

Independent Assurance statement to the Directors of NatWest Group plc

We have performed a limited assurance engagement on selected sustainability performance data and statements presented in the NatWest Group plc (“the Group”) 2020 Strategic Report, the 2020 Environmental, Social and Governance (ESG) Supplement, and the 2020 Climate Related Disclosure Report (collectively referred to as “the Report”).

Respective responsibilities

The Group’s management is responsible for the collection and presentation of the information within the Report. Management are also responsible for the design, implementation and maintenance of internal controls relevant to the preparation of the Report, so that it is free from material misstatement, whether due to fraud or error.

Our responsibility, in accordance with our engagement terms with the Group’s management, is to carry out a ‘limited level’ assurance engagement on selected performance data and performance claims in the Report (the ‘Subject Matter Information’) set out below. We do not accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the Report is entirely at its own risk.

What we did to form our conclusions

Our assurance engagement has been planned and performed in accordance with the International Standard for Assurance Engagements (ISAE 3000 Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*, and to meet the requirements of a Type 2 assurance engagement as defined by AA1000 Assurance Standard v3 to obtain a ‘moderate’ level of assurance. The Group’s definitions and method as defined in the Basis of Reporting (available on natwestgroup.com), together with the AA1000 AccountAbility Principles (2018) of *Inclusivity, Materiality, Responsiveness and Impact* have been used as the Criteria against which to evaluate the ‘Subject Matter Information’ defined below.

The ‘Subject Matter Information’ comprises selected claims regarding the performance of the Group presented in the Report, and the following metrics indicated with a (*) symbol in the Report.

Theme	Metric
Climate	Operational footprint CO2 equivalent (CO2e) emissions, including Carbon offsetting (tCO2e) New funding and financing for climate and sustainable finance (£)
Enterprise	Minimum number of jobs created by businesses participating in NatWest/ RBS/ Ulster Bank Entrepreneur Accelerator Programme (#)
Capability	Number of financial capability interactions (#) Number of additional customers helped to start saving (#)
Responsible Business	Direct community investment (DCI) spend (£)
Customer	Number and value of attempted fraud prevented in UK (£) Number of First Time Buyer (FTB) mortgage customers supported (#) Percentage of digitally active personal customers (%)
Colleague	Proportion of black, Asian, and ethnic minority in top four leadership layers in the UK (%) Gender balance in top three senior layers (%)

Our assurance procedures performed were based on our professional judgement and included, but were not limited to:

- Obtaining an understanding of the processes for the collection and accurate reporting of performance information;
- Reviewing the coverage of sustainability issues within the Report against the key issues raised by the Group's stakeholder engagement activities, the Group's management, external media reports, and the topics discussed by relevant governance forums;
- Reviewing the guidance on data reporting, key processes and quality assurance performed at the Group;
- Selecting a sample of data points and seeking documentary evidence to support the data;
- Conducting a walk-through of data to test consolidation;
- Making management enquiries and reviewed any explanations provided for significant variances;
- Reviewing and recalculated selected performance information on a materiality basis and selecting documentation supporting assertions made;
- Reviewing the Report for the appropriate presentation of the data including limitations and assumptions, and;
- Obtaining management representation.

Limitations of our review

Our evidence gathering procedures were designed to obtain a 'limited level' of assurance (as set out in ISAE 3000 Revised) on which to base our conclusions. The extent of evidence gathering procedures performed is less than that of a reasonable assurance engagement (such as a financial audit) and, therefore, a lower level of assurance is provided.

Completion of our testing activities has involved placing reliance on the Group's controls for managing and reporting sustainability information, with the degree of reliance informed by the results of our review of the effectiveness of these controls. We have not sought to review systems and controls at the Group beyond those used for the 'Subject Matter Information' (as presented above). The responsibility for the prevention and detection of fraud, error and non-compliance with laws or regulations rests with the Group's management. Our work should not be relied upon to disclose all such material misstatements, frauds, errors or instances of non-compliance that may exist.

We have only sought evidence to support the 2020 performance data. We do not provide conclusions on any other data from prior years. We have not provided assurance over claims made by the Group that are statements of belief or forward looking in nature.

Our conclusions

Based on our limited assurance procedures, as described in this statement, our conclusions are outlined below:

- **Completeness and accuracy:** Nothing has come to our attention that causes us to believe that the 'Subject Matter Information' was not prepared, in all material respects, in accordance with the Criteria, which were applied by management.
- **AA1000 AP (2018):** We are not aware of any matters that would lead us to conclude that the Group has not applied the AA1000AP (2018) principles of inclusivity, materiality, impact and responsiveness in considering the matters to be reported.

Observations and areas for improvement

Our findings and observations will be raised in a report to the Group's management. Selected observations are provided below. These observations do not affect our conclusions on the Report set out above.

- We observed that the Group's purpose 'to champion potential' has been central to its strategy and is reflected clearly throughout the Report. Particular strengths include: the further refinement of ESG Governance; the greater breadth of sustainability issues covered within the Report; the greater transparency across key sustainability topics through both narrative and quantitative information, and; the reference to globally accepted reporting standards including SASB, GRI, WEF-IBC, TCFD and the UN Principles for Responsible Banking. Further consideration should be given to the application of the AA1000 AP (2018) Impact principle by providing a stronger articulation and measurement of impacts that the Group has on key stakeholder groups;
- Shareholder and stakeholder expectations on the application of reporting standards are rapidly evolving. In this context, the Bank should continue to enhance its application of sustainability reporting standards during 2021;
- Climate-related disclosures have strengthened compared to prior years. Particular strengths include: The Group's transparency in relation to the approach taken to conducting scenario analysis; the disclosures of emissions from customers following the PCAF standard, and; the clear articulation of activity to be undertaken in 2021;
- Governance over sustainability reporting has undergone refinements with clearer ownership, responsibilities, documentation of reporting procedures and sign offs. This has led to a reduction in risk of misstatements. Reporting procedures remain reliant on manual processes and is susceptible to human error. Consideration should be given to greater standardisation and automation of processes to reduce the risk of misstatements. The Group should also consider reviewing the effectiveness of internal controls.

Our independence and competence

We have implemented measures to comply with the applicable independence and professional competence rules as articulated by the IFAC Code of Ethics for Professional Accountants and ISQC¹. EY's independence policies apply to the firm, partners and professional staff. These policies prohibit any financial interests in our clients that would or might be seen to impair independence. Each year, partners and staff are required to confirm their compliance with the firm's policies.

We confirm annually to the Group whether there have been any events including the provision of prohibited services that could impair our independence or objectivity. There were no such events or services in 2020. Our assurance team has been drawn from our Climate Change and Sustainability Services (CCaSS) and Financial Accounting Advisory Services (FAAS) practices, which undertake engagements similar to this with a number of UK and international businesses.

Ernst & Young LLP, London

11th March 2021

¹ Parts A and B of the IESBA Code; and the International Standard on Quality Control 1 (ISQC1)