

2023



NatWest  
Group

# Climate Matters

Thinking long term. Acting now



Our journey to net zero  
Supporting the transition  
to clean energy  
Transport's new generation  
Sustainable farming solutions

We know that tackling climate change is not only good for the planet, but good for our customers and our business too.

Climate Matters explores some of the ways we are supporting customers across our business in their transition to net zero.

Implicit within the information provided in this document there is a dependency on timely, appropriate government policy, technology developments, as well as on our customers and society to respond.



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# A welcome from Katie Murray

**W**e want to deliver a more sustainable economy and future for the customers and communities we serve, which is why helping to address climate change – one of the most critical issues of our time – is a strategic priority for the bank. It sits at the heart of what we do, because we know that tackling climate change is not only good for the planet, but good for our customers and our business too.

In December 2022, NatWest Group became the first UK bank to have science-based targets validated by the Science Based Targets initiative (SBTi). These targets underpin the initial iteration of our Climate transition plan, published in February 2023 as part of our 2022 Climate-related Disclosures Report, which outlines the steps we aim to take to at least halve the climate impact of our financing activity by 2030 and achieve our net zero climate ambition by 2050.

We recognise, though, that achieving our climate ambitions and delivering on the initial iteration of our Climate transition plan is dependent on a number of factors beyond our control, including technological innovation and changes in consumer behaviour. There is also an urgent need for consistent, long-term policy commitment from government in order to harness the growth opportunities generated through the transition to net zero.

That said, the opportunity that the transition to net zero presents is clear. The Independent Review of Net Zero led by Chris Skidmore MP concluded that

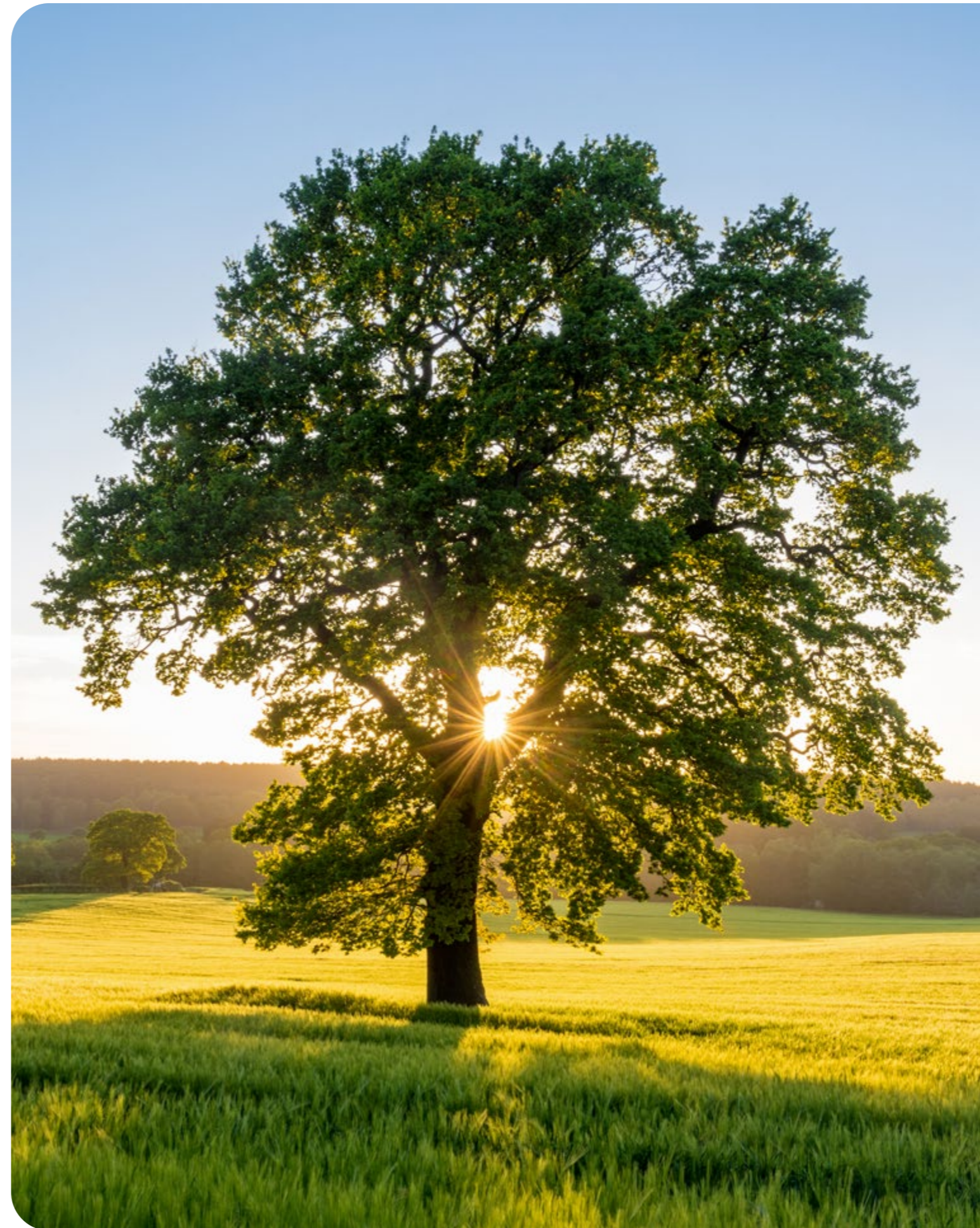
net zero is the growth opportunity for this century, with the potential for 480,000 jobs to be supported by the transition by 2030. In addition, our most recent net zero thought leadership report, A Springboard to Sustainable Recovery, highlights a £175 billion revenue opportunity for the UK economy between now and 2030 through the transition to net zero.<sup>1</sup>

In our second issue of Climate Matters, we explore some of the projects we're delivering to support our customers and the UK transition to net zero. From helping customers take control of energy efficiency at home, to educating our colleagues about climate change, supporting regenerative agriculture and businesses that are pioneering clean transport – the transition to a more sustainable future is central to our mission to help people, businesses and families thrive.

**Katie Murray,  
Chief Financial Officer,  
NatWest Group**

#### Footnotes

**1:** While the information of these reports is believed to be reliable, it has not been independently verified by NatWest Group and NatWest Group makes no representation or warranty (express or implied) of any kind, as regards the accuracy or completeness of this information, nor does it accept any responsibility or liability for any loss or damage arising in any way from any use made of or reliance placed on, this information. Unless otherwise stated, any views, forecasts, or estimates included in this report are solely those of the NatWest Group Economics Department, as of this date and are subject to change without notice.



# Our journey to net zero



**James Close, NatWest Group's Head of Climate Change, explains how we developed the initial iteration of our Climate transition plan**

**I**n 2020, we set out our climate ambition to be a leading bank in the UK in helping to address the climate challenge. Since then, we've established ourselves as an influential voice for finance on tackling climate change. We've come a long way in the past three years, but we mustn't lose sight of the fact there is still much more to do.

## A roadmap to climate transition

In December 2022, NatWest Group became the first UK bank – and one of the largest banks globally – to have science-based targets validated by the Science Based Targets initiative (SBTi). These targets underpin the initial iteration of our Climate transition plan, published in our Climate related Disclosures Report in February 2023, which outlines the steps we aim to take to at least halve the climate impact of our financing

activity by 2030 and achieve our net zero climate ambition by 2050.

It explains how we'll support our customers' transition to net zero and outlines what we're doing to help end the most harmful activities; our work to build powerful partnerships and collaborations; and how we're working to get our own house in order.

We know that trying to meet our net zero climate ambition is a huge task and change isn't going to happen overnight. That's why this initial iteration of our Climate transition plan focuses on the delivery of our 2030 decarbonisation ambitions.

## Making progress

We're working hard to support our customers' transition, with offerings like the Home Energy Plan – a free and publicly available online tool – which gives users advice and customised suggestions on how to make their homes more energy efficient.

We want to send a strong signal that we're serious about helping to end the most harmful activities. Which is why, in February 2023, we announced that we will not provide reserve based lending specifically for the purpose of financing oil and gas exploration, extraction and production for new customers. 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.<sup>1</sup>

We know that combatting climate change depends on powerful partnerships. It must be a collaborative and wide-reaching effort, bringing together our partners, stakeholders and peers. In February 2023, we announced a new collaboration with Places for People, British Gas Centrica and Schneider Electric – coordinated by Pineapple Sustainable Partnerships – on a pilot project to show that retrofitting homes, at scale, can be both an achievable and affordable goal. Through our asset finance arm Lombard, we're working with the frozen foods manufacturer McCain Foods to offer its potato growers increased funding support and preferential terms to transition to regenerative agriculture.

We're also engaging with industry and government to use our voice to influence the agenda on net zero policy and to help accelerate change. We're working with the conservation organisation WWF to bring together UK Government, food companies, farming

organisations, financiers and NGOs to focus on financial and practical interventions to support farmers, such as incentives for farmers to collect data and the adoption of common metrics.

Getting our own house in order – and focusing on the changes we can make in our own operations – is also crucial to achieving our net zero ambition. By 2025, we aim to reduce emissions from our own direct operations – like how much paper we use or the waste we produce – by 50%, against a 2019 baseline.<sup>2</sup> In 2022, we achieved 46% carbon reduction in our direct own operations (location-based) and reported our upstream and downstream operational value chain emissions for the first time.<sup>3</sup>

## Adopting a systems thinking approach

Central to the preparation of the initial iteration of our Climate transition plan is understanding the correlation between different parts of the economy to help target products, services and investment to where they can have →

← the greatest effect on decarbonisation. During 2022, we focused on developing transition plans at a sector level, prioritising key sectors linked to property, energy, mobility and food, which often have the most impact on the UK's carbon footprint and our customers' day-to-day lives.

As our Climate transition plan evolves, we're adopting a systems thinking approach. This will help us to consider how carbon flows between different sectors in the economy and the factors that determine the size and importance of those flows. The factors are wide-ranging and can include government policy, the carbon intensities of materials or technologies, how value chains are set up, as well as consumer preferences and behaviour.

Using systems thinking will help to identify the opportunities to change the size and direction of carbon flows in sectors related to the system. Analysis can also highlight the gaps between sectors, demonstrating where opportunities exist to mobilise our capital to deliver changes to the system.

### Influencing the net zero agenda

The systems thinking approach underlines that delivering our decarbonisation ambitions and targets depends on many factors, some of which are beyond our control, for example, new technologies and changes in consumer behaviour and government policy will both have a huge impact on the success of our plans.

Consistent, long-term policy commitments from the UK government are vital and we're working to build powerful partnerships and collaborations between the public and private sector. We provided extensive input into the 'Mission Zero: Independent Review of Net Zero' led by Chris Skidmore MP, published in January 2023, and during 2022, we worked alongside the UK Government to support the UK Pavilion at COP27, hosting high profile events with partners like the Sustainable Markets Initiative (SMI) and WWF-UK.

Through our engagement with industry, government and policy makers, we're using our voice to influence the net zero agenda. Our 2022 thought leadership report, 'A Springboard to Sustainable Recovery', highlighted a revenue opportunity of more than £175 billion for the UK economy between now and 2030 through the transition to net zero.<sup>4</sup> We also continue to play an active role in The Sustainable Homes and Buildings Coalition with partners British Gas, Worcester Bosch and Citizens Advice. In October 2022, the Coalition published the 'Home is where the Heat Is: Progress Report', reiterating its call to the government to make energy efficiency a national priority.<sup>5</sup>

### A first step

Developing the initial iteration of our Climate transition plan marks an



important milestone in our journey to net zero, but there's still a long way to go. The initial iteration of our Climate transition plan confirms that more action is needed by NatWest Group and our customers to meet our ambition and decarbonisation plans. It's also clear that support from timely and appropriate government policies will be needed to incentivise transition and changes in customer behaviour.

The plan focuses on our 2030 ambitions for net zero and gives us a framework to build on, helping us to identify and unlock new opportunities. We'll evolve the initial iteration of our Climate transition plan to further embed climate in our decision-making and financial planning processes, and continue to support our customers transition to net zero. Over the coming years, we want to maintain momentum and demonstrate our commitment to helping to address the climate challenge. ●

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# Accelerate and regenerate

## Bringing sustainable farming solutions into the mainstream



**Ian Burrow, Head of Agriculture at NatWest Group, explains how practical solutions to support farmers can help achieve UK climate targets**

### Resilience as standard

Across the world the accelerated pace of climate change, the COVID-19 pandemic, the war in Ukraine and population growth have placed additional pressure on food supply systems. In the UK, these events have exposed the fragility of domestic production and as the impact of climate change increases, yields and production levels could be affected.

It is critical that the UK agricultural sector picks up the pace and transitions towards a sustainable model that is flexible and dynamic, and balances environmental concerns with the need for food security.

This transition is key, not just because of the UK's commitment to net zero, but also because a sustainable agricultural sector is vital

for the UK's food security. Alongside reducing carbon emissions, investment is required in regenerating soils, increasing biodiversity and restoring ecosystems to rebuild natural capital for the benefit of farming and wider society.

As one of the UK's leading banks to the agricultural sector, NatWest Group aims to help create the practical solutions to support farmers and

landowners to contribute to the achievement of the UK's climate targets.

### Meeting the challenges

**Working across our supply chain**  
In the agricultural sector, many farmers lack the tools and capital to invest in sustainable practices for the long term, so new solutions

are needed for major businesses to support farmers to make the change.

We're working with food processors and manufacturers and other parts of the supply chain to drive more sustainable approaches to farming through incentive structures to help farmers address the short- and medium-term costs of the transition to regenerative agriculture. →

### What is regenerative agriculture?

Intensive farming can damage soil health, biodiversity and cause pollution. Regenerative farming is characterised by contributing more to the environment than is taken out. Its approaches encourage good soil health, which can lead to richer, more productive soil and an environment where crops, animals, wildlife and people thrive.

Its principles include:

- Minimising ploughing to help trap CO<sub>2</sub>, retain moisture and maintain fungal communities living in the soil.
- Growing cover crops, using compost and crop rotation to support soil fertility without the need for artificial fertilisers.
- Using well-managed animal grazing to improve soil health, support plant growth and encourage insects.

## Partnering with farmers and the food production industry

Our 2023 NatWest Agriculture Report identifies opportunities across the industry. Highlighting research from the National Farmers Union, the report finds that the challenges facing the agriculture industry cannot be tackled by just one organisation or sector alone.

← For instance, we collaborated with the frozen food business McCain Foods through our asset finance business Lombard to develop a programme offering preferential payment terms and financial support to help farmers to access regenerative farming equipment. The programme offered by Lombard will be matched by McCain Foods to support their farmers to adopt regenerative farming practices.

Ultimately, we want to help deliver an integrated supply chain financing solution that connects farmers to food retailers to align incentives to decarbonise the end-to-end food systems journey.

### Supporting the Global Farm Metric

Launched in 2020 by the Sustainable Food Trust, the Global Farm Metric is a harmonised framework designed to align existing metrics in the food and farming industry to establish a common baseline of data and provide a holistic view of farm-level sustainability.

We're supporting the development of the Global Farm Metric to make it easier for farmers to measure and track changes and impacts in the natural environment.

### Leveraging technology with Google Cloud

When it comes to helping farmers make changes to the way they work, having the right tools and platforms to report on progress is critical. Measuring and analysing data helps to build a broader understanding of impacts and risks of agricultural practices. However, current access to data is unequal, slowing down progress towards the goal of all farmers being able to report on a common set of metrics.

NatWest Group recently worked on a pilot scheme with Google Cloud to explore using its satellite data archive with Climate Engine's SpatiaFi software platform.

This data will allow farmers to build a detailed and tailored picture of the challenges they face – from

flood and drought risk to the levels of biodiversity on their farm, even pinpointing specific fields. We are also exploring the role this data could play in streamlining the use of other important tools, such as the Global Farm Metric.

### Directly supporting farmers

A net zero and nature positive economy that improves natural capital and biodiversity is vital to the UK's future food security.<sup>1</sup> As farmers look to make the changes needed to work towards this, they need more support to help manage their businesses in the short term.

In 2022, NatWest Group confirmed a £1.25 billion lending package for farmers to support them with the current economic and sustainability challenges. In total, NatWest Group have made available £6.7 billion for the whole sector.

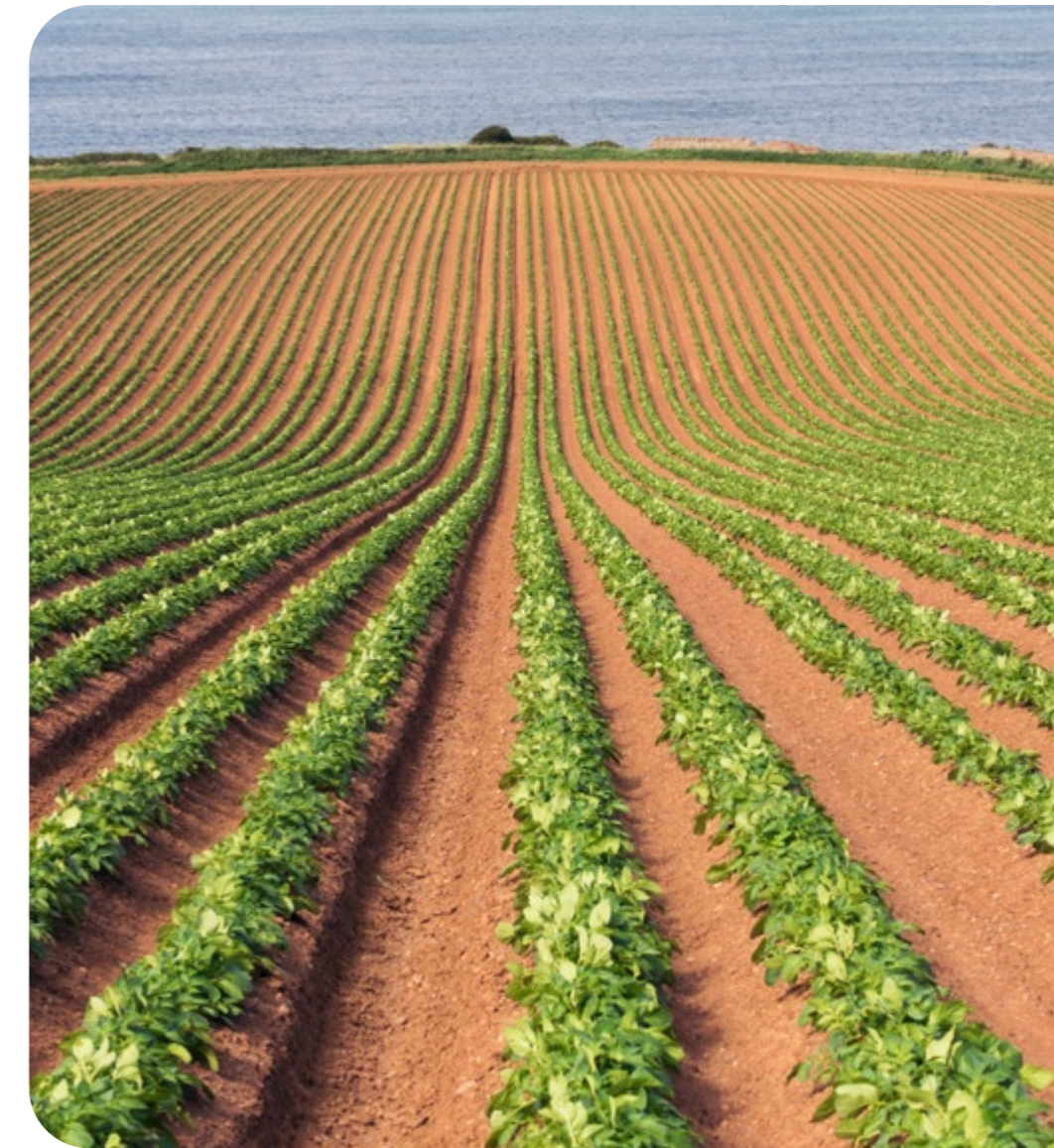
This package will be deployed through measures including short-term loans, asset finance and increased overdraft limits that aim to help the sector deal with increasing input costs.

Alongside these measures, we've provided capital repayment holidays where a business only needs to pay the interest on a loan for an agreed period, reducing the amount due each month. Lombard's Green Asset Finance aims to help eligible UK businesses to finance investments.

### Convening the sector alongside WWF

We need to identify how governments, financial institutions, food companies and farmers can share the cost and risks of the transition to net zero. This process requires coordination and collaboration across the food system.

In June 2023, NatWest Group and conservation organisation WWF announced a new strategic partnership to support a sustainable transition for the UK food and agricultural sectors. NatWest Group and WWF will work to bring together players across the food and agriculture sectors in the UK to channel and scale private and public finance to support farmers to achieve



climate and nature goals, including calling on government to reform agricultural payments.<sup>2</sup>

### Partnering across the sector

The UK agricultural sector is at a turning point, facing higher costs, declining domestic production, supply chain issues, inflation and the challenge of net zero transition. We need to speed up efforts to make the agricultural sector a strategic asset for the economy in the face of long-term concerns about the UK's food security.

We think productivity and sustainability aren't mutually exclusive ambitions. A profitable, sustainable and productive agricultural sector is possible. But to achieve this, the whole sector and government need to create a plan for the future to

ensure a sustainable food system for the UK. We believe this can be achieved through partnerships and joined-up thinking across the sector and along supply chains within the agri-food sector. ●

### Footnotes

1: 'Nature positive' is a high-level goal and concept describing a future state of nature (for example biodiversity, ecosystem services and natural capital) which is greater than the current state.

2: NatWest Group Green Asset Finance is available to over 18s which meets the NatWest Group Climate and Sustainable Finance Inclusion Criteria for your business size. Available to UK customers for business purposes only. Available for borrowing over £25,000 and less than £10 million. Subject to status, eligibility and approval. Security may be required. Product fees may apply. Finance subject to status.



# Making an informed choice

Why understanding Retail customers' motivations for making their homes more sustainable is helping NatWest Group to empower people to take action that can be both good for the planet and their pocket

Following energy price rises and a growth in renewable energy technologies, many people are thinking about how they can make their home more sustainable and reduce their bills.

However, as the cost of living crisis continues to bite, our Greener Homes Attitudes Tracker has shown over 2023 that many homeowners are putting their plans to make sustainability improvements on hold.<sup>1</sup> But cost isn't the only barrier to people improving the energy efficiency of their homes. Research published as part of 'Mission Zero: Independent Review of Net Zero' by MP Chris Skidmore showed that knowledge about the options to take action on climate change is limited, while almost 50% of people feel that there is so much conflicting information that it can be difficult to know what to believe.<sup>2</sup>

'Tackling climate change is one of the biggest challenges of our time and it's central to our purpose here at NatWest,' explains Head of Mortgages, Lloyd Cochrane. 'As a leading UK

bank, we recognise that we have a significant responsibility, and the ability, to support our customers and more broadly play our part in helping the UK to transition to a net zero carbon economy.'

'One aspect of our role in this transition is to develop products that support customers to make greener choices. Raising consumer awareness of the impacts that this transition will likely have on them, and the importance of taking action, is one of the first areas we have agreed to focus on.'

## Understanding attitudes

NatWest Group launched the Greener Homes Attitude Tracker in 2021. It's a quarterly survey of 4,500 UK individuals that tracks consumer awareness and engagement with climate change. It includes the Green Home Improvements index and measures the importance of energy efficiency and the influence of environmental concerns in people's decision-making and behaviours. →





← The Greener Homes Attitude Tracker is building a picture of how homebuyers, renters and owners feel about greener homes and the importance of environmental lifestyle choices, as well as the pressures they're facing from elsewhere.<sup>3</sup> 'The survey is helping us to gauge how this is changing over time,' says Lloyd, 'And it will help us shape our actions and customer support as a result.'

### Empowering action

It's just one of the resources that we're using at NatWest Group to support the transition to net zero, brought together for everyone on our online Climate Change Hub. The hub offers information and tips about saving energy, adopting a more sustainable lifestyle and options for low-carbon travel. We're also supporting customers directly, with personalised messages that help

them to understand how they could save energy at home and make more sustainable choices.

### Home Energy Plan

On the Climate Change Hub is the Home Energy Plan, a free digital tool that can show how people could reduce their energy usage and make their home warmer. Open to anyone in the UK, it offers users a customised plan with recommendations for cutting their energy consumption and outlines the potential savings they could make.

The tool uses publicly available data from the UK government's database of Energy Performance Certificates (EPCs) and local surveys to calculate a home's energy usage. Users can add information about the improvements they've already made, like installing solar panels, to get a more accurate picture about their options to save energy. It emerged from a pilot

programme launched in 2021, which aimed to help understand how NatWest Group could use EPC data to support customers' transition to net zero.

When it comes to our homes, there's the potential to make a big impact. 'Our homes account for 16% of the UK's greenhouse gas emissions', says Digital Innovation Product Manager, Rachael Colville-Walker.<sup>4</sup> 'Even small changes, like switching to LED light bulbs, can make a big difference over time.'

As the cost of living crisis hit, customers' reasons for making their homes more energy efficient began to shift, as Rachael explains. 'At the start, the tool was focused primarily on sustainability and climate change. But we listened to our customers' feedback about their motivations – they were prioritising keeping their homes warm and reducing their energy bills. As the tool developed,

**“Even small changes can make a big difference over time”**



we pivoted our approach to respond to these priorities.'

'Customers were surprised that the bank was doing this,' says Rachael. 'They were surprised to learn about the range of support available to help them on their transition to net zero.'

The Home Energy Plan is now one of the key tools on the Climate Change Hub and is part of a growing library of resources focused on building awareness about climate change and sustainability. This year, the team are developing the Home Energy Plan to offer greater support to homeowners. They're working on an extension to the Plan which will allow customers to explore their options further and access services and products like insulation or solar panels for their home from a number of partners.

### Working with partners

It's also a useful example of the benefits of working in partnership. The Home Energy Plan was developed with

energy efficiency experts, Quidos, who were working with NatWest Group to use EPC data to understand the properties on our mortgage book. Quidos are also one of the partners supporting our Home Improvement Pilot through the Sustainable Homes and Buildings Coalition, where we've collaborated with British Gas, Worcester Bosch and Quidos to deliver home retrofits for nine customers to understand the processes and challenges they face to improve the efficiency of their homes.

We're using this knowledge and understanding to inform our actions and approach to tackling

climate change not only within our own business, but also for the benefit of society in the UK and globally. We're using our voice and working with other partners and with government, with the aim to ensure that no one is left behind in the transition to a more sustainable future.

NatWest Group is at the start of a journey to support our customers' transition. There's a lot more work to do, but by harnessing technology, providing education and developing tools to understand our impacts, we can help our Retail customers join us on this journey and take action to tackle climate change. ●

# Home Improvement Pilot

For pilot project participants Louise and Lauren, happiness is warm feet without a big carbon footprint



**Louise, Lauren and Mr Tom the cat**

**Where:** Liverpool

**Type of property:** Terrace, built between 1930 and 1949

**Retrofit package:** External wall insulation, loft insulation, solar electricity panels, air source heat pump, new radiators, smart heating controls.



**W**hen the Sustainable Homes and Buildings Coalition published its report 'Home is where the Heat is' in 2021, it highlighted many of the challenges facing UK consumers who want to improve the energy efficiency of their homes. Complex processes, conflicting information and a lack of affordable options are holding people back from starting their retrofit journey.

Working with our coalition partners, Worcester Bosch and British Gas, and energy efficiency and retrofit experts Qidos, we launched the Home Improvement Pilot in 2022. NatWest invited nine mortgage customers to join a fully funded property retrofit project – at no cost to the customer – to help better understand the processes involved and uncover the blockers to a nationwide home improvement programme. Participants have been sharing their experiences to help us learn about the processes, benefits and barriers along the way and offer insights into what's working – or not.

As work progressed on their property in Liverpool, participants Louise and Lauren shared their thoughts about their retrofit project.



**Louise:** There's lots happening in our house. We're having an air source heat pump installed and a new water tank. We're getting new radiators put in and external wall insulation to the front, sides and the rear of the house and a top-up to our loft insulation. And we're getting solar panels installed as well, so it's quite an extensive retrofit! I'm most excited about having a warmer home. I'm really looking forward to not having to walk around in loads of layers and having cold feet all the time.

**Lauren:** I'm really excited about the fact that we've been able to be part of a pilot project. I hope that the things we've experienced can inform policy and make practical changes to proposed infrastructure or to the way that these types of projects might be undertaken in future. I hope this means that we can make a change and get somewhere in terms of having a significant number of older

houses upgraded to be more energy efficient and use cleaner energy.

To be honest, if it wasn't for the funding for this project, I don't think this would've been something that we would be able to afford – certainly not to the extent of the project that we're having done. If you were to ask us whether we would be willing to put that amount of money out there and increase the mortgage to cover those costs, I think that we probably would've looked to move to a different kind of property that was more efficient rather than undergo the work to upgrade this existing old house.

**Louise:** During stage one of the project, I felt a bit stressed about the decisions to be made and the logistics required. One of the most challenging parts of the process was getting all the details of the renovations and what would happen and when.

## What we've learned from the pilot

The Home Improvement Pilot is helping the Sustainable Homes and Buildings Coalition to understand the real-life experiences and challenges of customers retrofitting their homes.

Here are some of the key learnings from the project:

- An increase in skilled tradespeople and improved supply chain could speed up retrofit projects.
- More consistency in installation quotes and simplified planning regulations could raise consumer confidence.
- Improvements to the EPC tool are needed to ensure that works to increase the energy efficiency of a home are reflected in its EPC rating.
- Large, complex projects can be difficult for homeowners to manage and disrupt their home life.
- The current costs of making large energy efficiency home improvements are a significant barrier and mean if customers do take on work, it's likely to happen in stages.

**Lauren:** I feel very excited about the environmental benefits of these changes to our property. The chance to move away from gas as our primary heat source and switching to an air source heat pump will really help with our reducing our carbon footprint.

The main barriers to improving the environmental sustainability for us have been cost and the age of the property. It's quite an old house, so there are lots of modern solutions that don't necessarily work very well or wouldn't be in keeping with the property. ●

# Asset management:

## Engaging on climate change

How active stewardship is supporting greater alignment with the Paris Agreement goals

**A**s a member of the Net Zero Asset Managers Initiative, Coutts Asset Management has an ambition to achieve net zero by 2050 or sooner, and support the goals of the Paris Agreement to limit global warming to 1.5°C. In May 2022 Coutts announced its interim strategy to achieve net zero emissions across its assets under management (AuM). This included defining the percentage of AuM considered in-scope for net zero alignment, as well as a short- and a medium-term ambition to increase the percentage of our managed funds and core discretionary portfolios AuM considered to be on a net zero trajectory: 50% aligned to a net zero trajectory by 2025, increasing to 70% by 2030.<sup>1</sup>

A crucial way in which we seek to achieve this is through active stewardship on climate. Through our engagement provider, EOS at Federated Hermes, we engage with the companies we invest in

on their climate-related risks and opportunities, encouraging alignment of their activities with the goals of the Paris Agreement on Climate Change. The Paris Agreement sets long-term goals to guide all nations, including the ambition to limit the global temperature increase to 1.5°C.

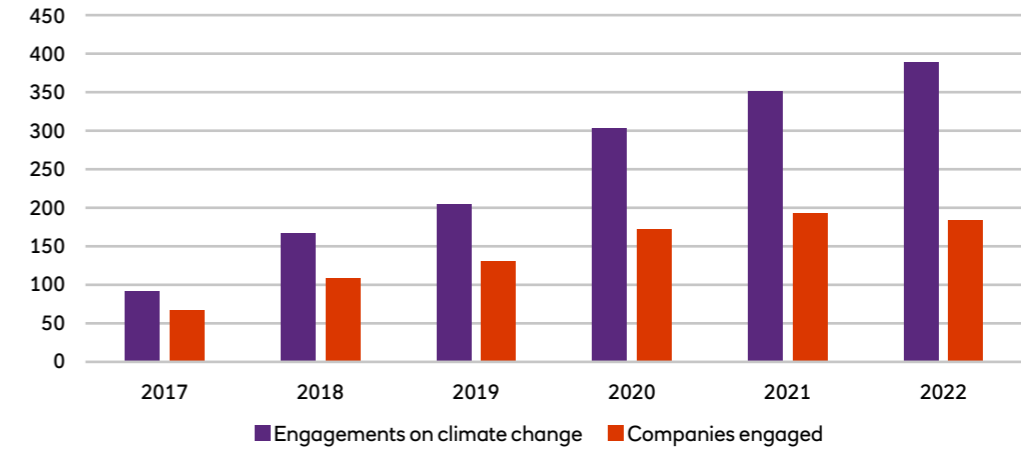
The aim of our engagement work is to strengthen the resilience of the companies we invest in, while creating positive change in the real world, not just in our portfolios, as the example from EOS shows.

### Siemens Energy AG

Siemens Energy AG is a Germany-based company engaged in the energy technology sector. Following the company's spin-off from Siemens AG in autumn 2020, EOS immediately started engagement with the new entity. EOS attended the Siemens Energy AG shareholder meeting in February 2021 and asked a series of questions focused on measures to align the energy sector

### Our total engagements on climate have risen steadily since 2017

This chart shows the total number of engagements on climate change since 2017.



All figures for engagements on climate change, alongside the number of companies engaged with, are sourced from EOS at Federated Hermes and cover the periods of 1 January to 31 December for the years from 2017 to 2022.

with the Paris Agreement and to help address the climate emergency.

EOS challenged the company to set science-based targets for Siemens Energy AG. In addition, although the company had a net zero ambition, this was only for its own operations, so EOS urged the company to set science-based targets that cover Scope 3 emissions.

On Earth Day, in April 2021, Siemens Energy AG announced its science-based target in line with EOS's engagement. This covers the company's target to become climate-neutral by 2030 (Scope 1 and 2), which it aims to achieve by transitioning its electricity consumption to 100% green energy by 2023, as well as investing in its own operations.

In addition, following EOS's request for targets to cover Scope 3 emissions at the 2021 shareholder meeting, the company announced that by 2030, greenhouse gas emissions of products in the gas and power segment (Scope 3)

are to be cut by just under a third (27.5%) over a lifetime, compared with 2019 through increased efficiency of products and other measures.

To make a significant contribution in the decarbonisation of power grids, it will successively switch to products free from the potent greenhouse gas, SF6. In 2020, the company also committed to not engage in new business with coal-fired power plants. In 2021, the SBTi confirmed that Siemens Energy AG's CO<sub>2</sub> reductions contribute to limiting global warming to 1.5°C in line with the Paris Agreement. ●

# Renewable energy funding and financing

## Taking a whole-of-energy-system view

**S**upporting the energy sector to transition to clean energy is integral to the UK achieving its net zero ambitions and will support other sectors in the economy in their transition too.

### Increasing renewables

Financing the renewable energy sector involves taking a whole-of-energy-system view. As energy systems in the UK and abroad become increasingly geared towards renewables whose outputs are less predictable than traditional energy sources, there needs to be sufficient investment across the sector to enable consistent and reliable power delivery.

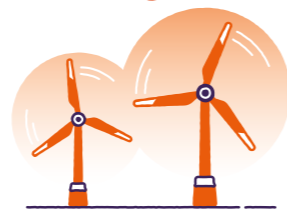
This includes new 'flexible' technologies such as long-duration storage and microgrids that can adapt to intermittent renewable energy flows, as well as technologies to support the energy efficiency of end users in areas such as clean transport and housing.

### Supporting growth

Delivering the finance required to support the growth of low-carbon energy must therefore involve all aspects of energy infrastructure, from generation and transmission, to distribution, storage and usage.\* ●

\* Security may be required. Product fees may apply. Finance subject to status.

## How we're supporting our clients across the renewable energy system



### Utilities: Energy producers

#### Hornsea 2 – Offshore wind project (UK)

Participating in a syndicated loan deal to finance the construction of the Hornsea 2 project, which at the time was the largest offshore windfarm under construction in the world.

#### Lightsource bp – Financing solar assets (UK)

Involved in providing the finance for the construction, acquisition and operation of a portfolio of both ground and roof-mounted solar photovoltaic assets.



### Energy storage

#### Harmony Energy Income Trust plc – Building grid-scale batteries (UK)

Providing finance to support with a £60 million Capital Investment Facility over a five-year tenor to finance the construction of battery storage assets.

**Our oil and gas policy:** On 9 February 2023, NatWest Group announced it will 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.



### Grid Operations: Transmission and distribution

#### Elia Transmission Belgium (ETB) – Integrating renewable energy (Belgium)

Supporting the debut transaction of ETB's inaugural green bond in the role of active bookrunner. The 10-year €500 million bond will finance interconnectors and integrating renewable energy generation in ETB's grids.

#### TenneT – Renewable energy connections (Netherlands and Germany)

Advising and guiding TenneT through the necessary modifications needed to align its Green Financing Framework with the EU Taxonomy and the proposed EU Green Bond Standard (EU GBS).

#### E.ON – Expanding and upgrading energy networks (Germany)

Helping E.ON to execute a dual tranche green issuance used to finance and refinance projects in electricity networks, as well as in renewable energy, energy efficiency and clean transportation.

### Business and consumers, energy users and producers

#### Consumers

##### Raylo – Supporting circular tech consumption (UK)



NatWest Group provided a two-part facility (including Revolving Credit Facility and a further incremental debt flexibility) to Raylo, who offer affordable and sustainable ways to access technology products.

#### Transportation

##### Hanse Group – Investing in sustainable mobility (Belgium)



NatWest Group was mandated to support with the refinancing of Hanse's debt facilities which will help the company finance its transition to a net zero fleet.

#### Industrial

##### SUEZ – Improving environmental services sustainability (France)



Supporting the issue of SUEZ's inaugural green bond as active bookrunner alongside other banks.

#### Buildings

##### Landsec – Supporting construction of green buildings



Supporting Landsec's first green bond issuance in the role of active bookrunner.

# Investing in renewables

## How lending from NatWest Group is helping renewable energy company Low Carbon contribute to the UK and European energy transition

**L**ow Carbon is a purpose-driven company that creates large-scale renewable energy in the global fight against climate change. With the goal of creating 20GW of new renewable energy capacity and achieving net zero emissions by 2030, Low Carbon develops, invests in, and operates large-scale renewable energy projects worldwide.

In 2022, NatWest Group was a cornerstone lender of the £230 million lending facility that Low Carbon is using to fund the construction of 500MW of new solar photovoltaic (PV) capacity across 17 assets in the UK and the Netherlands.<sup>1</sup> NatWest Group also deployed additional balance sheet

support to help Low Carbon in securing the liquidity needed by the financial close date for the project and performing a critical role in facilitating the deal.

The deal has since been increased by £310 million with NatWest Group remaining a lead tier-1 lender and hedging bank, to a total of £540 million – making it one of the largest European private construction debt facilities of its kind.<sup>2</sup> The increased facility will enable Low Carbon to grow its renewable core capacity with the construction of an additional 448MW of solar PV capacity in the UK and the Netherlands, taking the total under this facility to around 1GW.

The funding is a milestone transaction for both NatWest Group and the market, providing a sizeable contribution to the UK and the European energy transition. It is a clear demonstration of NatWest Group's purpose, supporting our customers transition to net zero, and forms part of our target to provide £100 billion of climate and sustainable funding and financing between 1 July 2021 and the end of 2025.

Commenting on the transaction and the collaboration with NatWest Group, Founder and Chief Executive of Low Carbon Roy Bedlow said: 'We were delighted to work with NatWest as one of our main banking partners in this finance facility that

will play a crucial role supporting the net zero aims of the UK and the Netherlands. The bank's expertise and capability will also act as a critical enabler to assist us in achieving our strategic goal of creating 20GW of new renewable energy capacity by 2030.' ●

### Footnotes

<sup>1</sup> Security may be required. Product fees may apply. Finance subject to status.

**Image:**  
PV facility,  
Low Carbon



**Dr Sarah Ivory**  
Senior Lecturer in  
Climate Change and  
Business Strategy,  
University of  
Edinburgh



**Clare Martin**  
Purpose, Climate  
and Diversity,  
Equity and  
Inclusion Lead,  
NatWest Group

**Spotlight:**

# Collaborating on climate education

**We talk to the University of Edinburgh about the power and potential of collaborating on climate education and awareness**

**Sarah: What motivated NatWest Group to work with an external partner on climate education?**

**Clare:** We realised early on that climate education is a key part of fulfilling our ambition of becoming a leading bank in the UK helping to address the climate challenge. By enabling colleagues to be equipped with the tools and confidence to engage in climate conversations, we knew we could better help our customers and suppliers transition to a net zero economy.

We also recognised our own internal learning gaps and the value that comes from partnering

externally on climate knowledge. So, after exploring and piloting a number of potential collaborations, in 2022 we announced a three-year strategic partnership with The University of Edinburgh’s Centre for Business, Climate Change and Sustainability to deliver our bespoke climate education programme.

**Sarah: What impact has the programme had since its launch?**

**Clare:** I’m delighted that the impacts have been so immediate and meaningful. In January 2023, the launch of the ‘Climate Change Fundamentals’ learning programme

to over 64,000 colleagues helped to drive climate awareness and further engagement and advocacy bank wide. And through the ‘Climate Change Transformation’ programme, sector programmes and recently launched climate pathways, we’ve also been able to equip colleagues in priority roles to manage climate-related risks and support customers to transition.

In one 2022 example, following completion of their sector training and ahead of a refinancing deal, a relationship manager supported a customer to develop a strategy for their property portfolio, giving them further awareness of climate- →

← related risks and the regulatory roadmap. The main impact from the programme, though, has been increased confidence and awareness. 98% of colleagues surveyed about the programme felt they'd learned how their role and profession can aid in combating climate change, and 82% felt better equipped to respond to and make decisions connected with climate change impacts.

**Clare: What's the importance of monitoring outcomes?**

**Sarah:** Any programme of this complexity needs to be carefully designed in the first instance, but then also closely monitored on an ongoing basis so that it continues to adapt to what's most effective. This is why one-off, off-the-shelf training programmes have their limitations.

One of the ways our Centre is helping to monitor outcomes is by proactively capturing participant feedback throughout the programmes. The bespoke quality of our programmes is deeply dependent on our ability to listen, empathise, and innovate. So, the education programme responds entirely to our clients' needs, grounded in our world-leading subject-matter expertise. We do this across different levels within NatWest Group. Because the programme has been

rolled out across the bank, as well as working specifically with front-line staff and specialist roles, we tailor the measurements according to the context and needs of participants.

**Clare: What has the university learned from the collaboration?**

**Sarah:** We started working together right at the start of the pandemic, which proved to be a great opportunity to design and deliver education programmes online, at scale. We were able to embrace

and leverage different learning platforms, designs, and styles of delivery. And we've learned some key things through this process and collaboration.

NatWest Group has trusted our experience and expertise, especially in advice around education design decisions to achieve the most impact. Because of this, they've given us access to their staff, processes, and strategies. Additionally, participants are placing their trust in us as we communicate some hefty science,

but also ask them to examine and reassess their mindsets in relation to climate, to banking, and even to the purpose of business. That trust, and the communication that underpins it, allows us to tailor the content to the specific needs of the participants and NatWest Group, to be open and honest about what works and what doesn't, and to work together to find solutions to problems as they arise.

The other key lesson from this collaboration with NatWest Group, is the importance of confidence.

The field of climate and sustainability is complex and at times intimidating. But there are ways of making it both engaging and exciting, particularly when we remove a barrier to change, or find a new area or opportunity to explore.


**Sarah: What next for NatWest Group's climate education programme?**

**Clare:** We're still very much at the beginning of the bank's journey on climate education. There's still much more to do to ensure that climate

knowledge is truly embedded across our business. Most immediately, though, we'll continue to equip colleagues in priority roles with the in-depth climate knowledge, skills and confidence to act on climate.

Specifically, the 'Climate Pathways' programme, launched in July 2023, is evolving our learning offering to become more action-orientated, enabling more of our colleagues to guide customers and suppliers towards tangible decisions on climate. We also want to ensure that training is consistent for those operating in high-risk areas and that there are no material gaps in our climate risk training. Each pathway is 60 to 90 minutes long and consists of six modules including micro-lectures from University of Edinburgh lecturers, case studies (from NatWest Group subject matter experts, customers and external speakers) and further reading resources to support colleagues to put knowledge into practice.

Working closely together has been vital. A huge part of the programme's success is because of the relationships that have developed between our two teams. Ultimately, we want to continue to inspire climate action and innovation through learning, and the collaboration with the University of Edinburgh is a vital way of making this happen. ●



**“A huge part of the programme's success is because of the relationships between our teams”**

**“NatWest Group trusted our experience and expertise”**

# A clean transport revolution

How the NatWest Clean Transport Accelerator is supporting businesses developing the next generation of transport

**T**ransport is one of the biggest greenhouse gas emitters in the UK. According to UK government research, in 2021 transport was responsible for 26% of greenhouse gas emissions in the UK, almost all through carbon dioxide emissions.<sup>1</sup> Cutting emissions in the sector is vital to meeting UK targets for tackling climate change and could also bring benefits for health and wellbeing, as well as opportunities for economic growth.<sup>2</sup>

But how are we going to get there? Despite a blip during the COVID-19 pandemic, the number of vehicles on our roads continues to rise,<sup>3</sup> while new fuel technologies that could make air travel more sustainable are still in the early stages of development.<sup>4</sup>

‘Transport needs to clean up and become a very different thing to what it is today,’ says Richard Hill, Head of Automotive and Manufacturing at NatWest. ‘The sector is going through a revolution. It’s going to form a key part of the transition support journey and the UK has a big opportunity to be a leader in clean transport.’

## Supporting mobility businesses

Richard is part of the team leading NatWest’s Clean Transport Accelerator, a collaboration with Warwick Manufacturing Group (WMG), an internationally renowned

department at the University of Warwick focused on innovation in science, technology and engineering.

Launched in 2022, the Clean Transport Accelerator supports businesses in the mobility industry to develop products and services that will play a part in achieving the UK’s net zero ambitions. It’s aimed at businesses creating the next generation of transport and offers support to fast-track their innovations, as well as access to experts in clean transport and equipment.

## A growing network

The NatWest Clean Transport Accelerator is the latest addition to the growing network of NatWest Accelerators in the UK, supporting thousands of entrepreneurs each year. Spread across 13 locations and a digital hub, the NatWest Accelerators work with business owners to help them build knowledge and skills in a range of areas, including how to enter new markets, develop a scalable infrastructure and attract growth funding.

‘We’re focused on delivering applied learning through the programme – things owners can take back and use in their business,’ explains Pam Sheemar, Regional Enterprise Director at NatWest Group. ‘The Clean Transport Accelerator is best placed to help young businesses



grow. We’re working with businesses that already have traction, where they might have already raised funding or have a team of people working with them. We’re there to help the business develop – and we aim to build great people and great leaders.’

Businesses that have joined the Clean Transport Accelerator so far represent a wide range of transport activities and related industries, including aircraft batteries, fuel efficient engines, e-scooters, cargo bikes and electric in-line skates.

Adam Walters, an Enterprise Acceleration Manager based at the Clean Transport Accelerator works directly with the participants as part of the programme. ‘We’re getting people from a range of backgrounds – from a company that makes kids’ bikes, to a student startup focused on drone technology, as well as businesses developing new technologies that support mass transport, like trains and aircraft,’ Adam says. ‘They’re all important to supporting the transition to net zero.’ →



← As part of the programme, businesses get one-to-one coaching, access to mentors and co-working spaces and can join thought leadership and specialist events, like NatWest workshops and group acceleration sessions with other members of their cohort.

Creating a community is a big part of the programme. 'We're bringing people together to build a network of entrepreneurs,' says Pam. 'Participants get support from their peers and can share ideas and experiences. These are people who have been there, done it and can understand the highs and the lows of starting and scaling a business.'

### Speeding up change

Businesses can also use the technical and industry expertise of the WMG, including help with building prototypes, creating manufacturing processes, adopting new technologies and sourcing materials.

The Clean Transport Accelerator reflects the strength of the relationship between NatWest Group and the WMG and showcases how working with partners to support businesses could speed up change across sectors.

'The drive to net zero has opened up new and exciting opportunities for innovation in the transport sector,' explains Professor David Greenwood, Director of Industrial Engagement and CEO of the High Value Manufacturing Centre at WMG. 'Together with NatWest, we'd like to ensure that the UK delivers economic benefits as well as environmental benefits as we meet this critical objective.'

Richard agrees. 'We have an opportunity to establish a home-grown clean transport industry,' he says. 'The risk of not taking this opportunity could mean that the UK misses out.'

## Meet the entrepreneurs from the Clean Transport Accelerator programme

### Flux Aviation

#### What

Flux Aviation is developing ultra-high performance electric motors and batteries to power next-generation electric aircraft. The company is helping aircraft manufacturers electrify their passenger and cargo aircraft and build an industry that is cleaner, quieter and more affordable.

#### Why

The company's integrated battery-electric powertrains are compatible with many existing aircraft types and combine electric motors, control electronics and batteries in a single package to make retrofitting aircraft as easy as possible.

#### Key takeaway

'Joining the Clean Transport Accelerator has allowed me to develop Flux Aviation faster by understanding important next steps and having an increased focus on executing them. This was emphasised by having regular 1-1 check-ins with my mentor and also having a community of fellow entrepreneurs to learn from.'  
Radovan Gallo, Founder and CEO, Flux Aviation



### Belvoir Rail

#### What

Belvoir Rail is fast becoming a leading supplier to the UK rail industry, specialising in parts and manufactured products, as well as overhauls, kitting and assembly, design services and engineering solutions for rolling stock. The company strives to deliver cutting-edge solutions that enhance reliability, efficiency and sustainability.

#### Why

The company supports cleaner transport by providing services including obsolescence management and re-engineering. This helps increase the lifespan and operability of rail fleets by replacing obsolete parts and components to improve functionality and performance. Belvoir Rail also provides a kitting service to reduce waste and improve efficiency by sourcing parts and components on behalf of customers.

#### Key takeaway

'The Clean Transport Accelerator Programme has propelled Belvoir Rail towards a future of sustainable success. The programme has provided us with invaluable resources, events, coaching and expert support, enabling us to develop a new business strategy with sustainability at its core. As a business, we have been able to scale up and we are not just embracing sustainability; we are also embracing the opportunities it brings.'  
James Brown, Managing Director, Belvoir Rail

### Kid Velo Bikes

#### What

Kid Velo Bikes design and manufacture balance and pedal bikes for children from 18-months to eight-years old. The business was inspired by the lack of light-weight and affordable bikes on the market that could grow with a child.

#### Why

Kid Velo Bikes is focused on helping children and parents learn to ride a bike and embrace cycling. The company's bikes are specially designed for young children to use and control, helping them to learn how to balance and ride with less effort. The two-in-one design of the bike, which converts from a balance to a pedal bike, also offers consumers a longer-lasting product.

#### Key takeaway

'The Clean Transport Accelerator made it very easy to access experts and opportunities to network. My husband and I started Kid Velo to manufacture unique kids balance bikes that convert to pedal bikes which are affordable for parents and encourage more children to learn to ride. While we already had a decade of experience distributing kids' bikes, turning our ideas into top-quality balance bikes and getting them to market has been a huge challenge. The support from everyone on the Accelerator and Clean Transport Hub at Warwick University has been invaluable.'  
Karen Wood, Director, Kid Velo Bikes



Images:  
Images courtesy of Flux Aviation, Belvoir Rail and Kid Velo Bikes

## Five minutes with...

# the Climate Centre of Excellence

Members of the team from the Climate Centre of Excellence talk about how they're helping lead NatWest Group towards our net zero ambition

**T**he Climate Centre of Excellence is the central team for our climate strategy at NatWest Group. Its mission is to support the integration of tackling climate change into everything we do. Rhona, Alex and Esther from the team tell us more.

### What's the mission of the Climate Centre of Excellence?

**Rhona:** The team was created in 2021 to help identify the strategic actions that would make climate central to decisions taken across the bank. We support colleagues across NatWest Group by providing insight, technical advice and support.

### What are your priorities?

**Alex:** We're focused on evolving the initial iteration of our Climate Transition Plan which was published in February 2023, and through this, identifying further strategic growth opportunities.

**Esther:** Our Climate transition plan is a key strategic piece of work. As a

team, we've adopted 'systems thinking' to help us understand how each sector connects and relies on others. This will then allow us to unearth and explore the opportunities that will ultimately support our customers' transition to net zero. A systems thinking approach considers how carbon flows between sectors in the economy and the factors that determine the size of those carbon flows.

### Can you tell us more about your approach?

**Alex:** Our climate ambition is to be a leading bank in the UK, helping address the climate challenge, so continuing to enhance our strategy and lending policies is key. We're leading the way with initiatives such as our Springboard to Sustainability Report, which outlines how UK SMEs could benefit from decarbonisation and contribute to tackling climate change. Also, our ambition to provide £100 billion climate and sustainable



## “We've elevated our thinking from how we'll support specific sectors to whole systems”

funding and financing between 1 July 2021 and the end of 2025 supports our ambition to at least halve the climate impact of our financing activity by 2030, against a 2019 baseline.

**Rhona:** As part of the initial iteration of our Climate transition plan, we've elevated our thinking from how we'll support specific sectors to whole systems. For example, instead of looking at sectors like land transport, shipping and aviation independently,

we consider them collectively as the 'mobility' system to understand how they interconnect. We're also focusing on the energy system, the food system, the property system and the financial system.

### How have you applied systems thinking so far?

**Esther:** We adopted systems thinking in 2022 for the initial iteration of our Climate transition plan. It helps us identify the key issues we need to →



← consider. It's about recognising that the decarbonisation of some sectors can have a big impact on others. For instance, in the energy system, decarbonising energy supply and demand will affect other systems, like mobility and property.

**Alex:** Systems thinking also helps acknowledge that transition is not linear. As funds are invested in supporting transition across sectors and systems, we could see increased emissions in the short term in some areas, before emissions intensities start to reduce in others, leading to an overall reduction in emissions in the medium to longer term. There are interdependencies between every sector and every system. In the property system for example, there's a dependency on energy efficiency, more sustainable building materials and supply chains, all of which will support the decarbonisation of residential and commercial real estate.

### So, what's next?

**Rhona:** We're inspired and excited about the scale of the opportunity. Another key point is around collaboration and partnerships. This is critical. To enable change and make an impact beyond what NatWest Group are doing, there must be a collective effort from everyone, including timely and appropriate government policy and other external factors such as customer behaviour changes and technology developments.

**Esther:** For our team, this means building relationships across NatWest Group with our colleagues to support our customers. It also means using our influence to build powerful partnerships and collaborations so that ultimately, climate is central to decision-making. Our commitment to climate isn't just the right thing to do, it's also critical to support sustainable growth. ●

## Key priorities for the Climate Centre of Excellence

Working to deliver against our four climate pillars, the Climate Centre of Excellence has identified a number of priority projects to support our journey to net zero.

### 1 Supporting customer transition to net zero

As part of our ambition to provide £100 billion climate and sustainable funding and financing between 1 July 2021 and end of 2025, we aim to provide an additional £10 billion in lending between 1 January 2023 and the end of 2025 for residential properties with an EPC rating of A and B.

### 2 Helping to end the most harmful activities

Ensure our Environmental, Social and Ethical (ESE) Risk Acceptance Criteria for heightened climate risk sectors are consistent with our ambitions and commitment to net zero. For example, we made the case for NatWest Group to join the Powering Past Coal Alliance and committed to join the Alliance at the plenary panel at COP26.

### 3 Powerful partnerships and collaborations

Continue to build partnerships to create opportunities for supporting customer transition. This includes exploring working with the Supply Chain Sustainability School to share and build the knowledge and skills needed to retrofit homes across the UK.

### 4 Getting our own house in order

Continue to embed climate in decision making and regularly monitor progress against our ambitions.

In line with Science Based Target initiative (SBTi) guidance, plan to continue emission reductions in our direct own operations.

Plan to work with our principal landlords to advocate for renewable electricity in all properties and apply lessons from the EV100 plan to global operations using electric transport, where available.

## Important Information

The key findings, estimates and projections in this document are based on various industry and other information and are based on assumptions and estimates and the result of market research, and are not statements of historical fact.

**Caution about the information this document is based on.** This document is prepared based on reviews and analysis of (i) our data derived from management systems that are not necessarily part of the internal controls and procedures over financial reporting that generate our audited financial statements; and (ii) financial, statistical and other information and data published by third parties. This document and any information contained or otherwise accessible through the websites mentioned in this document are historical and only speak as of their respective date. NatWest Group is under no obligation to update these materials, absent a legal duty to do so. Any information contained on any websites linked or referenced to in this document is for information only and is not incorporated by reference in this document. To the extent permitted by law, NatWest Group makes no representation, warranty or assurance of any kind, express or implied, or takes no responsibility or liability as to the fairness, accuracy, reliability, reasonableness, correctness or completeness of third parties' data included in this document, or in respect of third-party information found at any websites operated by third parties, or any of the opinions or conclusions expressed in these sections.

**Caution about and climate-related data and climate-related communication.** There are significant challenges in relation to climate-related data due to quality and other limitations, in particular lack of accurate, complete, consistent, comparable and verifiable data. These and other factors, contribute to the significant uncertainties inherent in accurately modelling, estimating and disclosing the impact of climate-related risks and opportunities. In addition, the maturity of underlying data, systems and controls that support climate-related reporting is generally considerably less sophisticated than the systems and internal controls for financial reporting and it also includes manual processes. In addition to the data challenges, climate-related reporting in our industry is not yet subject to the same globally recognised or accepted reporting or accounting principles and rules as traditional financial reporting. Accordingly, there is a lack of commonly accepted reporting practices for NatWest Group to follow or align to and climate-related measures between organisations in our industry may be noncomparable.

Preparation of some of the climate-related reporting requires the application of a number of key judgements, assumptions and estimates. These judgements, assumptions and estimates are subject to change, and, when coupled with the longer time frames used, make any assessment of materiality inherently uncertain. In addition, our climate risk capabilities and net zero transition strategy and plan remain under development, and the data underlying these will evolve over time. As a result, we expect that certain information, judgements exercised, estimates, statements and opinions contained in

this document may subsequently prove to be incorrect and are likely to be amended, updated or restated in the future. These judgements and resulting data presented in this document are not a substitute for judgements and analysis made independently by the reader.

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### Cautionary Note About Forward-looking Statements in this document.

This document contains forward-looking statements (within the meaning of the United States Private Securities Litigation Reform Act of 1995) that do not relate to historical or current facts, including but not limited to, intentions, aims, forecasts, plans, projections, ambitions, commitments, estimates, aspirations, and targets are forward-looking statements. These include, but are not limited to, statements about (i) halving the climate impact of NatWest Group's financing activity by 2030; (ii) achieving alignment with the 2015 Paris Agreement; (iii) reaching net zero by 2050 across NatWest Group's operational value chain, financed emissions and assets under management; and (iv) providing £100 billion of climate and sustainable funding and financing by the end 2025. Words or phrases such 'aim', 'estimate', 'believe', 'commits', 'continue', 'could', 'expect', 'forecast', 'goal', 'guidance', 'intend', 'intention', 'may', 'objective', 'plan', 'potential', 'predict', 'projection', 'seek', 'should', 'target', 'will', 'will provide', 'would' and similar expressions or variations on these expressions that convey the prospective nature of events or outcomes generally indicate forward-looking statements. These statements concern or may affect future matters. By their nature, forward-looking statements involve significant inherent risks.

There are many significant uncertainties, assumptions, judgements, opinions, estimates, forecasts and statements made of future expectations underlying these forward-looking statements which could cause actual results, performance, outcomes or events to differ materially from those expressed or implied in these forward-looking such statements.

The most important of these uncertainties and factors that could cause actual results and outcomes to differ materially from those expressed or implied in forward-looking statements are summarised in the 'Risk Factors' included on pages 404 to 425 of the NatWest Group 2022 Annual Report and Accounts

(with special regard to the risk factors in relation to 'Climate and sustainability related risks' that describes several particular uncertainties, climate and sustainability related risks to which NatWest Group is exposed and which may be amended from time to time).

Other uncertainties and factors include, without limitation: the extent and pace of climate change, including the timing and manifestation of physical and transition risks, the macroeconomic environment; uncertainty around future climate-related policy, including the timely implementation and integration of adequate government policies; the effectiveness of actions of governments, legislators, regulators, businesses, investors, customers and other stakeholders to mitigate the impact of climate and sustainability-related risks; changes in customer behaviour and demand, changes in the available technology for mitigation; the roll-out of low carbon infrastructure; the availability of accurate, verifiable, reliable, consistent and comparable climate-related data; lack of transparency and comparability of climate-related forward-looking methodologies; variation in approaches and outcomes – variations in methodologies may lead to under or overestimates, and consequently present exaggerated indication of climate-related risk; reliance on assumptions and future uncertainty (calculations of forward-looking metrics are complex and require many methodological choices and assumptions); and see also, Section 5.7 ('Cautions about climate-related metrics, data and methodology challenges') of our 2022 Climate-related Disclosures Report. Accordingly, undue reliance should not be placed on these statements.

Furthermore, changing national and international standards, industry and scientific practices, regulatory requirements and market expectations regarding climate change, which remain under continuous development, are subject to different interpretations. There can be no assurance that these standards, practices, requirements and expectations will not be interpreted differently than what was NatWest Group's understanding when defining its climate-related ambitions and targets or change in a manner that substantially increases the cost or effort for NatWest Group to achieve such ambitions and targets.

**No duty to update.** The forward-looking statements contained in this document speak only as of the date we make them. Except to the extent legally required, we expressly disclaim any obligation or undertaking to update or revise any forward-looking statements in this document, whether to reflect any change in our expectations regarding those forward-looking statements, any change in events, conditions or circumstances on which any such statement is based, or otherwise.

