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NatWest Group

NatWest Group plc

2023 Sustainability Basis of Reporting

Introduction

This document details our approach, scope, and controls for certain sustainability metrics included in the 2023 reporting suite. The definitions, scope and exclusions, and methods used to prepare these metrics has been used as the Reporting Criteria against which the measurement and presentation of these metrics was evaluated by Ernst & Young LLP (EY) as part of their assurance.

NatWest Group manages the risks associated with the metrics in the Climate-related Disclosures Report and ESG Disclosures Report in line with the Enterprise-wide risk management framework (EWRMF) – see page 60-65 of the NatWest Group plc 2023 Annual Report and Accounts.

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

Key metrics

Theme	Metric #	Metric
Climate	1	Total Scope 1, 2 and 3 CO_2e (tCO_2e) operational emissions (excl. financed emissions)
	2	Climate and sustainable funding and financing
	3	Harmful activities - Credible Transition Plan (CTP) assessment - Oil and gas majors and in-scope coal customers
	4	Heightened climate-related risk sectors
	5	Energy efficiency of the UK residential mortgage portfolio - Energy Performance Certificate (EPC) rating
	6	Retail Banking Green Mortgage Product completion value
	7	Flood risk profile of UK residential mortgage portfolio
	8	Scope 3 financed CO_2e ($MtCO_2e$/year) emissions, including our approach to estimating financed emissions for the sectors in scope of assurance; residential mortgages, commercial real estate – secured, electricity generation, oil and gas, agriculture – primary farming, aviation, retail and leisure.

Key metrics continued

Theme	Metric #	Metric
Communities	9	Direct community Investment (DCI)
Colleague	10	Gender balance in our CEO-3 and above global roles
	11	Proportion of Ethnic Minority employees in our CEO-4 and above UK roles
Enterprise	12	Number of interventions delivered (or supported through programmes) to start, run, and grow a business
	13	Number of individuals and business supported through enterprise programmes split by % (Woman, Regional and Ethnic Minority)
	14	Number of youths supported by enterprise programmes split by % (Woman and Regional)
Learning	15	Number of financial capability interactions delivered against the 2023 target
	16	Number of additional customers helped to start to save
	17	Number of people helped to manage their financial wellbeing delivered against the 2027 target
Customer	18	Number of digitally active, online and mobile, retail and business banking customers
	19	Number of customers exclusively using digital channels
	20	Number of retail banking artificial intelligence (Cora) interactions
	21	Number of retail Cora interactions that required no human input

Climate

Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
1. Total Scope 1, 2 and 3 (tCO_2e) operational emissions (excl. financed and facilitated emissions)	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, water, waste (UK and ROI only), business travel, commuting and work from home. It therefore excludes upstream and downstream emissions from our **operational** value chain. We define our **operational value chain** carbon emissions as the aggregation of **direct own operational emissions** and CO_2e arising from the consumption and use of Scope 3, including upstream and downstream emissions (Categories 1-14, excluding Categories 8, 10, 14). For explanations, see pages 41-44 our 2023 Climate-related Disclosures Report. Refer to pages 9 - 13 of this document for detail on Scope 3 Category 15 (financed emissions). The **reporting period** for operational emissions and other own operational metrics is for the 12 months ending 30 September each year.	The **emissions reporting boundary** is defined as all entities and facilities either owned or under our operational control. 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 data to carbon emissions, we use emissions factors from UK Government emissions conversion factors for company reporting (Department for Business, Energy & Industrial Strategy, 2023), CO_2e emissions from electricity combustion (International Energy Agency, 2022) or relevant local authorities as required. For our **direct own operations**, NatWest Group utilises 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 accounts for 33% of our total Scope 1, 2 and 3 direct own operational footprint in 2023. These estimated data sources include extrapolations for our landlord properties without meter readings and estimates for emissions associated with our colleagues working from home. We define our **operational value chain** carbon emissions as the aggregation of **direct own operational emissions and** CO_2e arising from the consumption and use of Scope 3, including upstream and downstream emissions (Categories 1-14, excluding Categories 8, 10, 14). For categories 1, 2 and 4, we used a combination of supplier specific data (18%) and the spend based approach using CEDA version 6 where supplier specific data was not available. For more information, see https://www.natwestgroup.com/sustainability/environment-and-climate/own-operational-footprint.html	CO_2e emissions data is validated through internal four eye checks to review completeness and variance of data provided by our service provider.

Climate continued

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

2. 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 CSFFI criteria applicable to the reporting period was published in December 2022 and implemented from 1 January 2023.
	
	All transactions are also subject to NatWest Group's environmental, social, and ethical (ESE) risk 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 within 2023 reporting were provided during 1 January 2023 - 31 December 2023.
		Climate and sustainable funding and financing numbers are **reported on a quarterly basis**. Eligible deals are identified by aggregating transactions that qualify 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 projects 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 commitment and include any undrawn portion of committed credit limits. Underwritten deals (Bonds, Private Placement and Loans), amounts represent the NatWest Markets (NWM) share of the notional (total underwriting amount lead managed or placed by NWM), based on the number of underwriters within a specific deal. A conservative approach to data collection is followed and amounts may have haircuts applied (where agreed via internal governance) in some situations.
			Attested business line submissions, with accountable process owner sign off for each franchise.
			
			Quarterly signoffs by Finance and the Climate Centre of Excellence.

Climate continued

Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
3. Harmful activities (Credible Transition Plan) - Oil and gas majors and in-scope coal exposure (£ & %)	As part of **our climate ambition announced in February 2020**, we stated that we planned: • to stop lending and underwriting to companies with more than 15% of activities related to thermal and lignite coal, unless they had a Credible Transition Plan (CTP) in line with the 2015 Paris Agreement in place by end of 2021; • a full phase-out from thermal and lignite coal by 2030; and • to stop lending and underwriting to major oil and gas producers unless they had a CTP aligned with the 2015 Paris Agreement in place by the end of 2021. Our CTP assessment undertaken in 2021, which is monitored annually, employed a top-down approach to identify existing coal-related customers, utilising the expertise of our frontline teams. However, we recognise that this was a point-in-time assessment. During 2024, we are working to review our ESE policies. We have also set up a working group within the Commercial & Institutional business segment to support development of guiding principles for assessment of thermal and lignite coal embedded within activities like transportation, storage, supply chain and value add services, additionally ensuring due consideration is given to external factors such as energy security. This metric details **exposure to oil and gas majors and coal companies** that were in scope of the point in time CTP assessment. • Customers assessed as having a CTP aligned with the 2015 Paris Agreement in place by the end of 2021 will be retained, provided they comply with our environmental, social and ethical (ESE) policies. We will continue to monitor customers' progress against their published transition plan or strategy annually, as part of the ESE risk assessment process. • Where **coal customers** were assessed as not having a CTP aligned with the 2015 Paris Agreement, we will stop lending and underwriting to these customers, including stopping renewal, extension or refinancing of any existing commitments as at 31 December 2021. We will fully exit these customer relationships as soon as is practicable. • Where **oil and gas customers** were assessed as not having a CTP aligned with the 2015 Paris Agreement in place by the end of 2021, we will stop lending and underwriting to these customers as soon as practicable, including stopping renewal, extension or refinancing of any existing commitments as at 31 December 2021. In our continued discussions with these customers, we understand that they are investing in activities to support transition towards net zero. As a responsible business and in recognition of NatWest Group's role in financing the transition, we may provide lending and underwriting to these customers where such lending and underwriting is limited to activities that are aligned to our CSFFI criteria, where the proceeds of such financing are linked to the development of the assets and activities referenced in the CSFFI criteria.	For a **customer's transition plan to be assessed as credible and in line with the 2015 Paris Agreement**, we applied the following criteria: • A quantitative assessment using an independent third-party proprietary model to assess alignment with the 2015 Paris Agreement. • A credibility assessment. • Management review and assessment. For further details refer to pages 30 - 31 of the 2021 NatWest Group plc Climate-related Disclosures Report. Companies that have greater than 15% of activities related to thermal and lignite coal, as defined by EBITDA, have been identified by subject matter experts within the wholesale business. Oil and gas majors have similarly been identified by subject matter experts and are a subset of the oil and gas sector exposure. **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 comprehensive income, and in addition, related off-balance sheet amounts typically reflecting undrawn loan commitments and contingent obligations.	The NatWest Group Reputational Risk Committee approved outcomes of the quantitative and credibility assessments as well as customers' forward-looking strategy and alignment to NatWest Group ESE policies, and the impact of current and expected legislative requirements and policy developments on customers' strategies. Monthly exposure reviews are carried out by business line subject matter experts. Exposure values are generated as a subset of credit exposure reporting and reconciled to ledger and off-balance sheet.

Climate continued

Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
4. Heightened climate-related risk sectors (£ & %)	During 2023, **a granular review of climate-related risk exposure was completed at a sub-sector level**, reflecting the variability of subsector exposure to climate-related risk within a sector. • The quantitative subsector level outputs from climate scenario analysis form the foundations of the methodology. The latest assessment continues to incorporate the No Additional Action and Late Action scenarios from the Bank of England's Climate Biennial Exploratory Scenario (CBES) exercise, carried out in 2022, as well as using the Inevitable Policy Response and Disruptive Policy scenarios which were carried out in 2023. Together, both CBES and summer exercise results form the basis to assess subsector exposure to physical and transition risk. • Other climate data available to NatWest Group was then applied to provide additional insight of physical and transition risk exposure. These additional data considerations include external sector transition risk assessments and supply chain dependencies on trade with countries subject to physical risks. • Separately, we also considered the financed emissions rate for all subsectors to assess risks of litigation as a result of emission levels. • This approach identified 42 sub-sectors exposed to heightened climate-related risk, increasing to 51 within 20 wholesale sectors, following a qualitative overlay applied by internal subject matter experts reflecting climate related risks not captured within the modelling process but present within the broader external sub-sector or our lending portfolio. NatWest Group acknowledge 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 within NatWest Group, rather than via 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: • 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.

Climate continued

Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
5. Energy efficiency of the UK residential mortgage portfolio - Energy Performance Certificate (EPC) rating (£ & %)	Percentage of EPC C or above 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 the **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 3-6 months to be included in the data source.	Outstanding balance obtained by account level matching to financial reporting source systems.	Business SME review and sign off. Production review and sign off ensuring adequate internal controls have been performed.
6. 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.** 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 sign off. Production review and sign off ensuring all internal controls have been performed.
7. Flood risk profile of 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. Refer to page 59 of our 2023 Climate-related Disclosures Report.	Account level matching to source systems.	Business SME review and sign off. Production review and sign off ensuring all internal controls have been performed.

Climate - 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>8. Scope 3 financed CO_2e ($MtCO_2e$/year) emissions</td>
<td>Financing activity in this section refers to the loans[(1)] and investments (debt securities and equity shares) accounted for at amortised cost and FVOCI on NatWest Group’s balance sheet. NatWest Group use financed emissions and emissions intensities as key metrics to estimate the climate impact of our financing activity and monitor progress through our Climate transition plan.

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

The 2023 Climate-related disclosure report presents financed emissions estimates for our total in-scope balance sheet with 18 sectors or sub-sectors separately identified. Eight sectors have been identified which are in scope of EY assurance. These sectors are residential mortgages, commercial real estate, agriculture – primary farming, oil and gas, electricity generation, aviation, retail and leisure. These have been identified based on balance sheet materiality, carbon impacts or availability of measurement methodologies.

In line with the PCAF Standard, NatWest Group have estimated absolute emissions based on Scope 1 and 2 emissions attributable to loans and investments for the sectors or sub-sectors analysed. 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 credit cards, personal unsecured loans and very short-term lending or investments such as Nostro arrangements.

1. 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 of 31 December 2022, the ledger balance relating to finance leases to customers was £2.4 billion. Finance lease contracts are those which transfer substantially all the risk and rewards of an asset to a customer.</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 1 year in arrears (31 December 2022) as this allows time for adequate review and emissions data maturity.

To estimate financed emissions and emissions intensities by sector, emissions and other required inputs are considered on a customer basis.

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. According to the GHG Protocol, absolute GHG emissions from loans and investments are allocated or attributed to the reporting financial institutions based on the proportional share of loans and investments in the borrower or investee. The attribution factor is calculated by determining the share of the outstanding amount of loans and investments of a financial institution over the total equity and debt of the borrower or investee company.

Estimation of physical intensity: To calculate physical emissions intensity, the physical output unit was calculated based on 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 on page 72 of our 2023 Climate-related Disclosure Report. This metric assumes that customers in a given sector have similar cost/revenue structures and that the sector operates essentially as a free market, absent of monopoly rents. Physical emissions intensity methodologies relating to sectors that have been assured are detailed on pages 11 to 13.

Economic emissions intensities: Refer to absolute 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.

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>PCAF Score</th><th>Methodology</th></tr>
<tr><td>1 & 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.</td></tr>
<tr><td>3</td><td>For the electricity generation sector, where available production capacity data is used to estimate emissions. 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, either:
• Third party emissions estimates, subject to output control checks, are used. These approaches must meet the minimum model risk policy requirements (as outlined in adjacent internal reporting and controls).
• Other externally published financial and non-financial data are used to estimate emissions e.g. customer revenue data to estimate production levels or emissions based on a sectoral-average revenue intensity factor.</td></tr>
<tr><td>5</td><td>For customers for which externally published emissions, validated estimated emissions or other data are not available, emissions are estimated based on the emissions for other customers in the sector, assuming that the emissions profile for customers for which data is not available, is comparable to the rest of the customers within the same sector.</td></tr>
</table>
</td>
<td>Financed emission and emissions intensity model outputs are reviewed by subject matter experts 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 robust control and governance processes.

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>

Climate – 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>8. Scope 3 financed CO_2e ($MtCO_2e$/year) emissions</td><td>During 2023, based on prescribed PCAF methodologies and data sourcing, we have also begun 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. Because of this, we have not included estimated financed emissions relating to our initial sovereign modelling within the total NatWest Group estimates disclosed above.

Scope 3 emissions estimates, based on downstream use of products sold, 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 from financial year end 2023, Scope 3 emissions should be published for additional activities, notably all transport, construction and industrial activities. We continue to review scope 3 estimation methodologies and the availability of appropriate data for inclusion in future reporting.

The perimeter of individual sectors is generally set by aligning 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 section 5.3 of the NatWest Group 2023 Climate-related Disclosures Report.</td><td>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.
As part of the estimation of emissions and emissions intensities, and in particular the estimation of an attribution factor, certain logical assumptions 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 it total debt is at least equal to the customers loan or investment amount with NatWest Group.
• 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.

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 PCAF Standard for Financed Emissions, with the most recent edition being published in December 2022. The PCAF Standard for Facilitated Emissions was published during 2023, and we are working to assess the requirements of this standard.</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 their 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 2023 have provided further updates on our progress.</td></tr>
<tr><td>UK Committee on Climate Change (CCC)</td><td>The 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’s ‘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’s "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 that the UK CCC’s 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 11 - 13.</td><td>Impactful data and methodology changes are reviewed and approved at the Climate Metrics Oversight Committee.</td></tr>
</table>

Climate – Financed emissions by sector

Metric and unit of reporting	Method	
	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. • Estimated financed emissions are split into Scope 1 and Scope 2 using UK average consumption data. For Scope 2 absolute emissions estimates, EPC data has been adjusted only for the change in UK power grid intensity between the year of inspection and date of estimation of 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.	• 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 and commercial real estate sectors is included within the physical intensity calculation.
(b) Commercial real estate - secured	The **commercial real estate 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 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, aligned with the methodology used for residential mortgages. • EPCs are adjusted to reflect improvements in the electricity grid since the date of EPC inspection. The adjustment assumes a 25:75 split of electricity to gas for domestic properties, and a 50:50 split for non-domestic properties. For properties where the EPC inspection date has not been obtained, the adjustment is applied for the average change in emissions intensity in the ten years prior to the reporting year. • Where EPC data is not available, emissions are estimated using average emissions and floorspace per £ 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 apportioned loan values to underlying properties so 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 MSCI index to estimate property value at loan origination date.	

Climate – Financed emissions by sector continued

Metric and unit of reporting	Method	
	Financed Emissions:	Physical intensity:

(c) Electricity generation	Scope 1 and Scope 2 emissions for customers engaged in power and heat generation are estimated via the standard PCAF approach outlined on page 10 of this document – the key exception to this is where NatWest Group does not have access to published emissions data, but does have access to production data, we estimate Scope 1 emissions using this production data in priority over our PCAF 4 and 5 approaches. This PCAF 3 production approach is summarised as follows:
	• **Construction projects:** Projects under construction were assigned nil Scope 1 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.
	• **Production estimation:** Where available, customer-level production capacity data was 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 (i.e. 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 Department for Energy Security and Net Zero (DESNZ) (emissions per MWh of electricity generated by a particular technology, such as natural gas).
	• **Identified renewables:** Projects that generate electricity from renewable sources generate no Scope 1 emissions.
		• 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 described in the 'production estimation' above.
		  • Where this data is not available, but revenue is known, the model will utilise publicly available production to revenue intensity data to estimate production.
		  • Where none 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.

(d) Oil and gas	Scope 1 and Scope 2 emissions are estimated in line with the standard PCAF approach outlined on page 9. 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. • Our estimated Scope 3 financed emissions are calculated using the published Scope 3 emissions of our customers, while published emissions from the wider industry are used to calculate the industry revenue intensity. • As a result, while Scope 1 and Scope 2 emissions may be reduced by adoption of more efficient production methodologies, Scope 3 emissions reductions will require demand reduction through behavioural changes, fuel switching and electrification of combustion processes.	• 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 make up a relatively small (by drawn balance) proportion of the sector. • **Activity unit (TJ):** Our approach to estimating physical intensity has been updated during 2023 to utilise actual production emissions intensity data published by our extraction customers. This information was not previously available and enables estimation reflecting customer production data which is considered more appropriate than the previous approach based on extrapolations. For extraction borrowers, where it is not possible to obtain their actual average production emissions intensity, NWG apply the weighted average from the customers where the production emissions intensity can be sourced.

Climate – Financed emissions by sector continued

Metric and unit of reporting	Method	
	Financed Emissions:	**Physical intensity:**
(e) Agriculture – Primary farming	This model relates to **lending to customers who are specifically engaged in primary farming**. • 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 10 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 (such as cereal growing, dairy farming, etc). 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 make up 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 2022 modelled year. The inherent risk to this approach is that we assume farming revenues have actually increased at the same rate as inflation.	• 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	Scope 1 and Scope 2 emissions are estimated via the standard PCAF approach outlined on page 9. 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	Scope 1 and Scope 2 emissions are estimated via the standard PCAF approach outlined on page 9. 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. • All financing within the scope of the sector is included within the estimation of physical intensity, other than financing to those customers where revenue is unknown. Certain SIC codes which do not conform to the chosen convergence pathway are also excluded from the retail and leisure sector for physical intensity. As at 31 December 2022, these SIC exclusions equate to c.12% and c.8% of retail and leisure exposure respectively. • **Activity unit (£m):** Based on the revenue data supplied by data vendors.

Communities

Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
9. 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 as at 31 December 2023. 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.

Colleagues

Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
10. Gender balance in our CEO-3 and above global roles (%)	Global percentage of women employees defined as CEO, CEO- 1, CEO-2 and CEO-3 according to the agreed reporting structure as at 31 December 2023. 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 & 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.	Data is sourced from Workday (human resources system) 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, but acknowledge the UK Listing Rule 9.8.6 as disclosed in the NatWest Group 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 accountable process owner.
11. Proportion of Ethnic Minority employees in our CEO-4 and above UK roles (%)	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 as at 31 December 2023. 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 & 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.		

Enterprise

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 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, tracked via an approved digital delivery platform including. Zoom, Meta and AEM

External partners
All the companies and charities that we work with to deliver enterprise related activities and initiatives. This includes, but is not limited to Swoop, The Prince's Trust and Digital Boost

Demographic threshold
A demographic threshold of 20% is in place to ensure that activity generated by our contributing activities is representational across the demographics (Women, Regional and Ethnic Minority) we measure. We calculate the total demographics (excluding 'prefer not to say' and NIL responses) as a percentage of the total number of individuals being reported.

Yes check
Helping us to make sound decisions and has become an integral part of how we approach difficult decisions across the bank since it was first launched in 2012. Refer to Yes check on page 53 of 2023 ESG Disclosure Report for further details.

Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
12. Number of interventions delivered (or supported through programmes) to start, run, and grow a business	This represents the total number of interventions delivered which occurred during the year ended t 31 December 2023. An intervention is defined as the participation of an individual in an enterprise-related activity. Scope of reporting includes NatWest Bank, RBS and Ulster Bank. Coutts and Ulster bank ROI are excluded.	Data is collected from external partners and internal NatWest group areas through various sources and is collated monthly by a third party supplier "PNE" on behalf of NatWest Group.	Each intervention is reviewed on its merits by PNE and NatWest Group through the reporting steering committee to ensure (using the Yes check) 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. 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.

Enterprise continued

Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
13. Number of individuals and businesses supported by enterprise programmes, split by Women, Regional and Ethnic Minority (%)	This represents the total number of individuals or businesses participating in an enterprise programme, submitted by internal teams or external partners where an email address can be provided to identify a unique individual or business who participated in the reporting period to 31 December 2023. The percentage of women supported is calculated based on the total number of individuals participating where there is evidence of an individual meeting the below criteria: • those that disclose their gender and identify as a women, 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. Scope of reporting includes NatWest Bank, RBS and Ulster Bank. Coutts and Ulster bank ROI are excluded.	Data is collected from external partners and internal NatWest group areas through various sources and is collated monthly by a third party supplier "PNE" on behalf of NatWest Group.	Each intervention set is reviewed on its merits by the third party (PNE) and a reporting steering committee to ensure (using the Yes check) 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.

Enterprise continued

Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
14. Number of youths supported by enterprise programmes, split by Women and Regional (%)	This represents the total number of youths (aged 18 years or under) supported where there is participation in an enterprise programme. Due to the age demographic of participating youths and safeguarding requirements the percentage of young women supported is calculated based on one of the following depending on the enterprise programme: • average UK class sizes. • ONS (Office of National Statistics) UK demographic data. • the proportion of the population that disclosed information and extrapolated across the total population of individuals, using a proxy. The % of regional (outside of London and the Southeast England) is calculated based on the population that disclosed information. Scope of reporting includes NatWest Bank, RBS and Ulster Bank. Coutts and Ulster bank ROI are excluded.	Data is collected from external partners and internal NatWest group areas through various sources and is collated monthly by a third party supplier "PNE" on behalf of NatWest Group.	Each intervention set is reviewed on its merits by the third party (PNE) and a reporting steering committee to ensure (using the Yes check) 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.

Learning

Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
15. Number of financial capability interactions delivered against the 2023 target	The number of financial capability interactions delivered in the reporting to 31 December 2023. The Financial capability interactions are not restricted to NatWest Group customers only. Interaction is defined as one of either: • Individual instances of uses of the financial capability programmes and services: Financial health checks (FHC) inclusive of digital and MoneySense. • New unique users interacting with a financial capability product or feature: Spending Features and Know Your Credit Score (KYCS). **FHC** FHC totals may be understated due to only counting interactions that can be matched to a specific criteria. The impact is expected to be low. **Spending Features** Unique users of the Spending Features product are recalculated every 90 days, therefore customers may be recorded as unique users in multiple periods should they meet the user criteria within each 90 day period. Scope of reporting includes NatWest Bank, RBS, Ulster Bank and Coutts. Ulster Bank ROI is excluded.	Data is collected for FHC, KYCS & spending features from multiple sources and by different means for face-to-face delivery and virtual alternatives. Various customer analytics data tools are used, and individual data collated centrally, and control checks are performed. • 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. • Spending features has been measured based on customers that have accessed spending within the mobile app at least twice or more in the last 90 days. During Q4 2023 the location of the spending feature within the mobile app changed following app enhancements which lead to us changing the measurement criteria to 30 September 2023 prior to the app change.	Validation checks for completeness and consistency including checks against the previous months' data and expected volumes. Signed off by the accountable process owner.
16. Number of additional customers helped to start to save	Number of NatWest Group customers who have saved £100 for the first time in the reporting period to 31 December 2023 compared to the January 2020 baseline. The metric includes all savings accounts (including instances where a customer is saving for a beneficiary) and all customers linked to these accounts, so there will be some double counting in instances of joint accounts, since it's based on value of balances that the customers have access to. Current accounts are excluded. We acknowledge that there may be instances where customers had existing savings with other banks and transferred them into their NatWest Group account. Scope of reporting includes NatWest Bank, RBS, Ulster Bank and Coutts. Ulster Bank ROI is excluded.	The data and analytics team extract the data using a bespoke report that captures: • Active adult (16yrs and over) with money transmission accounts (MTA) and who have >=£100 in savings or investment accounts; it also includes • Customers' with a Help to Buy ISA (with balances >=£100) who do not hold an MTA . • Savings balance with >=£100 is classed as someone who has "started to save". • First Saver(Parents with >=£100 in trust account for child) who have an active MTA.	Validation checks for completeness and consistency including checks against the previous months' data and expected volumes. Signed off by the accountable process owner.

Learning 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 & Premier helped to manage their financial wellbeing delivered in the reporting period to 31 December 2023, using one or more of the following five banking tools. • Mobile applications: - Savings Goal - Spending Feature - Know Your Credit Score (KYCS) - Round ups • Financial Health Check (FHC) Non-customers are excluded for 2023, as our measurement capabilities mature non-customers will start to be included. There will be some overlap with the financial capability metric in 2023 for (FHC, KYCS & Spending features). The Financial capability target will be fully replaced by the Financial Wellbeing target in 2024. Scope of reporting includes NatWest Bank, RBS and Ulster Bank. Ulster Bank ROI & Coutts are excluded.	We include in the financial wellbeing metric customers who used one of the five tools below at least once in a rolling 12 month reporting period: • Savings Goal - Customer sets up a new goal in the mobile app • Spending Feature - Customer views/accesses spending features twice or more in the mobile app • KYCS - Customer accesses the KYCS main screen in the mobile app • Round ups - Customer switches on the round up functionality in the mobile app • FHC - Customer completes a phone, video or in-person FHC Spending features has been measured based on customers that have accessed spending within the mobile app at least twice or more in the last 90 days. During Q4 2023 the location of the spending feature within the mobile app changed following app enhancements which lead to us changing the measurement criteria in Q4 to align to the new location. Data analytics tools are used to collate centrally the usage of the five 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, regardless of how many tools they use the features.	Data is subject to internal quality assurance including review & challenge of data for consistency and trends. Reported monthly to Retail Banking governance forum. Signed off by the accountable process owner.

Customer

Metric and unit of reporting	Scope and exclusions	Method	Internal reporting and controls
18. 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 3 months as at 31 December 2023. A digitally- active customer is someone who has accessed either their online banking platform or mobile banking app. Scope of reporting includes NatWest Bank, RBS and Ulster Bank. Coutts and Ulster ROI are excluded.	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.
19. Number of customers exclusively using digital channels (%)	The percentage of customers with active current accounts that have accessed a digital platform (online or mobile) and not used branch or telephony in the reporting period within the last 3 months as at 31 December 2023. An active customer is someone that has carried out a customer-initiated transaction in the last three months – this is a transaction outside of fees, charges, and interest. Branch and telephony usage is a non-digital transaction. Credit card payments would not be captured in the digital channel, unless, transferred to an agent. Scope of reporting includes NatWest Bank, RBS and Ulster Bank. Coutts and Ulster ROI are excluded.		

Customer 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>20. Number of artificial intelligence (Cora) interactions</td><td>The number of retail banking artificial intelligence (Cora) interactions in the period to 31 December 2023.

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.

Scope of reporting includes NatWest Bank, RBS, Ulster Bank and Ulster ROI until September 2023. Coutts is excluded.</td><td rowspan="2">Data is sourced from an artificial Intelligence conversation reporting tool that holds all underlying data.</td><td rowspan="2">Data is subject to internal quality assurance including manual completeness and consistency checks.

Signed off by accountable process owner.</td></tr>
<tr><td>21. Number of Cora interactions that required no human input (%)</td><td>Cora is a retail banking artificial intelligence system, aimed at supporting our retail banking customers.

The percentage of retail banking Cora interactions are based on the interactions that have provided an answer to the customer and require no human input for the reporting period 1 January to 31 December 2023. This is when an interactive Cora chat did not lead to a human handoff or phone number given (incomplete chats are not included).

Scope of reporting includes NatWest Bank, RBS, Ulster Bank and Ulster ROI until September 2023. Coutts is excluded.</td></tr>
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