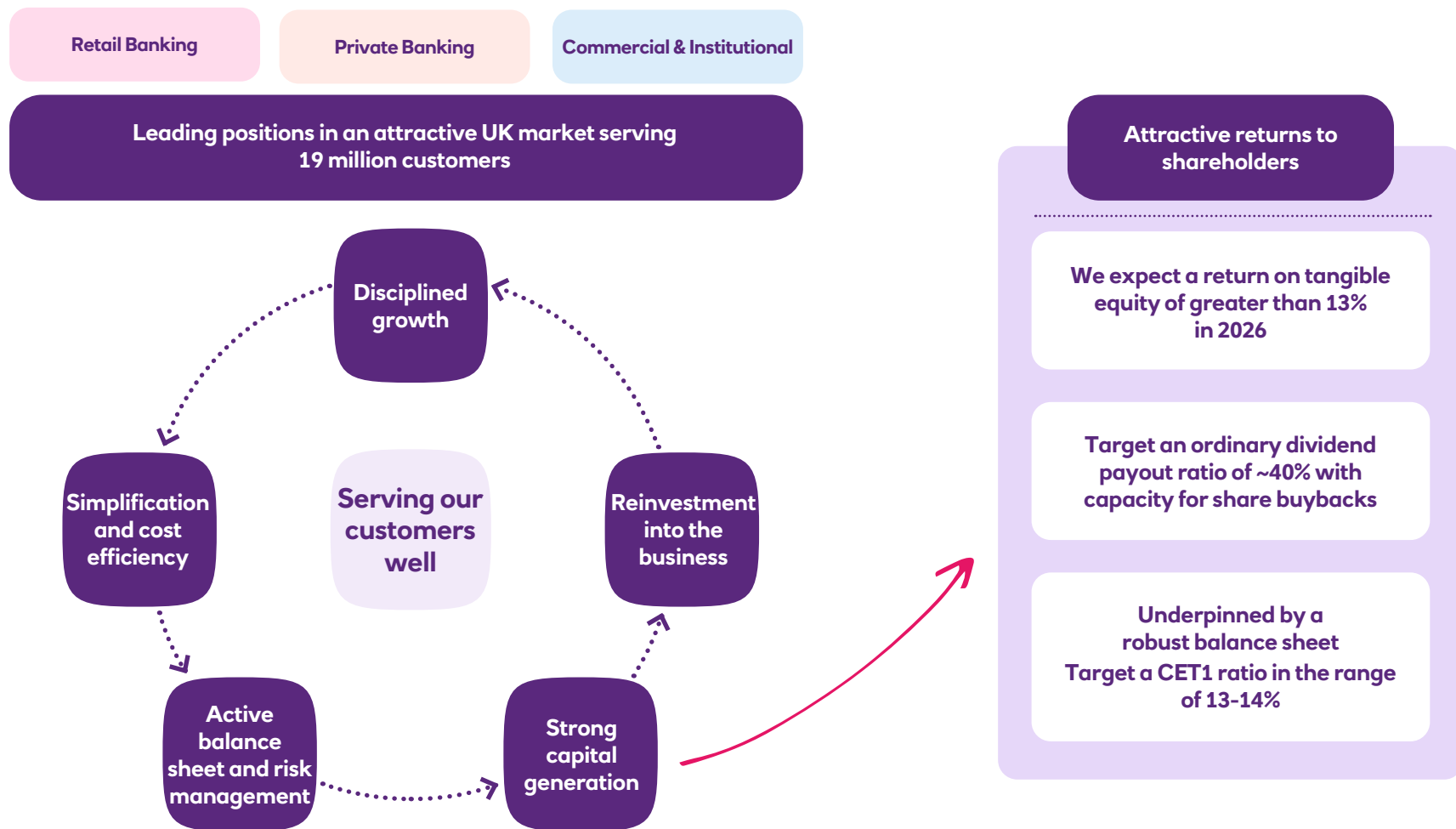
 **Learning**
We are helping people to take control of their finances, to make the most of their money, safely and securely – now and in the future.

 [Read more on pages 32 to 33 and in our 2023 ESG Disclosures Report.](#)

Our investment case

Our focus is on creating sustainable long-term value for our shareholders

With strong market positions across our three customer businesses, we have solid foundations on which to build and capacity for disciplined growth, positioning us well for 2024 and beyond. We are focused on continuing to simplify the business and controlling costs while actively managing our balance sheet so that we generate capital, allowing us to both deliver returns to shareholders and reinvest in the business.



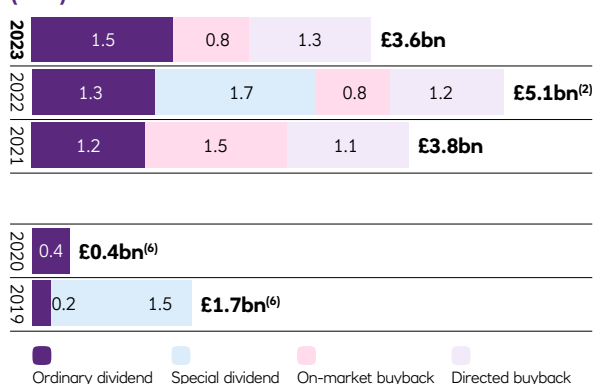
Shareholder value

We have a strong track record of returning surplus capital to shareholders and remain committed to a ~40% payout ratio with capacity for buybacks whilst operating within our 13-14% CET1 ratio target range.

£3.6bn

Shareholder distributions in 2023⁽¹⁾

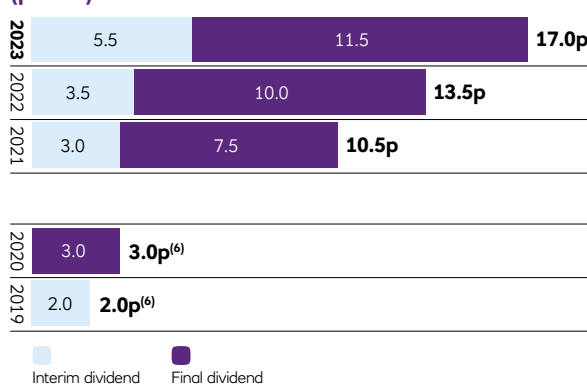
Shareholder distributions 2019–2023 (£bn)⁽¹⁾



17p

Ordinary dividend per share in 2023, up 26% on the prior year

Ordinary dividend per share (pence)⁽¹⁾



Ordinary shares outstanding⁽³⁾ (bn)

UK Government ownership⁽³⁾ (%)

2023	8.8bn	37.97%
2022	9.7bn	45.97%
2021	11.3bn	52.96%
2020	12.1bn	61.91%
2019	12.1bn	62.09%

Shareholder returns for the three years 2021-2023

£12.5bn
total distributions to
shareholders⁽¹⁾ including

49.7%⁽⁴⁾
Total shareholder return

UK Government's
shareholding reduced to
37.97%
at the end of December 2023

£5.8bn
ordinary and
special dividends⁽²⁾

£6.7bn
share
buybacks

28%
reduction
in share count⁽⁷⁾

£1.8bn
returned to the UK Government
in 2023⁽⁵⁾

(1) Paid and proposed.

(2) Does not cast due to rounding.

(3) As at 31 December.

(4) Source: Bloomberg.

(5) Includes 2022 final dividend, 2023 interim dividend and directed buyback executed in May 2023.

(6) In response to a formal request from the Prudential Regulation Authority, during the COVID-19 pandemic, the Board cancelled the final ordinary and special dividend payments in relation to the 2019 financial year. In 2020, NatWest Group plc decided not to undertake interim dividend payments or share buybacks.

(7) Over the three year period since 31 December 2020.

Our business model

We are a UK-focused bank, serving over 19 million customers.

Our key relationships and resources

Relationships:

- Strong and deep customer relationships so we can help them thrive.
- Providing our colleagues with the capabilities and future skills they need to fulfil their potential.
- Creative and innovative partnerships across the organisation.
- Strong links to communities.
- Diversifying our supply chain, ensuring focus on minority-owned, women-owned and socially/environmentally aware businesses.

Resources:

- Strong balance sheet and financial position with active balance sheet and risk management.
- Targeted investment in data, technology, and digitalisation to develop infrastructure.
- A highly engaged, customer-focused, diverse workforce with significant expertise and experience.

What we do

Our corporate governance framework helps support the effective implementation of our strategy and decision-making, and promotes long-term sustainable success:



Retail Banking

Through the NatWest, Royal Bank of Scotland and Ulster Bank NI brands we provide a comprehensive range of banking products and related financial services including current accounts, mortgages, personal unsecured lending and personal deposits.

Private Banking

We provide private banking and wealth management services to UK-connected high-net-worth individuals and their business interests through the Coutts brand. As the Investment Centre of Expertise for NatWest Group, we service all client segments across Retail, Premier and Private Banking.

Commercial & Institutional

We provide the expertise and tailored solutions needed by businesses, from entrepreneurs through to large corporate organisations, multi-nationals and financial institutions.

We earn income from interest charged on lending to our customers and fees from transactions and other services.

Refer to pages 44 to 47 and 78 to 81 for our segment performance.

Our strengths

Our distinct strengths collectively create a strong organisation:

- We are the primary banking relationship⁽¹⁾ for 74% of our retail customers.
- c.10% growth in customers investing digitally, with £40.8 billion Assets Under Management and Administration (AUMA) across our Private Banking segment.
- 94% of our Retail Banking customer needs are now met digitally (up from 53% in 2019).
- 86% of our Commercial & Institutional customers use digital channels to interact with us (up from 76% in 2019).

(1) Where the customer initiated Money Transmission Account debit and credits and credit card debits is >=10 for the month across all accounts held. Student accounts >=5, youth accounts >=2.

Our stakeholders

Investors – We have an active programme of engagement with institutional and private shareholders, alongside fixed-income investors, and will continue to help support the reduction of the UK Government investment in NatWest Group.

Customers – We want to know what our customers think about us and actively seek feedback from them across all our operations. It helps us better understand their needs and improve the products and services we offer.

Colleagues – By supporting our colleagues in what they do and by striving to make NatWest Group a great place to work, we can champion their potential and collectively deliver our strategy.

Regulators – We understand the need to have an ongoing, constructive and open dialogue with all relevant regulatory bodies and embed this in our business as a priority.

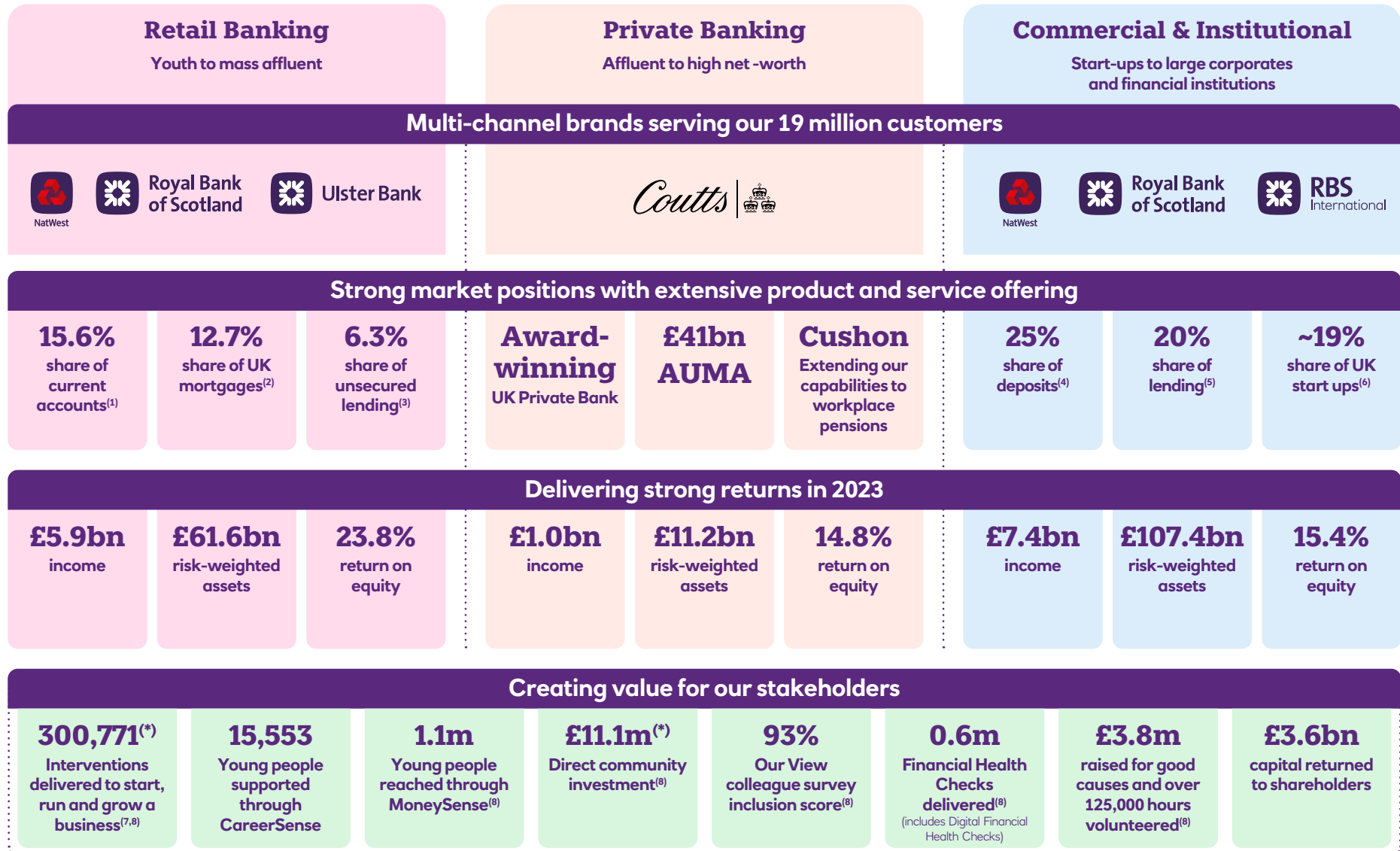
Communities – As a leading bank in the UK, we believe we can make a real and positive difference to people's lives.

Suppliers – We are committed to creating a diverse and responsible supply chain, being fair and transparent with our suppliers and to reach net zero by 2050 across our operational value chain.

Refer to our stakeholder focus areas on pages 30 to 43 for information on how we engage with all our stakeholders.

Our business model continued

Strong businesses with capacity for growth



(*) Within the scope of EY assurance. Refer to page 68.

(1) Current account stock. Full year 2023 share based on November 2023 CACI data.

(2) Stock share of Retail Banking and Private Banking mortgages, calculated as a percentage of Monthly amounts outstanding of total sterling net secured lending to individuals (in sterling millions) not seasonally adjusted as per December 2023 BoE data.

(3) Based on Unsecured lending including Cards, Loans, Overdrafts and central items calculated as a percentage of Monthly amounts outstanding of total (excluding the Student Loans Company) sterling net unsecured lending to individuals not seasonally adjusted based on Dec'23 BoE data.

(4) Based on customer deposits (Ebn) for Commercial & Institutional excluding NatWest Markets and RBSI, calculated as a percentage of M4 liabilities for Private Non-financial Businesses (PNFC's) as per December 2023 Bank of England data.

(5) Based on gross loans and advances to customers at amortised cost for Commercial & Institutional excluding NWM and RBSI, calculated as a percentage of monthly amounts outstanding of sterling and all foreign currency loans to SMEs and large businesses as per December 2023 Bank of England data.

(6) Based on the % of 647 businesses, less than two years old, that name a NatWest Group brand as their main bank (19%). Source: MarketVue Business Banking from Savanta, YE Q4 2023. Data weighted by region and turnover to be representative of businesses in Great Britain.

(7) Represents approximate number of interventions delivered and individuals supported through enterprise programmes during 2023, which is based upon data provided by third parties.

(8) For further details refer to the Stakeholder focus areas on pages 26 to 43.

Market environment

Adapting to evolving market trends

The environment we operate in is constantly changing. Understanding the multiple influences on our business and our customers enables us to be prepared for change, respond quickly and create value for the long term.



 [Read more about our support for customers on pages 32 to 34.](#)

Economy

Overview

2023 saw UK inflation start at very high levels of over 10% before falling through the year. Monetary policy was tightened substantially with the Bank of England's base rate reaching 5.25% in August 2023. Interest rates rose for customers across most markets. These changes prompted a slowdown in the housing market with lenders' indices of house prices falling. They also drove a shift into retail fixed-term saving products where balances grew rapidly. Businesses also managed their cash flows more tightly resulting in a weak environment for lending and falling deposit balances in the corporate sector. Business confidence fluctuated through the year, while wage growth was strong by historical standards and the number of job vacancies reduced. Sterling strengthened against both the US dollar and the euro, whilst the FTSE 100 index of shares closed modestly higher than it opened in 2023.

Our response

High interest rates and the rising cost of living have forced many people to re-evaluate the way they spend and save. In response to the changing needs of savers, we increased the interest rate on all variable savings products in 2023 and made our Fixed Term Savings Accounts available to more people, including those without an existing account with NatWest Group.

We also spent time thinking about how we better communicate and engage with customers. In particular, through our digital platforms, to make sure that as rates changed we could provide customers with timely, personalised information. Support to our mortgage customers has included forbearance, breathing space (no charges or contact for 60 days while the customer is encouraged to seek money advice), repayment plans, or if it's a right and affordable option for the customer, extending a mortgage term to spread payments, or a temporary switch to an interest-only mortgage.

To support our business customers with high energy costs and deal with ongoing financial pressures, we launched a business Cost of Living Hub, providing helpful resources such as a free cash flow tool, energy calculator, supply chain navigator, sector support, and workplace wellbeing resources. We also announced a £1 million collaboration with the Federation of Small Businesses to provide NatWest Group business customers with access to independent support and education, covering areas such as getting ready for funding and managing late payments. During 2023, our extensive network of relationship managers continued to help our corporate business customers to grow stronger, manage costs, find the right funding solutions and reduce risk in volatile markets, including internationally.

Market environment continued

Technology, data and digital services

Overview

Business models and customer behaviours continue to evolve rapidly as the role of technology – in how our customers communicate, shop, do business and bank – continues to grow and progress at pace, with more sophisticated technology becoming available, in particular in the field of artificial intelligence (AI). We recognise the growing role of technology for our customers, suppliers and colleagues in everything from remote working and learning, to accessing and delivering goods and services.

Our response

We continued the digital transformation of our systems in 2023 to make it easier for customers to access our services when and where they want. Through our payments service Tyl, we were one of the first banks to offer Apple and Android Tap to Pay, a low-cost service removing the need for any hardware to accept payments. For our Retail Banking customers, we further developed our mobile banking app and we're using data ethically to better understand our customers' needs and behaviours. This is to help keep their money safe, as well as offer personalised insights to support their financial wellbeing.

We're also focusing on how we use AI and machine-learning technologies safely and ethically to improve the support we can offer to our customers and ensure that our use of data continues to be secure, accountable, fair and ethical. In September 2023, we announced the expansion of our collaboration with Amazon Web Services Inc. to accelerate the use of, and develop, responsible AI products to help customers manage their financial wellbeing through personalised support. Through the collaboration, we have developed AI models that analyse customer behaviour and help us to detect if customers are being scammed, allowing us to intervene more quickly and reduce financial loss.

We also, announced in November 2023, a collaboration with IBM on a generative AI initiative with enhancements to our virtual assistant Cora. This will provide our customers access to a wider range of information through conversational interactions with Cora+. We aim to harness the power of responsible and ethical AI to form part of our wider strategy, collaborating with IBM and other experts to help our customers achieve financial wellbeing through personalised support.

Cyber threats and digital security

Overview

Cyberattacks pose a constant risk to our operations, both directly in relation to our own digital estate and indirectly to our supply chain. Cybercrime continues to evolve rapidly, including geopolitical, ransomware and vulnerability management threats. Attacks may come from individuals or highly organised criminal groups intent on stealing money, sensitive data or potentially holding organisations to ransom.

Through the COVID-19 pandemic, consumers quickly became increasingly reliant on digital channels and fraudsters responded just as quickly. In 2023, research commissioned by NatWest Group, combined with our own data, showed that almost two-thirds (63%) of people feel apprehensive about their financial online safety – with 60% worried about losing money to a scammer online. The importance of digital security, in both keeping our customers safe from criminals and ensuring the bank is compliant with regulatory and legal requirements, is paramount.

Our response

We use biometric security features to help make online banking more secure for our customers, deploy rigorous due diligence on third parties and work to protect and educate our colleagues and customers on fraud and scam activity. We regularly review, measure and test controls. In 2023, we created a 'Security Profile' tool on our mobile banking app that offers customers tailored security features and content designed to keep them safe.

To provide service continuity for customers and limit disruption, we monitor and assess a diverse and evolving array of external and internal threats. We also develop, strengthen and adapt our existing control capability to absorb and adapt to disruptions that could impact our customers.

While new technological advances, such as machine learning, bring new security challenges, they can also offer significant business opportunities when used safely. In addition to the standard security assessments performed on new technologies, our Digital Security team is working closely with the NatWest Group Artificial Intelligence Centre of Excellence and third parties to support their safe and secure deployment.

Market environment continued

Climate change

Overview

Climate change and environmental degradation are inextricably linked, and each require immediate and significant action to avert potentially irreversible impacts.

Climate and nature-related risks have the potential to affect asset values, operational costs and business models, not only through increasing frequency and severity of extreme weather events and biodiversity loss, but also as the transition to a net-zero economy accelerates.

These risks, transmitted through the economy to NatWest Group, continue to evolve, reflecting increasing regulatory, legislative, political and societal change. Likewise, our response continues to develop.

Our response

We have an ambition to be net zero across our financed emissions, assets under management and operational value chain by 2050, aligned with the UK's legal commitment to be net zero by 2050. We continue to support our customers' transition to a net zero economy and monitor further developments, including progress on supplier and fund decarbonisation. During 2023, we continued to implement our Climate transition plan, focusing on prioritising climate-related opportunities based on their relative commercial and decarbonisation potential to support our customers and the wider economy transition to net zero. We also recognise the role of partnerships and collaborations in the transition to net zero. We have now provided £61.9 billion in climate and sustainable funding and financing against our target of £100 billion between 1 July 2021 and the end of 2025. We have now analysed 90% of our loans and investments exposure as at 31 December 2022 for Scope 3 category 15 financed emissions and reduced our Scope 1 and location-based Scope 2 own operations emissions by 54% against a 2019 baseline.

The achievement of NatWest Group's Climate transition plan has a significant dependency on factors and uncertainties beyond our direct control, including timely and appropriate UK Government policies, technology developments, as well as supplier, customer and societal response. Delays to a range of net zero-related UK Government policies indicate the pace of implementation is slower than required for the net-zero transition as outlined in the UK Committee on Climate Change's sixth carbon budget issued in 2020. As a result, NatWest Group considers achievement of the following ambitions increasingly challenging: (i) 50% of our mortgage portfolio to have an EPC rating of C or above by 2030 and (ii) to at least halve the climate impact of our financing activity by 2030, against a 2019 baseline.

 [Read more on pages 48 to 59 and in our 2023 Climate-related Disclosures Report.](#)

Regulation


Overview

We operate in a highly regulated market which continues to evolve in scope. Areas of current regulatory focus include delivering good customer outcomes, in particular, the introduction of the Financial Conduct Authority's (FCA) new requirements for a Consumer Duty, which expands its rules and principles to require firms to provide better consumer protection.

Our response

We constantly monitor regulatory change and work with our regulators to help shape those developments that materially impact the bank, responding when necessary either bilaterally or in partnership with one of our affiliated industry bodies. We implement new regulatory requirements where applicable and use our frequent engagement meetings with regulators to discuss key regulatory priorities. Focus areas in 2023 were:

- The implementation of the Smarter Regulatory Framework following Royal Assent of the Financial Services and Markets Bill.
- Climate change and the development of the regulatory framework for sustainable finance (IFRS S1 & S2).
- Fraud and financial crime, with a focus on protecting customers from ever more sophisticated scams.
- Capital and liquidity management, including the UK's approach to the implementation of Basel 3.1.
- Following the European Central Bank's (ECB) approval of the NatWest Group's dual intermediate EU parent undertaking (IPU) structure, the ongoing consolidated direct supervision by the ECB for our five subsidiary entities in Europe, commenced on the 1 January 2024.
- The risks and opportunities presented by 'Big Tech' companies' entry into the retail financial services sector.
- Responding to the consultation on improving diversity, equity and inclusion in financial services, through policy developments focused on improved data collection and reporting, and the use of targets for representation.

 [Read more about how we've responded to the implementation of the Consumer Duty on page 40.](#)

Helping UK businesses to grow

For Mikael Rosen, Relationship Director in Corporate & Commercial Banking, great service is about understanding our customers' needs...

Businesses come in all shapes and sizes. They face different challenges as they evolve and need different support as they grow.

As a relationship manager, I've learned that there's never a one-size-fits-all approach to helping our business customers. Often, it's about providing a wide range of support, from meeting a business's everyday banking needs to assisting with its longer-term goals for growth.

In 2023, it was great to continue our work with South Coast Insulation Services (SCIS), a national, Trustmark-accredited energy efficiency provider.

The business is ambitious about its growth journey and the role it could play in improving energy efficiency in the UK housing and property market. To support this, in 2023 SCIS acquired Cotswold Energy Group, a renewable energy specialist offering solar, ground and air source heat pumps, and electric vehicle solutions.

We supported SCIS with the acquisition, providing a £6 million revolving credit facility to fund the transaction. We've worked with the customer for a long time and been able to build a good relationship. Our knowledge of the company meant that we could structure a deal which suited SCIS's business model and expansion plans, providing funding for growth and supporting its working capital needs. We have since further supported SCIS, providing asset finance as it continues to scale its operations and national coverage.

As one of the biggest banks for businesses in Great Britain, I like to think we champion our business customers by working with them to understand their needs, finding the right solutions to help them grow.

Serving our customers every day



Supporting business in 2023

101,700
start-ups supported

95.1 million
Tyl payments processed

24 months
of free everyday business
banking provided by our
Current Account Switch
Service launched in 2023

over 1,300
entrepreneurs supported
via the NatWest
Accelerator

Delivering our strategy

It's our focus on our strategic priorities that underpins our progress. Our business is resilient and we're supporting growth with our long-term investment plans and our digital transformation.



Supporting customers at every stage of their lives

We believe that sustainable growth will come from building closer relationships with our customers and our ability to better serve them at every stage of their lives.

Progress in 2023

- We continue to help future generations develop good money habits through our Youth accounts – including Rooster Money – which have now grown to over 574,000 customers, a 1-in-5 share of the youth market.⁽¹⁾
- In 2023, we helped c.6 million^(*) Retail Banking customers with their financial wellbeing. We also carried out over 300,000^(*) business support interventions through initiatives such as Dream Bigger and Business Builder, providing advice to help start, run or grow a business.
- In 2023, we increased our lending to customers by £9 billion, up 3% compared with 2022.
- To help our customers feel more money confident, have greater control of their day-to-day finances and plan for the future, we launched the Insights feature in our Retail Banking mobile app in November 2023. The feature had 3.6 million users at the end of 2023.
- As a committed champion of new businesses, we supported 101,700 start-ups finance their operations in 2023.



Outcome

We can leverage the expertise we have across our bank to deliver products and services that are relevant throughout the lifecycles of our customers.

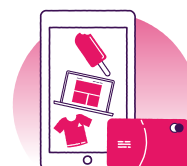


Simple to deal with

By being simple to deal with we will improve both customer journeys and colleague engagement, providing an easier and more intuitive banking experience. Our focused investment allows us to further simplify processes and deliver cost efficiency.

Progress in 2023

- As one of the first banks in the UK to offer Apple and Android Tap to Pay, we made payments easier, faster and cheaper for businesses in 2023 by removing the need for hardware and providing a low-cost, pay-as-you-go service.
- More than 100,000 customers now invest through our digital investment service provided by the Coutts Investment Centre of Expertise and over 93% of payments in Private Banking are now made digitally.
- We now have 10.9 million^(*) active digital users⁽²⁾. We have 9.8 million^(*) customers who have accessed the Retail Banking mobile app and 3.5 million^(*) customers who have accessed online banking in 2023.
- In 2023, Cora, our AI virtual assistant, handled 10.8 million^(*) Retail Banking conversations, almost half of which required no human input.
- We have created 17.2 million positive interactions with customers through personalised messages.



Outcome

Through understanding our customers better and being simple to deal with we can offer more relevant products, more quickly and at the right time.

(1) As at October 23 (latest available), Sources: CACI – UK youth flow share (11-18 years old) cash card and no overdraft; NatWest Rooster Money (11+ years old) accounts opened (12 months rolling).

(2) An active digital user is a customer who has accessed either their online banking platform or mobile banking app.

(*) Within the scope of EY assurance. Refer to page 68.

Delivering our strategy continued

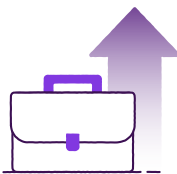


Sharpened capital allocation

Through balance sheet growth we use our capital to invest in the people and infrastructure of our organic business. This allows us to react to regulatory change and to distribute capital to our shareholders while operating in a 13–14% CET1 ratio range.

Progress in 2023

- Our capital generation remained strong in 2023 and as a result, £3.6 billion shareholder distributions were paid and proposed in 2023.
- We invested £1.3 billion in our business during 2023 across growth, simplification, technology enablement and keeping our business safe and secure.
- Our continuing exit from the Republic of Ireland has resulted in a reduction in RWAs during 2023 from £5.4 billion to £1.4 billion, with the close-down process substantially complete. The sale of performing tracker and linked mortgages to AIB announced in Q2 2022 is now 79% complete. The remaining migration is expected to occur during 2024. Meanwhile, the sale of the portfolio of mostly non-performing mortgages, unsecured personal loans and commercial facilities to CarVal announced in Q3 2023 is now 71% complete. Two further migrations will take place during 2024 to complete this transaction. In addition, the sale of non-tracker mortgages, micro-SME loans and the Asset Finance business to Permanent TSB Group Holdings plc was completed in 2023.
- We have now provided £61.9 billion in climate and sustainable funding and financing (£29.3 billion in 2023^(*)) towards our £100 billion target between 1 July 2021 and the end of 2025.



Outcome

We aim to continue to deploy our financial capital to create value for our stakeholders and society over the long term as well as generating sustainable returns.



Powered by people, technology, innovation and partnerships

We need to continually evolve our capabilities, investing in people, technology and partnerships so we can be a simple, safe and smart bank that is driven by data and digital innovation.

Progress in 2023

- In June 2023, we completed our acquisition of a majority shareholding in the workplace savings and pensions fintech, Cushon. The acquisition enables us to offer a suite of financial wellbeing services to our Commercial & Institutional and Private Banking customers.
- To reduce financial barriers for farmers transitioning to sustainable agricultural practices, we announced strategic partnerships with WWF-UK and with food manufacturer McCain.
- In collaboration with the University of Edinburgh, NatWest Group announced in June 2023 the investment of £2 million to create a Centre for Purpose-Driven Innovation in Banking.
- In November 2023, we announced the launch of our Home Energy Hub – a one-stop shop for home energy improvements, enabling customers to connect to an ecosystem of suppliers including British Gas, TrustMark, Vibrant, Wickes and Snugg.



Outcome

By scaling new and existing relationships through technological and digital expertise, we aim to meet our customers' evolving needs and fulfil our growth ambitions.

Learn more about our strategy



How we measure our progress: refer to our [Key performance indicators on pages 20 to 22](#).

How we shape our decisions: refer to our [Market environment section on pages 14 to 16](#).

How we balance our actions: refer to our [Risk management overview section on pages 60 to 65](#).

How we reward for progress: refer to our [Annual remuneration report on pages 141 to 161](#).

(*) Within the scope of EY assurance. Refer to page 68.

Key performance indicators

Measuring our performance

Financial measures

Income (excluding notable items)

2023	£14,339m
2022	£13,061m
2021	£10,184m

✔ Expect total income excluding notable items to be around £14.8 billion in 2023.

Our performance

Total income, excluding notable items⁽¹⁾ of £14,339 million, was £1,278 million, or 9.8% higher than 2022, but was below our guidance of around £14.8 billion given in our 2022 year end results. In our Q3 2023 results we updated our guidance to around £14.3 billion reflecting changes in customer behaviour and revised assumptions on interest rates.

(1) Notable items of £413 million (2022: £95 million).

Alignment with our strategic framework



How we measure our progress and our future priorities

In 2024 we expect income, excluding notable items, to be in the range of £13.0-13.5 billion.

Cost:income ratio (excl. litigation and conduct)

2023	51.8%
2022	55.5%
2021	69.9%

✔ Achieve a cost:income ratio (excl. litigation and conduct) below c.52% or c.£7.6 billion of operating costs in 2023.

Our performance

The cost:income ratio (excl. litigation and conduct) was 51.8% compared with 55.5% for 2022. Total operating expenses were £309 million higher than 2022. Other operating expenses were £339 million, or 4.6%, higher for the year at £7,641 million. The increase was principally due to higher staff costs, including a payment to support our colleagues with cost of living challenges, inflationary pressures on utility and contract costs and a property impairment.

Alignment with our strategic framework



How we measure our progress and our future priorities

In 2024 we expect operating costs, excluding litigation and conduct costs, to be broadly stable compared with 2023.

CET1 ratio

2023	13.4%
2022	14.2%
2021	18.2%

✔ Operate with a CET1 ratio in the range of 13-14% over the medium term.

Our performance

The CET1 ratio remains strong at 13.4%, or 13.2% excluding IFRS 9 transitional relief. The 80 basis point reduction compared with 31 December 2022 principally reflected proposed distributions deducted from capital of c.200 basis points, and increased RWAs of c.50 basis points, partially offset by the attributable profit.

Alignment with our strategic framework



How we measure our progress and our future priorities

Target a CET1 ratio in the range of 13-14%.

Read more: Our investment case on page 10 and in our Outlook statement on page 8.

For details on how the KPIs are aligned to executive directors' remuneration refer to our Annual remuneration report on pages 141 to 161.

Key



Supporting customers at every stage of their lives



Simple to deal with



Sharpened capital allocation



Powered by people, technology, innovation and partnerships



Climate



Enterprise



Learning



Achieved



On track

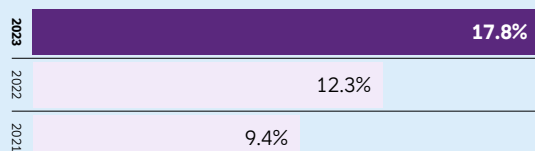


Below guidance provided in 2022. In line with Q3 2023 guidance

Key performance indicators continued

Financial measures

Return on tangible equity



✔ Achieve return on tangible equity target of 14-16% over the medium term.

Our performance

Return on tangible equity was 17.8%, above our guided range, compared with 12.3% in 2022.

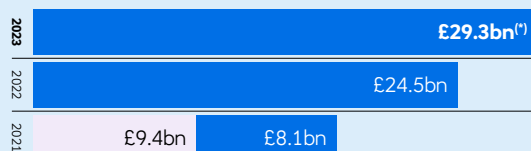
Alignment with our strategic framework



How we measure our progress and our future priorities

In 2026 we expect to achieve a return on tangible equity of greater than 13%.

Climate and sustainable funding and financing⁽¹⁾



✔ Provide £100 billion of 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.

Our performance

In 2023 we provided £29.3 billion^(*) of climate and sustainable funding and financing towards our £100 billion target. This took our cumulative total since July 2021 to £61.9 billion^(*) towards our target to provide £100 billion of climate and sustainable funding and financing by the end of 2025.

Alignment with our strategic framework



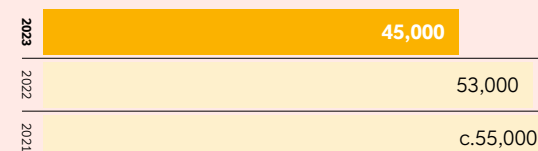
How we measure our progress and our future priorities

Funding and financing provided to support climate and sustainable activities in line with our climate and sustainable funding and financing inclusion (CSFFI) criteria.⁽¹⁾

📄 Read more: Our climate-related disclosures on pages 48 to 59 and in our 2023 Climate-related Disclosures Report.

Non-financial measures

Supporting enterprise through unique programmes



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

Our performance

In 2023 we have supported 57,155^(*) young people and 45,263^(*) individuals and businesses through our enterprise programmes with 300,771^(*) customer interventions delivered. Of those supported:

- 34%^(*) were from ethnic minority backgrounds.
- 55%^(*) support provided to women.
- 75%^(*) were in regions outside London and south-east England.

Alignment with our strategic framework



How we measure our progress and our future priorities

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

📄 Read more: Our Annual remuneration report on pages 141 to 161 and in our 2023 ESG Disclosures Report.

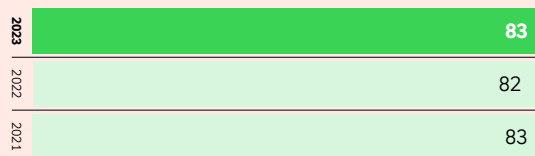
(1) For the year ended 31 December 2023, the NatWest Group CSFFI criteria published in December 2022 has been used to determine the assets, activities and companies that are eligible to be counted. For the year ended 31 December 2022, our CSFFI criteria published in October 2021 was applied. For the year ended 31 December 2021, the CSFFI criteria published in February 2021 was applied. The CSFFI criteria includes lending to personal customers for properties with EPC A and B ratings, and these were included within climate and sustainable funding and financing reporting from 1 July 2021. NatWest Group's own Green, Social and Sustainability (GSS) bond issuances are not included in the figures above.

(*) Within the scope of EY assurance. Refer to page 68.

Key performance indicators continued

Non-financial measures

Build and strengthen a healthy culture⁽¹⁾



✔ Achieve our culture target of 80 points as measured through the Our View colleague engagement survey.

Our performance

In 2023, we exceeded our target on Culture by 3 points. We have introduced an experimentation index to support leaders to assess the extent to which colleagues have an experimentation mindset, feel empowered to drive change and try new ways of thinking. Our View survey results across 2023 show that our experimentation culture is improving.

Alignment with our strategic framework

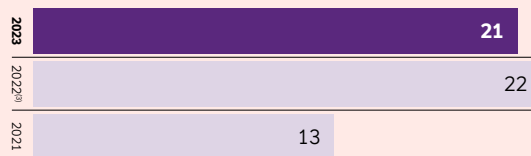


How we measure our progress and our future priorities

Achieve our culture target as measured through our colleague engagement survey, Our View.

📄 Read more: Our colleagues section on page 36 to 39, Annual remuneration report on pages 141 to 161 and in our 2023 ESG Disclosures Report.

Net Promoter Score® (NPS) Retail⁽²⁾



✔ Achieve 2023 NPS targets for our core customer-facing businesses.

Our performance

2023 was a high-profile year for the retail banking industry with rates being a key focal point for customers over the 12 months. Against this backdrop, the NPS for NatWest Retail Banking dropped slightly from 22 in Q4 of 2022 to 21 in Q4 of 2023.

Alignment with our strategic framework



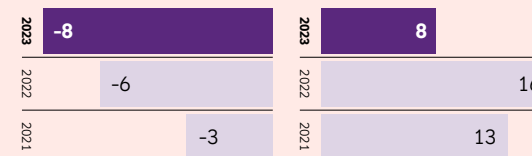
How we measure our progress and our future priorities

2024 NatWest Retail Banking NPS 22.

📄 Read more: Our customers section on pages 32 to 34 and our Annual remuneration report on pages 141 to 161.

Net Promoter Score® (NPS)⁽²⁾

Business Commercial Mid-Market



✔ Achieve 2023 NPS targets for our core customer-facing businesses.

Our performance

Businesses continued to face into elevated rate conditions in 2023. NPS for NatWest Business Banking dropped two points from -6 in Q4 of 2022 to -8 in Q4 of 2023 and the NPS for Commercial Mid-Market Banking dropped from 16 in Q4 of 2022 to 8 in Q4 of 2023. Compared with other banks, our ranking in Business Banking has not changed; we remain a leader in Commercial Mid-Market. Our focus in 2024 is to enhance customer journeys and platforms, deepen relationships and free up front-line capacity.

Alignment with our strategic framework



How we measure our progress and our future priorities

2024 NatWest Business Banking NPS -6.
2024 NatWest Commercial Banking NPS 11.

📄 Read more: Our customers section on pages 32 to 34 and our Annual remuneration report on pages 141 to 161.

Key



Supporting customers at every stage of their lives



Simple to deal with



Sharpened capital allocation



Powered by people, technology, innovation and partnerships



Climate



Enterprise



Learning



Achieved



On track



Below guidance provided in 2022. In line with Q3 2023 guidance

(1) The culture index used to measure culture consists of 10 questions as defined and measured in Our View, our colleague engagement survey. All scores shown are for NatWest Group and include Ulster Bank RoI. To enable like-for-like year-on-year comparisons, all scores shown are based on the Willis Towers Watson (WTW) calculation methodology.
 (2) NPS® and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., NICE Systems, Inc., and Fred Reichheld.
 (3) 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.

Keeping our customers digitally secure

Lead Product Owner in our Digital Channels team, Sue Duka, explains how she's helping mobile banking customers take control of their digital security...

Mobile apps have become fundamental to many people's lives. They're now an essential offering of banking services, giving customers control of their finances and the freedom to bank where and when they want to.

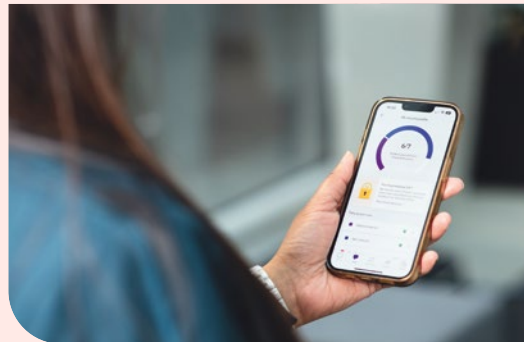
With nearly 10 million customers regularly using our mobile banking service, we know how important digital security is. We've invested significantly in digital security and our mobile banking apps are built with sophisticated levels of protection. Despite this, new scams emerge every day and fraudsters are learning new and inventive ways to exploit customers' vulnerabilities, with potentially devastating financial and emotional impacts.

It's not always easy for customers to know what they can do to protect themselves. That's why in 2023 we created Security Profile, a dedicated space in our mobile banking app where customers can see how we safeguard them and what they can do to stay secure.

Security Profile shows customers steps they can take to improve their security, such as setting controls like transaction notifications and turning on biometric approvals. We've also added personalised education to help customers avoid fraud and scams.

Our approach to developing Security Profile has customers at its heart, and I've worked closely with our Digital Security and Fraud colleagues, along with many other teams from across the bank, to respond to our customers' needs and feedback. This work has included improving our biometric approvals to make them more secure and easier to use. We've enhanced these features to better spot things such as deep fake technology that could be used in fraudulent transactions. We've also removed the need for customers to blink when they use the feature, making it more accessible to people who can't complete this action.

Being part of such important work is something I really value. It's hugely rewarding to know about the impact these features have on our customers and the difference they make in helping us to prevent fraud.



Enabling digital security in 2023

9.8 million
Retail Banking
customers used mobile
banking in 2023

3.1 million
customers used Security
Profile in 2023

1.8 million
customer actions to boost
security on Security
Profile in 2023

Section 172(1) statement

In this statement, we describe how our directors have had regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006 (section 172) when performing their duty to promote the success of the company.


The Board reviews and confirms its key stakeholder groups for the purposes of section 172 annually. For 2023, they remained investors, customers, colleagues, regulators, communities and suppliers.

Our directors are mindful that it is not always possible to achieve an outcome which meets the expectations of all stakeholders who may be impacted, and that there may be impacted stakeholders outside the six key groups the Board has identified. Examples of how the Board has engaged with stakeholders can be found in this statement and in the Corporate governance report pages 101 and 102.


Our Board and committee terms of reference (available at natwestgroup.com) reinforce the importance of considering the matters set out in section 172 (the s172 factors, as set out below). Our paper template also supports consideration of stakeholders and enables good decision-making.

The spotlights on this page provide illustrative examples of how the section 172 factors were considered by the Board during 2023. They describe how the Board played an important oversight role in relation to key focus areas for the bank and its customers. On the following page we provide insights into how two principal decisions were made by the Board during the year, on capital distributions and Chair succession. Principal decisions are those decisions taken by the Board that are material or of strategic importance to the company, or are significant to NatWest Group’s key stakeholders.


The s172 factors

 Likely long-term consequences

 Employee interests

 Relationships with customers, suppliers and others

 The impact on community and environment

 Maintaining a reputation for high standards of business conduct

 Acting fairly between members of the company

Artificial intelligence (AI) and data



During a two-day strategy session the Board held with executive management in June 2023 there was significant focus on the impact of emerging technologies, including AI and digital currencies. Customer and colleague impacts were an important consideration, particularly over the longer term. This session was supplemented by two Board deep dives during the year on the Digital X strategy, which management refreshed in March 2023. The Board noted that the change in strategy for the function would position it well to meet future customer needs and offered the opportunity to double the number of engineering roles over three years.

Nature



The Board provided oversight of various matters relating to nature throughout 2023, reflecting the growing understanding of the importance of this element of sustainability and its potential long-term impacts. In July 2023 the Board discussed strategic ambitions with management, and the opportunities available to the bank to take action in this area. Bespoke Board training on nature and biodiversity later in 2023 helped to build directors’ knowledge of the impact on local communities and how the bank might support efforts in this area. Given the increasing importance of nature and biodiversity, when reviewing the Board skills matrix for 2023, directors were also invited to consider their experience in this area in the context of ESG. The Board skills matrix is on page 90.

Consumer Duty



Having previously approved the plan to comply with the Consumer Duty by July 2023, the Board closely monitored management’s progress towards the initial regulatory deadline and the future milestones. Directors considered how good customer outcomes would be measured and documented, and how to ensure colleagues have the tools to fulfil their roles and responsibilities to best serve customers. A dedicated training session on the requirements was provided by the external consultancy Oxera to build directors’ understanding of the requirements and how the bank can best deliver good customer outcomes. The Board appointed Roisin Donnelly as NatWest Group Consumer Duty Board Champion from 26 April 2023. Ms Donnelly also joined the Group Sustainable Banking Committee which supports the Board in the oversight of Consumer Duty.

Section 172(1) statement continued

Chair succession

What was the decision-making process?

On 6 September 2023 the Board approved the appointment of Rick Haythornthwaite as the next Chair of NatWest Group plc. Rick joined the Board as an independent non-executive director and Chair Designate on 8 January 2024 and will succeed Howard Davies as Chair on 15 April 2024. The appointment followed a rigorous search process led by the Senior Independent Directors of NatWest Group plc and NatWest Holdings Limited, overseen by the Group Nominations and Governance Committee (N&G), and supported by an external search firm. The wider Board was closely involved through regular updates and broader discussions. To support the Board's decision, a detailed paper described the N&G process leading to Mr Haythornthwaite's identification as the preferred candidate. This included our role-specification criteria, how candidate long and short lists were compiled and reviewed, directors' interview feedback on skills, experience and suitability, and a review of external appointments, time commitment and independence. The Board approved the appointment, noting that Mr Haythornthwaite was a highly experienced Chair who combines a successful commercial career with a deep knowledge of financial services markets and technology. He also has a strong track record of delivery at significant customer-facing organisations.

How did the directors fulfil their duties under section 172?

How were stakeholders considered?

The Senior Independent Director updated regulators and institutional investors at appropriate points during the Chair search process. The Board carefully considered Mr Haythornthwaite's fitness and propriety, supported by references from Mr Haythornthwaite's current and previous boards, alongside other background reports. The Board noted that Mr Haythornthwaite's appointment would ensure a smooth and orderly handover of the Chair role, providing stability and ensuring strong leadership.

Actions and outcomes

Mr Haythornthwaite started his induction shortly after the September 2023 announcement, meeting internal and external stakeholders to cover an agreed list of topics, to which Mr Haythornthwaite contributed.

Further details of the Chair search process can be found in the N&G report on pages 105 and 109, and the induction programme is described in more detail on page 96. Mr Haythornthwaite's biography is on page 86.

Capital distributions

What was the decision-making process?

The Board approved a number of external capital distributions in 2023. These included full-year and interim dividends and participating in a directed buyback of ordinary shares held by HM Treasury. In addition, two on-market buybacks of ordinary shares were approved during 2023. As part of our quarterly results announcements the Board also approved external guidance on capital distributions. The Board considered the proposed distributions in the context of the agreed budget and capital plans for the year, including current and future regulatory capital requirements and the available funds for distribution. Consideration was also given to the macro-economic environment including the impact of higher interest rates on customer behaviour. The Group Board Risk Committee reviewed all capital distribution proposals prior to submission to the Board, making appropriate recommendations informed by the views of the second and third lines of defence.

How did the directors fulfil their duties under section 172?

How were stakeholders considered?

The decisions in relation to capital distributions fulfilled the commitment made in the NatWest Group plc 2022 Annual Report and Accounts to return significant capital to shareholders through 2023 in line with our strategy for growth which drives attractive returns to shareholders. The Board was particularly focused on ensuring the proposed distributions would support the long-term success of the company to the benefit of all stakeholders. Feedback gained via ongoing investor engagement by executive directors regarding the capital distribution narrative also informed the Board's decision-making. A key consideration in the decision to use capital to undertake the two on-market buybacks was the share price – the valuation on each occasion meant that this course of action would be materially more accretive than alternative options. Investors, and their expectations in terms of capital distributions, were another important factor. The Board considered the financial implications the distributions might have and any potential impact on the bank's ability to serve our customers every day.

Actions and outcomes

The final dividend of 10 pence per ordinary share was approved by shareholders at the Annual General Meeting in April 2023 and an interim dividend of 5.5 pence per ordinary share was approved by the Board in July 2023. In May 2023 the Board approved participation in a standalone directed buyback of 469,200,081 ordinary shares (worth £1.3 billion) in the company from HM Treasury. Two on-market buybacks were approved by the Board – the first in February 2023, up to a value of £800 million, and the second in July 2023, up to a value of £500 million. These actions were in line with the external guidance provided in February 2023, and reviewed as part of each results announcement.

Stakeholder engagement

Our business is made up of a network of relationships. Listening, engaging and partnering with stakeholders helps us to address our business impacts and improve outcomes for our customers. On pages 27 to 29 we highlight our key stakeholders and provide examples of how we have collaborated with them to create value.

Stakeholder focus areas

Engaging with our stakeholders is vital to the success of our business. It helps us improve outcomes for our customers, communities, and the environment. On pages 30 to 43, we look at some of the ways that we supported our stakeholders' needs in 2023.

Key ESG topics for our stakeholders

We understand the importance of responsible environmental, social, and governance (ESG) practices to our strategy and how our stakeholders play an essential role in ensuring we can succeed. We engage with our stakeholders to review the key ESG-related topics that matter most to them. This may allow us to better address sustainability related matters of interest to our key stakeholders and supports our voluntary ESG disclosures in our 2023 ESG Disclosures Report.



Learn more about our stakeholder engagement

For further information on how stakeholder considerations influenced the Board's discussions and decision-making: refer to our Section 172(1) statement on pages 24 and 25, and in our Corporate governance report on pages 101 and 102.

Stakeholder engagement continued

 **Investors**

Providers of our capital and funding

How we engaged	Outcome of engagements
The Chairman, Group CEO and Group CFO took part in a programme of engagement through quarterly results presentations and meetings with our largest shareholders.	An open dialogue was maintained with our institutional shareholders, updating them on progress against our strategic priorities and financial targets. 180 meetings were hosted by the Chairman, CEO and CFO during 2023 which also gave investors the opportunity to provide feedback to the Board.
Meetings with our wider senior management team, presentations at industry conferences and an investor spotlight on our climate strategy.	Institutional shareholders, fixed income investors and research analysts gained a deeper understanding of our business and were able to ask questions of the wider management team to inform their investment decisions.
Programme of meetings for our largest institutional shareholders with the Senior Independent Director upon announcement of the new Chair.	Institutional shareholders were able to discuss the appointment process for the new Chair and share their feedback with the Board.
In addition to the AGM, our Chairman and Group CEO represented the Board at a virtual shareholder event with private shareholders.	Private shareholders had the opportunity to engage with Board members on topics including the cost of living crisis, our strategy and our ambition to be a leading bank in the UK helping to address the climate challenge.
<p>Challenges we faced:</p> <p>On 26 July 2023, the Board announced that Alison Rose had agreed by mutual consent to step down as CEO of NatWest Group and that Paul Thwaite had been appointed as CEO for an initial period of 12 months. It was recognised that the unexpected change in management was likely to generate a number of questions for investors, and so it was important to engage quickly. After the news had been communicated to the market, we contacted our largest shareholders to offer them a meeting with the Chairman. A number of investors then spoke with Howard Davies, with discussions focusing on the events surrounding the CEO's departure and the scope of the independent review that would take place. In September 2023, Paul Thwaite began a programme of meetings with our largest shareholders to discuss his immediate priorities and listen to their feedback on the business.</p>	

 **Customers**

The people and businesses we serve

How we engaged	Outcome of engagements
Through our Carbon Planner, a free digital tool designed to help UK businesses reduce their carbon footprint, and our Carbon Footprint Tracker for retail customers.	We have made helping to address the climate challenge and supporting our customers in their transition to net zero a strategic priority. Our tools could help customers and UK businesses to understand and reduce their carbon footprint.
Customer listening programme, delivered through small focus groups of six to eight customers discussing their experiences.	In 2023, we held customer listening sessions on fraud, financial capability among customers in vulnerable situations, financial management apps, financial networks and finance and investment planning for people over the age of 55. These sessions were attended by ExCo members and other senior leaders across NatWest Group. We launched an intranet page to share the content from these sessions with all colleagues and now provide a range of media for colleagues, including reports, videos and podcasts.
Through our customer-facing websites and written communications, detailing our support in response to the UK Government's Mortgage Charter.	We offered our customers additional support in response to the charter, building on our existing features for mortgage customers who may be facing financial difficulties. In 2023, our mortgage cost of living support web pages were visited over 57,000 times, with more than 30,000 customers utilising one of our additional support features.
NatWest Accelerator, Entrepreneur hubs and key commercial partnerships.	We continued to collaborate with organisations such as Business in the Community, Hatch, Digital Boost, Women in Business, and the Centre for Research in Ethnic Minority Entrepreneurship to support entrepreneurs from a diverse range of backgrounds and sectors. In 2023, we supported over 1,300 entrepreneurs via the NatWest Accelerator, of which businesses 56% were led by women and 21% by people from ethnic minority backgrounds.
<p>Challenges we faced:</p> <p>With the rapid rise in interest rates from late 2022 into 2023, customers urgently needed our support to understand the potential impacts and make informed decisions about their savings. We mobilised with a combination of new products and engaging communications, resulting in existing customers taking action and over 100,000 new customers joining the bank to take advantage of our savings products. This engagement strategy will continue to play a major role in supporting our customers as we help them to navigate the anticipated base rate changes over the coming 12 to 18 months.</p>	

Stakeholder engagement continued

 **Colleagues**

The people who deliver our strategy

How we engaged	Outcome of engagements
Our View colleague engagement survey.	Our View September 2023 response rate was 84%, our highest-ever participation rate. The survey provided insights to support leaders in developing clear action plans and improve the colleague experience across NatWest Group. Understanding sentiment and using insight to drive people-based decisions means we are better equipped to help our colleagues to thrive. By understanding where we can improve the colleague experience, we are better placed to champion our colleagues' potential, supporting them to do the same for our customers.
Wellbeing Champions, Inclusion Champions, Our Colleague Experience Squad and employee-led networks.	We continued to support our employee-led networks (ELNs), which collectively have over 24,000 members globally. We launched our global ELN event calendar continuing to promote cultural diversity and faith celebrations focusing on impact and engagement.
Through our Climate Change Fundamentals education programme.	In 2023, we committed to educate all colleagues through our Climate Change Fundamentals programme which was completed by c.55,000 colleagues across the bank. The 60-minute programme, created in partnership with University of Edinburgh Centre for Business, Climate Change and Sustainability, focused on building awareness of our climate ambitions whilst helping colleagues build their own knowledge, skills, and behaviours to understand their role in climate change.
Colleague Advisory Panel (CAP).	The CAP continued to provide an important communication channel between the Board and colleagues. Panel members and directors shared views on executive remuneration and the wider workforce, ESG, Consumer Duty, and human rights. Discussions are reported to the Board by the CAP Chair, who also subsequently updates panel members. Refer to page 102 for more details on Board-level engagement.

Challenges we faced:

The unprecedented rise in the cost of living experienced by our colleagues created new challenges in 2023 through rising inflation and energy prices. We provided financial support to our colleagues most likely to be impacted by making a significant investment in our annual pay review effective April 2023, and we continue to support colleagues with our suite of financial wellbeing materials. Focusing on our lowest paid colleagues, we immediately implemented the changes to the real living wage and also increased our lowest starting salary to £22,000 effective April 2023, an increase of 16% since April 2022. For 2024 this will further increase to £23,500, with a significant wider investment in colleague pay recognising the pressures colleagues continue to face. 2023 also saw the announcement of our Sharing in Success (SiS) scheme which is intended to be a valuable addition to our colleague pay proposition.

 **Regulators**

Whose rules and expectations we seek to comply with

How we engaged	Outcome of engagements
With the FCA on its Discussion Papers and Call for Inputs on Big Tech firms entering the financial services sector.	Regulators have greater insight into the risks and opportunities posed by Big Tech firms' entry into the sector and the potential ramification of their use of technology.
Engagement with the Prudential Regulation Authority (PRA) on the latest Basel 3.1 capital proposals.	We are awaiting final rules from the PRA; however, through our discussions with the regulator we have highlighted the potential impacts on the real economy of increased capital requirements of the wider management team to inform their investment decisions.
Engagement with the Financial Conduct Authority (FCA) on our implementation of the new Consumer Duty.	Transparency on our implementation, consistent with the FCA's stated ambition to iterate on approach with firms.

Challenges we faced:

NatWest Group has been keen to support the FCA in understanding the potential competition impacts of Big Tech's entry in retail financial services. As such, we responded to the FCA's October 2022 Discussion Paper on 'The potential competition impacts of Big Tech entry and expansion in retail financial services', and are now subsequently working with the regulator on its more recent November 2023 Call for Input on the 'Potential competition impacts from the data asymmetry between Big Tech and firms in financial services'.

Stakeholder engagement continued

 **Communities**

The places where we have an impact

How we engaged

Outcome of engagements

Meetings, roundtable events and working groups with the UK Government, engagement with personnel within the government and the opposition.

Stakeholder engagement, combined with analysis of customer data, enabled us to better support those impacted by increased cost of living. We issued regular communications on the economy, the cost of living support we provide, and guidance about managing finances to MPs and researchers. We met with MPs and local groups and representatives to discuss alternative ways of banking in areas affected by branch closures.

We collaborated with partners through the Sustainable Homes and Buildings Coalition and the Energy Efficiency Taskforce.

We continued to help to address the climate challenge, focusing on helping customers reduce energy costs by supporting behavioural change and adapting their homes. We hosted events at Westminster in conjunction with former MP, Chris Skidmore and the UK Net Zero Coalition – where we published the third Home is Where the Heat is report. We also continued to progress our home retrofit plans and we participated in the UK’s representation at COP28.

We continued a regular series of constituency roundtable events and visits, bringing together business customers and local politicians to discuss the issues that matter most to them.

We participated in events on fraud awareness, cost of living support and help with banking for senior citizens through constituency engagement and liaison with local MPs. We demonstrated how NatWest Group adds value to local economies by creating jobs and offering apprenticeships, as well as by supporting and nurturing startups and small businesses.

Establishing and building charity relationships to explore how we can help communities to thrive through customer giving, colleague fundraising and volunteering.

Through our colleague Do Good Feel Good campaign, good causes received £3.8 million and 125,026 hours of volunteering time. Through our reward account, charities have received £987,000 in customer donations to support their vital work. We are a long-standing partner of the Disasters Emergency Committee (DEC) and our campaign for the Turkey–Syria Earthquake Appeal led to donations of over £3 million, which includes £1.87 million raised through our donation facility on our mobile banking app.

Challenges we faced:

Cost of living challenges following so quickly on from COVID-19 mean that charities continue to face challenges on fundraising while facing increased demand for their services. We have collaborated with charities working most closely with those impacted by cost of living to explore ways we can support more.

 **Suppliers**

Where we source our goods and services

How we engaged

Outcome of engagements

Board sessions with suppliers.

In 2023, the Board met with representatives of suppliers to strengthen relationships, to understand their experiences of working with NatWest Group and to identify future opportunities and challenges. Refer to page 101 for details on Board-level engagement.

Our Supplier Charter.

We have amended the intent of the Supplier Charter to create a ‘one-stop-shop’ for our suppliers. The charter highlights our ambition to create a diverse and responsible supply chain and in 2023 we added new guidance around digital accessibility, including valuable learning opportunities for our suppliers to share with their wider value chain.

Supplier Decarbonisation Programme pilot group.

Our Supplier Decarbonisation Programme was formed to help us achieve our ambition to reduce our operational value chain scope 3 emissions by 50% by 2030, against a 2019 baseline, and achieve net zero by 2050 across our operational value chain. The programme enabled colleagues to work with a test group of suppliers to understand the most effective way to build awareness and capability and, ultimately, to have deeper and more informed conversations with suppliers about climate-related matters. Refer to page 58 for further details on our Operational value chain.

Evidence-based supply chain sustainability assessments for our suppliers by third-party provider, EcoVadis.

528 of our suppliers participated in an EcoVadis assessment in 2023. Where a supplier falls below the global EcoVadis average (45.9%), a corrective plan is initiated and, if appropriate, is discussed at supplier meetings.

Challenges we faced:

Customers, employees, investors and governments increasingly demand that companies demonstrate how they’re working to be socially responsible and provide greater environmental stewardship. With new sustainability legislation, standards and guidelines, the need to do more to support our suppliers is clear. That’s why in 2023, we’ve continued to enhance our Supplier Charter to include guidance on digital accessibility, new developments and valuable learning opportunities for suppliers to share with their wider value chain.

Stakeholder focus areas



Investors

We continued to return capital to shareholders through a combination of dividends and buybacks over the course of 2023. A £1.3 billion directed buyback of shares held by the UK Government in May 2023 helped to reduce the UK Government's stake in NatWest Group to 37.97% at the end of 2023.

Highlights

Share count reduction

We reduced the number of ordinary shares outstanding by 9% over the year through our directed and on-market share buyback programmes. This contributed to a 26% increase in total dividend per share in 2023 compared with 2022.

Virtual shareholder events in 2023

We hosted live online events for our retail shareholders in April and December 2023, which remain a key component of our stakeholder engagement programme.

Strong attendance for our investor events on climate

A wide audience including equity and fixed-income investors, ESG specialists and sell-side analysts attended our climate-focused event in March 2023.

Private shareholders

We engaged with our private shareholders through our Annual General Meeting (AGM), virtual shareholder events and our annual and strategic report communications. The AGM was held in April 2023 in person at our headquarters in Edinburgh and available to watch live online via webcast.

We also held a live virtual shareholder event before the AGM to give shareholders the opportunity to engage with our Chairman and CEO prior to voting on the business of the AGM. Virtual shareholder events remain a key component of our stakeholder engagement programme. They provide an opportunity for shareholders to hear from, and ask questions of, Board members and senior management on topics such as innovation, enterprise, sustainability and our financial performance (including changes in the macro economy and the impact on deposit offers and customer behaviour). We intend to deliver further virtual events in 2024. Shareholder updates and recordings of our AGM and virtual shareholder events can be found on our website at natwestgroup.com.

Institutional shareholders and fixed-income investors

Our well-established programme of global institutional investor engagement saw management host 373 meetings with institutional shareholders and 324 meetings with fixed-income investors in 2023. The financial year began with a presentation on our annual results in February 2023, hosted by our Chairman, CEO and CFO. This live event took place virtually and included an interactive question and answer session to give research analysts, shareholders and fixed-income investors an opportunity to engage with our management team. Further quarterly results presentations took place virtually alongside the release of our financial results in April, July and October 2023.

Our CEO and CFO engaged regularly with UK Government Investments and our largest active institutional shareholders throughout the year to update them on our progress. As in-person contact continued in 2023, we hosted a hybrid programme of in-person and virtual one-to-one and group meetings with institutional shareholders from around the world. Meetings with shareholders and fixed-income investors covered key topics such as progress against our financial targets, interest rate sensitivity, capital return policy, regulation and the macroeconomic environment.

Environmental, Social and Governance (ESG) issues were regularly discussed at our one-to-one meetings. We participated in several ESG focused roadshows and investor events and we continued to engage with sustainability rating agencies and data providers.

In 2023, NatWest Group won the 2023 Finance for the Future Awards for 'Embedding an Integrated Approach' and 'Communicating Integrated Thinking'. We were also named as a Climate Leader at the 2023 Finance for the Future Awards, recognising our progress in integrating sustainability into financial decision-making.

Our ongoing Investor Relations programme also allows investors the opportunity to hear from the wider management team. In March 2023 we hosted a spotlight event, inviting shareholders, fixed-income investors and research analysts to join a presentation on our climate strategy. Throughout the year, our business CEOs and CFOs attended industry conferences and hosted broker-organised meetings to talk about their strategic priorities and recent business performance with groups of investors.

Change in management

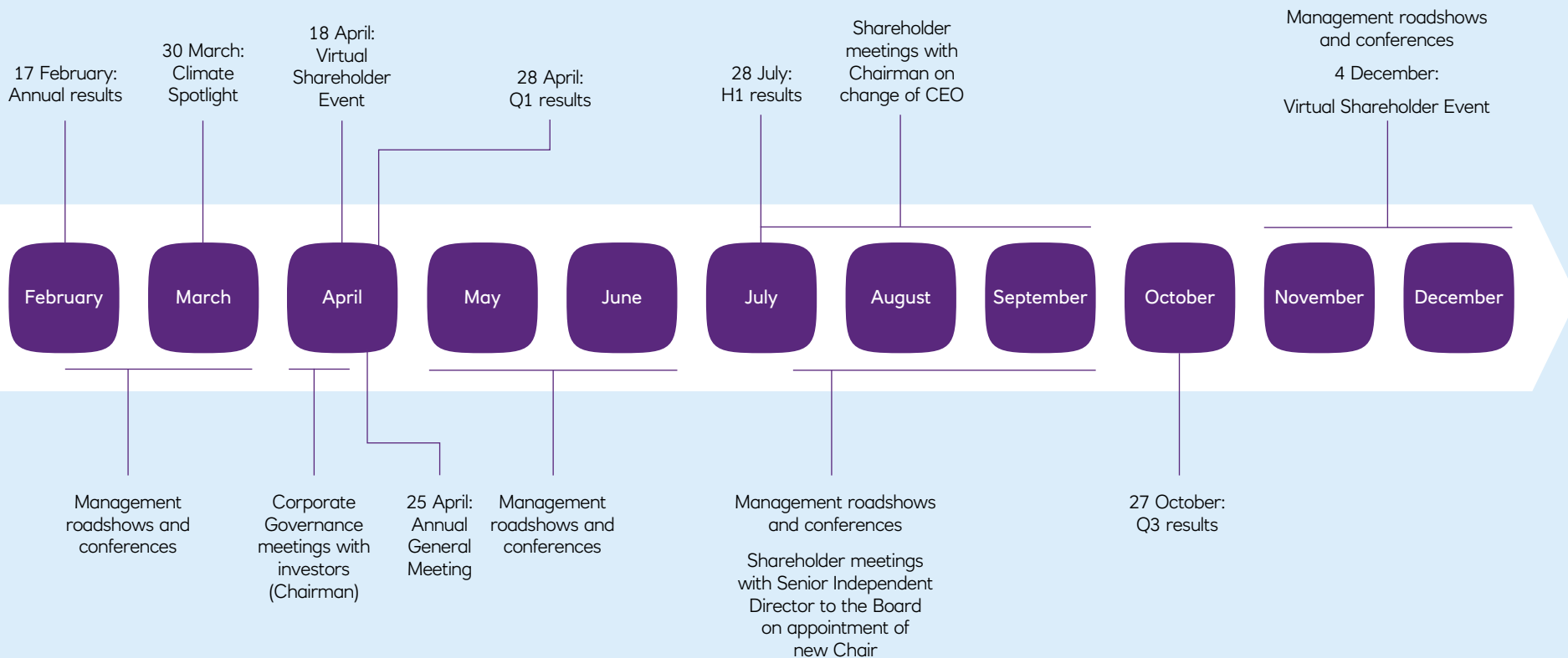
On 26 July 2023, the Board announced that Alison Rose had stepped down as CEO of NatWest Group and that Paul Thwaite had been appointed as CEO for an initial period of 12 months. After the news had been communicated to the market, we contacted our largest shareholders to offer them a meeting with the Chairman. A number of investors took up the offer and spoke with Howard Davies over the days and weeks that followed. Discussions focused on the events surrounding the CEO's departure and the scope of the independent review that would take place. Shareholders gave their feedback directly to the Chairman and he was able to provide them with reassurance about the appointment of the new CEO and the strength of the underlying business. In September 2023, Paul Thwaite began a programme of meetings with our largest shareholders to discuss his immediate priorities and listen to their feedback on the business.

On 6 September 2023, the Board also announced that Rick Haythornthwaite will succeed Howard Davies as Chair. Rick joined the Board of NatWest Group plc as an independent non-executive director on 8 January 2024 and following a handover period will take over as Chair on 15 April 2024, when Howard Davies will stand down from the Board.

Stakeholder focus areas continued

2023 Investor Engagement Roadmap

Our Investor Relations programme is planned to inform existing shareholders and potential new investors about our financial performance, strategic progress and investment case. To support our quarterly results presentation, we proactively organise investor roadshows covering the major financial centres, further deepening engagement by joining broker-organised conferences, sales force presentations with major investment banks and round tables with sell-side analysts who publish research on NatWest Group. Our calendar also includes stewardship meetings with shareholders on ESG topics and corporate governance. Private shareholders have the opportunity to engage directly with our management team and Board members at the Annual General Meeting and virtual shareholder events held throughout the year.



Stakeholder focus areas continued

Customers

We're working to meet our customers' needs and provide better, more personalised products and services.

Highlights

Helping 2 million people save £100 for the first time

We reached our 2020 goal to help more people build a savings habit. Saving more than £100 for the first time with NatWest Retail Banking since 2020.

Fuel and electric vehicle (EV) charging cashback for business customers

We helped business customers offset their costs when they use their business credit card.

Empowering more people to understand their credit score

We made our Know Your Credit Score tool available to everyone in the UK, even if they're not a customer.⁽¹⁾

Support for customers in vulnerable situations

We launched new training for our colleagues to help customers in vulnerable situations.

Building financial wellbeing and resilience

A tough economic environment means that we need to be there for our customers more than ever. In 2023, we reached our goal, set in 2020, to help 2 million people build a savings habit and resilience for the future by saving more than £100 for the first time with NatWest Retail Banking since 2020. Now, we have set a 2027 ambition to help 10 million people to manage their financial wellbeing. We're aiming to reach this target through digital tools and personalised engagements with customers, like our Financial Health Checks and the Know Your Credit Score tool, which is now available free to anyone over 18 living in the UK, even if they're not a customer.⁽¹⁾

For our personal customers, we've also provided breathing space in times of financial difficulty. Where customers have missed several payments on unsecured debt, like a loan or an overdraft, we extended the time they have to repay from 18 to 24 months. We also offered tailored support to personal mortgage customers in persistent financial difficulty who are receiving help from our specialist Financial Health and Support teams. In 2023, we delivered 4.3 million^(*) financial capability interactions, with a cumulative total of 18.4 million^(*) interactions delivered between 2020 and 2023 against our strategic target of 15 million interactions by 2023. This includes use of our financial capability programmes, services, products and features.

Developing a savings habit is an essential element of building financial resilience. Tools like the Savings Goal feature in our mobile banking app can help customers to understand and organise their spending, identify savings opportunities and set realistic savings goals for the short and long term. Our Round Ups tool is also helping customers boost their savings. Available in our mobile banking app, Round Ups allow customers to round up their spending to the nearest pound, with the spare change directed to their savings account. During 2023, over 394,000 customers have turned on savings Round Ups.

NatWest Group plays a vital role in supporting financial inclusion and giving customers access to the cash they need. Short-term borrowing can be a valuable tool to help manage financial wellbeing. We offer different short-term borrowing propositions to suit our customers' needs. These include instalment plans, which let customers pay off large credit card purchases by making fixed repayments over a set period of time in return for a lower interest rate.



Understanding the trends shaping young people's finances

We want to be the easiest bank for parents to interact with and the most relevant for young people. That's why we're working hard to know our customers better.

In May 2023 we published the NatWest Rooster Money Pocket Money Index. It's a study of activity of over 125,000 NatWest Rooster Money app users between March 2022 and February 2023 and reveals the trends shaping young people's finances – from average earnings to the importance of saving. The index showed that children's average earnings increased by 11% to £338.84 a year (or £6.42 per week), outpacing Consumer Price Index (CPI) inflation for the period of the study. As the cost of living crisis continued, far fewer families committed to a regular pocket money allowance, while children were more entrepreneurial than ever, earning 16% more in 2022/23 than the previous year from side hustles like babysitting or reselling old clothes and games.

(1) Free for ages 18+ with a UK, Channel Islands or Isle of Man address, following successful registration. Data provided by TransUnion.

(*) Within the scope of EY assurance. Refer to page 68.

Stakeholder focus areas continued

We monitor usage of these propositions closely and have processes in place to protect customers. These help us quickly identify anyone who could be facing financial difficulty or using our products in a way that could create longer-term problems – for instance, by paying for gambling or cryptocurrency.

We've listened to business customers about the challenges they face. With one in three business customers telling us that reduced banking fees would help them deal with ongoing pressures, in January 2023 we launched fuel and EV charging cashback on our Business Credit Cards to help offset the cost of doing business.

In July 2023, we launched a new business banking switcher offer for SMEs. Customers with a turnover of up to £2 million who switch to NatWest, Royal Bank of Scotland or Ulster Bank NI using the Current Account Switch Service will get 24 months of free everyday business banking. The new offer is expected to save business customers on average around £2,000 over two years, depending on the size of the business turnover and its transaction activity.⁽¹⁾

Business Account customers could also benefit from a range of features to support their growth, including access to FreeAgent accounting software; Business Builder, an online platform packed full of business tools and tips; and MentorDigital, which helps businesses navigate the world of human resources, health and safety and employment law.

Delivering personalisation to help customers meet their goals

We've worked to enhance our customers' experience through greater personalisation and by embedding our services in their digital lives. In 2023, our retail mobile banking app was regularly used by 9.8 million^(*) customers and there were more than 10 million active digital users of our online and mobile banking platforms. Tools like the Spending and Budget Tracker features in our mobile banking app give customers a personalised view of their spending and how they're doing against budgets they've set for the month.

We've also championed Open Banking through the development of new Application Programming Interfaces – pieces of code also known as APIs. APIs allow applications to connect and talk to each other, letting us bring digitised services to more of the online channels our customers use. They're helping us to create better digital experiences for

our customers, like enabling our pioneering payments solution Payit.

Putting accessibility at the heart of banking

It's important that we create experiences that work for all our customers. We want to be accessible by design and make this part of our culture and mindset across the bank.

In 2023, we established our Digital Accessibility team to monitor digital accessibility across the bank's customer journeys. This team delivers the vision of creating an accessible bank by design through embedding repeatable processes and practices. We're also working with our Inclusive Design Panel, which brings together customers and colleagues to provide feedback on new ideas, products, tools and communications. The panel share different perspectives to help us make more informed decisions when it comes to delivering inclusive and accessible services.

We know that at any time, our customers could find themselves in a vulnerable situation where they need extra support. In 2023, the impact of the rising cost of living meant that for many, this was a reality. We've provided more training to all our colleagues to help them recognise and respond to customers in vulnerable situations.

Our Banking My Way service allows our customers to tell us more about themselves so we can provide the right support in the future. It's a free service that allows customers to record information about their situation – for instance a change to their finances or a diagnosis of a serious illness – as well as the support and adjustments they need.

Creating a unified brand experience

We track the performance of our brands and campaigns each month, speaking to hundreds of people, businesses and customers. In March 2023, we relaunched our Royal Bank of Scotland brand and Ulster Bank brand in Northern Ireland. We're now using our Tomorrow Begins Today brand position across the UK, creating a consistent look and feel and a more unified experience for our customers, no matter where they live in the UK. Insights gathered independently and analysed by our Brand Insights team six months after launch showed increased levels of branded communication awareness, particularly among under-35s in Scotland and Northern Ireland.



Offering greater choice to mortgage customers

In August 2023, we launched the Coutts NatWest Mortgage to give our Coutts clients an improved choice of mortgage options and access to NatWest Group's One Bank Mortgage Centre of Expertise.

The Coutts NatWest Mortgage will offer Coutts clients access to NatWest mortgage products through our broker channel or one of our Coutts mortgage specialists. It means that clients with straightforward lending requirements will benefit from having access to the full NatWest mortgage range, while those with more complex needs will still have access to the tailored solutions already offered by Coutts.

(1) £2,000 over two years is based on existing NatWest, Royal Bank of Scotland or Ulster Bank NI business customers in June 2023 with a £1.95m–£2m turnover who currently pay an average of £909 per year in charges (NatWest and RBS customers) and £1,017 per year in charges for Ulster Bank NI customers.

(*) Within the scope of EY assurance. Refer to page 68.

Stakeholder focus areas continued

Customer trust and advocacy

Listening to our customers

We monitor a framework of independent customer feedback surveys to measure customer satisfaction, advocacy and trust for our key brands and services. These insights are reported at the most senior levels of the bank and play a crucial role in how we address the evolving needs of our customers.

Customer trust

Overall trust in the sector has remained broadly stable among the general public. During 2023, our trust scores slightly declined by 3 points for NatWest and by 4 points for Royal Bank year on year. NatWest tracked in line with the sector average score of 72% for 2023.

NatWest

Q4 2023

72%

Q4 2022

75%

Source: Yonder reputation tracker, GB, Trust among Retail Banking customers, 12-month rolling

Royal Bank of Scotland

Q4 2023

63%

Q4 2022

67%

Source: Yonder reputation tracker, GB, Trust among Retail Banking customers, 12-month rolling

Customer advocacy

We track customer advocacy for our key brands using the Net Promoter Score® (NPS), a commonly used metric in banking and other industries across the world(1). Royal Bank NPS increased for Retail and Business Banking, but fell for Commercial Mid-Markets. For NatWest we have seen a decline in NPS. In Retail NatWest remained in 3rd place compared to our peers. Businesses continued to face a challenging economic environment in 2023. Our ranking in Business Banking is unchanged, and we remain a leader in Commercial Mid-Market compared to our peers.

Overall Net Promoter Score®

NatWest

Retail Banking

Q4 2023

21

Q4 2022

22

Source: Strategic NPS benchmarking study run through InMoment, England & Wales, 12-month rolling

Business Banking

Q4 2023

-8

Q4 2022

-6

Source: MarketVue Business Banking from Savanta, England & Wales, Businesses with a turnover up to £750k, 12-month rolling

Commercial Mid-Market Banking

Q4 2023

8

Q4 2022

16

Source: MarketVue Business Banking from Savanta, England & Wales, Businesses with a turnover above £750k, 12-month rolling

Royal Bank of Scotland

Retail Banking

Q4 2023

18

Q4 2022

10

Source: Strategic NPS benchmarking study run through InMoment, Scotland, 12-month rolling

Business Banking

Q4 2023

-5

Q4 2022

-6

Source: MarketVue Business Banking from Savanta, Scotland, Businesses with a turnover up to £750k, 12-month rolling

Commercial Mid-Market Banking

Q4 2023

7

Q4 2022

12

Source: MarketVue Business Banking from Savanta, Scotland, Businesses with a turnover above £750k, 12-month rolling

Retail Banking - key measures

Account opening

Q4 2023

34

Q4 2022

32

Source: NatWest Strategic NPS benchmarking study run through InMoment, Current Account & Savings Account opening, England & Wales, 12-month rolling

Mortgages

Q4 2023

23

Q4 2022

24

Source: NatWest Strategic NPS benchmarking study run through InMoment, England & Wales, 12-month rolling

Mobile banking

Q4 2023

47

Q4 2022

49

Source: NatWest Strategic NPS benchmarking study run through InMoment, England & Wales, 12-month rolling

Online banking

Q4 2023

31

Q4 2022

33

Source: NatWest Strategic NPS benchmarking study run through InMoment, England & Wales, 12-month rolling

(1) NPS® and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., NICE Systems, Inc., and Fred Reichheld.

Building financial resilience

Laura McWhinnie, a Royal Bank of Scotland Personal Banker, explains how we're continuing to help customers deal with financial pressures...

We're working to build financial resilience and offer personalised support to the people who need it most. In 2023, NatWest Group announced new support focused on financial wellbeing for both our customers and people who don't bank with us.

This has included opening our Know Your Credit Score tool to non-customers in the UK, providing breathing space for personal customers in financial difficulty and extra training for colleagues, like me, to help customers with money management and fraud awareness.

The way I help customers with financial wellbeing is by discussing it openly, and one of the main tools I use is the free Financial Health Check. It's open to anyone, not just our customers. During the Financial Health Check, we review the participant's personal finances and go through how we could help them to save money. We can also look at ways to make banking easier for them and offer helpful tips and ideas to help them get financially fitter, both now and in the future.

I've seen first-hand the positive impact a Financial Health Check can have. After a regular customer became unemployed due to ill health, it was clear that he was seriously worried about money. I offered him a Financial Health Check. Together, we discussed budget saving options and cancelled small direct debits he didn't need. We also set up separate accounts for his bills, so he could budget better.

A few months later, you could see he had a spring in his step again. The change was just fantastic. It gives me a great sense of achievement when I can help customers with their financial wellbeing.



Serving our
customers
every day



Our support for financial wellbeing in 2023

c.6 million	175,112	4.2 million	394,863
Retail Banking customers helped with their financial wellbeing	customers used our Savings Goal tool	people used Know Your Credit Score	customers who have switched on the Round Ups feature in the mobile banking app

Stakeholder focus areas continued

Colleagues

Our colleagues are the heart of our business. By supporting them in what they do and by ensuring that NatWest Group is a great place to work with a healthy culture, we can champion their potential and collectively deliver our strategy and purpose.

Highlights

Partner Leave

policies to help families to spend more time together after the arrival of a child.

Launched Beyond

our new approach to managing performance.

93%

Our View Inclusion

score remained strong +7 vs GHPN (Global High Performance Norm) and +10 vs GFSN (Global Financial Services Norm).

1,435

graduates, apprentices and interns hired compared to 1,135 in 2022.

301

Colleagues re-skilled as part of a formal programme since 2022.

Listening to our colleagues

We listen to our colleagues and use this insight to attract, engage and retain the best talent for the future. Our colleague listening strategy contributes to our deeper understanding of colleague sentiment and includes: our colleague opinion surveys including pulse surveys; a Colleague Advisory Panel (CAP) that connects colleagues directly with our Board; the Colleague Experience Squad, a group of colleagues who volunteer to provide feedback on colleague products and services; and Engage, our social media platform. We also track metrics and key performance indicators which we can benchmark with sector and high-performing comparisons.

Over 51,000 colleagues across all countries and levels participated in our September 2023 Our View colleague engagement survey.⁽¹⁾ At 84%, this is our highest ever participation rate. Despite tough economic conditions, our results remain strong showing an average +1 percentage point improvement across the survey compared to September 2022. While purposeful leadership fell marginally, our culture and purpose measures have improved, exceeding NatWest Group targets. Across all comparable categories, NatWest Group sits an average of eight percentage points above the Global Financial Services Norm (GFSN) and three percentage points above the Global High Performing Norm (GHPN).

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 and we remain committed to respecting our employees' rights of freedom of association across all our businesses.

Supporting our colleagues' wellbeing

Our initiative, Live Well Being You, helps our colleagues to bring the best of themselves to work, to thrive and be healthy.

We recognise that taking proactive action to support positive mental health and wellbeing plays a crucial part in achieving our strategy and purpose. We have launched our most comprehensive mental health learning programme, working with Steps Drama to provide a set of eight modules. We have also extended our partnership with Just Ask A Question (JAAQ), an interactive mental health and wellbeing platform that provides information from trusted experts, academics and people with lived experience.

In addition to our mental health awareness we continue to focus on Menopause, with 2,700 colleagues now accessing and interacting with the Peppy Health App for personal support and access to specialist clinicians.

To support our colleagues' financial wellbeing, our NatWest Group Benefits Hub online platform allows employees to manage their benefits, pension, healthcare and lifestyle options, including NatWest Group offers and discounts. We also have a financial wellbeing zone available, which includes tailored guides and support for all colleagues and their families.

Our market-leading Partner Leave policies launched in January 2023 and as at 31 December 2023, over 1,200 colleagues have benefited from the policy.

 **For full details of our partner leave policy and our wellbeing focus, including financial wellbeing, refer to our 2023 ESG Disclosures Report.**



'An opportunity that I couldn't pass up'

Since January 2023, we've offered new Partner Leave policies to help families to spend more time together after the arrival of a child. The policies are open to same sex and heterosexual parents, and offer support for eligible fathers, partners of mothers and other new parents, regardless of whether the child has arrived through birth, adoption or surrogacy.

Our Partner Leave policies offer eligible colleagues significantly enhanced pay and leave to share the caring responsibilities. For John, who works in Retail Banking, Partner Leave meant he could take up to 52 weeks off, while receiving full pay for the first six months and the equivalent of Statutory Maternity Pay for just under four months.

'When I found out that Partner Leave was available, I just thought it was an amazing opportunity that I couldn't pass up,' says John. 'It lets us be a lot more flexible, support each other much better and spend time together as a family'.

(1) NatWest Group Our View results exclude Ulster Bank Rol.

(2) Colleagues mean all permanent employees and, in some instances, members of the wider workforce e.g. temporary employees and agency workers.

Stakeholder focus areas continued

We're going Beyond

Performance Management: Beyond

In December 2023, we launched Beyond, our brand new performance management approach.

In 2024, working with MindGym, we will be upskilling colleagues on the six conditions from MindGym's research that are key to performing at your best – purpose, challenge, attention, growth, recognition and choice. We are going to take our time making the change, launching in four chapters, so we can really upskill and practice the new way of doing performance management.

These chapters are:

1. Setting the ambition – Goals that are created collaboratively by colleagues and managers, making them meaningful, adjustable and better aligned to the team and wider business.
2. Creating meaningful conversations – Proper coaching check-ins that happen at least four times a year and focus on the whole self, how colleagues impact others, and how they are doing against their goals.
3. Unlocking talent and growth – Revamping the calibration process, we will no longer have ratings, we will shift the focus to having deeper conversations about the performance and potential of our people.
4. Assessing reward choices – We're keeping the relationship between performance and pay but will no longer focus on a rating.

We know that regular, timely and quality feedback is critical to unlocking great performance. This is why there will be a continued focus on feedback throughout each chapter. What this means to our colleagues is that we will cultivate a culture where feedback is provided continuously, given/asked for in a timely and proactive way and can be received from anyone in the organisation.

Performance and reward

We continue to ensure employees are paid fairly for the work they do and are supported by simple and transparent pay structures in line with industry best practices. We keep our policies and processes under review to make sure we do so.

We are proud to be accredited as a Living Wage Employer by the Living Wage Foundation, demonstrating our commitment to paying wages that meet the true cost of living in the UK, our rates of pay continue to exceed the Living Wage Foundation benchmarks. For our hubs outside the UK, we continue to pay above the minimum and living wage rates.

In 2023, we furthered our commitment to fair pay by achieving accreditation as a Regional Living Wage Employer from the Fair Wage Network and are now recognised as a Global Living Wage Employer. This demonstrates how we take steps, in every location we operate, to ensure our colleagues are paid enough to have a decent standard of living, including food, water, housing, education, healthcare, transport, clothing and other essential needs, such as provision for unexpected events.

We help colleagues to have an awareness of financial and economic factors affecting our performance through quarterly Results Explained communications and Workplace Live events with our Group Chief Executive Officer and Group Chief Financial Officer.

 [Refer to our Directors' remuneration report for full details on our remuneration policies and employee share plans.](#)

Helping colleagues realise their potential

We're investing in our workforce to deliver long-term, sustainable performance by providing our colleagues with the capabilities and future skills they need to fulfil their potential. It's why we give everyone a minimum of two dedicated learning days, annually, to build the skills they need, underpinned by our ambition to be a learning organisation.

We're supporting our businesses to close the future skills gap, through our reskilling programmes. Predominantly focused in data and digital, teaching colleagues all the skills they need to take their careers in a new direction. Since 2022, 301 colleagues have completed rapid reskilling programmes to build skills in software and data engineering, testing automation, human centred design and MS Dynamics with 153 starting programmes in 2023.

We're continuing to invest in building future talent capability through our early career programmes. In 2023, we increased our intake across all programmes; hiring over 1,400 graduates, interns and apprentices, including 158 apprentices from a lower-income socio-economic background. Since 2022, we have also improved our gender and ethnicity representation within our graduate intake.

 [For a full breakdown of our early career programme profiles, refer to our Non-Financial information datasheet at \[natwestgroup.com\]\(https://natwestgroup.com\).](#)

Over 5,000 of our leaders have enrolled on the Thrive Leadership experience, giving them opportunities to learn and experiment in order to lead successfully. Thrive Leadership sits alongside our Leadership Fundamentals programme, which was launched in 2023, to provide a blended learning offering for new and aspiring leaders. We are also developing the strategic leadership skills of a targeted group of our most senior leaders in the One Bank Leadership Team (OBLT).

Following the launch of our refreshed values in 2022, we have focused on embedding these values in 2023. Our values are an integral part of the Thrive Leadership journey and feature heavily in the priorities of our OBLT programme. They have also been translated into One Bank Leadership Behaviours. Our bank wide recognition programme on our values, Living Our Values (LOV), continues to recognise colleagues for the great work they have done to support each other, the communities we serve and our customers. In December 2023, our LOV awards were a great testament to how colleagues are demonstrating our refreshed values. We will continue to prioritise embedding further in 2024.

We continue to embed our One Bank talent cycle, including succession planning, which drives talent activity throughout the year – proactively spotting, developing, and mobilising a diverse pool of our most promising talent supported by our Executive Committee and leaders across NatWest Group.

 [Refer to our 2023 ESG Disclosures Report for full details on how we support colleagues to realise their potential.](#)

Stakeholder focus areas continued

Diversity, equity and inclusion

Core to our strategy and purpose as a bank, Diversity, Equity and Inclusion (DE&I) is part of our collective identity. Our business needs to reflect the communities we serve, so that we cater to them to the best of our ability.

Our contribution towards an inclusive workplace

The One Bank Diversity, Equity & Inclusion Action Committee chaired by Jen Tippin (Chief People & Transformation Officer), and Marg Jobling (Chief Marketing Officer), and made up of senior leaders from across the bank as well as colleague representatives, has a vision for DE&I to be everyone's experience, every day. The committee aims to share best practice, agree, and drive a focused, action-orientated and impactful One Bank approach to DE&I.

The committee has three workstreams that are continuing to drive action to create a diverse, equitable and inclusive workplace: recruitment and attraction; learning and development; and leadership and retention.

Recruitment and Attraction

To make our recruitment processes as inclusive as possible, we have improved and mandated our interview skills training to ensure DE&I is front of mind for hiring managers during the recruitment process. This complements the Recruitment Yes Check which all colleagues can use in every hiring scenario. We have trained a new cohort of Inclusive Interview Ambassadors, increasing our team of ambassadors to over 600.

 For further details on recruitment refer to our [2023 ESG Disclosures Report](#).

Learning and Development

We have several learning and development opportunities to encourage building a more inclusive workplace at NatWest Group. Over 53,000 colleagues completed our enhanced learning module, Choose to Challenge, which is a 24 percentage point increase from 2022. It features real-world scenarios and educates participants in the importance of challenging non-inclusive behaviours. We have also encouraged colleagues to enrol in other learning modules, such as LGBT+ Awareness (81% completion since January 2022 launch, and a 37 percentage point increase

since December 2022) and Disability Smart (79% completion since December 2021 launch, and a 33 percentage point increase since December 2022).

Leadership and Retention

Sponsorship plays a key role in breaking down barriers to help under-represented groups progress to senior leadership roles. In 2023, our ExCo members sponsored 29 colleagues from ethnic minority groups. We use our best practice Sponsorship guide to support leaders to take responsibility for supporting and advancing individuals. We have supported 322 colleagues through our Ignite development programmes for gender and ethnicity since its launch in 2022, accelerating the advancement of diverse talent.

We continuously support our eight Employee-Led Networks (ELNs), which collectively have over 24,000 members. Our ELNs are made up of volunteer colleagues from across the bank who play a key role in delivering, raising awareness of, and influencing our bank-wide DE&I strategy, providing development and networking opportunities for members. We also support a community of c.1,000 Inclusion Champions, who take action to create a culture where our colleagues and customers feel they are treated fairly and respectfully.

Gender

We celebrated International Women's Day in March 2023, themed around Embracing Equity, and International Men's Day in November 2023, with a spotlight on male suicide. A variety of events and activities were held to connect colleagues across the globe, educate and raise awareness.

We are a signatory of HM Treasury's Women in Finance Charter and our Executive Sponsor for Gender, David Lindberg (CEO, Retail Banking), is part of the Accountable Executive Taskforce for the Charter. We have utilised the Women in Finance Blueprint, alongside other external benchmarks, to ensure we remain focused on the interventions that will make the most difference.

Ethnicity

This year we welcomed a new Executive Sponsor for Ethnicity, Keiran Foad (Group Chief Risk Officer), working alongside Scott Marcar (Group Chief Information Officer). We celebrated Race Equality Week in February 2023, with the theme of Its Everyone's Business, and Black History Month in October 2023, with the theme of Saluting Our

Sisters. Leveraging our partnership with Team GB, we held an event with former athlete Christine Ohuruogu, MBE, which c.500 colleagues attended.

Our Ethnicity Advisory Council comprises nominated external specialists from different industries who meet regularly to provide critical challenge, guidance, and direction to our strategy. They will work in collaboration with three newly appointed Racial Equality Taskforce Leads who will continue to listen to the experience of our colleagues from ethnic minority groups and identify the steps we will take to support colleagues, customers, and communities. We are a signatory of the Business in the Community Race at Work Charter and we have also been recognised as a Top 25 Outstanding Employer based on our submission to the Investing in Ethnicity Maturity Matrix.

LGBT+

As well as celebrating Pride, NatWest India launched a second cohort of TRANSpire to promote employability skills for the transgender community and partnered with Pride Circle to host a Rainbow Bazaar championing LGBT+ entrepreneurs. For the sixth time NatWest Poland organised the LGBT+ Diamond Awards to recognise individuals and organisations making a significant contribution to LGBT+ awareness.

Our LGBT+ Executive Sponsor, Jen Tippin (Group Chief People and Transformation Officer), continues to be recognised for her equality efforts through the Involve Top Ally Executive Role Model list for a second year in a row, and shortlisted in the 2023 Diva Awards for LGBT+ Allyship.

Disability

We celebrated International Day of Persons with Disabilities with the theme of Enable Don't Disable in December 2023. During the year, Enable, our Disability & Neurodiversity Network, sponsored by our Executive Sponsor for Disability, Olly Holbourn (CEO, RBS International), hosted several events which celebrated and recognised the power of role models with disabilities in society, and focused on the importance of creating an accessible bank for our colleagues and customers.

We were privileged to sponsor and host the Business Disability Forum's annual conference in 2023. We were recognised as a Disability Confident Leader in the UK Government's Disability Confident scheme and introduced a Neuro-Developmental Pathway through our Private Medical cover.

Stakeholder focus areas continued

Socio-Economic

With the support of our Executive sponsor, Matt Austen (Director of Strategy & Corporate Development), we have continued to gather data on the socio-economic diversity of our workforce and supported the compiling of an industry perspective with our trusted partners.

We continue to use insight gained from our colleague engagement survey, Our View, to form future solutions that will ensure opportunities to advance for all colleagues.

For further details on diversity, equity and inclusion refer to our 2023 ESG Disclosures Report.

Our progress and targets

Colleague sentiment on inclusivity remained strong in 2023, 93% of colleagues told us that they believe NatWest Group promotes an inclusive culture. Although sentiment has remained consistent in all our colleague groups, our focus remains on where scores may vary for colleagues from minority groups and the actions we need to take to address the disparity.

We ran a smaller pulse survey in May 2023, focused on championing belonging, in which 95% of colleagues told us they feel comfortable being themselves at work (a 2 percentage point increase from 2022). In 2023, for the first time, we asked our colleagues whether they thought our work environment is accepting of everyone. 94% of colleagues agreed (+6 vs Global Financial Services Norm).

Our Board composition meets the FTSE Women Leaders Review (formerly the Hampton Alexander Review target of a minimum of 40% women’s representation on the Board by 2025, with a figure of 40% as at 31 December 2023. Our Executive Management Committee (ExCo) is 27%, with the Chief Financial Officer, Chief Marketing Officer, Chief People & Transformation Officer, Chief Governance Officer and Company Secretary roles held by women.

We continuously monitor and report against our diversity targets. We have a target for full gender balance in CEO-3 positions and above globally by the end of 2030. As at 31 December 2023, we had 41% of women in our top three layers⁽¹⁾ an increase of 1 percentage point, since 2022. This represents an increase of 12 percentage points since targets were introduced in 2015.⁽¹⁾

We are committed to pay equality. The mean gender pay gap for NatWest Bank, our largest reporting entity, is 27.6% (median: 29.7%) closing the gap by 1.2 percentage points

since last year. The mean gender bonus gap is 26% (median: 17.7%), closing the gap by 4.5 percentage points since last year. If we include recognition vouchers in our calculation, the bonus gap increases to 49.7% (median 91.8%), closing the gap by 2.9 percentage points since last year. This means every colleague who received a small recognition award – for example £10 – is included in the calculations, whether or not they received a bonus. Most colleagues in our more junior jobs only receive fixed pay – a change made to provide more certainty over earnings. We currently have a higher proportion of women in these roles. We believe the figures excluding recognition vouchers are more accurate reflections of our gender bonus gap.

Introduced in 2018, our ethnicity target is to have 14% of colleagues from ethnic minority groups in CEO-4 and above positions in the UK by end of 2025. As at 31 December 2023, of 84% of colleagues who disclosed their ethnicity, we have an aggregate 13% of colleagues from ethnic minority groups in our CEO-4 and above positions.⁽¹⁾ This represents a 5 percentage point increase since targets were introduced⁽¹⁾ and a 2 percentage point increase from 2022. Overall, of those who disclose their ethnicity, 20% of all colleagues in the UK identify as being from an ethnic minority group.

In line with our commitment to transparency under the UK Government’s Race at Work Charter, we have voluntarily disclosed our aggregated ethnicity pay gap for NatWest Group UK. The mean ethnicity pay gap for NatWest Group is 6.2% (median: 9.2%), closing the gap by 1 percentage point since last year. The mean ethnicity bonus gap for NatWest Group, excluding recognition vouchers, is 19.9% (median: 22.4%), closing the gap by 1.9 percentage points since last year. We have broken down our ethnicity pay gaps to compare Asian, Black, mixed/multiple, and other ethnic minority colleague’s average hourly pay to that of White colleagues for NatWest Group in Great Britain. This highlighted a wider pay gap between Black and White colleagues than the average ethnicity pay gap. The target set in 2021 to increase the number of Black colleagues in CEO-5 and above UK roles is intended, alongside other initiatives, to address underrepresentation in this area.

For our full gender pay gap and ethnicity pay gap report refer to natwestgroup.com.

The NatWest Group Racial Equality Taskforce set out 10 commitments in the Banking on Racial Equality Report, including a UK target to have Black colleagues occupying 3% of UK CEO-5 positions and above by end of 2025.

As at 31 December 2023, we have 1.9% of colleagues who identify as Black in CEO-5 positions in the UK, which is a 0.4 percentage point increase from 2022. Overall, of those who disclose their ethnicity, 3% of all our colleagues in the UK identify as Black. We are committed to achieving our current targets, and to ensuring that they evolve appropriately.

Our full Banking on Racial Equality Report can be found at natwestgroup.com.

For a full breakdown of our colleague data, including our gender and ethnicity profiles by level, refer to our Non-financial information datasheet at natwestgroup.com.

Companies Act 2006, section 414C (8)(c) disclosure

	Male #	Female #
Directors of the company	6	4
Executive employees	63	29
Directors of subsidiaries	180	67
Permanent employees (active and inactive)	32,400	30,100

13 Directors of subsidiaries have not declared their sex. There were 352 senior managers (in accordance with the definition contained within the relevant Companies Act legislation), which comprises our executive population and individuals who are directors of our subsidiaries. UK Corporate Governance Code Provision 23: As at 31 December 2023, the gender balance of senior management and their direct reports was 39% female and 61% male. For the purposes of this note, senior management means our executive management team (which includes the Company Secretary).

For Board and executive management diversity disclosures (Listing Rule 9.8.6 (10)), refer to page 107.

Our partners and recognition



For full details, refer to our Diversity, Equity & Inclusion pages at natwestgroup.com.

(1) NatWest Group’s management structures were revised during 2023. For the purpose of remuneration reporting, the representation targets were set based on the management structures in place at the start of 2023 with performance assessed at 31 December 2023. (*) Within the scope of EY assurance. Refer to page 68.

Stakeholder focus areas continued

Regulators

We operate in a highly regulated market which continues to evolve. We understand the need to have an ongoing, constructive and open dialogue with all relevant regulatory bodies.

Highlights

Implementing Consumer Duty to ensure good customer outcomes

We continued to engage with the FCA to keep them up to date with our progress.

Basel 3.1 implementation

We provided a key consultation response to the Prudential Regulation Authority's (PRA) proposals on the implementation of Basel 3.1.

Responding to consultations

We provided input and comment to consultations from government, regulatory and standard-setting bodies.

Maintaining dialogue with regulators

In an evolving regulatory landscape, we have maintained constructive, open dialogue with our regulators.

Ongoing dialogue

In July 2023, the Financial Conduct Authority's (FCA) Consumer Duty went live for on-sale products and services. The Consumer Duty is designed to set higher and clearer standards of consumer protection across financial services and requires firms to deliver good outcomes for customers. As part of the Consumer Duty, firms must: ensure products and services provide fair value, enable customers to make informed financial decisions to help them pursue their goals, and provide support that meets the needs of all customers.

Throughout our implementation of the Consumer Duty, we continued to engage openly and collaboratively with the FCA. We have made sure that the regulator has been fully informed of our progress and is comfortable that the changes we have made reflect both the spirit and substance of the new standards. Our regular rhythm of engagement with the FCA will continue as we implement the Consumer Duty for all of our off-sale products and services by the regulatory deadline of July 2024.

Aside from the Consumer Duty, the broader regulatory landscape has also continued to evolve. As such, it has been imperative for the bank to maintain ongoing, constructive and open dialogue with all our regulators.

During 2023, this included several responses to material consultations or other requests for comment and input from various government, regulatory and standard-setting bodies. Key consultation responses have included the Prudential Regulation Authority's (PRA) proposals on the implementation of Basel 3.1, the FCA's discussion paper on the role of Big Tech in financial services and the reform of the Consumer Credit Act 1974 led by HM Treasury.

We formally engage with our regulators at senior executive and Board level, as well as via individual non-executive directors, through continuous assessment and proactive engagement meetings. Most notably during 2023, there was increased focus by regulators on how we have supported our customers to address the challenges of the increased cost of living, as well as the associated credit risk impacts.



Good customer outcomes

In preparation for the implementation of Consumer Duty in July 2023, we completed a comprehensive review across our business segments – and more than 330 on-sale products and services – to identify and address areas that represented the greatest risk of foreseeable harm.

We've committed to over 300 improvements to make sure that our products and services work as intended, and expanded our data monitoring to measure good customer outcomes. We're also supporting our colleagues with the new regulations by providing targeted training to our teams and recognising and celebrating successes.

Stakeholder focus areas continued

Communities

As a leading financial firm in the UK, we believe we can make a real and positive difference to people's lives.

Highlights

Direct community investment of over £11m in 2023

We invested more than £11 million⁽¹⁾ in programmes and funding to support the communities we operate in.

More than 125,000 hours volunteered

Our colleagues gave their time in 2023 to support a range of good causes.

Helping to train new youth workers

We're transferring £3 million of our apprenticeship levy to train 220 youth workers in England over five years.

Supporting more than 45,000 entrepreneurs

In 2023, we helped more than 45,000⁽¹⁾ individuals and businesses through our enterprise programmes against a target of 35,000 in 2023.⁽¹⁾

Continuing to give back

Our ambition is to support and give back to the communities we operate in. Our direct community investment in 2023 amounted to more than £11 million,⁽¹⁾ as measured using the Business for Societal Impact benchmarking standard. This includes the funding we make available to support colleague giving and the direct costs of delivering our community programmes.

In 2023, our Do Good Feel Good campaign once again gave our colleagues the chance to support good causes they care about by volunteering their time and fundraising. Across all our fundraising and volunteering programmes, our colleagues raised £3.8 million and gave 125,000 volunteering hours, offering their skills and expertise to support a range of causes.

 [Read more about our fundraising activities in our 2023 ESG Disclosures Report.](#)

Building young people's financial confidence

NatWest Thrive is a programme to help young people grow in confidence and get into good money habits. It's been developed by specialist youth workers at the National Youth Agency, working closely with young people. The programme is a unique collaboration between NatWest Group, the National Youth Agency and the footballer and campaigner Marcus Rashford MBE.

Following the pilot and summer roll-out of the programme to youth clubs in 2022, in February 2023 we announced new commitments to support the programme and young people across England. This included doubling the number of NatWest Thrive youth clubs from 15 to 30 by the end of 2023, which we achieved. Over five years, we will also transfer £3 million of our apprenticeship levy to the National Youth Agency to support the training of 220 youth workers across the industry in England.



Helping community groups realise their climate ambitions

The Royal Bank of Scotland launched a new £150,000 fund to support 50 community groups across Scotland to deliver sustainability projects.

Delivered with the community investment platform, Neighbourly, The Royal Bank Regenerate Fund offers schools, charities and community groups the chance to apply for funding to make their sustainability projects a reality. It focuses on four areas: energy efficiency and buildings; environment, nature and biodiversity; food, water and waste; and transport and mobility.

Three groups who helped develop the Royal Bank Regenerate Fund received a £3,000 grant to support their projects. Bike for Good, a charity based in Glasgow refurbishes bikes to give people affordable access to cycling and divert old bikes from landfill. For founder, Gregory Kinsman-Chauvet, the grant is helping them make a difference: 'We'll now be able to refurbish more bikes and increase our skills workshops in the community to help get more people on their bikes.'

(1) Represents approximate number of interventions delivered and individuals supported through enterprise programmes during 2023, which is based upon data provided by third parties delivering these interventions without further independent verification by NatWest Group.

(*) Within the scope of EY assurance. Refer to page 68.

Stakeholder focus areas continued

Supporting enterprise

In 2023, we delivered more than 300,000^(*) interventions to help people start, run and grow a business. We helped more than 45,000^(*) individuals and businesses through our enterprise programmes, including over 1,300 entrepreneurs through the NatWest Accelerator Programme. Throughout 2023, we delivered our Accelerator Programme through in-person and virtual coaching sessions, workshops, thought leadership and events across our 13 hubs in the UK and online.

In 2023, we launched our Entrepreneur Hub, which helps users find education, tools and events across NatWest Group brands, while our Business Builder and Business Insight content continues to provide learning and thought leadership to support businesses.

Helping Black entrepreneurs thrive

We're supporting a new 'mini' Master of Business Administration (MBA) course designed to address the challenges faced by Black people entering the world of business. MBA 30, a targeted education programme, has been developed by the Black British Initiative (BBI) and SOAS, University of London. The programme, which opened to students in September 2023, provides Black entrepreneurs with the skills, knowledge and networks to thrive in their respective industries.

Our support of MBA 30 builds on our work to champion the UK's ethnic minority businesses. Since the launch of the Time to Change report by Aston University's Centre for Research in Ethnic Minority Entrepreneurship in collaboration with NatWest Group in 2022, we've formed a strategy to help tackle the multiple barriers faced by ethnic minority businesses in the UK. We're focusing on fostering local networks of support to boost business survival and growth, building long-term, trust-based relationships with businesses, and breaking down barriers to finance.

Financial learning and education

In 2023, our MoneySense programme focused on helping young people to prepare for the transition from school to living independently. During 2023, we reached more than 1.1 million young people through the MoneySense schools programme. Activities included an immersive escape room that allows participants to explore the social and economic impact of financial decisions and a carbon footprint tracker, which helped young people to review the impact of their purchasing decisions and lifestyle choices on the environment.

Our free Financial Foundations workshops are designed to empower participants to take control of their money and future. In 2023, we added bespoke cost of living content to our workshop series, exploring budgeting tips, savings strategies and what to do if someone is struggling with debt. The interactive sessions included follow-up resources to help embed the learning. In 2023, our trained bank volunteers delivered workshops totalling almost 250 hours of support.

NatWest Social & Community Capital

NatWest Social & Community Capital (S&CC) is an independent charity, supported by NatWest Group. Its mission is to help social enterprises and trading charities to make a positive impact in communities up and down the UK, with a focus on Scotland and the north west Midlands.

It does this by providing flexible funding and wider support to groups who might otherwise struggle to get funding. Offering funding of between £30,000 and £500,000 dependent on the purpose of the borrowing, S&CC aims to support its customers to make a lasting social impact. Loans that are repaid are recycled back to the charity for further investment.

It supports organisations like The Ledge, a community-focused climbing centre with a social mission. Based in Inverness, The Ledge is a home for the local climbing community, as well as a charity designed to help people overcome life challenges through the shared experience of climbing. Alongside support from sportscotland, the S&CC team provided flexible funding to help The Ledge complete the climbing centre and make their community project a reality.

Power of Helping Hands Fund

Our Regional Boards, which operate in seven regions and nations across the UK, supported communities in 2023 through the Power of Helping Hands Fund. The £1 million fund is designed to give quick, on-the-ground support to help people with the rising cost of living. More than 120 charities received support in 2023, helping to deliver projects supporting people experiencing loneliness, foodbanks, youth worker outreach and children's health programmes.

The Power of Helping Hands Fund formed part of a wider £5.7 million in support provided to help communities throughout the UK, delivered by partner organisations including the Federation of Small Business, the Trussell Trust and Responsible Finance.

(*) Within the scope of EY assurance. Refer to page 68.



Proud to be a Homewards Activator

In June 2023, NatWest Group joined Homewards, a five-year, locally led programme launched by His Royal Highness The Prince of Wales and The Royal Foundation. The programme aims to demonstrate that it is possible to end homelessness. Working with six flagship locations across the UK, Homewards will provide space, tools and partnerships to showcase what can be achieved through a collective effort focused on preventing homelessness.

NatWest Group is a Homewards Activator, working alongside organisations from a range of sectors and industries to contribute skills, resources and investment to support the programme to deliver solutions to prevent and end homelessness for good.

NatWest Group is already working with The Royal Foundation of The Prince and Princess of Wales as part of the Business Taskforce for Early Childhood, launched by Her Royal Highness The Princess of Wales in March 2023.

Stakeholder focus areas continued

Suppliers

Our Supplier Charter

Our Supplier Charter clearly sets out our progress to date and our ask in the areas of ethical business conduct, real living wage, prompt payment, human rights and modern slavery, environmental sustainability and diversity, equity and inclusion. We've also added new guidance around digital accessibility, included some developments on the horizon and valuable learning opportunities for our suppliers and the wider value chain.

We've re-designed the charter to ensure it's a useful and accessible guide to working as a supplier with NatWest Group.

Highlights

57.6% supplier sustainability score

Of the 528 NatWest Group suppliers that took part in EcoVadis, the average score is higher than the Global EcoVadis average of 45.9%.

Supplier Decarbonisation Programme

We established our Supplier Decarbonisation Programme in 2022 to support the delivery of our 2030 and 2050 carbon reduction ambitions.

Committed to prompt payment

Our standard payment terms are 30 days and we maintain immediate payment on goods and services received.

Fast Payer Award

For the third year running NatWest Group was recognised for fast payment throughout our organisation.

Sustainability performance

We continue to work with the global sustainability rating company EcoVadis to conduct individual sustainability performance assessments of our suppliers.

In 2023, EcoVadis also conducted a sustainability assessment of NatWest Group, in which it scored 67% overall, which is significantly higher than the global EcoVadis average of 51%, ranking us in the 91st percentile.

Working together

We continue to collaborate with our suppliers to create a diverse and responsible supply chain, be fair and transparent with our suppliers and reach net zero by 2050 across our operational value chain.


We've set ourselves clear goals to achieve our ambition of reaching net zero by 2050 across our operational value chain. To achieve this, we need to work hand in hand with suppliers who share our purpose and commitment to building a sustainable future.

In 2022, we established a (multi-year) Supplier Decarbonisation Programme to support delivery of the 2030 and 2050 carbon reduction ambitions related to our operational value chain. In 2023, the Supplier Decarbonisation Programme completed a pilot with a small sample of suppliers to understand the most effective way to meet NatWest Group's supply chain decarbonisation goals and embed climate objectives into our supply chain strategy.

The pilot enabled us to agree on our engagement approach and communications strategy. In addition, it gave us a clearer understanding of education requirements for suppliers and colleagues to ensure that they have the right skills to engage in climate conversations. We were also able to better understand our data requirements and opportunities to share good practice. Learnings from the pilot and external reviews have been used to inform our 2024 supply chain decarbonisation approach and plan. We aim to set clear expectations within the overall procurement framework and work collaboratively with our suppliers within the wider sustainability and ESG agendas.

Prompt payment

We pay our suppliers promptly for the services they provide to us. Our standard payment terms are 30 days, but we continue to maintain immediate payment on goods and services on receipt, resulting in average days to pay in H1 as seven days, and six days in H2. This goes beyond our commitment as a signatory to the government's Prompt Payment Code, which requires payment to be made in 60 days.

 [Read more about how we're working with our Suppliers in our 2023 ESG Report.](#)

Respecting human rights

At NatWest Group, we understand we have an important role to play in promoting respect for human rights. We seek to do this by continuing to align our approach to a range of voluntary international standards including the UN Guiding Principles on Business and Human Rights (UNGPs) and through the continued application of policies and practices covering our colleagues, customers and suppliers, but we know that there is more that we could be doing.

In 2023, our Human Rights Action Group prioritised independent validation that we are paying above the minimum and living wage rates for our major hubs outside of the UK. We achieved accreditation as a Regional Living Wage Employer from the Fair Wage Network and are now recognised as a Global Living Wage Employer.

We published our Salient Human Rights Issues, and enhanced due diligence on high-risk sectors through a new Environmental, Social & Ethical (ESE) Human Rights Risk Acceptance Criteria (RAC) which will be rolled out in 2024. We intend to test, evolve and adapt the scope of the ESE Human Rights RAC over time to maximise effectiveness.

NatWest Group was the highest scoring bank in the 2023 CCLA Modern Slavery UK Benchmark. We published our seventh Modern Slavery and Human Trafficking Statement and engagement with various stakeholders, including charities, non-governmental organisations (NGOs) and campaign groups has continued to help further our knowledge and understanding of human rights issues.

Further information on our approach to human rights, including our annual Modern Slavery and Human Trafficking Statement, Salient Human Rights Issues and Human Rights Position Statement can be found at natwestgroup.com.

Business performance

Strong businesses to meet customers' needs

Retail Banking



We're here for our customers every day and at every important life moment – whether they're opening their first account, buying their first home, saving for the future or investing for the next generation.

Our focus on supporting our customers to reach their financial goals has helped us to build deeper relationships by understanding their needs and engaging with them with more meaningful insights. Through our digital and mobile experience, we're helping our customers to improve their financial wellbeing through personalised experiences, along with the support of our excellent colleagues.

Total income

£5,931m

2022: £5,646m

Net loans to customers

£205.2bn

2022: £197.6n

Operating profit

£2,638m

2022: £2,824m

Customer deposits

£188.0bn

2022: £188.4bn

Return on equity

23.8%

2022: 28.6%

Risk-weighted assets

£61.6bn

2022: £54.7bn

Private Banking



We serve the banking, lending and wealth management needs of UK-connected high net-worth individuals and their business interests through the Coutts brand.

We also deliver the investment requirements of customers across NatWest Group through our Investment Centre of Expertise. As the first UK-headquartered private bank to become a certified B Corp, we aim to manage our clients' wealth responsibly.

Total income

£990m

2022: £1,056m

Net loans to customers

£18.5bn

2022: £19.2bn

Operating profit

£291m

2022: £436m

Customer deposits

£37.7bn

2022: £41.2bn

Return on equity

14.8%

2022: 24.5%

Risk-weighted assets

£11.2bn

2022: £11.2bn

Commercial & Institutional



As a leading commercial bank in Great Britain⁽¹⁾, we're focused on supporting every stage of our customers' journey and helping them to manage a challenging economic environment. Through our specialist sector knowledge and capabilities, we deliver comprehensive products and solutions for businesses ranging from start-ups to corporates and large institutions. We're working to make banking simpler for our customers by developing our digital capabilities and investing in climate financing solutions to support their transition to more sustainable practices.

(1) Based on the % of 10,550 businesses, with an annual turnover up to £1 billion, that name a NatWest Group brand as their main bank (19%) and 2,463 businesses with a turnover over £2 million in Great Britain who scored NatWest +10 NPS. Source: MarketVue Business Banking from Savanta at Q4 2023.

Total income

£7,421m

2022: £6,413m

Net loans to customers

£131.9bn

2022: £129.9bn

Operating profit

£3,236m

2022: £2,547m

Customer deposits

£193.4bn

2022: £203.3bn

Return on equity

15.4%

2022: 12.2%

Risk-weighted assets

£107.4bn

2022: £103.2bn

Business performance continued

Retail Banking

We're here for our customers every day and at every important life moment – whether they're opening their first account, managing day-to-day expenses, buying their first home, saving for the future, or investing for the next generation.

We're focused on understanding our customers and supporting them to reach their financial goals. Our tailored insights, engaging products, skilled colleagues and digital and mobile experience provide personalised experiences to help our customers to improve their financial wellbeing.

2023 focus and highlights

Serving our customers everyday means responding to their changing needs. During 2023, we created 17.2 million positive interactions with customers through tailored messages. We also met 94% of our customers' requirements digitally, with high satisfaction levels for our mobile banking app. And as part of our ambition to develop more engaging, personalised experiences for our customers, we launched our Insights feature in our mobile banking app in October 2023. The feature, which was designed in collaboration with our customers, aims to support them to build better financial habits, manage everyday spending and plan for the future. At the end of 2023, over 3.6 million users had tried the Insights features. Meanwhile, our AI virtual assistant, Cora, fully supported 49% of customer queries through 10.8 million^(*) conversations handled without colleague intervention.

We understand the cost of living crisis continues to put pressure on household finances. High interest rates significantly impacted the housing and mortgage market in 2023. Against this backdrop, we remain committed to helping customers buy and refinance their homes. In June 2023, we were one of the first high street banks to sign up to the UK Government's Mortgage Charter, formalising the flexibility we already offered to our customers.

We have grown our share of new lending to around 13% and stock balances to £193 billion.

We know high energy bills are a major concern for our customers and our new Home Energy Hub aims to help customers improve the energy efficiency of their home and reduce their bills. So far, over 24,000 plans have been created through the tool which launched in November 2023.

We also want to help our customers to use credit responsibly. Since 2021, we have reduced the number of customers in persistent credit card debt by 28% through tailored engagement and digital enhancements, like personalised repayment options. We offer a range of innovative solutions to our customers and our Borrowing Needs tool helps them to find the right solution for their circumstances. We're continuing to help customers in financial difficulty to access the independent support and advice they need. In 2023, we funded 17% of the Citizens Advice Help Through Hardship helpline, allowing 50,000 calls to be answered and the implementation of 7,800 support plans.

In 2023, we enabled greater access to our products and services. For example, by making our Know Your Credit Score tool available to customers, 4.2 million people accessed instant, detailed credit score insights in the year. We also made our credit cards available to those who don't bank with us and our new fully digital integration with aggregators has helped in growing our market share to 8.5%. In the face of a higher interest rate environment, we have continued to support our customers' savings goals. Customers no longer need to have a NatWest Current Account to open one of our fixed rate savings products. This has helped us meet more savings needs, maintaining our deposits position to the end of 2023 with strong balance growth of £3.5 billion in Q4 2023. We met our goal to help two million save more than £100 for the first time⁽¹⁾.

We've continued to improve the way we meet needs across the customer lifecycle. We're helping future generations to create good money habits through Rooster Money with 215,000 new cardholders' building financial resilience in 2023. Our Youth accounts, including Rooster Money, grew to over 574,000 customers in 2023. We've also refreshed our Premier proposition, delivering features on our Premier Select account for Affluent customers. New customer flow to this segment has more than doubled across the year.

2024 priorities

Our customers are the heart of our business, and we are proud of the way we have served them in 2023. In 2024 we are committed to raising our ambition to provide meaningful, personalised experiences through a consistent, connected experience for our customers at every life moment.

We will continue to invest in more compelling, seamless journeys and embed our financial services into life moments to enable customers to access related and relevant services when and where they need them. We will further scale personalised engagement with customers with meaningful insights throughout their lifecycle and experiment with new artificial intelligence capabilities to enhance experiences.

Helping customers build better financial habits

In October 2023, we launched Insights, the new financial wellbeing function in our mobile Retail Banking app. Insights makes it easier for our customers to find relevant features and tools in the app that can help them better manage their money, like Savings Goals, Round Ups, and Know Your Credit Score. It can also help customers with challenges such as reducing their household bills and finding ways to save money.

Customers can use all the Insights features in the app on their own or with a NatWest Group colleague as part of a Financial Health Check to better understand their financial health. We want our customers to feel in control of their day-to-day finances and confident about their life goals, so we'll continue to evolve the way Insights can help them in 2024 and beyond.

(1) 2020 goal: To help two million people save over £100 for the first time with NatWest Group since 2020.

(*) Within the scope of EY assurance. Refer to page 68.

Business performance continued

Private Banking

We serve the banking, lending and wealth management needs of UK-connected high net-worth individuals and their business interests through the Coutts brand. We also deliver the investment requirements of customers across NatWest Group through our Investment Centre of Expertise.

Our Private Banking strategy continues to help our customers to meet their financial goals. Through our relationship-led, digitally enabled, proactive client engagement model, we aim to deliver good outcomes for our clients and manage their wealth responsibly, while supporting the wider NatWest Group to deliver on our strategy.

2023 focus and highlights

We continue to focus on meeting our customers' needs as they evolve towards more digital engagement. Our investment is focused on increasing clients' ability to self-serve when they want and in ways more suited to their needs. We improved how our customers can invest with us digitally, including deepening integration with the mobile banking app, digitising and simplifying more journeys and developing new digital journeys for customers receiving investment advice through our face-to-face channel. As a result, adoption of our digital services within our customer base is high and maturing. In 2023, over 90% of payments, were made digitally and more than 100,000 customers from across NatWest Group invested more than £2 billion with us through our digital investment service.

In a high interest rate environment, we saw client demand and needs change rapidly both in deposits and lending, and the market became increasingly competitive, particularly in the first quarter of 2023. We reviewed our proposition and in August 2023, we launched the Coutts NatWest Mortgage to give Coutts clients an improved choice of mortgage options. Our research has shown that 30% of Coutts clients have simpler mortgage needs and could benefit from NatWest products, which on retail policies offer lower mortgage rates, a broader product range, and a more digitised client journey.

We have continued our climate commitments and in 2023, our Coutts Asset Management published its first detailed climate disclosures within NatWest Group's overall climate disclosures, which were compliant with the TCFD recommendations and the FCA's ESG sourcebook requirements for asset managers. We also assessed 81 of our funds using our Net Zero Investment Framework and published progress against our portfolio alignment target for the first time. As at the end of 2023, 49% of funds within our managed assets were portfolio aligned.

Continuing our collaboration with the Business Growth Fund (BGF), with the close of UK Enterprise Fund (UKEF 3) in January 2024 we have now raised more than £110 million. So far 89 companies, spread throughout the UK and diversified across sectors, have been backed in the first two funds (UKEF 1 & 2). Around 70% of investment is in companies based outside of London and the South East. UKEF is proud to support female founders and their businesses with c.15% of investment from the portfolio and BGF going towards female-led companies, alongside providing additional support including investment-ready workshops run by BGF and NatWest Group.

2024 priorities

In 2024, we are continuing to focus on delivering what matters most to our customers while driving profitable growth and long-term efficiencies for the business segment. We will sharpen our focus on core clients, supporting them with their banking, lending and wealth management needs. We are taking actions to ensure that we meet the evolving client needs and more competitive market, and are creating a platform to meet this in an effective and efficient way.

With the rise of Generative Artificial Intelligence (Gen AI) in 2023, we have been exploring options to embed Gen AI into our internal ways of working to improve the efficiency of our colleagues. The focus of development is to use Gen AI as a tool to help our colleagues and teams strengthen our approach to client interactions and service delivery, centring around developing lasting and positive relationships

Stepping into the growing market of workplace pensions through Cushon

In June 2023, we completed the acquisition of workplace savings and pensions fintech Cushon. Leveraging Cushon's proposition enables NatWest Group to offer a suite of financial wellbeing services to its customers and their employees.

With £2.3 billion in assets under administration as at the end of 2023, Cushon was the fifth-largest Master Trust (a pooled investment vehicle that combines the management of funds contributed from multiple sources) by number of employees in the UK for the second half of 2023. Its primary products are its workplace ISA and master trust pension. Following a successful pilot in 2022, its proposition is currently available to NatWest Group's commercial mid-market customers in certain regions, with broader roll out planned in the first half of 2024.

'Our mission is to offer UK savers a convenient way to save,' explains Ben Pollard, CEO and co-founder of Cushon. 'As a result, we hope to end the status quo of too many people being excluded from life-long savings.'

Business performance continued

Commercial & Institutional

Commercial & Institutional provides specialist banking services and expert advice to a broad range of businesses, from supporting start-ups at launch to partnering with large companies and global institutions. We help our Commercial & Institutional customers achieve their financial goals and manage their risks, while navigating change, by providing financing, transaction banking, trading and risk management services.

2023 focus and highlights

Commercial & Institutional proactively supported customers' needs across the full range of our services, connecting them to the knowledge, solutions and products critical for success in the sectors, regions and markets they operate in. The benefits of bringing the franchise closer together were seen through deepened relationships with our customers.

We maintained our position as the UK bank of choice for SMEs, banking 1 in 5 of every small business in the UK. We remained the biggest high-street bank for start-ups, growing our market share from 10% two years ago to 19% in 2023⁽¹⁾. For these smaller business owners, we introduced several initiatives to support them as they faced a challenging economic environment: providing free everyday business banking to new start-ups opening a bank account for the first time, cash-back on business credit cards and making payments easier, faster and cheaper for small businesses. Over 1,300 businesses went through our Accelerator programme in 2023 across our 13 regional and digital hubs, accessing advice, coaching, training schemes and peer support.

We also supported, in conjunction with key partners, over 300,000 businesses with interventions such as learning and

development events, including providing over 4,400 financial health checks for businesses. We aim to be a simpler bank to deal with and during 2023 continued to invest in digital, data and technology capabilities to better connect customers to the products and services they need.

Over 80% of our business banking customers now primarily use digital channels to interact with us, up from 63% at the beginning of 2023. Meanwhile, our payments platform Tyl continued to scale, doubling to over 30,000 merchants, in 2023. We were one of the first banks to offer Apple and Android Tap to Pay, a low-cost service removing the need for any hardware to accept payments. We have also incorporated Generative Artificial Intelligence into our webchat channel to provide better service to our business customers. We continued to improve our digital and product offering for small business owners, supported by the popularity of Mettle, our free digital-only business account.

Our extensive network of relationship managers remained critical to our success, and during 2023 they continued to help our commercial and corporate customers to grow stronger, manage costs, find the right funding solutions and reduce risk in volatile markets, including internationally. At the Euromoney Foreign Exchange Awards 2023, we were recognised as the 'Best FX Bank for Corporates' and named the 'Best Sterling Lead Manager' at the Global Capital Covered Bond Awards 2023.

We continue to support our customers with their transition towards a net-zero economy, providing digital tools to help customers measure and reduce their carbon footprint, with a large number of customers using these tools during 2023. Through Lombard, the No.1 UK provider for asset finance, we continued to support customers with financing for electric vehicles, renewables and cleaner energy alternatives⁽²⁾. In June 2023 we were proud to be the sole arranger on Ørsted's €100 million privately placed Blue Bond issuance, with proceeds going towards financing initiatives that target offshore biodiversity and sustainable shipping and in October 2023 we provided our first Green labelled facility to a Funds customer, a GBP and EUR Green use of proceeds facility to a UK clean energy fund.

We maintained our position as a leading green, social, sustainability debt (GSS) bookrunner in our chosen markets and geographies, ranking #1 lead manager for Global GBP

issuance, #1 for UK Financial Institutions and #4 Western European Corporates (including Nordics)⁽³⁾.

2024 priorities

In 2024 we will contribute to NatWest Group plans for disciplined growth and supporting a long-term stable return on equity. To achieve this, we will invest in our platforms to improve the customer experience, implement a more agile deposit strategy and free up colleague capacity to spend more time with our customers and deepen relationships. We will support growth by providing our corporate customers with access to international markets and expertise in structured finance, payments, trade finance and risk solutions. We will continue to maintain a disciplined approach to management of our balance sheet and optimise our capital utilisation to create capacity to support more of our customer needs.

The UK launch of Tap to Pay on iPhone

In July 2023, Tyl by NatWest supported Apple's UK launch of Tap to Pay on iPhone. Tap to Pay lets businesses seamlessly and securely accept contactless payments using iPhone and NatWest's supporting app – without the need for extra hardware or card readers.

By bringing together the agility of our fintech payments business and Apple's technology, we were one of the first UK banks to launch the Tap to Pay service on iPhone. This followed our successful pilot of Tap to Pay on Android in May 2023 and marks an important milestone in our payment ambition.

When businesses join Tyl by NatWest, they can benefit from our all-in-one NatWest Tap to Pay app on both iPhone and Android. Through the app, they can take contactless payments and monitor sales and transactions day to day. Businesses can also use insights and support available in Tyl's customer portal to track sales trends, payments and invoices, and set up marketing and loyalty programmes to drive further business.

(1) Based on the % of 647 businesses, less than two years old, that name a NatWest Group brand as their main bank (19%). Source: MarketVue Business Banking from Savanta, YE Q4 2023. Data weighted by region and turnover to be representative of businesses in Great Britain.

(2) Based on net leasing data (€m) as at 31 December 2022.

(3) At 31 December 2023, NatWest Markets ranked first by deal value among bookrunners for supporting UK issuers for green, social and sustainability (GSS) debt issuance. Source: Dealogic, 31 December 2023 ãfi excludes money market and short-term debt.

NatWest Group's climate strategy

We 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

<p>1 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.</p>	<p>2 We plan to reduce carbon intensity of our Managed Assets by 50% by 2030, against a 2019 baseline, and to move 70% of Managed Assets to a net-zero trajectory.⁽¹⁾</p>	<p>3 We plan to reduce emissions for our operational value chain by 50%, against a 2019 baseline.⁽²⁾</p>
---	---	--

How we are helping to address the climate challenge

<p> Supporting customer transition to net zero</p>	<p>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.</p> <p>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.</p>					
<p> Helping to end the most harmful activities</p>	<p>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.⁽³⁾</p>					
<p> Powerful partnerships and collaborations</p>	<p>We plan to collaborate cross industry and create products and services to enable customers to track their transition to net zero.</p>					
<p> Getting our own house in order</p>	<table border="0" style="width: 100%;"> <tr> <td style="width: 20%;"> <p>Each year, we plan to include targets for executive remuneration that reflect our latest climate ambitions.</p> </td> <td style="width: 20%;"> <p>We continue to integrate the financial and non-financial risks arising from climate change into our EWRMF⁽⁴⁾ in accordance with our multi-year climate risk maturity approach.</p> </td> <td style="width: 20%;"> <p>We have a target to reduce our direct own operations emissions by 50% by 2025, against a 2019 baseline.⁽⁵⁾</p> </td> <td style="width: 20%;"> <p>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).</p> </td> <td style="width: 20%;"> <p>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).</p> </td> </tr> </table>	<p>Each year, we plan to include targets for executive remuneration that reflect our latest climate ambitions.</p>	<p>We continue to integrate the financial and non-financial risks arising from climate change into our EWRMF⁽⁴⁾ in accordance with our multi-year climate risk maturity approach.</p>	<p>We have a target to reduce our direct own operations emissions by 50% by 2025, against a 2019 baseline.⁽⁵⁾</p>	<p>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).</p>	<p>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).</p>
<p>Each year, we plan to include targets for executive remuneration that reflect our latest climate ambitions.</p>	<p>We continue to integrate the financial and non-financial risks arising from climate change into our EWRMF⁽⁴⁾ in accordance with our multi-year climate risk maturity approach.</p>	<p>We have a target to reduce our direct own operations emissions by 50% by 2025, against a 2019 baseline.⁽⁵⁾</p>	<p>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).</p>	<p>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).</p>		

NatWest Group's ability to achieve its strategy, including its climate ambitions and targets entails significant risks and will significantly depend on many factors and uncertainties beyond NatWest Group's control. 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 417 to 441 (with special regard to the risk factors in relation to climate and sustainability-related risks that describe several particular uncertainties, climate and sustainability-related risks to which NatWest Group is exposed and which may be amended from time to time). For more information, refer to section 7 of the 2023 Climate-related Disclosures Report (Cautionary statements).

(1) Our net zero by 2050 AUM ambition encompasses total AUM, including Managed Assets, Bespoke and Advisory, refer to page 76 of the 2023 Climate-related Disclosures Report for details. We consider Managed Assets (those assets we invest on our customers' behalf, which represented 84% of AUM as at 31 December 2023) to be in-scope for our interim 2030 portfolio alignment target and weighted average carbon intensity (WACI) ambition. For details, refer to pages 38 to 39 of the Net Zero Asset Managers Initiative's Initial Target Disclosure Report (May 2022) <https://www.netzeroassetmanagers.org/media/2022/05/NZAM-Initial-Target-Disclosure-Report-May-2022-1.pdf>.

(2) Our operational value chain captures greenhouse gas emissions Scopes 1, 2 and 3 (Categories 1-14, excluding Categories 8, 10, 14). Scope 3 category 15 (financed emissions) is discussed in section 5.2 and 5.3 of our 2023 Climate-related Disclosures Report.

(3) Data challenges, particularly the lack of granular customer information, create challenges in identifying customers with coal-related infrastructure (e.g. transportation and storage) and other customers with coal-related operations within NatWest Group's large and diversified customer portfolios.

(4) Enterprise-wide risk management framework.

(5) 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 therefore excludes upstream and downstream emissions from our value chain.

Climate progress highlights

In 2023, we continued to implement and refine our Climate transition plan. We focused on delivery of our 2030 decarbonisation ambitions by supporting customer transition to net zero, helping to end the most harmful activities, building powerful partnerships and collaborations, and getting our own house in order. These initiatives provided us with a greater understanding of the dependencies NatWest Group and our customers have on timely and appropriate government policy and technological developments that will support customer transition.



£61.9bn^(*)

cumulative contribution towards £100 billion climate and sustainable funding and financing target⁽¹⁾

2023: £29.3bn^(*)

2022: £24.5bn

1 Jul – 31 Dec 2021: £8.1bn



Four out of nine

sectors are aligned to decarbonisation convergence pathway⁽²⁾



90%

of our loans and investment⁽³⁾ exposure as at 31 December 2022 analysed for Scope 3 financed emissions measurement



£0.4bn^(*)

exposure to oil and gas major customers⁽⁴⁾

2022: £0.9bn

£0.3bn^(*)

exposure to in-scope coal customers⁽⁴⁾

2022: £0.3bn



49%

of Managed Assets were considered portfolio aligned to a net-zero pathway as at 31 December 2023⁽⁵⁾ against our ambition of 70% by 2030



54%

reduction in Scope 1 and location-based Scope 2 emissions⁽⁶⁾

26%

reduction in Scope 3 operational value chain emissions⁽⁶⁾



Risks related to our climate ambitions

We have an ambition to be net zero across our financed emissions, assets under management and our operational value chain by 2050, aligned with the UK's legal commitment to be net zero by 2050. We continue to engage with and support our customers' transition to a net-zero economy and monitor further developments, including progress on supplier and fund decarbonisation. Refer to section 2 of our 2023 Climate-related Disclosures Report for our Climate transition plan, which also includes details of our external dependencies. Our climate ambitions are unlikely to be achieved without timely and appropriate government policy, and technology developments, as well as supplier, customer and societal response.

We expect to achieve our Scope 1 and 2 own operations ambitions and targets. With regards to our 2030 Scope 3 financed emissions ambitions, while UK Government policies are expected to provide incentives for customer transition and technology development, delays to a range of net-zero related UK Government policies indicate the pace of implementation is slower than required for the net-zero transition as outlined in the UK Climate Change Committee's (UK CCC) sixth carbon budget, issued in 2020. The UK CCC 'Progress in reducing emissions' 2023 report to Parliament, issued in June 2023 (UK CCC June 2023 Progress report) states that the rate of emissions reduction will need to significantly increase for the UK to meet its 2030 commitments, and continued delays in policy development and implementation mean achievement is increasingly challenging. Accordingly, we consider achievement of the following ambitions increasingly challenging:

- i. 50% of our mortgage portfolio of EPC rating of C or above by 2030; and
- ii. halving the climate impact of our financing activity by 2030, against a 2019 baseline.

We will continue to review our climate ambitions and targets as the external environment develops.

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

(2) Based on 2022 emissions, reflecting sectors included in our Climate transition plan. Refer to section 2.3 of our 2023 Climate-related Disclosures Report for further details.

(3) Loans and investments relate to on-balance sheet gross lending and investment exposure, accounted at amortised cost (including finance leases) and FVOCI.

(4) Our Credible Transition Plan (CTP) assessment undertaken in 2021, which is monitored annually, employed a top-down approach to identification of existing coal-related customers, utilising the expertise of our frontline teams. However, we recognise that this was a point-in-time assessment. During 2024, we are working to review our ESE policies. We have also set up a working group within the Commercial & Institutional business segment to support development of guiding principles for assessment of thermal and lignite coal embedded within activities like transportation, storage, supply chain and value add services, additionally ensuring due consideration is given to external factors such as energy security.

(5) We consider Managed Assets (those assets we invest on our customers' behalf, which represented 84% of AUM as at 31 December 2023) to be in scope for our interim 2030 portfolio alignment target and weighted average carbon intensity (WACI) ambition.

(6) Against a 2019 baseline. Scope 3 emissions relate to our operational value chain, see pages 58-59 for further detail. Scope 3, category 15 financed emissions is covered in our 2023 Climate-related Disclosures Report.

(*) Within scope of EY assurance. Refer to page 68.

Task Force on Climate-related Financial Disclosures (TCFD) overview

NatWest Group committed to support the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD) recommendations in 2017 and has published climate-related disclosures consistent with the TCFD recommendations since February 2022. The latest assessment of consistency with the TCFD recommendations and recommended disclosures is included on this page, supported by summary disclosure on pages 51 to 57, and in our 2023 Climate-related Disclosures Report.

Governance

Natwest Group’s governance around climate-related risks and opportunities.

- The Board’s oversight of climate-related risks and opportunities.
- Management’s role in assessing and managing climate-related risks and opportunities.

Refer to page 51.

Strategy

The actual and potential impacts of climate-related risks and opportunities on NatWest Group’s business, strategy and financial planning.

- Climate-related risks and opportunities identified over the short, medium and long-term.
- The impact of climate-related risks and opportunities on our businesses, strategy and financial planning.
- The resilience of our strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Refer to pages 52-53.

Risk Management

How the organisation identifies, assesses, and manages climate-related risks.

- Processes for identifying and assessing climate-related risks.
- Processes for managing climate-related risks.
- How our processes for identifying, assessing, and managing climate-related risks are integrated into overall risk management.

Refer to pages 54-55.

Metrics and Targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities.

- The metrics used to assess climate-related risks and opportunities in line with our strategy and risk management process.
- Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions, and the related risks.
- The targets used to manage climate-related risks and opportunities and performance against targets.

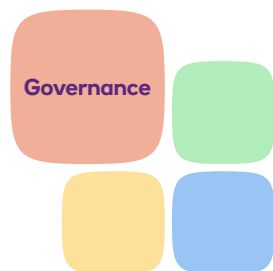
Refer to pages 56-57.

NatWest Group confirms that it has:

- made climate-related financial disclosures for the year ended December 31, 2023 that it believes are consistent with the *Task Force on Climate-related Financial Disclosures (TCFD) Recommendations and Recommended Disclosures* (as defined in the FCA’s Listing Rules, as amended by the Disclosure of Climate-Related Financial Information (No. 2) Instrument 2021) which include:
 - Final Report – Recommendations of the Task Force on Climate-related Financial Disclosures* (June 2017) (focusing in particular on the four recommendations and the eleven recommended disclosures set out in Figure 4 of Section C of the TCFD Final Report);
 - Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures* (October 2021 version);
 - Technical Supplement – *The Use of Scenario Analysis in Disclosure of Climate-related Risks and Opportunities* (June 2017);
 - Guidance on Risk Management Integration and Disclosure* (October 2020); and
 - Guidance on Metrics, Targets and Transition Plans* (October 2021 version); and summarised on pages 51 to 57;
- we have set out these disclosures in this report and in its “2023 NatWest Group Climate-related Disclosures Report”, both published on 16 February 2024 (and available on natwestgroup.com); and
- we have adopted this approach given the detailed and technical content of the climate-related financial disclosures as it believes these presentations best present its climate-related financial disclosures in a decision-useful manner to the users of these reports.

Disclosures addressing our regulatory obligation to report greenhouse gas (GHG) emissions pursuant to the Companies (Directors’ Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 which implement the government’s policy on Streamlined Energy and Carbon Reporting (SECR) has been included on pages 58 and 59.

TCFD: Climate-related disclosures overview continued



NatWest Group's governance around climate-related risks and opportunities

Board and senior management oversight of climate-related risks and opportunities is supported by embedding climate within our established governance structure and operating rhythm.

The Board's oversight of climate-related risks and opportunities


The Board is responsible for promoting the long-term sustainable success of the NatWest Group, sets strategic aims, and monitors and oversees progress against our climate ambitions. During 2023, the Board considered climate-related matters at five of eight scheduled meetings. The Group CEO updated the Board on climate-related risks and opportunities impacting NatWest Group, our customers, and key stakeholders.

In February 2023, the Board approved the 2022 Climate-related Disclosures Report, including the initial iteration of NatWest Group's Climate transition plan. In February 2023, the Board also approved the Executive Director bonus scorecard, including performance against climate targets. Subsequent climate-related updates were made to the Board in July, September, October and December 2023. These included a discussion of the key climate-related opportunities and challenges, as well as a spotlight on supporting customers' transitions and broadening the sustainability opportunity.

In advance of every Board meeting, a Board business insights pack was provided, which includes a snapshot of NatWest Group's progress against our climate ambitions. The Board also received regular updates through the Group CEO report, risk management report and business updates. Committee chairs provided the Board with an overview of relevant discussions of climate-related matters at committee meetings.

Looking ahead

The Board and Executive Committees will maintain oversight of climate progress and ongoing climate-related risks and opportunities impacting NatWest Group. In February 2024, the Board reviewed progress and challenges against the initial Climate transition plan, and approved disclosure on NatWest Group's Climate transition plan included in our 2023 Climate-related Disclosures Report.

 For details of our Board skills and experience in relation to Environmental, Social and Governance (including climate), refer to page 90.

Management's role in assessing and managing climate-related risks and opportunities

Climate accountabilities for identifying and managing the financial and non-financial risks of climate change at management-level continue to be held jointly by the Group CEO and Group CRO. Executive-level committees and cross-bank working groups assist the Group CEO and CRO to discharge their responsibilities and support collaboration across the organisation.

Under our integrated governance structure, business areas ensure that climate considerations are built into decision-making. Accountable executives are empowered to make decisions within their areas of accountability and responsibility. There are clear escalation and reporting routes in place to executive-level committees and cross-bank working groups, which assist in discharging responsibilities and supporting collaboration across the organisation.

During 2023, the Climate Change Executive Steering Group (CCESG) continued to focus on overseeing strategic progress against NatWest Group's climate ambitions as well as supporting executive recommendations to the Board on climate.

A key focus has been supporting the implementation of our systems thinking approach and identifying opportunities to support customer transition to net zero through existing and potential products and services such as our Home Energy Hub. CCESG also continued to encourage collaboration with the UK Government and non-governmental organisations as well as ongoing industry participation. In addition to reviewing actual 2023 expenditure on building climate change capability against budget, CCESG also supported the finalisation of the investment allocated to support customers' transition in 2024.

Looking ahead

We will continue to focus on embedding climate in decision-making within business segments and functions.

 For further information on our governance of climate-related matters, refer to section 4 of the 2023 Climate-related Disclosures Report.

TCFD: Climate-related disclosures overview continued



NatWest Group's strategy on climate-related risks and opportunities

The actual and potential impacts of climate-related risks and opportunities on NatWest Group's businesses, strategy and financial planning.

Climate-related risks and opportunities identified over the short, medium and long term

Our climate ambition is to be a leading bank in the UK, helping to address the climate challenge. Our climate strategy, outlined on page 48, recognises various short, medium and long-term climate-related risks and opportunities to embed climate into our business and culture, as well as support customers in their transition to net zero.

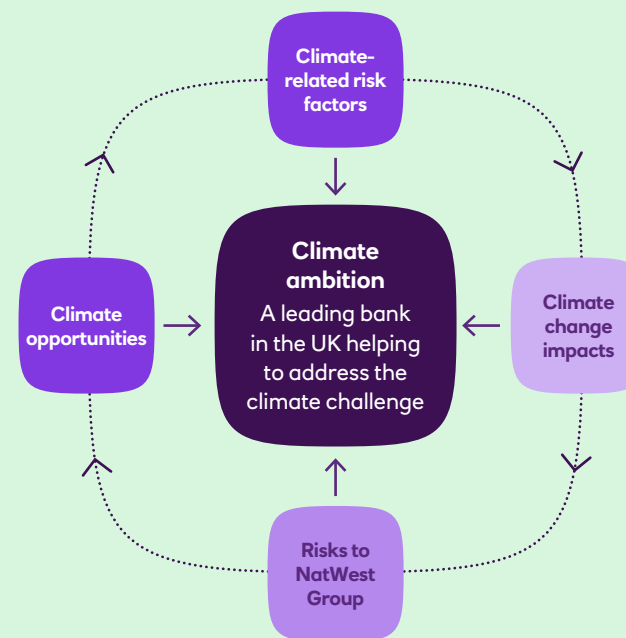
In identifying climate-related risks and opportunities to NatWest Group, the period in which each is likely to occur has been assessed. Risks and opportunities deemed material to our five-year financial planning cycle are viewed as short-term. Aligned with the guidance of the Science Based Targets initiative (SBTi) for financial institutions, long-term has been defined as beyond 15 years, while medium-term has been defined as within the next 5 to 15 years.⁽¹⁾ We have considered physical, transition and liability risks, but have characterised climate-related risks in the context of traditional banking industry risk categories.

The principal risks considered most exposed to climate-related risk are as follows. All have been identified as potentially impacted over short, medium and long-term time horizons:

- Credit risk: from the adverse impact on future credit worthiness of customers due to climate change risk factors impacting asset valuation, income and costs. Mitigants include the use of operational limits in the residential mortgage portfolio and the inclusion of climate considerations in sector strategy within the commercial portfolio.
- Operational risk: due to the increased likelihood and potential impact of business disruption or arising from new and changing policy standards, mitigants include resilience and disclosure controls.
- Conduct risk: due to poor customer outcomes arising from the impacts of climate change including changes to financial stability or general wellbeing, which will either be supported or exacerbated by NatWest Group's conduct.
- Reputational risk: due to the risk of damage to NatWest Group's reputation arising from perceived impact on climate change or adequacy of actions taken in response when compared against ambitions and progress made by peers, mitigants include our Environmental, Social and Ethical (ESE) policies.
- Regulatory compliance risk: due to the need for NatWest Group to 'observe the letter and spirit' of all applicable laws and regulations relating to climate, mitigants include the introduction of an Environmental, Social and Governance policy to give comprehensive guidance on relevant regulatory expectations.

Our strategic approach to climate change

Climate change is a global challenge which has implications for our customers, investors, partners, suppliers and colleagues. Our ambition to be a leading bank in the UK, helping to address the climate challenge recognises that we may contribute both directly and indirectly to the climate challenge, as outlined below.



(1) Our climate transition planning uses different time frames than those used in financial reporting. Accordingly, the references to 'short', 'medium' and 'long-term' in climate reporting are not indicative of the meaning of similar terms used in certain of our other disclosures, including our annual, periodic and interim reports.

TCFD: Climate-related disclosures overview continued

Some of the key opportunities identified include:

As we implement our Climate transition plan, we'll continue to refine and prioritise our climate-related opportunities based on their relative commercial and decarbonisation potential to support our customers and the wider economy transition to net zero. Climate-related opportunities are identified and prioritised on an ongoing basis at a local level and through our systems thinking lens at our Climate Opportunities Group, which met monthly since April 2023. Our systems thinking approach aims to provide additional perspectives on net zero that might otherwise be obscured at the sector level. For further details refer to page 15 and 16 of our 2023 Climate-related Disclosures Report.

Key opportunities have been identified as having the potential to enable NatWest Group to transform its balance sheet and operations in-line with its 2030 and 2050 climate ambitions. The potential timing and impact of these opportunities will differ by sector, reflecting the dependence on policies, technology and customer behaviour change. Examples include:

- Supporting our customers' sustainability transition: including the provision of financing, development of new and enhanced green and transition products and services, in addition to building capability.
- Supporting our operations to decarbonise: including increased expenditure to support reduction in carbon footprint in our own operations.


The impact of climate-related risks and opportunities on our businesses, strategy and financial planning.

Through our integrated financial planning work and our Climate transition plan, we have identified financial opportunities and investment required to support our net-zero ambitions that will be refreshed annually as part of the annual financial planning cycle. Financial opportunities from climate-related activities have been identified on a sector-by-sector basis through the Climate transition plan, principal among these being our target to provide £100 billion of climate and sustainable funding and financing between 1 July 2021 and the end of 2025. We also continued to align our financial planning process with the climate transition planning process, adding climate policy and technology-related transition assumptions into the base case macroeconomic scenario used for financial planning and assessment of Expected Credit Loss (ECL) in the IFRS 9 reporting period. This resulted in an increase in ECL of £6 million as at December 2023.

In addition to reviewing actual 2023 expenditure against budget, CCESG also supported the finalisation of investment allocated to support our customers' transition. This includes c.£20 million to support the ongoing development of climate-related opportunities and mitigation of climate-related risks during 2024. This central amount is in addition to climate related activities that have been operationalised within existing teams. We expect that the centralised spending will reduce over time, as we further embed climate in our processes and decision-making.

Looking ahead

We will continue to build scenario analysis capabilities to assess climate-related risks and opportunities over the short, medium and long-term.

 For further details of our climate strategy and transition plan, refer to section 2 of our 2023 Climate-related Disclosures Report.

The resilience of our strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

To assess the ongoing resilience of our strategy, an extensive programme of climate scenario analysis, covering our full credit book, has been in place since 2021. In 2023, we conducted a range of climate scenario analysis exercises to test the resilience of our strategy to the impacts of climate change, including risk management and capital adequacy use-cases. To ensure an holistic assessment of financial and non-financial risks, we have also considered scenarios in relation to conduct risk, operational risk, pension risk, liquidity risk and market risk. One of the key lessons from NatWest Group's extensive assessment of climate risk using scenario analysis from 2021 to date is that, while climate-related risks could potentially amplify other risk drivers, for example resulting in effects such as the erosion of competitiveness, profitability, or reputational damage, overall NatWest Group continues to be resilient to these risks, within the context of the scenarios tested.


Our 2023 climate scenario analysis programme assessed climate-related risks and opportunities across short (< 5 years) and medium term (5 to 10 years) horizons to support the embedding of climate-related analytics in decision-making and the management of climate-related risks. To support this, we enhanced our suite of climate risk models, developing additional in-house modelling capabilities and enhanced sector and counterparty level modelling, which further integrates climate insights into existing risk management processes.

This included continued integration of climate into our internal capital adequacy assessment process (ICAAP) using an internally developed Network for Greening the Financial System (NGFS)⁽¹⁾ based Disruptive Policy scenario and into ECL measurement frameworks using an internally developed scenario based on UK Climate Change Committee scenario to ensure we are adequately capitalised by measuring potential losses and testing our resilience against expected and unexpected losses.

Another priority area of focus was an end-to-end test of our in-house Corporate Transition Risk Model which has undergone development since the CBES exercise, using an internally developed NGFS based Disruptive Policy scenario and Inevitable Policy Response scenario. This internal scenario analysis exercise informed our heightened climate-related risk sector assessment methodology and supported the independent validation of our suite of climate risk models.

Looking ahead

We will continue to deepen our climate risk modelling, build additional internal capabilities, and further embed climate scenario analysis into portfolio and customer decisioning. To do this, we are progressing in several areas, including exploring enhanced UK-specific climate risk scenarios grounded in potential real-world changes in UK climate policy. We also intend to develop and test our in-house climate risk model for residential and commercial properties including an event-based physical risk scenario exercise. We will continue to respond to regulatory expectations and prepare for future climate scenario analysis exercises.

 For further information on the resilience of our strategy refer to section 3.2 of the 2023 Climate-related Disclosures Report.

(1) There is increasing concern acknowledged by the NGFS consisting of 114 central banks, that model scenarios, including those provided by central banks and supervisory bodies and, therefore, used by NatWest Group are too benign and may not adequately capture: (i) the financial implications of increasing frequency and severity of acute physical risks as global temperatures increase; (ii) second and third order impacts such as disruptions to supply chains and increased geo-political risks; nor (iii) possible 'tipping points' that could lead to large, irreversible changes in the climate system (for example the melting of permafrost or the Greenland and Antarctic ice sheets).

TCFD: Climate-related disclosures overview continued



How NatWest Group identifies, assesses and manages climate-related risks

How we identify, assess and manage climate-related risk continues to evolve. In this section we provide an overview of our progress in 2023 and priorities for the future.

Our processes for identifying and assessing climate-related risks

We introduced an annual assessment of the relative significance of climate-related risk factors to other principal risks in 2020 and we reviewed this during 2023. The assessment continues to use the judgement of risk subject matter experts combined with scenario analysis, increased granularity of climate data, as well as improved understanding of evolving regulatory guidance, to understand the current and potential impact of physical and transition climate-related risk as a causal factor to other principal risks. During 2023, NatWest Group has also begun exploring approaches which can be used to assess the potential materiality of nature-related risks.

We continue to identify and assess climate-related risks at NatWest Group and subsidiary level in three ways:

- Scenario analysis: We undertake scenario analysis to understand the potential impacts of climate-related risks.
- Portfolio level assessment: Our heightened climate-related risk sector assessment seeks to identify sectors that are likely to see increased credit risks for NatWest Group because of climate-related factors, over a 10- to 15-year horizon.
- Transaction level assessment: We completed a review and recalibration exercise to enhance the quality of the insights generated by NatWest Group's climate risk scorecards. Through this process we continue to build capability among first- and second-line risk colleagues, and a culture where consideration of climate risk is part of the credit journey. In parallel with the full roll-out of our initial suite of climate risk scorecards for the Commercial & Institutional business segment, in 2023 NatWest Group began development of enhanced climate risk scorecards. This involved the expansion of the scorecard methodology to capture quantitative considerations. We plan to roll out our latest scorecards in 2024 on a test-and-learn basis.

We also regularly consider the potential impact of existing and emerging regulatory requirements related to climate change at NatWest Group and subsidiary level through external horizon scanning and monitoring of emerging regulatory requirements.

Looking ahead

We will continue the scaled implementation of scorecards within credit assessment processes and progress our embedding of nature-related risk into risk management frameworks.

Our processes for managing climate-related risks

The effective management of climate risk requires the full integration of climate-related risk factors into strategic planning, transactions and decision-making. Our approach has evolved since 2021 alongside our ongoing, iterative multi-year approach to mature climate risk management capabilities.

We manage climate-related risk in the wholesale portfolio, through:

1. Top-down portfolio check and shaping, including incorporating climate factors in our overall sector strategy, updating our ESE risk acceptance criteria in response to potential climate-related risks and applying climate-enhanced Transaction Acceptance Standards (TAS), and;
2. Bottom-up transaction assessments, including ensuring enhanced oversight for our largest lending climate transactions and use of qualitative climate risk scorecards to provide a consistent and structured approach for understanding customer-specific exposure to climate-related risks.

During 2023 Commercial & Institutional continued to enhance pricing frameworks to embed climate considerations. These enable us to support businesses to help address the climate challenge and to reshape the Commercial & Institutional business segment towards more sustainable, transition- aligned transactions.

In the residential mortgage portfolio, we applied lending limits based on climate characteristics, including: (i) exposure to EPC A and B rated properties, (ii) Buy-to-let properties with potential EPC between D and G and (iii) flats, new builds and buy to let properties at high or very high risk of flood. Additionally, our credit policies do not allow buy-to-let mortgages to properties with an EPC rating between F and G. Limits are continually reviewed to reflect new flood risk data, risk profile and market conditions.

Looking ahead

During 2023 we started to develop customer engagement tools within Commercial & Institutional, to further embed climate within customer journeys to continually enhance decision-making. These tools have been designed to complement and build on established climate engagement touchpoints with customers through TAS and our qualitative climate scorecards. Given the scale of implementation, we intend to launch on a phased basis from early 2024. Ongoing enhancements to NatWest Group's processes for managing climate-related risk will continue to evolve and improve as the organisation matures its climate risk management capabilities.

TCFD: Climate-related disclosures overview continued

How our processes for identifying, assessing, and managing climate-related risks are integrated into overall risk management

Climate risk has been included in the NatWest Group risk directory since 2021 alongside an ongoing, iterative multi-year approach to mature capabilities.

In 2021 NatWest Group achieved first-generation implementation of climate risk maturity through application of predominantly qualitative approaches, concentrated within priority sectors or customers. In 2022, these capabilities were enhanced with increased data availability and increased utilisation of quantitative analysis to inform customer segmentation and areas of focus.

In 2023, key outcomes included:

- conclusion of 2023 internal climate scenario analysis exercise, demonstrating enhanced scenario analysis capabilities;
- regular quantitative reporting on climate risk appetite within senior risk committees;
- development and implementation of pricing adjustments within wholesale lending;
- development of additional measures to enhance climate risk monitoring, including introducing new operational limits within Commercial & Institutional; and
- updates to retail credit limits, including review following newly sourced physical risk data.

In 2023, NatWest Group's climate risk appetite was reported and reviewed in line with its Risk Appetite Framework. Quantitative risk appetite measures are focused on excess exposures to heightened climate-related risk sectors, along with exposures which significantly deviate from transition trajectory. The qualitative appetite statement has also been enhanced to recognise nature-related risk.

NatWest Group uses its EWRMF to identify the principal risks which could impact the organisation. As our climate capabilities mature, climate-related risks are planned to be effectively managed through existing policies and these policies are captured within the EWRMF. The EWRMF sets out the requirements on how risk appetite is implemented through risk policies and standards and translated into operational procedures. The impact of climate-related risk as a causal factor to other principal risks will be reassessed and managed through the annual refresh of the EWRMF and its individual components.

In addition, during 2023, strategic customer engagement tools have been developed which, when fully operational, are expected to provide enhanced capabilities and will support effective management of potential risks. These include a dedicated Climate Decisioning Framework for wholesale lending, which will be rolled out on a test-and-learn basis in early 2024. Separately, and in recognition of the link between climate risk and nature degradation, NatWest Group added nature risk to its climate risk considerations within the risk directory for implementation from 1 January 2024.

 For further details on climate risk refer to page 277 and 278, and section 3 of the 2023 Climate-related Disclosures Report.



TCFD: Climate-related disclosures overview continued



The metrics and targets used to assess and manage relevant climate-related risks and opportunities

The metrics used to assess climate-related risks and opportunities in line with our strategy and risk management process

We use a range of metrics to measure opportunities and risks and progress against our climate ambitions, including:

- Provision of climate and sustainable funding and financing⁽¹⁾: since the £100 billion target came into effect in July 2021 NatWest Group has provided £61.9 billion^(*) of climate and sustainable funding and financing (£29.3 billion^(*) during 2023)⁽²⁾. An annual breakdown of our progress since 2021 can be found on page 21.
- Exposure to heightened climate-related risk sectors is based on loans, loan commitments and contingent obligations. Total wholesale heightened climate-related risk exposure increased by £14.5 billion since 31 December 2022, due to the inclusion of three additional sectors resulting from an updated methodology. There has also been portfolio growth in terms of renewables projects within electricity generation.
- Energy efficiency of the UK residential mortgage portfolio: as at 31 December 2023, £140.8 billion, 67.6%, of the total residential mortgages portfolio had Energy Performance Certificate (EPC) data available (31 December 2022 – £138.8 billion, 68.3%), of which, 44.1%^(*) were rated as EPC A to C (31 December 2022 – 41.6%).
- Flood risk of the UK residential mortgage portfolio⁽³⁾: On a total volume basis, present day UK mortgages at high risk of flooding are 3.5%^(*) of the assessed portfolio and those at very high risk are 1.3%^(*) of the portfolio. This is slightly lower than the overall UK volume-based analysis with high of 4.0% and very high of 2.2%. This analysis covers 98.3% of NatWest Group's UK residential mortgage portfolio.

- NatWest Group's own operational footprint, as outlined on pages 58 and 59 of this report and section 2.7 of the 2023 Climate-related Disclosures Report.
- Estimates of financed emissions, as outlined in sections 2.3, 2.4, 5.2 and 5.3 of the 2023 Climate-related Disclosures Report. We used a combination of methodologies, some of which are still under development, to estimate absolute emissions and emissions intensities. In addition, these estimates are premised on use of the assumptions, extrapolations or aggregation at subsector levels due to data limitations, including lack of published emissions data and granularity of customer information. As a result, we expect our estimates of emissions and emissions intensities to change as we improve the granularity and coverage of customer climate data and develop our methodologies further.
- Estimates of facilitated emissions from corporate underwriting relate to capital markets corporate bond underwriting activities, which equates to 21% of NatWest Market's total underwriting⁽⁴⁾.

These metrics are reported to the Board periodically within the NatWest Group Board business insights pack.

Looking ahead

We will continue to develop metrics and measurement capabilities to monitor and manage climate-related risks and opportunities. We will also continue to monitor evolving carbon measurement standards and enhance capabilities including ongoing engagement with the Partnership for Carbon Accounting Financials (PCAF) to develop measurement, monitoring and reporting capabilities for asset management.

(1) For the year ended 31 December 2023, the NatWest Group CSFFI criteria published in December 2022 has been used to determine the assets, activities and companies that are eligible to be counted. For the year ended 31 December 2022, our CSFFI criteria published in October 2021 was applied. For the year ended 31 December 2021, the CSFFI criteria published in February 2021 was applied. Lending to personal customers for properties with EPC A and B ratings was included within climate and sustainable funding and financing reporting from 1 July 2021.

(2) The £61.9 billion cumulative climate and sustainable funding and financing total consists of £34.7 billion in lending and £27.2 billion in underwriting transactions.

(3) Flood risk data is obtained through our third-party vendor, RHDHV, and their flood risk analysis provides a measure of the likelihood and severity of a flood hazard affecting each individual property. This property-specific rating process analyses all layers within the United Kingdom FloodMap product via a weighted algorithm which looks at the predicted severity and the frequency of flooding from multiple sources. RHDHV flood score model as at 31 October 2023 and NatWest Group residential mortgage portfolio data as at 31 December 2023.

(4) Where NatWest Group is a facilitator (active or passive) as defined by the [PCAF published standard](#).

(*) Within scope of EY assurance. Refer to page 68.

TCFD: Climate-related disclosures overview continued

The metrics and targets used to assess and manage relevant climate-related risks and opportunities, where such information is material

Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions, and the related risks

During 2023, we focused on activities with the potential to contribute towards our ambition to reduce emissions from our direct own operations by 50% by 2025, against a 2019 baseline, as well as making progress against our SBTi validated 2030 targets. As a result, we achieved a 54% reduction against a 2019 baseline in our Scope 1 and Scope 2 location-based emissions. We will continue to pursue further decarbonisation towards our 2050 net-zero ambition to reference the continued direction of travel and build on our Climate transition plan.

We have continued to enhance our measurement capabilities and scope of Scope 3 financed emissions models. Our work was guided by the availability of methodologies for estimating financed emissions, most notably from the SBTi and PCAF – refer to the 2023 Sustainability Basis of Reporting for methodologies used. In addition to sector-level lending models, where measurement standards are more developed, we estimated emissions for the remaining lending and investment exposures at a total level.

As a result, we have now analysed 90%⁽¹⁾ of our loans and investment exposure at 31 December 2022 (74% at 31 December 2019).

For related risks and limitations refer to page 56 of this report and section 2.7, 5.3, 5.4 and section 7 of our 2023 Climate-related Disclosures Report.

Looking ahead

Our measurement work to date has reinforced our understanding of the challenges involved in financed emissions estimation as well as the urgency and the scale of transition required to align our financing activities to the 2015 Paris Agreement and achieve net zero by 2050.

We intend to continue our work to enhance our measurement capabilities and, over time, we expect climate data granularity to improve as we move towards utilising actual customer climate data.

We also intend to progress with continued enhancements to the availability of data and data quality to support future calculations of financed emissions, including absolute emissions and emissions intensities.

The targets used to manage climate-related risks and opportunities and performance against targets

Our ambition to be net zero by 2050 across our financed emissions, assets under management and operational value chain is supported by our 2030 ambitions, refer to page 48.

In 2022 we published 2030 sector-level targets validated by the SBTi as science-based. These targets included our own operational emissions as well as 79% of our 2019 lending book and 57% of debt securities and equity shares, excluding sovereign debt securities. SBTi targets have been set based on a number of methodologies, external scenarios, pathways and assumptions that vary by sector.

Since 2020, we have included a climate goal and related measures in our Executive Director performance goals. Climate progress is an integral part of the annual bonus scorecard introduced under our Executive Director Remuneration Policy.

For 2023, 10% of potential annual bonus was based on performance against the following climate ambitions:

- Implementation of the initial Climate transition plan, with four sectors on target and one of the two AUM and retrofit milestones achieved. Achieved in 2023.
- Climate and sustainable funding and financing with a target of £25.3 billion in 2023. Achieved in 2023.

NatWest Group will continue to monitor its performance against its climate-related targets and ambitions and revise as appropriate.

For further details on our metrics, targets and progress, refer to our 2023 Climate-related Disclosures Report.

For further details of integration of climate considerations into remuneration, refer to the Directors' Remuneration Report.



(1) The PCAF standard does not currently outline an estimation approach for short term assets (such as nostro and repurchase agreements), quasi sovereign assets (e.g. local authorities) and consumer lending other than mortgages and motor vehicle loans. As such these products are currently excluded from our financed emissions estimation. Loans and investments relate to on-balance sheet gross exposure, accounted for at amortised cost (including finance leases) and FVOCI.

Our own operational footprint

During 2023, we focused on activities with the potential to contribute towards our ambition to reduce our direct⁽¹⁾ own operations by 50% by 2025, against a 2019 baseline, as well as making progress against our SBTi validated 2030 targets and our ambition to be net zero for our operational value chain^(2,3). As a result, we achieved a 54% reduction against a 2019 baseline in our Scope 1 and Scope 2 location-based emissions and a 26% reduction in Scope 3 operational value chain emissions⁽²⁾. As we implement and refine our Climate transition plan we will continue to pursue further decarbonisation opportunities, invest beyond the value chain⁽⁴⁾ and work towards our 2050 net-zero ambition. All activity continues to be supported by a focus on continuous data improvement.

2023 progress

- Our direct⁽¹⁾ own operations emissions have now reduced by 47% against a 2019 baseline, supporting delivery of our 2025 and 2030 ambitions. We also continued to disclose our full operational value chain emissions.
- We opened our new office in Spinningfields, Manchester, which has been awarded the RICS SKA gold accreditation, achieving the highest level of sustainable fit-out using the rating method, with an EPC rating improvement from D to B. Incorporating technology and innovation into the design including removing all gas operations has enabled Spinningfields to be our new flagship building for sustainability.
- We have also begun action to decrease our reliance on the carbon credit market by funding our own projects. In 2023, we retired 120,000 nature-based carbon removal credits, refer to page 41 of our 2023 Climate-related Disclosures Report.

Energy reduction initiatives relating to movements in Scopes 1 and 2

Between 2022 and 2023 we reduced our energy consumption by 38 GWh, driven by portfolio transformation

and projects completed during the reporting year, as follows:

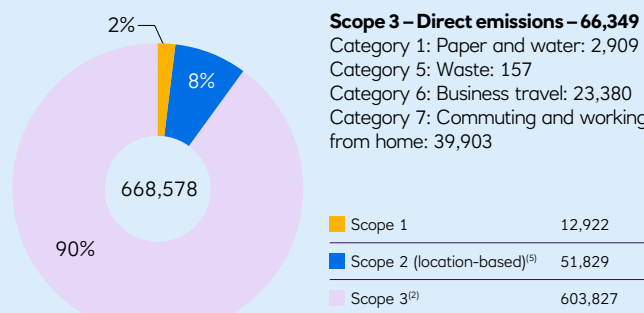
- **Building Management System (BMS) software:** Installed in all our large and medium office buildings to optimise the control of our energy-using systems such as heating, cooling and air handling.
- **Data centres:** Building management initiatives have been delivered across the four strategic UK data centres' including the installation of energy efficient chillers to cool the data centres' halls and optimisation of the temperatures. In addition, a multi-year upgrade programme to our Edinburgh data centre network has completed end-of-life hardware decommissioning.
- **LED lighting:** As part of a multi-year LED investment programme, we upgraded 65 of our branches in 2023. The aim is to roll out across a further 200 of our branches, delivering c.8 GWh reduction in electricity use. Installation of low-energy LED lighting in our data centres has provided savings and we also made progress in overseas offices with an LED lighting exchange saving 10% energy at our Poland office compared with the same period last year.

Emissions movements relating to Scope 3 from our operational value chain⁽²⁾

- **Supply chain:** In 2023, we began our supplier data improvement journey for our emissions estimates, transitioning from a fully spend-based approach to a hybrid approach. This uses supplier specific data, where available, for our top 80% of spend, topping-up with spend-based data where more accurate, disclosed data is not available. Our 2023 supplier footprint is now 18% supplier-specific data. As a result, our category 1, 2 and 4 emissions for 2019 have been re-baselined in line with recommended best practice as the changes exceeded our 5% materiality threshold, driving a 50% reduction in 2019 emissions from those reported historically.
- **Technology:** A cloud-hosted desktop service was enabled for 34,000 colleagues that allows supporting infrastructure to scale-up and down throughout the day based on real-time demand. Further, rightsizing our property portfolio has enabled the decommissioning of a segment of our branch and head office network infrastructure achieving savings of 680 tCO₂e in 2023.

(1) Our direct own operations are greenhouse gas emissions from Scopes 1, 2 and 3 (paper, water, waste, business travel, commuting and working from home).
 (2) Operational value chain captures greenhouse gas emissions Scopes 1, 2 and 3 (Categories 1-14, excluding Categories 8, 10, 14). Scope 3, category 15 is covered within our 2023 Climate-related Disclosures Report. Our operational value chain emissions in 2023 of 668,578 tCO₂e represent a 30% reduction from our 2019 baseline of 958,091 tCO₂e. As part of this Scope 1 and location-based Scope 2 emissions of 64,751 tCO₂e collectively reduced by 54% (2019: 139,749 tCO₂e) and Scope 3 emissions of 603,827 tCO₂e reduced by 26% (2019: 818,342 tCO₂e).
 (3) For our own operations, net zero means aiming to reduce our operational value chain by a minimum 90% reduction by 2050 against a 2019 baseline. We plan to neutralise the residual 10% using carbon credits in line with 'SBTi Corporate Net Zero Standard' released in October 2021.
 (4) The SBTi recommends that companies invest to mitigate emissions beyond their value chain while they transition towards a state of net zero emissions. In accordance with the Greenhouse Gas Protocol, our absolute emission reductions of 50% Scope 1+2, 50% Scope 3 and 90% by 2050 are not achieved through the use of carbon credits.
 (5) Location-based Scope 2 of 51,829 tCO₂e shown gross of purchased renewable electricity of 51,683 tCO₂e. Scope 2 market based emissions, which factor in purchased renewable electricity are 146 tCO₂e.
 (*) Within scope of EY assurance, refer to page 68.

2023 Breakdown of operational value chain emissions (tCO₂e)^(*)(2)



Scope 3 – Direct emissions – 66,349

Category 1: Paper and water: 2,909
 Category 5: Waste: 157
 Category 6: Business travel: 23,380
 Category 7: Commuting and working from home: 39,903

Scope 3 – Upstream emissions – 506,212

Category 1: Purchased goods and services: 417,665
 Category 2: Capital goods: 53,203
 Category 3: Fuel and energy related activities: 19,966
 Category 4: Transportation and distribution: 12,567
 Category 6: Well to tank business travel: 2,811

Scope 3 – Downstream emissions – 31,266

Category 9: Transportation and distribution: 13,236
 Category 11: Use of sold products: 8,873
 Category 12: End of life treatment sold products: 1,976
 Category 13: Leased assets: 7,181

Own operational footprint continued

Streamlined Energy and Carbon Reporting (SECR)

The table below has been prepared against the framework for sustainability reporting that covers greenhouse gas emissions and energy usage to encourage improved energy efficiency and outlines our performance for 2022 and 2023.

Greenhouse gas (GHG) emissions	2023			2022		
	UK and offshore area ⁽¹⁾	Global total (excluding UK and offshore) ⁽¹⁾	Total	UK and offshore area ⁽¹⁾	Global total (excluding UK and offshore) ⁽¹⁾	Total
Emissions from the combustion of fuel and operation of any facility (Scope 1 direct ⁽²⁾) (tonnes of CO ₂ e) ^(*)	11,958	964	12,922	14,827	1,329	16,156
Emissions from the purchase of electricity, heat, steam and cooling by the company for its own use (Scope 2 ⁽³⁾ indirect) (location-based) (tonnes of CO ₂ e) ^(*)	39,209	12,620	51,829	44,983	15,255	60,238
Total gross Scope 1 & 2 (location-based) (tonnes of CO ₂ e) ^(*)	51,167	13,584	64,751	59,810	16,584	76,394
Intensity ratio: Location-based CO ₂ e emissions per FTE (Scopes 1 & 2) (tonnes/FTE)	1.3	0.7	1.1	1.6	0.9	1.4
Scope 2 ⁽⁴⁾ (market-based) (tonnes of CO ₂ e) ^(*)	11	135	146	13	2,371	2,384
Energy Consumption used to calculate above emissions (kWh)	246,230,119	29,374,856	275,604,975	280,120,202	34,058,491	314,178,693
Scope 3 ⁽⁵⁾ emissions from our direct own operations, limited to paper, water, waste, business travel and employee commuting and working from home (tonnes of CO ₂ e) ^(*)	46,800	19,549	66,349	39,645	18,713	58,358
Total gross Scope 1, 2 & 3 direct own operations (location-based) (tonnes of CO ₂ e) ^(*)	97,967	33,133	131,100	99,455	35,297	134,752
Intensity ratio: Location-based direct own operations CO ₂ e emissions per FTE (Scopes 1, 2 & 3) (tonnes/FTE)	2.5	1.7	2.2	2.6	2.0	2.4

Emissions methodology and basis of preparation

Boundary: this statement has been prepared in accordance with our regulatory obligation to report greenhouse gas (GHG) emissions pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 which implement the UK Government's policy on SECR. Our reporting year runs from 1 October 2022 to 30 September 2023. The emissions reporting boundary is defined as all entities and facilities either owned or under our operational control.

Reporting^(6,7): emissions have been reported using the Greenhouse Gas Protocol Corporate Standard and associated guidance and include all greenhouse gases, reported in tonnes of carbon dioxide equivalent (CO₂e) and global warming potential values. When converting data to carbon emissions, we use Emission Factors from UK Government Emissions Conversion Factors for Company Reporting (Department for Business, Energy & Industrial Strategy, 2023, CO₂ emissions from fuel combustion (International Energy Agency, 2022) or relevant local authorities as required. NatWest Group uses a third-party software system, to capture and record our environmental impact and ensure that control framework and assurance requirements are met. All data is aggregated at a regional level to reflect the total regional consumption. The regional consumption results are then collated to reflect the total NatWest Group footprint. CO₂e values are attributed to these sources via an automatic conversion module in the third-party system.

 For more information, refer to the own operational footprint page at natwestgroup.com.

- (1) Offshore area as defined in The Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon) Regulations 2018. This includes Jersey and Guernsey but not our overseas sites in America, EMEA and Asia-Pacific. These are included in the global total (excluding UK and offshore).
- (2) Scope 1 emissions from natural gas, liquid fossil fuels, fluorinated gas losses and owned/leased vehicles.
- (3) Scope 2 emissions from electricity, district heating and cooling used in NatWest Group premises.
- (4) We have procured 100% electricity from renewable sources globally using green tariffs and renewable electricity certificates. The remaining Scope 2 market-based emissions arises from district cooling, district heating and the residual amount of non-renewable electricity.
- (5) Scope 3 emissions sources for our own operations emissions cover categories 1 – 14, with our direct own operations covering only paper, water, and categories 5 – 7. Refer to page 58 for further details. Scope 3 category 15 (financed emission) is covered in our 2023 Climate-related Disclosures Report.
- (6) Low data accuracy is a key risk of our reporting, as this could lead to misreporting of own operations emissions figures. To combat this, we have robust internal controls processes, with data and claims subject to third-party assurance.
- (7) The historic values reported in the table above may be updated from values we reported in 2022. This is due to updated bills, data provision and extrapolations. Further, future data is subject to change following any significant change to our business size and scope, as baseline recalculation may result in differing emissions reductions.
- (*) Within scope of EY assurance. Refer to page 68.

Risk overview

Effective risk management helps to ensure that NatWest Group delivers its long-term strategy.

Our approach to risk management

The enterprise-wide risk management framework (EWRMF) sets out the approach to managing risk across NatWest Group and provides a common risk language to facilitate effective risk management. The framework applies to all subsidiary legal entities, business segments and functions to help deliver NatWest Group's strategy in a safe and sustainable way.

Risk culture

NatWest Group's multi-year programme to enhance risk management capability at different levels of the organisation continued in 2023, with an ongoing emphasis on risk culture. The approach to risk culture, under the banner of intelligent risk-taking, ensures a focus on robust risk management behaviours and practices.

The approach to our risk culture, in line with our strategy and our values across all three lines of defence, enables us to support better customer outcomes, develop a stronger and more sustainable business and deliver an improved cost base. During 2023, we continued to evolve the five key outcomes to deliver on the intelligent risk-taking approach. These outcomes focused on behaviours, leadership, risk practices, decision-making and roles and responsibilities.

Risk governance

NatWest Group's governance structure facilitates sound risk management decision-making, in line with standards of good corporate governance. The Board ensures there is a framework of prudent and effective controls which enables risks to be assessed and managed, including the completion of a robust assessment of NatWest Group's emerging and principal risks. It reviews and approves the EWRMF (including NatWest Group's risk appetite framework) and approves the risk appetite for principal risks. It monitors performance against risk appetite, considers material risks and reviews the effectiveness of risk management and internal control systems. In addition, the principal risk committees have the following roles and responsibilities:

- The Group Board Risk Committee (BRC) is responsible for: providing oversight and advice to the Board on current and potential future risk exposures, future risk profile including risk appetite, the approval and effectiveness of the EWRMF; reviewing the effectiveness of internal controls required to manage risk; reviewing the

performance of NatWest Group relative to risk appetite; reviewing all material risk exposures and management's recommendations to monitor, control and mitigate such exposures, including all principal risks; approving the Key Risk Policies; providing input to remuneration decisions from a risk management perspective; approving the Risk Management Strategy and overseeing its effective delivery; and reviewing and recommending to the Board the assumptions, scenarios and metrics used for stress tests.

- The Group Executive Risk Committee (ERC), chaired by the Chief Risk Officer is responsible for: supporting the CRO and other accountable individuals in discharging their risk management accountabilities; reviewing performance relative to risk appetite, and reviewing and debating all material risk exposures across NatWest Group and management's recommendations to monitor and control such exposures; reviewing the EWRMF, supporting its recommendation to BRC and overseeing its implementation across NatWest Group; and reviewing the Key Risk Policies and the Risk Management Strategy and supporting their recommendation to BRC.

Three lines of defence

In line with industry best practice and sound risk governance principles, NatWest Group adopts a three lines of defence model of risk governance. Everyone has a responsibility for the intelligent management of risk in day-to-day activities. This includes actively demonstrating risk practices and behaviours that are consistent with NatWest Group's desired risk culture.

As the second line of defence, the Risk function has a clear mandate to undertake proactive risk oversight and monitoring of all risk management activities including maintaining a robust control environment. The Risk function designs and maintains the EWRMF. The Chief Risk Officer leads the Risk function and plays an integral role in advising the Board on NatWest Group's risk profile. This includes continuous monitoring activities to confirm that NatWest Group engages in sustainable risk-taking activities in pursuit of strategic objectives.

Risk appetite

The risk appetite framework is a component of the EWRMF and establishes the extent of permissible risk-taking to support business outcomes and delivery of the strategy. The EWRMF sets out the requirements regarding how risk appetite is implemented through risk policies and standards and translated into operational procedures. This consistent approach is followed for all principal risks, frameworks, tools

and techniques. Risk appetite statements and associated measures are approved at least annually by the Board on the Board Risk Committee's recommendation to ensure they remain appropriate and aligned to strategy.

Risk profile – key developments

NatWest Group maintained a stable risk profile in 2023 despite persistent inflation, higher interest rates, geopolitical tensions and elevated reputational risks creating a challenging risk environment. Our approach to intelligent risk-taking helped us support UK households and businesses facing these and other challenges.

The overall financial risk profile remained within risk appetite despite challenging economic conditions. Key developments in 2023 included:

- NatWest Group retained robust capital, liquidity and funding positions despite volatility in interest rates and increased competition for deposits and customers.
- A strong capital position was maintained in 2023, with a CET1 ratio of 13.4%. This was significantly ahead of regulatory requirements and aligned with NatWest Group's target of 13-14%. Movements in the CET1 ratio reflected the attributable profit offset by the ordinary dividend accrual and the increase in RWAs.
- Overall credit risk performance remained stable with limited signs of deterioration despite economic headwinds.

The overall trend for non-financial risk improved in 2023. Areas of management focus included:

- Significant investment continued to be made to support the delivery of the multi-year transformation plan across financial crime risk management. Enhancements were made to technology, data quality, and data analytics to improve the effectiveness of systems used to monitor customers and transactions.
- Some non-financial risks were elevated in relation to the departure of Alison Rose as NatWest Group Chief Executive Officer and issues that had arisen in connection with account closure decisions that attracted significant public and media attention. Following an independent legal review of customer account closures, as well as the outcome of ongoing FCA and internal reviews, NatWest Group are making changes to its policies and procedures to deliver better, more consistent outcomes for customers.
- NatWest Group's model risk management practices continued to evolve, supported by a dedicated model risk management enhancement programme, set up in response to the PRA's Supervisory Statement 1/23.

Risk overview continued

Enterprise-wide risk management framework

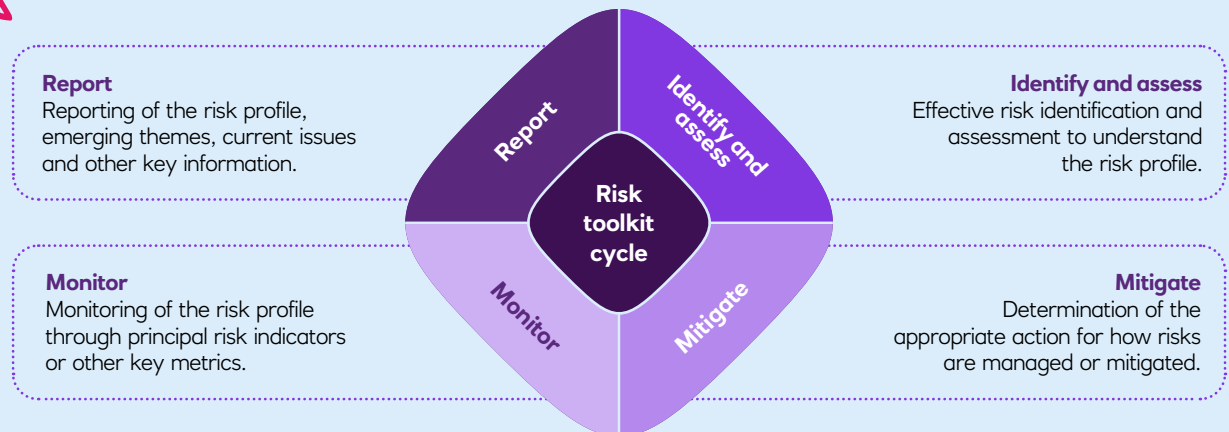
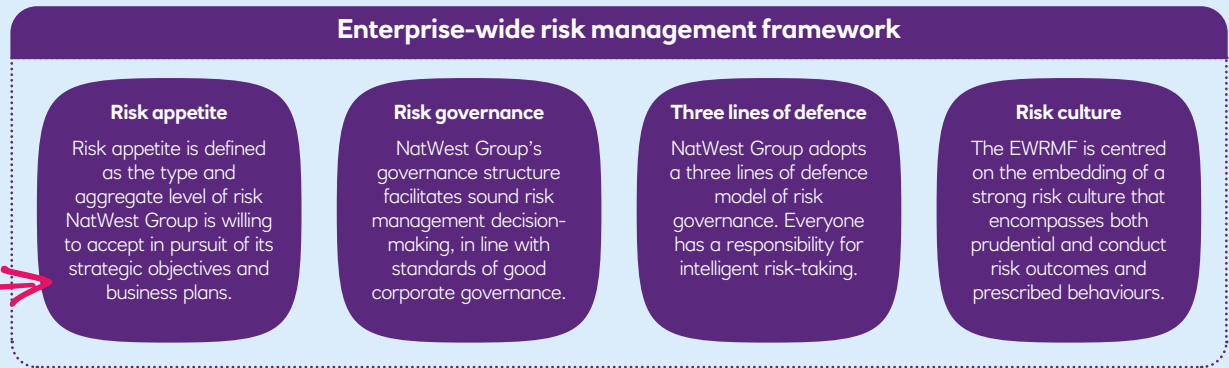
1 The enterprise-wide risk management framework (EWRMF) sets out our approach to managing risk across NatWest Group and provides a common risk language and framework to facilitate effective risk management.

2 The building blocks of the EWRMF are: risk appetite, risk governance, three lines of defence and risk culture.

3 The EWRMF sets out a common risk language and standard definitions to ensure consistency in the application of risk management terminology.

4 The risk toolkit cycle outlines the NatWest Group-wide approach to identify, assess, mitigate, monitor and report risks.

5 Principal risks are used as the basis for setting risk appetite and risk identification.



Principal risks	
Financial risks	Non-financial risks
Capital risk	Financial crime risk
Liquidity and funding risk	Model risk
Credit risk	Operational risk
Earnings stability risk	Reputational risk
Traded market risk	Regulatory compliance risk
Non-traded market risk	
Pension risk	
Climate risk	

Risk overview continued

Risk directory and principal risks

To ensure common language and a consistent approach across NatWest Group, the risk directory defines and documents all principal risks that NatWest Group may face, categorised into financial and non-financial risks. The risk directory is an important component of the EWRMF, underpinning the linkage between strategy, risk appetite, risk reporting and governance. Principal risks are the Board approved EWRMF categories that describe the highest-level financial and non-financial risks in the risk directory.

Principal risks – financial	Key developments	Mitigants
<p>Capital risk – The risk that there is or will be insufficient capital and other loss-absorbing debt instruments to operate effectively, including meeting minimum regulatory requirements, operating within Board-approved risk appetite and supporting its strategic goals.</p>	<p>A strong capital position was maintained in 2023, with a CET1 ratio of 13.4%. This was significantly ahead of regulatory requirements and aligned with NatWest Group’s target of 13-14%. Movements in the CET1 ratio reflected the attributable profit offset by the ordinary dividend accrual and increase in RWAs. For the Bank of England 2022/23 annual cyclical scenario stress test, NatWest Group remained above its CET1 capital and Tier 1 leverage ratio hurdle rates.</p>	<ul style="list-style-type: none"> Capital planning is integrated into NatWest Group’s wider annual budgeting process with capital plans produced over a five-year planning horizon under expected and stress conditions. Stress testing is a principal risk management tool and is used to quantify and evaluate the potential impact of risks on the financial strength and capital position.
<p>Liquidity and funding risk – The risk that NatWest Group, or any of its subsidiaries or branches, cannot meet its actual or potential financial obligations, in a timely manner, as they fall due. Funding risk is the risk that NatWest Group cannot maintain a diversified and stable funding base.</p>	<p>A robust liquidity and funding risk profile was maintained throughout 2023, with a liquidity coverage ratio of 144% and a loan:deposit ratio (excluding repos and reverse repos) of 84%.</p>	<ul style="list-style-type: none"> A suite of tools is used to monitor, limit and stress test the liquidity and funding risks on the balance sheet. Limit frameworks are in place to control the level of liquidity risk, asset and liability mismatches and funding concentrations. Liquidity condition indicators are monitored daily. Performance is reported to the Asset & Liability Management Committee on a regular basis.
<p>Credit risk – The risk that customers, counterparties or issuers fail to meet their contractual obligation to settle outstanding amounts.</p>	<p>Despite a challenging outlook driven by persistent inflation and higher interest rates, the credit risk profile remained stable throughout 2023. Overall ECL increased during 2023 reflecting portfolio growth alongside broadly stable portfolio performance. There were Stage 3 default flow increases, particularly in the Personal portfolio, but these were broadly in line with expectations due to growth and normalisation of risk parameters. This was mitigated by a net ECL reduction from 2023 updates to economic scenarios and weightings.</p>	<ul style="list-style-type: none"> Extensive and thorough credit processes, strategies and controls to ensure effective risk identification, management and oversight. Wholesale credit risk – sector appetite continues to be reviewed regularly, with particular focus on sector clusters and sub-sectors that are deemed to represent a heightened risk. Retail credit risk – adjustments were made to affordability assumptions and stress rates to ensure that lending continued to be assessed appropriately, given the high interest rate and inflationary environment.
<p>Earnings stability risk – The risk that profits are not sustainable under stress.</p>	<p>NatWest Group remained within earnings stability risk appetite throughout 2023.</p>	<ul style="list-style-type: none"> A range of scenario sensitivities were run, to explore downside risks to earnings stability, including a sharp fall in interest rates and stressed macro factors aligned to a 1-in-10 year event.
<p>Traded market risk – The risk to the value of assets and liabilities inside the trading book, or the risk to income which arises from changes in market prices.</p>	<p>All material traded market risk resides in NatWest Markets. 2023 was marked by periods of increased market volatility. The significant volatility in gilts, sterling swaps and inflation entered the rolling window for value-at-risk (VaR) calculation during 2023. However, traded VaR and stressed value-at-risk (SVaR) remained within appetite and, on an average basis, at similar levels compared with 2022.</p>	<ul style="list-style-type: none"> VaR, SVaR and the incremental risk charge are used to measure traded market risk. Traded market risk exposures are monitored against limits and analysed daily. Limit reporting is supplemented with regulatory capital and stress testing.
<p>Non-traded market risk – The risk to the value of assets and liabilities outside the trading book or the risk to income which arises from changes in market prices.</p>	<p>Overall, non-traded market risk VaR rose in 2023, on both an average and period end basis. This was driven by an increasing trend in credit spread VaR, notably in the second half of the year, reflecting increased holdings of bonds in the liquidity portfolio. Interest rate VaR fell slightly in the second half of the year, driven by a reduction in the interest rate sensitive position, particularly in sterling. By the end of 2023, credit spread risk had displaced interest rate risk as the main driver of non-traded VaR.</p>	<ul style="list-style-type: none"> Non-traded market risk appetite is measured via VaR, SVaR, sensitivity and stress limits, and earnings-at-risk limits. Limits are reviewed to reflect changes in risk appetite, business plans, portfolio composition and the market and economic environments. Non-traded market risk stress results are combined with those for other risks into capital planning.
<p>Pension risk – The inability to meet contractual obligations and other liabilities to the established employee or related company pension scheme.</p>	<p>The main section of The NatWest Group Pension Fund is the largest source of pension risk with £33.6 billion of assets and £26.5 billion of liabilities. There were no material changes to NatWest Group’s overall exposure to pension risk during 2023.</p>	<ul style="list-style-type: none"> Pension risk is monitored by the Executive Risk Committee and the Board Risk Committee, while the Asset & Liability Management Committee receives updates on the performance of NatWest Group’s material pension funds. Annual stress tests are undertaken on the material defined benefit pension schemes. These tests are also used to satisfy the requests of regulatory bodies, such as the Bank of England.

Risk overview continued

Principal risks – financial	Key developments	Mitigants
<p>Climate risk – Financial loss or adverse non-financial impacts associated with climate change and political, economic and environmental responses to it.</p>	<p>In 2023, a range of scenario analysis exercises were conducted to test the resilience of NatWest Group’s strategy against the impacts of climate change under different climate scenarios. NatWest Group continued to enhance its in-house climate risk modelling capabilities. An end-to-end test of NatWest Group’s in-house corporate transition risk model was completed.</p>	<ul style="list-style-type: none"> – There was a focus on developing the capabilities to use scenario analysis to identify the most material climate risks and opportunities for its customers. While this is a maturing discipline (with recognised limitations around data, scenario and methodologies), progress continues to be made to leverage the insights to inform risk management practices, maximise the opportunities arising from a transition to a low-carbon economy and support decision-making.
Principal risks – non-financial	Key developments	Mitigants
<p>Financial crime risk – The risk that NatWest Group’s products, services, employees and/or third parties are intentionally or unintentionally used to facilitate criminal activities in the form of money laundering, terrorist financing, bribery and corruption, sanctions and tax evasion, as well as external or internal fraud.</p>	<p>Significant investment continued to be made to support the delivery of the multi-year transformation plan across financial crime risk management. Enhancements were made to technology, data quality and data analytics to improve the effectiveness of systems used to monitor customers and transactions.</p>	<ul style="list-style-type: none"> – The financial crime framework, relevant policies, systems, processes and controls are used to mitigate and manage financial crime risk. This includes the use of dedicated screening and monitoring systems and controls to identify people, organisations, transactions and behaviours that may require further investigation or other actions.
<p>Model risk – The potential for adverse consequences from model errors or the inappropriate use of modelled outputs to inform business decisions.</p>	<p>Following extensive model remediation work, NatWest Group returned to model risk appetite in April 2023. NatWest Group’s model risk management practices continued to evolve, supported by a dedicated model risk management enhancement programme, set up in response to the PRA’s Supervisory Statement 1/23.</p>	<ul style="list-style-type: none"> – Model risk appetite is set to limit the level of model risk that NatWest Group is willing to accept in the course of its business activities. Policies, toolkits and model standards related to the development, validation, approval, implementation, use and ongoing monitoring of models are in place to ensure adequate control across the lifecycle of an individual model. This includes refining, redeveloping or restricting use of models where appropriate.
<p>Operational risk – The risk of loss resulting from inadequate or failed internal processes, people and systems, or external events. It arises from day-to-day operations and is relevant to every aspect of the business.</p>	<p>The enhanced risk and control self-assessment approach continued to be developed and embedded with a focus on material operational risks across key end-to-end processes.</p> <p>NatWest Group recognised the risk associated with the processing of payments, and as such, a NatWest Group-wide programme on the movement of funds was mobilised, which focused on enhancing payment related controls.</p>	<ul style="list-style-type: none"> – Operational risk appetite supports effective management of all operational risks. It expresses the level and types of operational risk that NatWest Group is willing to accept to achieve its strategic objectives and business plans. – Operational risks are mitigated by applying key preventative and detective controls. The half-yearly control environment certification process is an effective means to provide a consistent and comparable view of the adequacy and effectiveness of the internal control environment.
<p>Reputational risk – The risk of damage to stakeholder trust due to negative consequences arising from internal actions or external events.</p>	<p>Reputational risks were elevated in relation to the departure of Alison Rose as NatWest Group Chief Executive Officer and issues that had arisen in connection with account closure decisions that attracted significant public and media attention. Following an independent legal review of customer account closures and internal reviews, NatWest Group are making changes to its policies and procedures to deliver better, more consistent outcomes for customers.</p>	<ul style="list-style-type: none"> – Relevant internal and external factors are monitored through regular reporting via reputational risk registers at business or legal entity level. They are escalated, where appropriate, to the relevant business risk committee and where material, to the NatWest Group Reputational Risk Committee. – The environmental, social and ethical (ESE) risk framework guides decision-making in areas of elevated reputational risk. ESE risk acceptance criteria are regularly reviewed and updated. For example, all climate-focused ESE risk acceptance criteria (mining and metals, power generation and oil and gas) underwent a review, to ensure they reflect the current risk landscape.
<p>Regulatory compliance risk – The risk that NatWest Group fails to observe the letter and spirit of all relevant laws, codes, rules, regulations and standards of good market practice.</p>	<p>Further progress was made on the compliance agenda during 2023. Significant enhancements were made to the compliance and conduct framework with the introduction of numerous new tools to manage the risk profile. These include a compliance and conduct risk directory and new risk standards and toolkits which support NatWest Group to measure and manage compliance accurately and efficiently.</p>	<ul style="list-style-type: none"> – Risk appetite for compliance and conduct risks is set at Board level. Risk appetite statements articulate the levels of risk that legal entities, businesses and functions work within when pursuing their strategic objectives and business plans. – A range of controls are operated to ensure the business delivers good customer outcomes and are conducted in accordance with legal and regulatory requirements.

Risk overview continued

Top and emerging risks

Top and emerging risks are scenarios that could have a significant negative impact on our ability to operate or deliver our strategy and are managed through the EWRMF toolkit. They usually combine elements of several principal risks and require a coordinated management response. Top risks could occur or require management action within 1-2 years while emerging risks are evolving and/or could occur over a longer time horizon but have the potential to become a top risk. Both are subject to review by senior governance forums including ERC and BRC. Horizon scanning is an important element of the toolkit, enabling NatWest Group to identify, assess and mitigate both top and emerging risks. A range of methods are used including scenario exercises, analysis, planning, monitoring, review of industry/institutional insights and discussion with external experts. In 2023, there was continued focus on assessing and managing interconnected risks assessing preparedness for correlated risk scenarios. This approach helps to integrate strategic risk considerations into business processes, as well as planning and strategy.

Top risk scenarios in focus in 2023	Description	Mitigants
Increased competition	Competitive pressures could intensify, impeding NatWest Group's ability to grow or retain market share, impacting revenues and profitability, particularly in key UK retail, Commercial & Institutional banking segments. Drivers of competition mainly relate to developments in technology, evolving incumbents, challengers, new entrants to the market, shifts in customer behaviour and changes in regulation. For example, increased competition from technology conglomerates, who may have competitive advantages in scale, technology and customer engagement (including brand recognition).	<ul style="list-style-type: none"> NatWest Group closely monitors the competitive environment and adapts strategy as appropriate. This includes utilising scenario analysis and assessing how mega-trends will impact industry competitive dynamics. Strategic responses are focused on investing to deliver innovative and compelling propositions for customers and effectively leveraging acquisitions and partnerships. For example, NatWest Group has invested in a number of fintech ventures, including Mettle, FreeAgent, Tyl, Rooster Money, Vodeno and Cushon.
Cyberattack	There is a constantly evolving threat from cyberattacks that are increasing in terms of frequency, sophistication, impact and severity. This includes hostile attempts to gain access to and exploit potential vulnerabilities of IT systems including via malware. Any failure in NatWest Group's cybersecurity policies, procedures or controls, may result in significant financial losses, major business disruption, inability to deliver customer services, loss of data, and may cause associated reputational damage.	<ul style="list-style-type: none"> NatWest Group continues to invest in additional capability to defend against threats including developing and evolving cybersecurity policies, procedures and controls that are designed to minimise the potential effect of such attacks. The focus is to manage the impact of the attacks and maintain services for NatWest Group's customers. This includes testing and proving cyber resilience capabilities via stress testing of NatWest Group's important business services.
Economic and rate volatility	High interest rates and the rising cost of living created uncertain economic conditions in 2023 including driving a shifts in customer behaviours and increased deposit competition. Economic conditions could deteriorate, depending on factors including weak economic activity, volatility in interest rates, liquidity pressures, sharp falls in asset prices, escalating geopolitical tensions and concerns regarding sovereign debt or sovereign credit ratings. Any of the above may have a material adverse effect on NatWest Group's future financial prospects.	<ul style="list-style-type: none"> A range of complementary approaches is used to mitigate the risks, such as targeted scenario analysis, stress tests, targeted customer reviews and reviews of risk appetite. Stress tests included completion of regulatory stress tests including the Bank of England 2022/23 Annual Cyclical Scenario and the 2023/24 System Wide Exploratory Scenario as well as a range of internal scenarios.
Climate change	Climate-related risks represent a source of systemic risk in the global financial system. The financial impacts of climate-related risks, both physical and transition risk, are expected to be widespread and may disrupt the proper functioning of financial markets and institutions, including NatWest Group.	<ul style="list-style-type: none"> NatWest Group's climate-related strategy, targets and transition plan support the identification and management of climate-related risks. However, they also entail significant execution and reputational risk and are unlikely to be achieved without significant and timely government policy, technology and customer behavioural changes.
Operational risk scenarios	Operational risks are inherent in NatWest Group's businesses and a broad range of scenarios are considered. NatWest Group could be adversely impacted by a broad range of operational risk scenarios including a failure to have or be able to access current, complete, and accurate data or disruption to services should a third-party service provider experience any interruptions. These scenarios could result in business and customer interruption and related reputational damage, significant compensation costs, regulatory sanctions and/or a breach of applicable regulations.	<ul style="list-style-type: none"> NatWest Group devotes significant resources to third party risk management. Focus areas include identification of critical service suppliers, developing robust exit and contingency plans in the event of supply chain disruption, and ensuring appropriate monitoring and oversight of third party performance. Effective and ethical use of data is critical to NatWest Group's goals, with continued focus on delivering a long-term data strategy alongside enhancing control and policy frameworks governing data usage.
Evolving regulation	NatWest Group's businesses are subject to substantial regulation and oversight, which are constantly evolving and may have an adverse impact on NatWest Group. Areas of focus include Basel 3.1 standards implementation, including the resulting effect on RWAs and models and the FCA's Consumer Duty standards on consumer protection.	<ul style="list-style-type: none"> NatWest Group constantly monitor regulatory change and work with the regulators to help shape those developments that materially impact NatWest Group, responding when necessary either bilaterally or in partnership with one of the affiliated industry bodies. We implement new regulatory requirements where applicable and use our frequent engagement meetings with regulators to discuss key regulatory priorities.

Risk overview continued

Emerging risk scenarios in focus in 2023	Description	Mitigants
<p>Artificial intelligence</p>	<p>Innovations in artificial intelligence (AI), including generative AI, may rapidly transform and disrupt customers, industry and the economy. NatWest Group's ability to continue to deploy AI solutions and integrate AI in systems and controls will become increasingly important to retain and grow business. There can be no certainty that NatWest Group's innovation strategy will be successful, and competitors may be more successful in implementing AI technologies, in turn, affecting industry competitive dynamics. Developments in AI may also result in increased model risk and rising levels of fraud.</p>	<ul style="list-style-type: none"> - NatWest Group closely monitors developments in disruptive technologies including AI and adapts strategy as appropriate. The focus is on how we use AI and machine-learning technologies safely and ethically to improve the support we can offer to our customers and ensure that our use of data continues to be secure, accountable, fair and ethical. In 2023, we developed a robust set of controls for the use of generative AI models across NatWest Group.
<p>Biodiversity and nature loss</p>	<p>NatWest Group and its customers, suppliers and counterparties face uncertainty in terms of risks relating to the degradation of the environment, such as air, water and land pollution, biodiversity loss and deforestation. There is also increasing investor, regulatory and stakeholder scrutiny regarding how businesses address these changes and related climate change, biodiversity and other sustainability issues.</p>	<ul style="list-style-type: none"> - NatWest Group is developing its approach to assess, manage and mitigate nature-related risks. Using emerging industry guidance such as the Task Force on Nature Related Financial Disclosure framework, NatWest Group is seeking to further its understanding of nature-related risks. This includes how its business activities impact nature, the dependencies NatWest Group and its counterparties (including its suppliers) and customers have on nature, and the risks and opportunities nature can generate.
<p>Central bank digital currency</p>	<p>NatWest Group operates in markets which would be exposed to any developments in digital money, including a UK central bank digital currency (CBDC). The Bank of England and HMT are exploring the case and design for a retail CBDC that could be used by the public and businesses, the digital pound. The future introduction of retail CBDCs, including a digital pound, could result in deposit outflows, higher funding costs, and/or other implications for UK banks including NatWest Group.</p>	<ul style="list-style-type: none"> - NatWest Group engages with the UK government and regulators on digital currency developments. This includes engagement with policymakers on a bilateral and industry level. For example, NatWest Group is represented on the Bank of England's CBDC Engagement Forum, and responds to relevant consultations, discussion papers and other publications. In addition, NatWest Group has established an Executive Steering Group on digital assets including overseeing developments and engagement on digital currencies, such as CBDCs. - NatWest Group has also reviewed the potential impact of a UK central bank digital currency including on deposits, funding costs and broader implications for the business model.
<p>Geopolitical risk</p>	<p>NatWest Group is exposed to risks arising from geopolitical events or political developments. Geopolitical tensions remain elevated and a range of potential scenarios and impacts were considered. This includes the potential impact of armed conflict, global trade and supply-chain disruption, volatility in commodity prices, protectionist policies or trade barriers and state sponsored cyberattacks.</p>	<ul style="list-style-type: none"> - NatWest Group closely monitors the geopolitical risk outlook and undertakes regular scenario analysis to understand the potential impacts and takes mitigating actions as required. This includes second and third order analysis of impacts, for example, through customers' supply-chain disruption or disruption to third-party providers.
<p>UK Government shareholding in NatWest Group</p>	<p>In November 2023, the UK Government announced that as part of its commitment to continue the sale of its holding in NatWest Group, it is exploring options to launch a share sale to retail investors before autumn 2024. While precise timing and plans are uncertain, a retail share offering may result in or amplify reputational risks for NatWest Group.</p>	<ul style="list-style-type: none"> - NatWest Group engages closely with HM Treasury (or UKGI on its behalf) on its shareholding in NatWest Group plc. Such engagement would be expected to extend to HM Treasury contemplating launching a sale of any of its holding to retail investors. - NatWest Group identifies and manages reputational risks through the Reputational Risk Framework. As with other actual or potential risks of a material nature, appropriate bank wide or business actions plans or programmes are established to manage relevant risk scenarios.

Viability statement

In accordance with Provision 31 of the UK Corporate Governance Code, the Board is required to make a statement in the Annual Report and Accounts regarding NatWest Group's viability over a specified time horizon.

Considerations

In assessing NatWest Group's future viability, the Board considers a period of three years to be appropriate. The budget and business planning processes are based on a five-year horizon. However, a three-year period is considered more suitable given levels of uncertainty increase as the time horizon extends.

In assessing NatWest Group's viability over this time frame, the Board has considered a wide range of information including:

Strategic and financial outlook

- NatWest Group's business and strategic plans.
- Current capital position and projections over the relevant period.
- Liquidity and funding profile and projections over the relevant period.
- Internal scenarios and stress tests, which consider the material risks and uncertainties facing NatWest Group.
- The strategic, risk and financial outlook for the financial services sector including assessing learnings from high-profile bank failures in 2023 and changes in customer behaviour.

Risk management and risk profile

- NatWest Group's enterprise-wide risk management framework (EWRMF) including the processes by which risks are identified and mitigated.
- NatWest Group's risk profile including any breaches of risk appetite and top and emerging risks that could have a significant negative impact on NatWest Group's ability to operate.

Regulatory

- Mandatory regulatory requirements including activity related to the Bank of England stress tests including the 2022/23 annual cyclical scenario (ACS) and the 2023/24 system-wide exploratory scenario (SWES). In addition, completion of the Bank of England Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP).
- Expected future changes to regulatory requirements including in relation to the implementation of Basel 3.1 standards.

Operating environment

- Consideration of the operating environment for NatWest Group including shifts in customer behaviour, developments in technology, economic trends and competitive factors.

Assessment

NatWest Group's business and strategic plans, which are reviewed and evaluated at least annually, provide long-term direction and assess resilience to a range of risks across the planning horizon. These plans include multi-year forecasts assessing NatWest Group's expected financial position throughout the planning period.

A suite of economic scenarios, supports NatWest Group's financial planning processes. Stress testing is a key risk and financial management tool and is integrated with financial planning processes. It is used to quantify and evaluate the potential impact of material risks on the financial strength of NatWest Group, including its liquidity and capital position.

Given elevated levels of uncertainty in 2023, economic scenarios were designed to capture a broad range of uncertainties and risks faced by NatWest Group. The suite of scenarios was continuously refined and reviewed. In the second half of 2023, this included benchmarking against external forecasts and regulatory stress tests. These scenarios explored a range of risks and uncertainties including:

- Deep simultaneous recessions in the UK and global economy with large falls in asset prices including UK house prices.
- Sustained levels of high inflation, higher than anticipated UK interest rates, and bank liquidity under severe pressure.
- A sharp fall in inflation and UK interest rates combined with a material increase in UK unemployment.
- Elevated geopolitical risks including Russia-Ukraine and China-Taiwan.
- Climate related risks including elevated physical risks that force a rapid climate transition.

A combination of internal scenarios was used to examine going concern capital requirements on a forward-looking basis by assessing the resilience of capital adequacy and leverage ratios. The assessment includes assumptions about regulatory and accounting factors (such as IFRS 9). They also incorporate key assumptions on balance sheet and profit and loss drivers, such as deposits and RWAs, to demonstrate that NatWest Group maintains sufficient capital. Applying the scenarios to NatWest Group's capital, liquidity and funding positions did not result in a breach of any regulatory thresholds.

Consideration was given to the operational resilience of NatWest Group across a range of operational risk scenarios including conduct, financial crime, climate and a cyberattack. While NatWest Group has not been subject to a material cyberattack and operates a multi-layered system of defences, there is a possibility that a cyberattack could have a severe effect on operations. The evolving threat is continually monitored with a focus on managing the impact of any attack and sustaining availability of services for NatWest Group's customers. As cyberattacks evolve and become more sophisticated, NatWest Group continues to invest in additional capability designed to defend against emerging risks.

Viability statement continued

Risks facing NatWest Group are identified and assessed according to the EWRMF which is outlined in the Risk overview section. The Board reviews and approves the EWRMF and monitors performance against risk appetite.

Despite elevated economic and political uncertainty, NatWest Group's risk profile remained stable in 2023. Risk appetite is a key consideration in assessing the risk profile and the Board monitors the performance of NatWest Group against risk appetite including in relation to credit risk, liquidity and funding, financial crime, conduct and regulatory compliance risk and operational risk. In 2023, there were no material breaches in risk appetite that were viewed as a threat to the viability of NatWest Group.

NatWest Group's top and emerging risk process also highlights risk scenarios that could have a significant negative impact on NatWest Group's ability to operate or deliver its strategy. In 2023, the Executive Risk Committee and the Board Risk Committee received regular reporting on top and emerging risks. The committees also reviewed and discussed an annual spotlight on top and emerging risks which included an update on horizon scanning activity, to enable early identification and mitigation of top and emerging risks. Top and emerging risks are also a significant consideration in internal scenario planning as well as the ICAAP and ILAAP.

NatWest Group is impacted by a wide range of macroeconomic, political, regulatory, technological, social and environmental developments. The evolving operating environment presents opportunities and risks which NatWest Group continues to evaluate and adapt to. For example:

- Learnings from the failure of several US and European banks in 2023 were evaluated and used to test and strengthen NatWest Group's governance and risk management processes.
- Assessing and adapting to shifting consumer behaviour in response to higher interest rates and increased competition for savings balances. This included measures to mitigate funding risk including offering new fixed term savings accounts.

The 2023 Annual Report and Accounts were considered as part of the assessment. This includes review of the principal risks and uncertainties set out on pages 60 to 65 which highlights the possible impact of legal, regulatory and competitive factors on NatWest Group. The detailed disclosure of financial performance of NatWest Group was considered as part of the assessment. This included:

- NatWest Group's robust capital position; CET1 ratio of 13.4%. The current capital position provides significant headroom above both NatWest Group's minimum requirements and its maximum distributable amount threshold requirements.
- The sustainable profitability and capital generation of the business.
- NatWest Group's strong liquidity and funding position; the liquidity portfolio of £222.8 billion, a robust liquidity coverage ratio of 144% and a net stable funding ratio of 133%.

NatWest Group participates in stress tests run by regulatory authorities to test industry-wide vulnerabilities under crystallising global and domestic systemic risks. The Bank of England published the results of the 2022/23 ACS stress test in July 2023.

The 2022/23 ACS was aimed at testing the resilience of the UK banking system to deep simultaneous recessions in the UK and global economies, large falls in asset prices and higher global interest rates, and a separate stress of misconduct costs. The ACS results indicated NatWest Group would be able to withstand a severe macroeconomic scenario and had the capacity to support households and businesses throughout the stress. The results of the ACS stress test informed the Board's assessment of viability.

The Bank of England launched its SWES in June 2023. The SWES explores stressed financial market conditions and how market behaviour might interact to amplify shocks in UK financial markets. NatWest Group submitted its round one scenario response to the Bank of England in January 2024. Round two of the SWES scenario is expected to be launched in Q2 2024 with the full SWES results published by the Bank of England in late 2024. As the SWES progresses, the results will continue to inform the Board's assessment of viability.

Reverse stress testing is also carried out to identify circumstances that may lead to specific, defined outcomes such as business failure. Reverse stress testing allows potential vulnerabilities in the business model to be examined more fully. During 2023, reverse stress testing considered the impact of sustained income challenges and increased impairments in a severe recession scenario.

Based on the factors outlined above, the current financial forecasts, including the strength of its capital and liquidity positions, the management of NatWest Group's principal risks, including mitigating actions, the Board has a reasonable expectation that NatWest Group will be able to continue in operation and meet its liabilities over the three-year period of the assessment.

Non-financial and sustainability information statement

This non-financial and sustainability information statement provides an overview of topics and related reporting references in our external reporting as required by sections 414CA and 414CB of the Companies Act 2006.

We integrate non-financial and Environmental, Social and Governance (ESG) information across the Strategic report, thereby promoting cohesive reporting of non-financial and ESG matters.

ESG reporting frameworks and guidance

We are actively monitoring developments including in relation to metrics. In 2023, our focus included the Sustainability Accounting Standards Board (SASB) standards, the Global Reporting Initiative (GRI) standards, the Task Force on Climate-related Financial Disclosures (TCFD) and the World Economic Forum (WEF) International Business Council (IBC) metrics. As signatories of the UN Principles for Responsible Banking (PRB), our ambition is to further align our strategy with the 2015 Paris Agreement and the UN Sustainable Development Goals (SDGs).

Further information on non-financial and ESG matters can be found within our reporting suite.

- Climate-related Disclosures Report
- ESG Disclosures Report
- ESG Frameworks Appendix
- natwestgroup.com

Assurance Approach

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 (*) within this report and the UN PRB Template is presented within the ESG Frameworks Appendix. 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.

How we contribute to the UN Sustainable Development Goals (SDGs)

As signatories of the UN Principles for Responsible Banking, our ambition is to align our strategy with the 2015 Paris Agreement and the SDGs. In 2023 we set a new financial wellbeing goal which strives to make a positive impact to SDGs 1, 8 and 10.

Our ambitions across Climate, Enterprise and Learning now strive to make a positive impact towards the following SDGs:



Our PRB report can be found in the ESG Frameworks Appendix available at natwestgroup.com.

Reporting requirement		Page references in this report	Relevant policy or document available at natwest.com
Business model	<ul style="list-style-type: none"> – Investment case and shareholder value – Our strategic framework – Our business model – Delivering our strategy – Key performance indicators – Business performance 	<ul style="list-style-type: none"> – 10 to 11 – 9 – 12 to 13 – 18 to 19 – 20 to 22 – 44 to 47 	
Our stakeholders	<ul style="list-style-type: none"> – Section 172(1) statement – Stakeholder engagement – Stakeholder focus areas 	<ul style="list-style-type: none"> – 24 to 25 – 26 to 29 – 30 to 43 	
Environment	<ul style="list-style-type: none"> – Market environment – Risk management – Risk factors 	<ul style="list-style-type: none"> – 14 to 16 – 60 to 65 – 417 to 441 	Environmental, social and ethical policies

(1) The 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 the proposed aim of our Climate, Enterprise and Learning ambitions and NatWest Group makes no representation, warranty or assurance of any kind, express or implied, or takes no responsibility or liability as to whether the areas of focus further the objective or achieves the purpose of the indicated SDG.

Non-financial information and sustainability statement continued

Reporting requirement		Page references in this report	Relevant policy or document available at natwest.com
Our colleagues	<ul style="list-style-type: none"> – Colleagues – Diversity, equity and inclusion 	<ul style="list-style-type: none"> – 36 to 37 – 38 to 39 	Our code of conduct
Governance	<ul style="list-style-type: none"> – Section 172(1) statement – Governance and remuneration – Governance at a glance – Boardroom Inclusion Policy – Directors' remuneration report – Report of the directors 	<ul style="list-style-type: none"> – 24 to 25 – 83 to 162 – 89 – 90 – 127 to 133 – 165 to 168 	Boardroom Inclusion Policy
Social matters	<ul style="list-style-type: none"> – Our strategic framework – Our business model – Delivering our strategy – Key performance indicators – Stakeholder engagement – Stakeholder focus areas – Business performance 	<ul style="list-style-type: none"> – 9 – 12 to 13 – 18 to 19 – 20 to 22 – 26 to 29 – 30 to 43 – 44 to 47 	Supplier Charter
Respect for human rights	<ul style="list-style-type: none"> – Respecting human rights 	<ul style="list-style-type: none"> – 43 	Human Rights Position Statement
Anti-bribery and corruption (ABC)	<ul style="list-style-type: none"> – Risk management – Risk and capital management – Financial crime risk 	<ul style="list-style-type: none"> – 60 to 65 – 170 to 282 – 276 	Statement on Anti-Bribery and Corruption
Risk management	<ul style="list-style-type: none"> – Risk management – Risk and capital management – Risk factors 	<ul style="list-style-type: none"> – 60 to 65 – 170 to 282 – 417 to 441 	Environmental, social and ethical policies
Climate-related financial disclosures as required by sections 414CA and 414CB of the Companies Act 2006	<ul style="list-style-type: none"> – A description of the company's governance arrangements in relation to assessing and managing climate-related risks and opportunities. – A description of how the company identifies, assesses, and manages climate-related risks and opportunities. – A description of how processes for identifying, assessing, and managing climate-related risks are integrated into the company's overall risk management process. – A description of (i) the principal climate-related risks and opportunities arising in connection with the company's operations, and (ii) the time periods by reference to which those risks and opportunities are assessed. – A description of the actual and potential impacts of the principal climate-related risks and opportunities on the company's business model and strategy. – An analysis of the resilience of the company's business model and strategy, taking into account consideration of different climate-related scenarios. – A description of the targets used by the company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets. – The key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and a description of the calculations on which those key performance indicators are based. 	<ul style="list-style-type: none"> – 51 – 52 to 55 – 55 – 52, 53 – 48, 49, 52, 53, 56, 57, 58 – 53 – 48, 57 – 48, 49, 56, 59 	2023 Climate-related Disclosures Report