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Independent assurance report to the Directors of NatWest Group plc on certain sustainability metrics for the year ended 31 December 2024

Scope

Ernst and Young LLP ('we' or 'EY') has been engaged to perform an assurance engagement over selected metrics described below (the 'Subject Matter') for NatWest Group (the 'Company', or 'NWG') for the year-ended 31 December 2024. In this document we will refer to the 2024 Sustainability Report, the 2024 Strategic and Directors report and the 2024 Sustainability Datasheet collectively as 'the 2024 Sustainability Reports'.

Specifically, EY was engaged to provide:

- Reasonable assurance over the Subject Matter identified in Table A below; and
- Limited assurance over the Subject Matter identified in Table B below.

The Subject Matter are marked with RA (Reasonable Assurance) and LA (Limited Assurance) within the 2024 Sustainability Reports.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the 2024 Sustainability Reports, and accordingly, we do not express an opinion or conclusion on this information.

Table A: Reasonable assurance Subject Matter	Basis of Reporting metric #
Operational emissions: Scope 1 and 2 (market-based and location-based) CO_2 equivalent emissions in tonnes (tCO_2e) for the period covering 1 October 2023 to 30 September 2024	1
Percentage of UK residential mortgage portfolio rated as EPC A to C as at 31 December 2024	7
Percentage of colleagues from ethnic minority backgrounds in top four layers in the UK as at 31 December 2024	19
Percentage of women in top three layers of the organisation globally as at 31 December 2024	18

Table B: Limited assurance Subject Matter	Basis of Reporting metric #
Operational value chain: Scope 3 CO_2 equivalent emissions (excl. financed emissions) in tonnes (tCO_2e) for the period 1 October 2023 to 30 September 2024	1, 2
Financed emissions: Scope 3 category 15 CO_2 equivalent emissions in million tonnes ($MtCO_2e$/year) and the physical and economic intensity, based on loans analysed as at 31 December 2023 and the data quality scores for the following sectors: ▸ Residential mortgages ($MtCO_2e$, $kgCO_2e/m^2$ and tCO_2e/£m) ▸ Commercial real estate ($MtCO_2e$, $kgCO_2e/m^2$ and tCO_2e/£m) ▸ Oil and gas ($MtCO_2e$, tCO_2e/TJ and tCO_2e/£m) ▸ Agriculture – primary farming ($MtCO_2e$, tCO_2e/£m revenue and tCO_2e/£m) ▸ Aviation ($MtCO_2e$ and tCO_2e/£m) ▸ Electricity generation ($MtCO_2e$, $kgCO_2e$/MWh and tCO_2e/£m) ▸ Retail ($MtCO_2e$, tCO_2e/£m revenue and tCO_2e/£m) ▸ Leisure ($MtCO_2e$, tCO_2e/£m revenue and tCO_2e/£m) ▸ Manufacturing ($MtCO_2e$, tCO_2e/£m revenue and tCO_2e/£m)	10
Climate and sustainable funding and financing (£bn) since 1 July 2021, and in the reporting period 1 January to 31 December 2024	3
Exposure to Heightened climate-related risk sectors as of 31 December 2024 (£m and %)	6
Reserve based lending exposure (£bn) as at 31 December 2024	4

Table B: Limited assurance Subject Matter	Basis of Reporting metric #
Exposure (£bn) to coal customers as at 31 December 2024	5
Retail Banking Green Mortgage product completion value (£bn) since Q4 2020, and in the reporting period 1 January to 31 December 2024	8
Percentage of residential mortgage properties at high and very high risk of flood, by region as at 31 December 2024	9
Number of Interventions delivered to start, run, or grow a business which occurred in the reporting period 1 January to 31 December 2024 (All split by % to UK regions outside London and South East, support provided to women, and support provided to individuals from ethnic minority backgrounds)	11
Number of people helped to manage their financial wellbeing, in the reporting period 1 January to 31 December 2024	17
Number of young people reached through the NatWest Thrive programme in the reporting period 1 January to 31 December 2024	12
Number of digitally active (online and mobile) retail and business banking customers as at 31 December 2024	14
Number of Retail Banking Cora interactions during the reporting period 1 January to 31 December 2024	15
Proportion of Retail Cora interactions requiring no human input (%) during the reporting period 1 January to 31 December 2024	16
Direct community investment (£) in the reporting period 1 January 2024 through 31 December 2024	13

Criteria applied by the Company

The Subject Matter needs to be read and understood together with the 'Reporting Criteria.' The 2024 Sustainability Basis of Reporting has been used as the Reporting Criteria against which to evaluate the measurement and presentation of the Subject Matter defined above. The Company is solely responsible for selecting and applying these Reporting Criteria.

The Subject Matter and other sustainability information in the 2024 Sustainability Reports were prepared by the Company. The definitions and methods used to prepare the Subject Matter identified in tables A and B, are included in the '2024 Sustainability Basis of Reporting' document, under the 'Scope and exclusions' and 'Method' columns, available in Appendix A.

The Reporting Criteria were specifically designed for the preparation of the 2024 Sustainability Reports. As a result, the Subject Matter may not be suitable for other purposes.

Respective responsibilities

The Company's responsibilities

As Directors of the Company, you are responsible for selecting the Reporting Criteria, and for presenting the Subject Matter, identified in tables A and B above, in accordance with that Reporting Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Reasonable assurance

It is our responsibility to express an opinion on the presentation of the Subject Matter identified in table A above, based on the evidence we have obtained. The Reporting Criteria (Appendix A) has been used as the basis on which to evaluate the measurement and presentation of the Subject Matter.

Limited assurance
It is our responsibility to provide a conclusion on the Subject Matter identified in table B above, based on our examination. The Reporting Criteria (Appendix A) has been used as the basis on which to evaluate the measurement and presentation of the Subject Matter.

Our approach

We conducted our engagement in accordance with 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)") as promulgated by the Financial Reporting Council (FRC).

The objective of a reasonable assurance engagement is to perform such procedures on a sample basis as to obtain information and explanations which we consider necessary in order to provide us with sufficient appropriate evidence to express a positive conclusion in respect of the Subject Matter included in table A.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion in respect of the Subject Matter included in table B. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our Independence and Quality Control

In performing this engagement, we have applied International Standard on Quality Management (ISQM) 1 and the independence and other ethical requirements of the Institute of Chartered Accountants of England and Wales (ICAEW) Code of Ethics (which includes the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA)).

Description of procedures performed

We have performed the procedures agreed with you and set out in our engagement letter dated 21 November 2024, amended on 5 February 2025. The procedures we performed over the Subject Matter identified in tables A and B above, were based on our professional judgement and included, but were not limited to:

- Evaluating the appropriateness of the Reporting Criteria used to measure and disclose the Subject Matter.
- Interviewing management and relevant staff to understand how the Reporting Criteria was applied, and relevant information and data gathered for the measurement and reporting of the Subject Matter.
- Obtaining an understanding of the systems and processes for collecting, reporting and consolidating the Subject Matter, including obtaining an understanding of internal controls relevant to the measurement and recording of the Subject Matter, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control framework.
- Performing an analytical review of the data underlying the Subject Matter, including comparison with the previous reporting period, and inquiring of management to understand any significant unexplained variances.
- Evaluating the consistency of the Subject Matter presented across the 2024 Sustainability Reports.
- For selected samples, checked the mathematical calculations and formulae applied in the measurement of the Subject Matter.

Solely in respect of the Subject Matter identified in table A:

- Key items and representative samples based on statistical sampling methodology were selected and agreed to source information to check the accuracy and completeness of the data.

Inherent limitations

Our conclusion is based on historical information and the projection of any information or conclusions in the attached report to any future periods would be inappropriate. Our examination excludes audit procedures such as verification of all assets, liabilities and transactions and is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the information.

Conclusion

Reasonable assurance
In our opinion, the Subject Matter identified in table A above, for the year ended 31 December 2024, is fairly stated, in all material respects, based on the Reporting Criteria.

Limited assurance
Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter identified in table B above, for the year ended 31 December 2024, is not fairly stated, in all material respects, based on the Reporting Criteria.

Restricted use

This report is produced in accordance with the terms of our engagement letter dated 21 November 2024, amended on 5 February 2025, for the purpose of reporting to the Directors of the company in connection with the Subject Matter for the year ended 31 December 2024.

This report is made solely to the Company's Directors, as a body, in accordance with our engagement letter. Those terms permit disclosure on the Company's website, solely for the purpose of the Company showing that it has obtained an independent assurance report in connection with the Subject Matter. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Directors as a body, for our examination, for this report, or for the conclusions we have formed.

Our work has been undertaken so that we might report to the Directors those matters that we have agreed to state to them in this report and for no other purpose. Our report must not be recited or referred to in whole or in part in any other document nor made available, copied or recited to any other party, in any circumstances, without our express prior written permission. This engagement is separate to, and distinct from, our appointment as the auditors to the Company.

Signed by:
Ernst & Young LLP
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Ernst & Young LLP
13 February 2025
London

Appendix A: 2024 Sustainability Basis of Reporting

2024 Sustainability Basis of Reporting

NatWest Group plc

Introduction

This document details the scope, approach and controls relating to the sustainability metrics included within EY's 2024 Sustainability Limited and Reasonable Assurance Engagement. These sustainability metrics are reported in the NatWest Group plc 2024 Annual Report and Accounts, the 2024 Sustainability Report and the 2024 Sustainability Datasheet.

An assurance report was issued and is available at natwestgroup.com.

NatWest Group manages the risks associated with these metrics in line with the enterprise-wide risk management framework (EWRMF). See pages 57 to 61 of the NatWest Group plc 2024 Annual Report and Accounts for further details.

NatWest Group recognises that although internationally recognised or accepted sustainability-related reporting principles and standards continue to evolve, there is a lack of commonly accepted sustainability-related reporting practices to follow or align to. NatWest Group plans to continue to review available data sources and enhance methodologies and processes to improve the robustness of its sustainability-related reporting over time, aligned with recognised industry developments.

Key metrics

Theme	Metric #	Metric
Supporting the climate transition	1	Total Scope 1, 2 and 3 (tCO_2e) direct own operational emissions (excluding Scope 3 category 15 financed emissions)
	2	Total Scope 3 (tCO_2e) indirect operational emissions (excluding Scope 3 category 15 financed emissions)
	3	Climate and sustainable funding and financing (£)
	4	Exposure to reserve-based lending (£)
	5	Exposure to UK and global customers who have coal production, coal fired generation and coal related infrastructure (£)
	6	Heightened climate-related risk sectors (% and £)
	7	Energy efficiency of the UK residential mortgage portfolio - Energy Performance Certificate (EPC) rating (% and £)
	8	Retail Banking Green Mortgage Product completion value (£)
	9	Flood risk profile of the UK residential mortgage portfolio (%)
	10	Category 15 Scope 3 financed ($MtCO_2e$/year) emissions, including our approach to estimating financed emissions and the standards, methodologies and scenarios use for the sectors in scope of assurance: (a) residential mortgages (b) commercial real estate – secured (c) electricity generation (d) oil and gas (e) agriculture – primary farming (f) aviation (g) retail and leisure (h) manufacturing

Key metrics continued

Theme	Metric #	Metric
Social and Community outcomes	11	Number of interventions delivered (or supported through programmes) to start, run, and grow a business. Programmes split by % (woman, regional and ethnic minority)
	12	Number of interactions delivered to improve the financial wellbeing of young people
	13	Direct community investment (DCI) (£)
	14	Number of digitally active (online and mobile), retail and business banking customers
	15	Number of artificial intelligence (Cora) interactions
	16	Cora interactions that required no human input
	17	Number of people helped to manage their financial wellbeing
Colleague	18	Females in top three layers of the organisation (globally) (%)
	19	Colleagues from ethnic minority groups in top four layers of the organisation (UK) (%)

Supporting the climate transition

Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
1. Total Scope 1, 2 and 3 (tCO_2e) direct own operational emissions (excluding Scope 3 category 15 financed emissions)	The emissions reporting boundary is defined as all entities and facilities either owned or under our operational control. NatWest Group defines our direct own operational carbon emissions as: - **Scope 1:** natural gas, liquid fossil fuels, fluorinated gas losses and owned/leased vehicles - **Scope 2:** electricity, district heating and cooling used in NatWest Group premises (market-based and location-based) - **Scope 3:** paper (3.1), water (3.1), waste (3.5) (UK and Republic of Ireland (RoI) only), business travel (3.6), commuting and work from home (3.7) Excludes upstream and downstream emissions from our operational value chain. Refer to pages 10 – 16 of this document for details of Scope 3 Category 15 (financed emissions). The reporting period for direct operational emissions and other own operational metrics is the 12 months ending 30 September each year.	We define our operational value chain carbon emissions as the aggregation of direct own operational emissions and indirect own operational emissions. **Direct operational emissions** Emissions have been estimated using the Greenhouse Gas Protocol Corporate Standard and associated guidance and include all greenhouse gases, reported in tonnes of CO_2e. When converting activity data to carbon emissions, we use emission factors from UK Government 'emissions conversion factors for company reporting' (Department for Business, Energy and Industrial Strategy, 2024), CO_2e emissions from electricity combustion (International Energy Agency (based on IEA data from the IEA 2023 emissions factors. All rights reserved; as modified by NatWest Group), or relevant local authorities as required. The Global Warming Potential (GWP) used in the 2024 DEFRA emission factors are based on the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report (AR5) over a 100-year period. The GWPs used in the 2023 IEA emission factors are based on the Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report (AR4) over a 100-year period. The 2024 IEA emission factors have updated this to AR5 which NatWest Group will use in 2025. We utilise a third-party software system to capture and record the Group's environmental impact and ensure that control framework and assurance requirements are met. CO_2e values are attributed to these sources via an automatic conversion module in the third-party system. Where we do not have actual data, we use estimated data sources which account for 3.5% of our total Scope 1, Scope 2 and Scope 3 direct own operational footprint in 2024. These estimated data sources include extrapolations for our landlord properties without meter readings and estimates for emissions associated with our colleagues working from home. For more information, see natwestgroup.com	Emission outputs are reviewed by business SMEs and business lines as part of each monthly internal reporting cycle as well as additional checks for completeness during each annual reporting cycle.

Supporting the climate transition continued

Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
2. Total Scope 3 (tCO_2e) indirect operational emissions (excluding Scope 3 category 15 financed emissions)	Indirect own operational carbon emissions are defined as: Scope 3: Purchased goods and services (3.1), capital goods (3.2), fuel and energy related activities (3.3), upstream and downstream transportation and distribution (3.4 and 3.9), use of sold products (3.11), end of life treatment of sold products (3.12) and leased assets (3.13). Categories which are not relevant to NatWest Group's indirect operational emissions are upstream leased assets (3.8) which are included in Scope 2, processing of sold products (3.10) and franchises (3.14). Refer to pages 10 – 16 of this document for details of Scope 3 Category 15 (financed emissions). The emissions reporting boundary is defined as all entities and facilities either owned or under our operational control. The reporting period for direct and indirect operational emissions and other own operational metrics is the 12 months ending 30 September each year.	**Indirect own operational emissions:** **Categories 3.1, 3.2 and 3.4:** We used a combination of supplier specific data (tCO_2e/£), service-specific average (tCO_2e/FTE) and industry average (tCO_2e/£) approach using the CEDA database where supplier specific or full time equivalent (FTE) average data was not available. 39% of our supply chain emissions have been estimated using data from our suppliers. **Supplier specific:** Using CDP supply chain, CDP public and annual report supplier data, we have estimated a supplier-specific tCO_2e/£ per supplier to apply to our spend with that supplier. NatWest Group uses a cradle to gate approach whereby supplier Scope 1, location-based Scope 2 and upstream Scope 3 supplier data is divided by total revenue (aligning reporting years where possible) to create a supplier carbon intensity. **Service specific:** As a pilot, we have applied a NatWest Group average tCO_2e/FTE (with selective inclusion of supply chain emissions to reflect activity of a third-party worker) to the number of managed service workers, outsourced workers, agency workers, contractors and resource augmentation workers to four of our suppliers where data was available. To estimate 2019 emissions, we applied the average to the total headcount per supplier and in 2023 and 2024 we applied this average to every third-party worker, assuming one FTE. NatWest Group aims to update the 2023 and 2024 estimations using headcount once headcount data is available. **Industry average:** For 2019 industry-average emissions, CEDA v6 (a base year of 2018, adjusted with inflation rates for reporting year) has been used. For 2023 and 2024 industry-average emissions, CEDA v7 has been used (base year of 2022, adjusted with inflation rates for reporting year). CEDA uses GWPs based on the IPCC (AR5) over a 100-year period. **Categories 3.3, 3.9, 3.11, 3.12 and 3.13:** Emissions have been calculated using the Greenhouse Gas Protocol Corporate Standard and associated guidance and include all greenhouse gases, reported in tonnes of CO_2e. When converting activity data to carbon emissions, we use emission factors from UK Government 'emissions conversion factors for company reporting' (Department for Business, Energy and Industrial Strategy, 2024), CO_2e emissions from indirect electricity and fuel combustion (Based on IEA data from the IEA 2023 emissions factors. All rights reserved; as modified by NatWest Group) or relevant local authorities as required. Please see prior page for information on GWP used in these emission factors.	Impactful data and methodology changes are reviewed at the Own Operations Executive Steering Group. Emission outputs are reviewed by business SMEs as part of each annual production cycle. This includes performing dry-runs to test data inputs and methodologies and ensuring all internal controls have been performed. For supplier emissions, spend data inputs are approved for use by the data owner, with further checks including data reconciliation. **Supplier Specific Data controls:** We evaluated the reliability of supplier Scope 1, Scope 2, and upstream Scope 3 emissions data before incorporating it into the inventory. Based on magnitude, we focused on suppliers' Category 1 and Category 2 emissions reporting, and ensured a proxy was input to resolve data gaps. Supplier intensities were checked for anomalies, and suppliers will be engaged for confirmation of anomalies within a year of identification. For any unexplained anomalies, NatWest Group reverts to industry averages when necessary.

Supporting the climate transition continued

Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls

3. Climate and sustainable funding and financing (£)	The climate and sustainable funding and financing metric is used by NatWest Group to measure the level of support it provides customers through lending products and underwriting activities, to help in their transition towards a net zero, climate-resilient and sustainable economy.
	
	We have a target to provide £100 billion of climate and sustainable funding and financing between the 1 of July 2021 and the end of 2025. As part of this, we aim to provide at least £10 billion in lending for residential properties with EPC ratings A and B between 1 January 2023 and the end of 2025. Our Climate and Sustainable Funding and Financing Inclusion (CSFFI) criteria, is used to determine the assets, activities and companies that are eligible to be included in this metric.
	
	CSFFI criteria was first published in 2020 and it is reviewed annually to ensure consistency with updates to new or existing external standards and eligibility criteria, as well as updates to our product suite. The NatWest Group CSFFI criteria published in March 2024 was used to determine eligible assets, activities and companies for inclusion.
	
	All transactions are also subject to NatWest Group's environmental, social, and ethical (ESE) risk acceptance policies, details of which can be found on our website.
	
	Amounts relating to NatWest Group's own Green, Social and Sustainability (GSS) bond issuances are excluded from climate and sustainable funding and financing.
	
	Climate and sustainable funding and financing transactions included in 2024 reporting were provided between 1 January 2024 and 31 December 2024.
		Climate and sustainable funding and financing numbers is reported on a quarterly basis. Eligible deals are identified by aggregating transactions that meet the for the CSFFI criteria from business teams.
		
		Eligible deals are categorised and recorded as follows:
		- Specific purpose wholesale lending: Specific purpose lending to wholesale customers within the scope of the CSFFI criteria
		- Residential mortgages that have an EPC rating of A or B included from 1 of July 2021 for eligible mortgages where EPC information is available
		- Green public bonds, green private placements, and green loan underwriting: underwriting of specific use of proceeds debt capital market issuances for project expenditures, as well as green loan commitments when clients meet the CSFFI criteria
		- Sustainability-linked loans, bonds and private placements made to customers and clients, in line with Loan Market Association (LMA) Sustainability-Linked Loan Principles and International Capital Market Association (ICMA) Sustainability-Linked Bond Principles, where deal targets include green performance indicators, aligned to the CSFFI criteria
		- Other wholesale general purpose lending or wider financing within the CSFFI criteria; General-purpose loans and wider financing (including bonds and private placements) to a customer who can evidence:
		    - 90% or more of their revenues are in the categories and sectors outlined in the CSFFI criteria; or
		    - 90% or more of their assets are in the categories and sectors outlined in the CSFFI criteria, in the case of utilities or real estate customers; or
		    - 90% of assets under management (in the case of a fund client) are invested in activities outlined in the CSFFI criteria, at the time of reporting
		
		Amount Reported
		Lending amounts represent total commitments and include any undrawn portion of committed credit limits. Underwritten deals (bonds, private placement and loans), amounts represent NatWest Markets (NWM) share of the notional (total underwriting amount lead managed or placed by NWM), based on the number of underwriters in a specific deal. A conservative approach to data collection is followed and amounts may have adjustments applied (where agreed via internal governance) in some situations.
			Attested business line submissions, with accountable process owner approval for each franchise.
			
			Quarterly approval by Finance and the Climate Centre of Excellence.

Supporting the climate transition continued

Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
4. Exposure to reserve-based lending (£)	In February 2023, we announced we would not provide reserve-based lending specifically for the purpose of financing oil and gas exploration, extraction and production for new customers and, after 31 December 2025, we will not renew, refinance or extend existing reserve-based lending specifically for the purpose of financing oil and gas exploration, extraction and production. Our Environmental, Social and Ethical (ESE) Risk Acceptance Criteria can be found on our website, including our criteria in relation to oil and gas, which details the full list of exclusions.	There is a very small book of known customers. On a quarterly basis this list of customers is shared with internal sector specialists to verify it remains valid and the applicable exposures for those customers are extracted and aggregated. Exposure to these assets is reported as gross (of expected credit loss) loans and advances balance sheet values accounted at amortised cost and fair value through other comprehensive income and any related off-balance sheet amounts, typically undrawn, loan commitments and contingent obligations.	Monthly exposure reviews are carried out by business SMEs. Exposure values are generated as a subset of credit exposure reporting and reconciled to ledger and off-balance sheet.
5. Exposure to UK and global customers who have coal production, coal fired generation and coal related infrastructure (£)	Relates to thermal and lignite coal (coal that is typically used as a fuel for steam-electric power) coal production, coal-related infrastructure or transport. Data challenges, particularly the lack of granular customer information, create challenges in identifying customers with 'coal-related infrastructure' and other customers with coal-related operations within NatWest Group's large and diversified customer portfolios As such, the scope excludes companies who generate less than 5% of their revenues via coal activity (in line with Net Zero Banking Alliance (NZBA) guidance for climate target setting for banks), companies with a turnover of <£50 million and commodity traders. Metallurgical coal is excluded from scope as it is currently essential to the steel industry. We will continue to review our policies in line with our EWRMF, which considers a range of factors in the external economic, political, and regulatory environment. During 2024 we established a working group within the C&I business segment to support the development of guiding principles for the assessment of thermal and lignite coal embedded within activities like transportation, storage, supply chain and value add services, while ensuring due consideration is given to external factors such as energy security. These considerations have now been reflected in our Environmental, Social and Ethical (ESE) Risk Acceptance Criteria and represent an evolution of our point-in-time CTP assessment completed in 2021. Reported figures exclude exposure related to commodity trading activities.	A bottom-up exercise took place across 19 relevant Standard Industry Codes to identify any thermal / lignite coal activity (>£50m turnover). Where activity was identified revenue percentages relating to coal were obtained as well as client phase out commitments / plans. A yearly review of identified names will take place. We expect the list to reduce over time as customers reach their coal exit dates. Exposure to these assets is reported as gross (of expected credit loss) loans and advances balance sheet values accounted at amortised cost and fair value through other comprehensive income and any related off-balance sheet amounts, typically undrawn loan commitments and contingent obligations .	Monthly exposure reviews are carried out by business SMEs. Exposure values are generated as a subset of credit exposure reporting and reconciled to ledger and off-balance sheet.

Supporting the climate transition continued

Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
6. Heightened climate-related risk sectors (£ and %)	NatWest Group's heightened climate-related risk sector assessment seeks to identify sectors that are likely to see increased credit risks for NatWest Group as a result of climate-related factors, over a 10-to-15-year horizon. A granular review of climate-related risk exposure is completed at a sub-sector level, reflecting the variability of subsector exposure to climate-related risk within a sector. The assessment applies three lenses which consider: **Physical Risk:** Quantitative outputs of the Physical Risk GVA model, assessing UK businesses' exposure to both domestic and international acute and chronic physical risks. The model considers the impacts of physical risks on UK businesses, including supply chain vulnerabilities. - Physical Risk GVA model - Impact score from physical climate risk (UK & International) on UK GDP and disaggregates to GTAP sectors – 70% weighting Dependencies on trade flows with countries facing significant physical risks, providing a more comprehensive analysis of supply chain and business vulnerabilities: - Import country impact - Country Climate Vulnerability Index weighted by sector import footprint – 15% weighting - Export country impact - Country Climate Vulnerability Index weighted by sector import footprint – 15% weighting **Transition Risk**: Outputs from NatWest Group's annual internal climate scenario analysis form the foundation of the methodology, at both a company-level and sector-level under the following scenarios: - Orderly - Delta between 10-year cumulative impairment rate under the Sector & Name Orderly Policy Scenarios (OPS) and proxy Counterfactual baseline scenario - 35% weighting - Disruptive Policy - Delta between 10-year cumulative impairment rate under the Sector & Name Disruptive Policy Scenarios and proxy Counterfactual baseline scenario - 35% weighting External reports issued by UK CCC, SBTi and Moody's considered - 30% weighting. **Liability Risk:** using the most current financed emissions rates (tCO_2/£m) at the time of assessment for each sub-sector to estimate past, present and future liability risk – 100% weighting. The assessment also includes a qualitative overlay applied by business SMEs, such as NatWest Group's Climate Centre of Excellence, Commercial & Institutional Sector Heads and Risk. Review considers the external inherent risks and the residual risks in our portfolio after mitigation efforts have been implemented, reflecting climate-related risks not captured within the modelling process but present within the broader external sub-sector. A separate assessment of internal mitigating action and policy is also carried out to guide internal use cases. Data limitations in NatWest Group's current methodology include using an averaged physical climate risk score based on a location agnostic industry SIC-code classification. However, physical climate risk is strongly linked to geographical location. NatWest Group acknowledges that climate data available both internally and externally is still in its early stages and is expected to mature over time. Recognising this, the heightened climate-related risk sector methodology is expected to continue to evolve and will be reviewed on an annual basis. Underlying exposures for leveraged funds and securitisations are generally diversified and, as such, we look to manage any climate-related risks at client level rather than classifying entire sectors as exposed to heightened climate-related risk. In addition, securitisations are primarily managed as an asset class by NatWest Group, rather than as sector frameworks. As a result, leveraged fund and securitisations were excluded from our assessment.	**Reporting method** is consistent with other credit exposure reporting (including geographic, asset quality and maturity splits) as presented in the Risk and Capital Management section of the NatWest Group Annual Report and Accounts. Standard Industrial Classifications (SIC Codes) are used to determine the assets linked to a wholesale sector, while the residential mortgages portfolio is reported on a product basis. Heightened climate-related risk sector exposure is reported as gross (of expected credit loss) loans and advances balance sheet values accounted at amortised cost and fair value through comprehensive income, and in addition, related off-balance sheet amounts typically reflecting undrawn loan commitments and contingent obligations. The exposure values are also presented as a percentage of the total NatWest Group exposure on the same basis. The exposure reflects all lending to customers in these sectors and sub-sectors, including climate and sustainable lending.	Key control elements for the reporting of this metric include: - Commercial & Institutional Ring Fence Bank Risk Committee approve of the 2024 heightened climate-related risk sector assessment methodology, including physical, transition and liability risk lenses. SME review including IFRS 9 Disclosure working group review of disclosures - Reconciliation controls to other sector disclosures, overall balances reconciled to the ledger - Validation to other existing disclosures. - Senior Manager sign off The disclosure is produced from data which supports audited IFRS 9 disclosures supported by the Risk and Control Self-Assessment (RCSA) process and controls.

Supporting the climate transition continued

Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
7. Energy efficiency of the UK residential mortgage portfolio - Energy Performance Certificate (EPC) rating (£ and %)	Percentage of EPC C or better rated homes in our UK Retail and Private Banking residential mortgage portfolio, where EPC ratings are available, based on outstanding mortgage balances. **Data source and limitations:** EPC data is sourced from the Energy Performance of Buildings for England and Wales published by the Ministry of Housing, Communities and Local Government's open data source. The data is drawn from EPCs issued for domestic and non-domestic buildings constructed, sold or let since 2008. It provides information on the energy efficiency ratings of domestic and non-domestic buildings during the energy assessment process. The registers do not hold data for every domestic and non-domestic building, or every building occupied by public authorities in England and Wales. For mortgages on properties in Scotland, we source EPC data from the Public Available Data Extracts site of the Energy Saving Trust, published by the Scottish Government. This data is updated quarterly and contains energy certificates from the start of 2013. EPC data for our Northern Ireland mortgage portfolio is sourced from the Northern Ireland Department of Finance. An EPC is required when a building is constructed, sold or let, and is valid for 10 years. As a result, the EPC analysis is based on EPC data at the time it was last available. New certificates typically take 3 to 6 months to be included in the data source.	Outstanding balance obtained by account level matching to financial reporting source systems.	Business SME review and approval. Production review and approval ensuring adequate internal controls have been performed.
8. Retail Banking Green Mortgage product completion value (£)	Value in GBP of gross new drawn lending within the calendar year associated with the Retail Banking Green Mortgage product definition as well as completion value since launch in Q4 2020. The product offers lower interest rates for customers purchasing or re-mortgaging homes with a valid EPC rating of A or B at the time of application.	Product codes are used to identify the Green Mortgage Product in financial reporting source systems.	Business SME review and approval. Production review and approval ensuring internal controls have been performed.
9. Flood risk profile of the UK residential mortgage portfolio (%)	Proportion of properties at high (60 or over) and very high risk (over 80) of flood, as a percentage of total Retail and Private Banking mortgage lending and by region in the UK (based on GBP value). This is based on our third-party vendor, RHDHV, flood scoring scale where the higher the combined average annual losses (£) the higher the flood score with a range of 0 to 100.	Outstanding balance obtained by account level matching to financial reporting source systems.	Business SME review and approval. Production review and approval ensuring internal controls have been performed.

Supporting the climate transition - Financed emissions overview

<table>
<tr><th>Metric and unit of reporting</th><th>Scope and exclusions</th><th>Method</th><th>Internal reporting and controls</th></tr>
<tr><td>10. Scope 3 category 15 financed emissions ($MtCO_2e$/year)</td><td>Financing activity in this section refers to the loans and investments (debt securities and equity shares) accounted for at amortised cost and FVOCI on NatWest Group’s balance sheet. NatWest Group uses financed emissions and emissions intensities as key metrics to estimate the climate impact of our financing activity and to monitor progress in our Climate transition plan.

NatWest Group elected to include finance lease receivables within the scope of its Scope 3 Category 15 financed emissions estimation, rather than Scope 3 Category 13 downstream leased assets. Due to varying market practices, NatWest Group's interpretation is based on the treatment of leases for emission estimation and how the leasing book is managed internally. Consequently, estimated absolute emissions are calculated in accordance with the methodology set out within the PCAF Standard for financed emissions. As at 31 December 2023, the ledger balance relating to finance leases to customers was £2.1 billion. Finance lease contracts are those which transfer substantially all the risk and rewards of an asset to a customer.

Financed emissions are disclosed in million tonnes of carbon dioxide equivalent per year and reflect the impact of NatWest Group's lending and investment in economic activity e.g. production of goods and services, and related emissions.

The NatWest Group 2024 Sustainability Report presents financed emissions estimates for our total in-scope balance sheet with 16 sectors or sub-sectors separately identified. Nine of these sectors have been included within the scope of EY’s assurance. These sectors are residential mortgages, commercial real estate, agriculture – primary farming, oil and gas, electricity generation, aviation, retail, leisure and manufacturing. These nine sectors were selected based on balance sheet materiality (they cover approximately 65% of in-scope balance sheet), carbon impacts or availability of measurement methodologies.</td><td>Financed emissions and emissions intensities are currently estimated on an annual basis for the total in-scope balance sheet. The reporting period is currently one year in arrears (31 December 2023) to allow time for adequate review and emissions data maturity. For our 2023 year-end financed emissions model run, we have utilised the most up to date data available at the time of our data cut-off date (31 July 2024). Where 2023 year-end data has become available after this cut-off date, it has not been used in financed emissions modelling. Setting a cut-off date is necessary to support the orderly and controlled production of year-end financed emissions numbers. To estimate financed emissions and emissions intensities, data inputs are considered at a customer level.

Attribution factor

The PCAF Standard requires a financial institution’s share of absolute emissions to be proportional to the borrower’s or investee’s total (company or project) value. This apportionment (attribution) is calculated either by:
- Determining the share of the outstanding amount of loans and investments by NatWest Group over the total equity and debt of the borrower or investee company; or
- For listed companies, where known and as set out in the PCAF Standard, we now use Enterprise Value Including Cash (EVIC) in place of total equity and debt
- The attribution factor for residential mortgage and commercial real estate (secured) modelling is based on our lending as a proportion of the properties value at loan origination

Estimation of physical intensity

To calculate physical emissions intensity, attributable emissions are divided by the attributable physical output unit which is estimated by applying the attribution factor to customer production data (where available) or production proxies such as an average production-to revenue factor for customers with similar operations in the sector. More detail on the production metrics used in each sector can be found later in this section. This metric assumes that customers in each sector have similar cost/revenue structures and that the sector operates essentially as a free market, absent of monopoly rents. For sectors where we currently have no activity based physical intensity estimation process, we disclose a revenue intensity instead. Physical emissions intensity methodologies relating to sectors that have been assured are detailed on pages 14 to 16 of this document.

Economic emissions intensities

Refers to absolute attributable emissions per pound of lending or investment. This metric assumes that the marginal impact of a pound lent or invested for that sector does not depend on existing financing in the sector. In other words, each additional or marginal pound of lending or investment to a customer in that sector, results in the same additional or marginal increase in activity and thus emissions in the real economy.</td><td>Financed emissions and emissions intensity model outputs are reviewed by business SMEs and business lines as part of each annual production cycle. This includes performing multiple dry-runs to test data inputs, model methodologies and ensuring all internal controls have been performed.

Model outputs are subjected to outlier testing. Borrower or account level adjustments to model outputs may be required in limited circumstances, such as adjusting for outliers, sector nuances or general accuracy remediation; these adjustments are subject to control and governance processes.</td></tr>
</table>

Supporting the climate transition - Financed emissions overview continued

<table>
<tr><th>Metric and unit of reporting</th><th>Scope and exclusions</th><th>Method</th><th>Internal reporting and controls</th></tr>
<tr>
<td>10. Scope 3 category 15 financed emissions ($MtCO_2e$/year)</td>
<td>In line with the PCAF Standard, NatWest Group has estimated absolute attributable Scope 1 and 2 emissions from in-scope loans and investments. There are certain exclusions to the in-scope balance sheet for assets where emissions cannot currently be adequately estimated, primarily due to lack of granular data and developed measurement methodologies. These include personal credit cards, personal unsecured loans and very short-term lending or investments such as nostro arrangements.

Since 2023, based on prescribed PCAF methodologies and data sourcing, we have been estimating emissions for our sovereign loans and investments. These balances can vary significantly from period to period and NatWest Group has limited ability to influence the climate outcomes of these nations.

Scope 3 emissions estimates are disclosed for sectors where these estimates make up a large proportion of the estimated emissions of a sector; currently Scope 3 estimates are presented for our oil and gas extraction, land transport and automotive manufacturing. PCAF recommends that Scope 3 emissions for all sectors are disclosed in climate reporting from the beginning of 2025. We continue to review scope 3 estimation methodologies and the availability of appropriate data for inclusion in future reporting.</td>
<td>In line with the PCAF Standard, a combination of methodologies has been used to calculate emissions with each sector being run separately. The below table describes NatWest Group's approach to PCAF scoring and alignment.
<table>
<tr><th>Score</th><th>Methodology</th></tr>
<tr><td>1 or 2</td><td>Where available, customers' published financed emissions are used to estimate NatWest Group's financed emissions. These are sourced from third parties who have processes in place to gather and validate this data. A data quality score of 1 represents the use of customers' reports with emissions data verified by a third-party auditor. A score of 2 represents use of data from customers' reports without third-party verification. Based on our current vendor-provided data, NatWest Group is unable to make a distinction between PCAF 1 and 2 data, hence for the calculation of weighted average sector scores we assume all data is PCAF 2.</td></tr>
<tr><td>3</td><td>For the electricity generation sector, where 'known' company emissions data is not available (PCAF 1 or 2), we estimate emissions using known (or estimated) production data and technology specific production emissions factors. For the residential mortgages and commercial real estate sectors, we use EPC certificates to estimate emissions.</td></tr>
<tr><td>4</td><td>Where published financed emissions are not available, we use either:
- Third party customer revenue emissions estimates, subject to output control checks. These approaches must meet the minimum model risk policy requirements (as outlined in adjacent internal reporting and controls)
- Customer revenue data to estimate emissions based on a Standard Industry Classification (SIC) average revenue intensity factor. This method assumes that the characteristics of all customers within a SIC code are the same</td></tr>
<tr><td>5</td><td>Where externally published emissions, validated estimated emissions or other data is not available, emissions are estimated based on the emissions for other customers in the sector / sub sector / cohort, assuming that the emissions profile for customers for which data is not available, is materially comparable to the rest of the customers within the same sector / sub sector / cohort.</td></tr>
</table>
A customers' PCAF data quality scores can be different for Scope 1, Scope 2 and Scope 3 emissions depending on the approach taken to source or estimate each. Within PCAF Score disclosures, where the Scope 1 or Scope 2 PCAF score differs for a given customer, we use the 'worst' (i.e. lowest score) when calculating a weighted average score. Scope 3 PCAF scores are disclosed separately in line with PCAF guidance.

In order to estimate emissions produced, purchased carbon offsets are not taken into consideration as part of our emissions and emissions intensities measurement. Sequestration via our land use, land-use change, and forestry (LULUCF) sector is modelled in line with available methodologies.</td>
<td>All climate-related models must meet the minimum model risk policy requirements, including an assessment of materiality and independent validation across various model dimensions. Unlike other risk estimation models, there is a lack of benchmarking options available for climate risk. As a result, an understanding of the underlying uncertainty and holistic view of the model risk is still developing.

Data inputs are signed off for use by each data owner, with further checks including reconciling financial data against established reporting platforms performed before each model run.</td>
</tr>
</table>

Supporting the climate transition - Financed emissions overview continued

<table>
<tr><th>Metric and unit of reporting</th><th>Scope and exclusions</th><th>Method</th><th>Internal reporting and controls</th></tr>
<tr>
<td>10. Scope 3 category 15 financed emissions ($MtCO_2e$/year)</td>
<td>The perimeter of individual sectors is generally set by aligning Standard Industrial Classification (SIC) codes to sector groupings identified by the Science Based Targets initiative (SBTi) as suitable for financed emissions modelling. The residential mortgage and secured commercial real estate sectors are further defined by way of product and secured property data.

There are various data limitation challenges associated with the estimation of financed emissions due to the lack of available, granular, reliable and verifiable customer and counterparty data. Refer to page 43 of the NatWest Group 2024 Sustainability Report.</td>
<td>As part of the estimation of emissions and emissions intensities, certain logical assumptions and approaches have been built into the measurement methodology, such as:

- Where a customer’s total debt cannot be sourced or is less than our loan or investment amount to the customer, it is assumed that the total debt is at least equal to the customers loan or investment amount with NatWest Group
- Where a customers’ total equity is negative (i.e. it is insolvent), then total equity is set equal to zero in order to avoid the possibility of a negative attribution factor (and emissions)
- Where sourced financial data is from a period prior to the modelling date, the financial values are inflated based on the change to the Consumer Price Index (CPI) relative to the date of the financials. The inherent risk in this assumption is that the financials of a specific company may not have changed at a rate equal to inflation
- Where financial information is sourced in a currency other than GBP, these are converted to GBP at the spot rates
- In situations where we are unable to source financial or emissions data for a customer, where appropriate, we try to obtain and utilise financials and emissions data from the customer’s parent entity

In addition to sector level lending models, where measurement standards are more developed, we have estimated emissions for the remaining lending and investment exposures at a total level. This collective approach is done using the same generic processes described above, with the exception that no physical intensity metric can be calculated.

The table below summarises the various collaborations and guidance NatWest Group has used to develop methodologies for estimating financed emissions:
<table>
<tr><th>Organisation</th><th>Use in NatWest Group methodology</th></tr>
<tr><td>Partnership for Carbon Accounting Financials (PCAF)</td><td>Where available, NatWest Group uses methodologies, data quality approaches and disclosure principles from the latest editions of the PCAF Standard for Financed Emissions and PCAF Standard for Facilitated Emissions. More detail on NatWest Group’s adoption of the PCAF Standard for Facilitated Emissions can be found in the 2024 Sustainability Report.</td></tr>
<tr><td>Science Based Targets initiative (SBTi)</td><td>NatWest Group joined SBTi following the launch of financial sector science-based targets guidance in 2020. We have used its Sectoral Decarbonisation Approach (SDA), where available, to assess initial emissions intensity estimates for 2030, for certain sectors. We have also followed SBTi and PCAF guidance where possible to choose the most appropriate emissions intensity metrics. During 2022, we published our 2030 sector targets validated by the SBTi as science-based and in 2024 we have provided further updates on our progress.</td></tr>
<tr><td>UK Committee on Climate Change (UK CCC)</td><td>The UK CCC published the Sixth Carbon Budget, the UK’s path to net zero, in December 2020. As a largely UK-focused bank, we selected the UK CCC ‘Balanced net zero’ pathway to determine emission reductions required by 2030, where possible. In developing our Climate transition plan, we have used the UK CCC ‘Progress in reducing emissions: 2023 Report to Parliament’ as the basis of assessing the credibility of government policies to meet the BNZ pathway for the UK as a whole, and for economic sectors.</td></tr>
<tr><td>The International Energy Agency (IEA)</td><td>We have used the IEA Beyond 2°C World Scenario (B2DS World) from the Energy Technology Perspectives (ETP) report for assessing estimates for emissions reduction by 2030 for sectors where the B2DS World scenario was more ambitious than the UK CCC BNZ scenario. For assessing reductions in Scope 3 emissions for the oil and gas sector, we have used the IEA Net Zero Emissions (NZE) scenario, published in 2021.</td></tr>
</table>
Further detail of our approach to estimating financed emissions and physical intensities by sector can be found on page 13 - 15.</td>
<td>Impactful data and methodology changes are reviewed and approved at the Climate Metrics Oversight Committee.</td>
</tr>
</table>

Supporting the climate transition – Financed emissions by sector

Metric and unit of reporting	Method	
	Absolute financed emissions:	Physical intensity
(a) Residential mortgages	The residential mortgages sector relates to NatWest Group mortgaged residential properties to personal customers. To estimate financed emissions, we multiply data from EPC certificates with the original loan to value ratio for the mortgaged property to create an attribution factor, in line with the PCAF Standard. - EPC data is used as an estimate of the climate impact on financed property. EPC data is sourced from publicly available information. As EPC ratings only need to be updated every 10 years or after significant retrofits, at the point of sale or if leased, not all properties have current EPC ratings. Where EPC data is not available, a scaling factor is applied to estimate absolute emissions and floor space. We have assumed that the population for which EPC data has not been obtained is reflective of the population where such data was available. - Total emissions are estimated by multiplying the total floor area by the emissions per floor area values provided in the EPC data. This value is adjusted for the change in the UK power grid intensity between the year of the EPC and the date of estimating financed emissions to reflect improvements in the electricity grid since the date of EPC inspection. This adjustment accounts for the split between electricity to gas, sourced from UK energy statistics data, resulting in an approximate 25:75 split of electricity to gas for domestic properties. The adjusted total emissions are then split into customer Scope 1 and Scope 2 emissions using UK average consumption data from the date of estimating financed emissions. - Where EPC data is not available, lending is classified as PCAF 5 and emissions are estimated using a scaling factor derived from the PCAF 3 population of the book where EPC data is available. - Original Loan to Value ratios have been calculated based on outstanding loan balance at the calculation date, divided by original property values at the time of mortgage origination. - An outside model overlay is completed to reflect additional EPC certificates sourced for Private Banking residential mortgages.	- Physical emissions intensity is measured in kilograms of carbon dioxide equivalent per square metre of floor space ($kgCO_2e/m^2$) attributed to NatWest Group - All lending that is in scope of the residential mortgages sector is included within the physical intensity calculation - Attributable activity estimated using floor area information for NatWest Groups residential mortgages for PCAF 3 where EPC certificates are available but multiplying the area with attribution factor calculated as exposure to property value at inception - Attributable activity for PCAF 5 is estimated using PCAF 3 attributable activity and multiplying with a scale factor. Then using the PCAF 5 exposure, attributable emissions intensity is calculated that is then multiplied with property specific exposure to get the attributable activity for each property
(b) Commercial real estate - secured	The commercial real estate (CRE) sector relates to NatWest group secured lending to the commercial real estate sector. It does not include unsecured lending or lending for personal mortgages. To estimate financed emissions, we use both EPC certificates and property values. Financed emissions reflect customer Scope 1 and 2 emissions related to the energy use of buildings financed, during their operation (energy consumed by the property's occupants and shared facilities). - We use EPC data to estimate emissions for commercial real estate lending. For non-domestic properties the total emissions are calculated using the floor area multiplied by the emissions per floor area values in the EPC data and for domestic properties, the total emissions value is taken directly from the EPC - Total emissions values are adjusted for the change in the UK power grid intensity between the year of the EPC and the date of estimating financed emissions to reflect improvements in the electricity grid since the date of EPC inspection. This adjustment accounts for the split between electricity and gas, sourced from UK energy statistics data resulting in in a roughly 25:75 split of electricity to gas for domestic properties, and an approximate 50:50 split for non-domestic properties. The adjusted total emissions are then split into Scope 1 and Scope 2 emissions using UK average consumption data from the year of the EPC - Where EPC data is not available, emissions are estimated using average emissions and floorspace per £ of property value based on property type and region from properties for which EPCs are available. This assumes that the population for which EPC data is available is reflective of the population where such data was not available - In cases where multiple properties are secured by lending facilities, to estimate financed emissions at a property level, we apportion the loan amount to underlying properties based on their value at origination so that emissions can be assessed based on EPC ratings of underlying properties - To calculate the attribution factor for our share of each property's emissions, we have used property valuation at origination in line with the PCAF Standard. We have used the Morgan Stanley Capital International (MSCI) index to estimate property value at loan origination date where property value at origination date is not available	- Physical emissions intensity is measured in kilograms of carbon dioxide equivalent per square meter of floor space ($kgCO_2e/m2$) attributed to NatWest Group - All lending that is in scope of the commercial real estate sector is included within the physical intensity calculation. - Attributable activity estimated using floor area information for commercial real estate lending for PCAF 3 where EPC certificates are available but multiplying the area with attribution factor calculated as exposure to property value at inception - For properties where EPC certificates are not available, floor area to value ratios calculated for combinations of property value and property region from PCAF 3 are used to calculate attributable activity and remaining properties are given attributable activity by calculating investment intensity for the filled records that is then used for multiplying with property specific exposure to get property specific attributable activity

Supporting the climate transition – Financed emissions by sector continued

<table>
<tr><th rowspan="2">Metric and unit of reporting</th><th colspan="2">Method</th></tr>
<tr><th>Absolute financed emissions:</th><th>Physical intensity:</th></tr>
<tr><td>(c) Electricity generation</td><td>Where possible, we estimate Scope 1 and Scope 2 emissions for customers engaged in power and heat generation using our customers own emissions disclosures (PCAF 1 or 2 emissions sources as outlined on page 11). Where we do not have access to customers' emissions disclosures, but do have access to activity data, we estimate emissions under the PCAF 3 approach described below. This is done in preference to our PCAF 4 and 5 approaches which are used when we have no activity data.

- Construction projects: Projects under construction are assigned nil Scope 1 and 2 emissions as they are not currently generating electricity. Where the construction status is unknown, we take a conservative view and assume the project is operational
- Identified zero emissions renewables: Projects that generate electricity from solar or wind renewable sources generate no Scope 1 or 2 emissions. Note that Biomass and Hydro electricity generating projects are not classified as 'zero emissions' technologies in our modelling
- Production estimation: Where available, customer-level production capacity data is used to estimate electricity production and resultant estimated Scope 1 emissions, based on the average performance of the technology of the power plant. We observe the most conservative up-time assumption, which is to assume a power plant is able to run for 8,760 hours per year (all the hours in a year). We then multiplied the resulting production with UK-level average emissions load factors, per production technology, obtained from the Digest of UK Energy Statistics (DUKES) (emissions per MWh of electricity generated by a particular technology, such as natural gas).
- DUKES 2022 data has been used for or 2023 year-end Financed Emissions and Physical Intensity estimation as this was the latest available at time of model run</td><td>- Physical emissions intensity is measured in units of kilogram of CO_2 equivalent per megawatt hour ($kgCO_2e/MWh$) attributed to NatWest Group.
- All financing within the scope of the electricity generation sector is included within the estimation of physical intensity.
- Activity Unit (MWh): Electricity production is estimated in the following priority order:
  - Where available, we source actual production data via data vendors
  - Where production data is not available, but capacity and production technology is available, we estimate production using load factors (as sourced from DUKES) as described in the 'production estimation' adjacent
  - Where neither of these approaches are feasible, production is estimated by weighting the production estimated from the prior steps against ledger balance and applying that ratio to the remaining population
  - Projects determined to be still under construction have no estimated production</td></tr>
<tr><td>(d) Oil and gas</td><td>Customer Scope 1, Scope 2 and Scope 3 emissions are estimated in line with the standard PCAF approach outlined on page 11. Additional considerations for oil and gas Scope 3 reporting:
- Customer Scope 3 financed emissions are only estimated for upstream activities related to extraction and refinery lending. This is because, as emphasised in the PCAF Standard, these activities have a higher climate impact
- While customer Scope 1 and Scope 2 emissions may be reduced by adoption of more efficient production methodologies, customer Scope 3 emissions reductions will require demand reduction through behavioural changes, fuel switching and electrification of combustion processes</td><td>Physical emissions intensity is measured in tonnes of carbon dioxide equivalent per terajoule of energy extracted (tCO_2e/TJ) attributed to NatWest Group.
- Physical intensity is estimated for extraction customers only, which now make up a relatively small (by drawn balance) proportion of the sector
- Activity unit (TJ): Our approach to estimating physical intensity is to utilise actual production emissions intensity data published by our extraction customers (weighted by exposure). Where it is not possible to obtain a customer's actual average production emissions intensity, NatWest Group apply the weighted average from the customers where the production emissions intensity can be sourced</td></tr>
</table>

Supporting the climate transition – Financed emissions by sector continued

Metric and unit of reporting	Method	
	Absolute financed emissions:	Physical intensity:
(e) Agriculture – Primary farming	This sector model relates to **lending to customers who are specifically engaged in primary farming**. It does not include lending associated with LULUCF activities. - Where revenue data is available, we use revenue intensity by activity from the Exiobase database to estimate financed emissions. This approach is necessary as primary farming activities do not have a homogenous unit of output base (i.e. farmers sell different products). Where revenue data is not available, we use a PCAF 5 scaling approach similar to other sectors, as detailed on page 11 of this document. Exiobase is a global, detailed multi-regional environmentally extended supply use table and input-output table. Exiobase was developed by harmonising and detailing supply use tables for a large number of countries, estimating emissions, and resource extractions by industry - Exiobase was used to estimate revenue emissions intensity for different categories of primary farming at the subsector level (for example, cereal growing, dairy farming). We then mapped the NatWest Group's primary farming categories to the Exiobase sub-sectors in order to use customer-level revenue data in conjunction with the Exiobase revenue emissions intensities, to estimate emissions for primary farming. Due to granularity issues, a specific overlay is made for cattle activities whereby a weighted average intensity is used for both dairy and beef production to better reflect the composition of our book. This weighted average is calculated using the split of revenue generated from beef and dairy cattle in the UK - Because Exiobase data is from 2011, we applied Consumer Price Index inflation adjustment updated revenue data to the 2023 modelled year. The inherent risk to this approach is that we assume farming revenues have actually increased at the same rate as inflation - In the process of calculating the revenue emissions intensities from Exiobase, a EUR to GBP foreign exchange rate is applied along with a GHG conversion to CO_2e	- Physical emissions intensity is measured in tonnes of carbon dioxide equivalent emitted per million £ of customer revenue ($tCO_2e/£m$) attributed to NatWest Group - All financing within the scope of the sector is included within the estimation of physical intensity - **Activity unit (£m):** Exiobase revenue intensity factors are applied to revenue for PCAF 4 customers. For PCAF 5 customers where revenue is unknown, a weighted scaling approach is applied based on the PCAF 4 outcomes
(f) Aviation	Customer Scope 1 and Scope 2 emissions are estimated via the standard PCAF approach outlined on page 11. To estimate financed emissions we included analysis on scheduled and non-scheduled passenger air transport, and renting of air transport equipment.	- SBTi guidance for aviation permits the use of Absolute Contraction Approach for estimating reduction in emissions in absolute terms as a percentage reduction (between 2019 and 2030) instead of reduction per physical unit of activity
(g) Retail and leisure	Customer Scope 1 and Scope 2 emissions are estimated via the standard PCAF approach outlined on page 11. Although reported separately, emissions estimation for retail and leisure utilise the same modelling basis.	- Physical emissions intensity is measured in tonnes of carbon dioxide equivalent emitted per million £ of customer revenue ($tCO_2e/£m$) attributed to NatWest Group - Physical emissions intensity is calculated for PCAF 1 to PCAF 4 borrowers only, results are not extrapolated to PCAF 5 customers. - **Activity unit (£m):** Based on the customer revenue data supplied by data vendors
(h) Manufacturing	Customer Scope 1 and Scope 2 emissions are estimated via the standard PCAF approach outlined on page 11. The manufacturing sector is highly diverse, made up of over 200 individual SIC classifications. As such there are a wide spread of customer emissions outcomes within the model.	- Physical emissions intensity is measured in tonnes of carbon dioxide equivalent emitted per million £ of customer revenue ($tCO_2e/£m$) attributed to NatWest Group - Physical emissions intensity is calculated for PCAF 1 to PCAF 4 borrowers only, results are not extrapolated to PCAF 5 customers. - **Activity unit (£m):** Based on the customer revenue data supplied by data vendors

Supporting the climate transition – Financed emissions scenario selection

The table below provides an overview of the standards, methodologies and scenarios utilised as inputs for assessing Scope 3 category 15 financed emissions as well as physical emissions intensities (impact per unit of physical activity) or revenue emissions intensities (impact per unit of economic output), dependent on the sector. No changes have been made to these during 2024.

Sector	Financed emissions standard	Scenario	Approach used to estimate physical emissions intensity in 2030	Target setting approach[1]	Intensity metrics used to estimate reduction required by 2030
Residential Mortgages	PCAF	IEA ETP B2DS (World)	SDA	SDA	$kgCO_2e/m2$[2]
Commercial real estate	PCAF	UK CCC BNZ	SDA	SDA	$kgCO_2e/m2$[2]
Automotive manufacturing	PCAF	IEA ETP B2DS (World)	SDA	SDA	gCO_2e/vkm[4]
Automotive retail	PCAF	IEA ETP B2DS (World)	SDA	TR	gCO_2e/vkm[4]
Transport of which freight road	PCAF	IEA ETP B2DS (World)	SDA	SDA	gCO_2e/tkm[5]
Transport of which passenger rail and passenger road	PCAF	IEA ETP B2DS (World)	SDA	SDA	gCO_2e/pkm[6]
Aviation	PCAF	IEA ETP B2DS (World)	ACA[7]	TR	n/a[7]
Shipping	PCAF	IEA ETP B2DS (World)	ACA[7]	TR	n/a[7]
Electricity generation	PCAF	UK CCC BNZ	SDA	SDA	$kgCO_2e/MWh$[8]
Oil and gas scope 1 and 2	PCAF	UK CCC BNZ	SDA	TR	tCO_2e/TJ[9]
Oil and gas scope 3	PCAF	IEA NZE	ACA[7]	TR	n/a[10]
Waste	PCAF	UK CCC BNZ	SDA	TR	tCO_2e/£million[3]
Iron and steel	PCAF	IEA ETP B2DS (World)	SDA	SDA	tCO_2e/tonne[11] Iron and steel
Aluminium	PCAF	UK CCC BNZ	SDA	SDA	tCO_2e/tonne[11] Aluminium
Agriculture – primary farming	PCAF	UK CCC BNZ	SDA	TR	tCO_2e/£million[3]
Manufacturing	PCAF	UK CCC BNZ	SDA	TR	tCO_2e/£million[3]
Construction	PCAF	UK CCC BNZ	SDA	TR	tCO_2e/£million[3]
Cement	PCAF	IEA ETP B2DS (World)	ACA[7]	SDA	tCO_2e/tonne[11] Cement
Retail	PCAF	UK CCC BNZ	SDA	TR	tCO_2e/£million[3]
Leisure	PCAF	UK CCC BNZ	SDA	TR	tCO_2e/£million[3]
Sovereign	PCAF	n/a[12]	n/a[12]	n/a[12]	n/a[12]

Notes:

(1) Sectoral Decarbonisation Approach (SDA), Absolute Contraction Approach (ACA), Temperature Rating (TR).

(2) $kgCO_2e/m^2$ is kilograms of carbon dioxide equivalent per square metre of financed floor space.

(3) tCO_2e/£million is tonnes of carbon dioxide equivalent emitted per million of revenue.

(4) gCO_2e/vkm is grams of carbon dioxide equivalent per kilometre travelled over the lifetime of a vehicle financed by NatWest Group.

(5) gCO_2e/tkm is grams of carbon dioxide equivalent per kilometre which one tonne of freight financed by NatWest Group travels.

(6) gCO_2e/pkm is grams of carbon dioxide equivalent per kilometre travelled by one passenger, based on the travel activity financed by NatWest Group.

(7) SBTi guidance for aviation and shipping permits the use of Absolute Contraction Approach for estimating reduction in emissions in absolute terms as a percentage reduction between 2019 and 2030 instead of reduction per physical unit of activity.

(8) $kgCO_2e/MWh$ is kilograms of carbon dioxide equivalent for the operation of a 1-megawatt power plant for one hour, as financed by NatWest Group.

(9) tCO_2e/TJ is tonnes of carbon dioxide equivalent per terajoule of energy extracted as a result of financing by NatWest Group.

(10) Oil and gas Scope 3 emissions arise from combustion of fuel. As a result, estimates for reduction are based on absolute emissions, aligned with the IEA NZE scenario.

(11) tCO_2e/tonne is tonnes of carbon dioxide equivalent per tonne manufactured.

(12) As previously stated, we have developed a sovereign debt model in line with the PCAF recommendations. However, given the lack of direct influence we have over national emissions, we have at this point not sought to directly consider sovereign emissions within our transition plans or target setting.

Social and community outcomes

The scope of reporting for the following social and community outcome metrics includes NatWest Bank plc, RBS plc and Ulster Bank. Coutts and Ulster Bank ROI are excluded.

Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
11. Number of interventions delivered (or supported through programmes) to start, run, and grow a business,. (Programmes split by % Women, Regional and Ethnic Minority)	This represents the total number of interventions delivered or supported through enterprise programmes, split by women, regional and ethnic minority, which occurred in the reporting period 1 January to 31 December 2024. An intervention is defined as the participation of an individual in an enterprise-related activity. The intervention must be free to access and funded or resourced by the NatWest Group, and must meet all of the below criteria: (i) There must be an active opt in or intent, such as: registration, meeting acceptance, request to watch/view/listen, or attendance. (ii) There must be a credible outcome, such as: upskilling, education or knowledge, or guidance on how to access support. (iii) Attendance must be able to be evidenced and where applicable, delivered via an approved digital delivery platform: Zoom, Meta, AEM. The % of women supported is calculated based on the total number of individuals participating submitted by internal teams or external partners where there is participation of an individual meeting the below criteria: - the number of women supported is calculated as a % of those that disclose their sex, where this information is available, or - the contributing activity can be identified or can be evidenced as being wholly created or delivered for the purpose of supporting women in business, in line with our Intervention definition, in which instance, all participating individuals of the activity can be counted in support of the metric, regardless of their identified gender The % of ethnic minority and regionally supported (outside of London and the Southeast of England) is calculated based on the proportion of the population that disclosed this information, or activity has been evidenced by third party as being delivered outside of London and southeast of England. External partners are all the companies and charities, that we work with to deliver enterprise related activities and initiatives. This includes but is not limited to, The Prince’s Trust and Digital Boost. Demographics threshold: A demographics threshold of 20% is in place to ensure that the activity generated by our contributing activities is representational across the demographics we measure. Across each individual activity which contributed towards our Enterprise objectives, we calculate the total of those reporting the demographics (excluding ‘prefer not to say’ and NIL responses) as a % of the total number of individuals being reported.	Data is collected monthly by a third-party supplier "PNE" on behalf of NatWest Group through external partners and internal NatWest group sources. NatWest Group acknowledge the UK Listing Rule 6.6.6(10) as disclosed in the NatWest Group plc 2024 Annual Report and Accounts that defines gender as ‘sex’.	Each intervention set is reviewed on its merits by the third party (PNE) and a reporting steering committee to ensure that it is a material and credible intervention. Interventions that are run in conjunction with third parties, such as local enterprise partnerships, councils, event agencies and partners are evidenced by the event organiser sharing confirmation of numbers at that event. There is no incentive for these third parties to misrepresent the numbers, and NatWest Group does not take action to verify these. Signed off by the accountable process owner.

Social and community outcomes continued

Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
12. Number of interactions delivered to improve the financial wellbeing of young people	The number of young people reached through a Thrive interaction in the period 1 January to 31 December 2024. Interaction is defined as individual instances of uses of one of the Thrive programmes and services: - MoneySense: number of young people reached through new teacher registrations - Dream Bigger: number of young people supported with enterprise education through community partnerships by attending a workshop - Youth clubs: number of young people supported with financial wellbeing and employability education through youth clubs	Data is collected by a third-party supplier 'PNE', utilised for Dream Bigger and Youth clubs and Dentsu for MoneySense, on behalf of NatWest Group through external partners and internal NatWest group sources. - MoneySense is calculated as new teacher registrations within the year, multiplied by the number of classes they have advised they will teach and the UK average class size	Data is subject to internal quality assurance including manual completeness and consistency checks. Signed off by accountable process owner. Third-party supplier support utilised for Dream Bigger and youth clubs.
13. Direct Community Investment (DCI) (£)	The DCI metric includes cash donated directly to charities by NatWest Group and the direct spending on our community investment programmes such as MoneySense. Programmes are reported in the period 1 January to 31 December 2024. DCI does not include the cash value of staff time (volunteering), in-kind contributions (for example where we forego fees on banking services to community organisations or notional property costs to deliver our programmes) or management costs (salaries of those working directly on community activities).	Community programme spend and other charitable donations are captured through various central and local data collection tools and financial reporting systems. The various data points are collated and reviewed centrally.	Data is subject to internal quality assurance by the Sustainable Banking team who monitor the overall spend and manage the community investment programmes and initiatives. Signed off by accountable process owner.

Social and community outcomes continued

Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
14. Number of digitally active, online and mobile, retail and business banking customers	The number of digitally-active retail and business banking customers that have accessed the retail mobile banking app or online banking platform in the reporting period within the last 90 days as at 31 December 2024. A digitally active customer is someone who has accessed either their online banking platform or mobile banking app.	Data is sourced from an analytical software tool that holds all underlying data.	Data is subject to internal quality assurance by Performance Insights team. Includes manual completeness and consistency checks. Signed off by the accountable process owner.
15. Number of artificial intelligence (Cora) interactions	The number of Retail Banking artificial intelligence (Cora) interactions in the period 1 January to 31 December 2024. Cora is aimed at supporting our Retail Banking customers. Where a customer closes the conversation window and opens it up again, this would be counted as a separate interaction. It does not include non-interactive chats where the customers has opened a Cora conversation window but not interacted.	Data is sourced from an artificial Intelligence conversation reporting tool that holds all underlying data.	Data is subject to internal quality assurance including manual completeness and consistency checks. Signed off by the accountable process owner.
16. Cora interactions that required no human input %	Cora is a Retail Banking artificial intelligence system. The percentage of Retail Banking Cora interactions are based on the interactions that did not result in human input where the customer did not indicate they were unsatisfied with the interaction for the reporting period 1 January to 31 December 2024. No human input is defined as an interactive Cora chat that did not lead to a human hand-off, or the customer being provided a contact number. Interactions can include more than one question, and incomplete chats are not included.		

Social and community outcomes continued

Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
17. Number of people helped to manage their financial wellbeing delivered against the 2027 target	The number of personal customers in Retail and Premier helped to manage their financial wellbeing delivered in the reporting period to 31 December 2024. A customer is counted once in the overall number, irrespective of how many of the tools they have engaged with during the reporting period. A customer will be included in the count for the calendar year irrespective of if they subsequently close their account after using or accessing the engagement tools. The tools are defined as: - Products: where the bank is providing a service to the customer to manage their money, this service aligns to the sentiment of financial wellbeing and will encourage customers to save through interactions and prompts - Features: creating adaptable resources and interaction points for customers to engage with - Experience: overall experience a customer has when interacting with the bank and can include a variety of touch points such as visiting a physical branch, using an ATM and engaging digitally The scope of the metric for the reporting period to 31 December 2024 includes the following seven banking tools: - Savings Goal - Spending Features - Round Ups - Know Your Credit Score (KYCS) - Insights - Digital Regular Saver (DRS) - Financial Health Checks (FHC) We will continue to enhance our propositions and develop our measurement approach to support our ambition to help 10 million people, per year, manage their financial wellbeing by 2027. This may result in amendments to the scope of this metric in future reporting periods.	The metric includes customers who have used one of the seven banking tools listed below at least once in the calendar year reporting period to 31 December 2024: - Savings Goal: Customer sets up a new goal in the mobile app - Spending Features: Customer views/accesses spending at least twice or uses any of the other spending features at least once - Round ups: Customer switches on the round up functionality in the mobile app - KYCS: Customer accesses the KYCS main screen in the mobile app - Insights: Customer does not need to engage (or click) on any of these features, however they must navigate to the Insights tab from the Mobile application home page, once the insights page has fully loaded the customer will be included - DRS: Customer has a Digital Regular Saver account and has made one customer instigated payment (of any amount) - FHCs: Customer completes a phone, video or in-person FHC Data analytics tools are used to collate centrally the usage of the seven banking tools at a Bank Customer Identification Number (CIN) level. Each CIN is allocated flags indicating their feature usage. These flags are filtered to report customers using at least one of the Financial Wellbeing tools. This means all customers who have used any of the tools are only counted once, irrespective of how many tools they use the features.	Data is subject to internal quality assurance including review and challenge of data for consistency and trends. Reported monthly to Retail Banking governance forum. Signed off by the accountable process owner.

Colleagues

Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
18. Females in top three layers of the organisation (globally) (%)	Global percentage of women employees defined as CEO, CEO- 1, CEO-2 and CEO-3 according to the agreed reporting structure in the period 1 January to 31 December 2024. Specific rules and exclusions include: - Percentage of colleagues who have provided their gender - Where individuals are on secondment, their secondment role is used as a basis for reporting - Based on active permanent headcount only - non-active headcount includes individuals on maternity and paternity leave, long term sick and career breaks - All clerical, appointed and lower management roles and some business management and leadership support roles in these levels i.e., Executive Assistant and Business Support are excluded from CEO, CEO-1, CEO-2 and CEO-3	Data is sourced from our HR system (Workday) on the last day of the quarter and is used to produce quarterly scorecards. Our 'agreed reporting structure' will include business areas that do not sit in the top 3 levels of the organisation on Workday, but for the purpose of reporting are in scope. We align these areas to CEO-1 as this is consistent with the reporting structure against which the target was set. We assess this metric based on gender as the agreed definition when the metric was set. However, acknowledge the UK Listing Rule 6.6.6(10) as disclosed in the NatWest Group plc 2024 Annual Report and Accounts that defines gender as 'sex'.	Data is representative of Workday. Employee gender and ethnic origin completeness and conformity is managed through monthly data quality assurance checks in line with Data Management Operational Procedures. The process is mostly automated, and manual checks are completed on the key areas to ensure accuracy of reporting. Signed off by the accountable process owner.
19. Colleagues from ethnic minority groups in top four layers of the organisation (UK) (%)	The percentage of ethnic minority employees in the UK, defined as CEO, CEO-1, CEO-2, CEO-3, and CEO-4 according to agreed reporting structure in the period 1 January to 31 December 2024. Specific rules and exclusions include: - Voluntary ethnicity self-disclosure - Where individuals are on secondment, their secondment role is used as a basis for reporting - Based on active permanent headcount only - non-active headcount includes individuals on maternity and paternity leave, long term sick and career breaks - All clerical, appointed and lower management roles and some business management and leadership support roles in these levels i.e., Executive Assistant and Business Support are excluded from CEO-1, CEO-2 and CEO-3 but are included for CEO-4		