



Directors' Remuneration Policy

Approved by shareholders at the Annual General Meeting held on 28 April 2022

The Directors' Remuneration Policy (the Policy)

The new Policy set out below will be effective from the date of the 2022 AGM. It will apply for a period of three years, until the 2025 AGM, unless a revised Policy is approved by shareholders before then.

Fixed pay for executive directors

Purpose and link to strategy	Operation	Maximum potential value									
<p>Base salary</p> <p>Providing fair levels of base salary and other elements of pay supports the recruitment and retention of high-calibre executives to develop and deliver strategic priorities.</p> <p>Base salary set at a competitive level which means there is less reliance on variable pay. This helps to discourage excessive risk-taking.</p>	<p>Base salary is paid monthly in cash and reviewed annually. Rates are determined based on the individual's role, skills and experience and are benchmarked against market practice.</p> <p>We use a peer group, which includes comparable roles in other financial services groups of a similar size, to determine the appropriate level of base salary. We amend this peer group from time to time to ensure it remains relevant.</p> <p>Salaries will be increased by 2% from 1 April 2022.</p> <table border="1"> <thead> <tr> <th></th> <th>1 January 2022</th> <th>1 April 2022</th> </tr> </thead> <tbody> <tr> <td>CEO</td> <td>£1,100,000</td> <td>£1,122,000</td> </tr> <tr> <td>CFO</td> <td>£750,000</td> <td>£765,000</td> </tr> </tbody> </table>		1 January 2022	1 April 2022	CEO	£1,100,000	£1,122,000	CFO	£750,000	£765,000	<p>Any future salary increases will take in-role performance into account and will be considered against peer companies. Any increase will not normally be greater than the average salary increase for NatWest Group employees over the period of the Policy.</p> <p>Other than in exceptional circumstances, an executive director's salary will not increase by more than 15% over the course of this Policy. See the recruitment policy section for new directors.</p>
	1 January 2022	1 April 2022									
CEO	£1,100,000	£1,122,000									
CFO	£750,000	£765,000									
<p>Fixed share allowance</p> <p>Additional fixed pay that reflects the skills and experience required and the complexities and responsibilities of the role.</p> <p>It further supports the delivery of a balanced remuneration policy offering a suitable mix of fixed and variable pay.</p>	<p>This is a fixed allowance paid entirely in shares. Individuals receive shares that vest immediately subject to any deductions required for tax purposes. A retention period will also apply. Shares will be released annually on a pro-rata basis over five years from the date of award⁽¹⁾.</p> <p>As shares are held beneficially, the directors will be entitled to any dividends paid on those shares.</p> <p>The fixed share allowance will broadly be paid in arrears, in four instalments per year or at any other frequency that the Committee deems appropriate. The fixed share allowance is not pensionable and no performance conditions apply.</p>	<p>An award of shares with an annual value of up to 100% of base salary at the time of award, or such higher amount as represents this value rounded up to the nearest whole share.</p>									

(1) If regulatory requirements emerge that prohibit allowances from being delivered in shares, or deem that such allowances will not qualify as fixed remuneration, then NatWest Group reserves the right to provide the value of the allowance in cash in order to ensure compliance with such requirements.

Purpose and link to strategy	Operation	Maximum potential value
<p>Benefits</p> <p>Providing a range of flexible and market competitive benefits that colleagues value and that help them carry out their duties effectively.</p>	<p>Executive directors can select from a range of standard benefits including a company car, private medical cover, life assurance and critical illness insurance.</p> <p>Executive directors are also entitled to travel assistance connected with company business including the use of a car and driver. NatWest Group will meet the cost of any tax due on the benefit. On rare occasions when executive directors are accompanied by their spouse or partner to business events, NatWest Group may also meet the costs and any associated tax liability. Executive directors are also entitled to holiday and sick pay.</p> <p>NatWest Group may offer further benefits including, but not limited to, relocation assistance in line with market practice. We may also put in place certain security arrangements for executive directors when that is deemed appropriate and meet the cost of any tax due on these benefits.</p>	<p>A set level of funding for standard benefits (currently £26,250 and subject to periodic review).</p> <p>We disclose the total value of benefits provided each year in the Annual Report on remuneration.</p> <p>The maximum potential value of benefits will depend on the type of benefit and cost of providing it, which will vary according to market rates.</p> <p>Any non-standard benefits are subject to approval from the Board.</p>
<p>Pension</p> <p>Encouraging planning for retirement and long-term savings.</p>	<p>This involves the provision of a monthly pension allowance paid in cash and based on a percentage of salary. Recipients have the opportunity to use the cash to participate in a defined contribution pension scheme.</p> <ul style="list-style-type: none"> - CEO – 10% of base salary - CFO – 10% of base salary 	<p>In compliance with the UK Corporate Governance Code (the Code), the pension allowance rates for executive directors are aligned with the rate for the wider workforce (currently 10% of base salary)⁽¹⁾. This rate may be increased or reduced to remain aligned with the wider NatWest Group.</p>

(1) 10% of base salary is in line with the rate applicable to the vast majority of the workforce. Over 99.64% of employees in the UK receive this rate.

Variable pay for executive directors

Purpose and link to strategy	Operation	Maximum potential value	Performance assessment
<p>Annual bonus</p> <p>To support a culture where individuals are rewarded for the delivery of superior performance, taking into account NatWest Group's strategic objectives and purpose.</p> <p>Performance will be assessed based on a range of financial and non-financial measures that encourage long-term value creation for shareholders.</p> <p>Part of the annual bonus award is paid in shares with a holding period. Awards are also subject to malus and clawback adjustments to support long-term decision-making.</p>	<p>Annual bonus awards will operate as follows:</p> <ul style="list-style-type: none"> – performance will be assessed against a balanced scorecard of measures to determine the amount of any award for a particular year; – awards will be paid 50% in shares and 50% in cash; – awards will be paid in combination with RSP awards to meet or exceed the deferral period for variable pay in order to comply with regulatory requirements; – a post-vesting retention period will apply to the amount delivered in shares in line with regulations (currently 12 months); and – malus provisions apply prior to vesting and clawback applies for seven (and potentially up to ten) years from the date of award. <p>Awards will be subject to any other terms as regulators require from time to time.</p> <p>We may calculate the number of shares awarded using a share price that is discounted to reflect the absence of the right to receive dividends or equivalents during the vesting period. If regulations permit the use of dividend equivalents in future, awards may be eligible to receive dividend equivalents instead.</p> <p>The discounted share price will be calculated with reference to estimated dividend yields based on market consensus and the length of the vesting period. An independent adviser will then review it. For the avoidance of doubt, there is no intention to reflect special dividends in the calculation.</p> <p>We will grant annual bonus awards on a discretionary basis. They will be delivered through one of NatWest Group's shareholder-approved employee share plans.</p>	<p>The maximum value of annual bonus awards will be set at 100% of base salary for executive directors (or an amount which represents such value rounded up to the nearest whole share).</p> <p>The value of awards can also reflect a discount for long-term deferral, in line with the Prudential Regulation Authority (PRA) Rulebook and European Banking Authority (EBA) guidelines.</p> <p>The level of the award to be paid can vary between 10% for threshold performance and 100% for maximum performance. Target performance will pay out at 50% of maximum opportunity.</p> <p>Threshold and maximum targets will be disclosed at the end of the performance period in the 2022 Directors' Remuneration Report, alongside the actual level of performance achieved.</p>	<p>The Committee will set and assess performance against the scorecard with weightings that apply to each category. The measures and targets we use will reflect NatWest Group's strategic priorities for the year and align with our purpose.</p> <p>Financial measures will account for between 50% and 60% of the annual bonus opportunity.</p> <p>A range of non-financial measures will be included in a strategic category accounting for at least 30% of the overall scorecard. Personal measures may also be used up to a maximum of 10% of the overall scorecard. A risk modifier will also apply, enabling risk performance to be assessed and awards reduced, potentially to zero.</p> <p>The Committee has discretion to vary the performance measures and weightings in appropriate circumstances. However, financial measures will always account for at least 50%.</p> <p>The Committee also has discretion to determine the appropriate bonus outcome when the assessment of performance against the formulaic measures and targets would drive an unrepresentative outcome or when it is necessary to consider strategic, economic, or societal impacts that were not or could not have been accounted for at the point of agreeing the bonus scorecard.</p> <p>We will set out further details on the performance measures and weightings and a detailed assessment of performance against targets in the relevant year's Annual Report on remuneration.</p> <p>You can find the proposed performance measures and weightings for the 2022 financial year on page 166.</p>

Variable pay for executive directors continued

Purpose and link to strategy	Operation	Maximum potential value	Performance assessment
<p>RSP awards</p> <p>To support sustainable performance over a multi-year period.</p> <p>We will deliver awards entirely in shares with payments deferred over many years. This creates simple and effective alignment with the returns that shareholders receive over the long term.</p> <p>Awards are subject to malus and clawback adjustments to discourage excessive risk-taking and other inappropriate behaviours.</p>	<p>RSP awards will operate as follows:</p> <ul style="list-style-type: none"> – an award will be granted in shares provided satisfactory performance has been achieved in the prior year; – performance will be assessed using our established performance management processes that apply to all colleagues across the bank; – after three years, performance against pre-determined underpin criteria will be used to ensure there is no payment for failure; – subject to the underpin assessment, awards will vest in combination with annual bonus awards to meet or exceed the deferral period for variable pay under regulatory requirements (currently between years three to seven after grant); – a post-vesting retention period will apply to the shares in line with regulations (currently 12 months); and – malus provisions can be applied prior to vesting and clawback applies for seven (and potentially up to ten) years from the date of award. <p>Awards will be subject to any other terms regulators require from time to time.</p> <p>We may calculate the number of shares awarded using a share price that is discounted to reflect the absence of the right to receive dividends or equivalents during the vesting period. If regulations permit the use of dividend equivalents in future, awards may be eligible to receive dividend equivalents instead.</p> <p>The discounted share price will be calculated with reference to estimated dividend yields based on market consensus and the length of the vesting period. An independent adviser will then review it. For the avoidance of doubt, there is no intention to reflect special dividends in the calculation.</p> <p>We will grant RSP awards on a discretionary basis. They will be delivered through one of NatWest Group's shareholder-approved employee share plans.</p>	<p>The maximum value of RSP awards will be set at 150% of base salary for executive directors (or an amount which represents such value rounded up to the nearest whole share).</p> <p>The value of awards can also reflect a discount for long-term deferral, in line with the PRA Rulebook and EBA guidelines.</p> <p>Depending on the Committee's assessment of the RSP underpin criteria, the vesting level of the award can vary between 0% and 100% of the original number of shares granted.</p> <p>The expected vesting level of the RSP award is 100% of maximum opportunity.</p>	<p>Executive directors will be granted an RSP award provided performance over the prior year is considered by the Committee to be satisfactory, when assessed using our established performance management processes.</p> <p>Before vesting takes place, the Committee will review the outcomes of the business against underpin criteria determined by the Committee.</p> <p>In the first year of operation, the underpin criteria will consider whether a sustainable level of performance over the period has been achieved with reference to:</p> <ol style="list-style-type: none"> 1. the level of capital held relative to the maximum distributable amount; 2. total distributions paid relative to our distribution policy; and 3. any material deterioration in the risk or regulatory compliance profile or control environment of NatWest Group, or a serious conduct or reputational event. <p>Following the underpin assessment, RSP awards may vest in full, in part or lapse in their entirety. The Committee will also retain the right to consider other factors and apply discretion before deciding on the final vesting outcome. This will aim to mitigate any potential unintended consequences that might arise and ensure that the outcome is fair. You can find more information on the RSP in the implementation of Policy for 2022 on page 167.</p> <p>The Committee is committed to transparency and will explain its reasons for applying discretion or for not doing so. We also reserve the right to change the underpin criteria when granting new RSP awards over the Policy period.</p>

Other elements of the Policy for executive directors

Purpose and link to strategy	Operation	Maximum potential value
<p>Shareholding requirements</p> <p>Executive directors must build and continue to hold a significant shareholding both during and after employment.</p> <p>This helps to further align their interests with returns to shareholders over the long term.</p>	<p>Shares held outright, including those acquired under the fixed share allowance, qualify towards the shareholding requirement. Unvested shares from annual bonus and RSP awards count on a net-of-tax basis towards the shareholding requirement once performance conditions have been assessed. When any applicable retention periods have passed, executive directors can dispose of up to 25% of the net-of-tax shares received until the shareholding requirement is met. Any shares purchased voluntarily will count towards the requirement but are excluded from the restriction on sale.</p> <p>On leaving, executive directors are required to hold shares of a value equal to the lower of their shareholding requirement immediately prior to departure or the actual shareholding on departure, for a period of two years. The requirement includes vested and unvested shares that have been assessed for performance but shares purchased voluntarily are excluded from the post-employment shareholding requirement. A fixed number of shares for the post-employment requirement will be determined at the date of departure.</p> <p>Procedures are in place to help enforce the shareholding requirements, both during and after employment. Executive directors are required to agree to be bound by the terms of the requirements and to use prescribed nominee accounts to hold shares subject to restrictions.</p>	<p>CEO – 500% of salary.</p> <p>CFO – 300% of salary.</p> <p>Requirements may be reviewed in future but are not expected to be reduced.</p>
<p>Employee share plans</p> <p>Providing an opportunity for executive directors to purchase shares in the company voluntarily.</p>	<p>The plans provide an opportunity for executive directors to contribute from salary and acquire shares under one or more of NatWest Group's all-employee share plans in operation from time to time. In the UK, this currently includes:</p> <ul style="list-style-type: none"> – the Sharesave plan where monthly savings over a fixed period may be used to purchase shares at an agreed option price; and – the Buy As You Earn plan where shares can be purchased from pre-tax salary. <p>Executive directors may participate on the same basis as other eligible employees. All-employee share plans are not subject to performance conditions.</p>	<p>The statutory limits that are imposed by HMRC in the UK or the limits under the relevant share plan rules.</p>
<p>Legacy arrangements</p> <p>To ensure NatWest Group can continue to honour payments due to executive directors.</p>	<p>In approving this Policy, authority is given to honour any previous commitments or arrangements entered into with current or former directors. This includes any share awards granted under the 2014 Employee Share Plan. For the avoidance of doubt, all outstanding LTI awards granted under previous policies will continue to vest in line with the terms agreed at the time of grant. LTI awards are subject to performance assessments prior to grant and again before vesting. Awards are deferred over three to seven years and a 12-month retention period applies after each vesting.</p> <p>Authority is also given to honour arrangements agreed with an employee prior to appointment as an executive director that may have different terms or performance conditions.</p>	<p>In line with existing commitments and arrangements.</p>

Remuneration for the Chairman and non-executive directors

Purpose and link to strategy	Operation	Potential value
<p>Fees</p> <p>Competitive fixed remuneration that reflects the skills, experience and time commitment required for the role.</p> <p>Fees are set at an appropriate level to attract individuals with the attributes needed to oversee the Board's strategy.</p>	<p>Fees are paid monthly in cash. The Board retains discretion to pay fees in cash, shares or a combination of the two.</p> <p>The level of remuneration reflects the responsibility and time commitment required, and the level of fees paid to directors of comparable major UK companies. We review fees regularly, and the Board may choose to apply an increase within the limits of the Policy on an annual or less frequent basis.</p> <p>The Chairman receives an all-inclusive fee. Non-executive directors receive a basic Board fee with additional payments when serving as a member or Chairman of a Board Committee or performing an additional role such as the Senior Independent Director. Non-executive directors may also receive fees as directors of subsidiary companies.</p> <p>Additional fees may be paid for new Board Committees provided these are not greater than fees payable for the existing Board Committees as detailed in the Annual remuneration report.</p> <p>No variable pay is provided, enabling the Chairman and non-executive directors to maintain appropriate independence, focus on long-term decision-making and constructively challenge performance of the executive directors.</p>	<p>The rates for the year ahead are set out in the Annual Report on remuneration.</p> <p>Any increases to fees will not normally be greater than the average inflation rate or salary increases for the wider workforce over the period of the new Policy. However, we take into account that any change in responsibilities, role or time commitment may merit a larger increase.</p> <p>Other than in exceptional circumstances, fees will not increase by more than 15% over the course of this Policy.</p>
<p>Benefits</p> <p>Providing a level of benefits in line with market practice.</p>	<p>The Chairman and non-executive directors are also entitled to travel assistance connected with company business, including the use of a car and driver where deemed appropriate. Where this is a taxable benefit for the recipient, NatWest Group will meet the cost of any tax due on the benefit. On rare occasions when directors are accompanied by their spouse or partner to business events, NatWest Group may also meet the costs and any associated tax liability. We may also offer other benefits in line with market practice.</p> <p>In line with evolving working practices and our efforts to discourage unnecessary travel and costs, the Board has moved to a hybrid model where meetings take place both 'in person' and remotely. In light of the change, NatWest Group will consider providing assistance and meeting reasonable costs on a case-by-case basis to support the Chairman and non-executive directors in the effective undertaking of their roles from another location. If additional tax liabilities arise from this practice, NatWest Group will also meet these costs when deemed appropriate. The Chairman is entitled to private medical cover and life insurance cover provided the Board considers the costs to be reasonable.</p> <p>Reasonable expenses incurred in connection with the performance of duties will also be reimbursed.</p>	<p>The value of the private medical and life insurance cover provided to the Chairman as well as other benefits provided under the new Policy will be in line with market rates and disclosed in the Annual remuneration report.</p>

Other policy elements for directors

Provisions	Operation												
<p>Recruitment policy</p>	<p>Our Boardroom Inclusion Policy is in place to ensure that NatWest Group can attract, motivate and retain the best talent and avoid limiting potential caused by bias, prejudice or discrimination. When recruiting new directors, our Policy aims to be competitive and to structure pay in line with the framework applicable to current directors (as stated in the tables above), while recognising that some adjustment to quantum may be necessary to secure the preferred candidate.</p> <p>The pension allowance for new executive directors will be in line with that of the wider UK workforce. We can continue to honour existing commitments in the event of an internal promotion. A buy-out policy exists to replace awards forfeited or payments foregone, which is in line with regulatory requirements. The Committee will minimise buy-outs wherever possible and ensure they are no more generous than, and on substantially similar terms to, the original awards or payments they are replacing. No sign-on awards will be offered on joining.</p> <p>Any awards granted following recruitment may be made under such NatWest Group employee share plans as are in place from time to time or otherwise in accordance with the relevant provisions in the Listing Rules. We will disclose full details in the next remuneration report. The maximum level of variable pay which may be granted to new executive directors will be guided by, but not limited to, arrangements for existing executive directors. In any event this will not exceed the limit of one times the level of fixed pay. The maximum level excludes any buy-out arrangements.</p>												
<p>Notice and termination provisions</p>	<p>Executive directors</p> <p>As set out in our executive directors' service contracts, NatWest Group or the executive director is required to give 12 months' notice to the other party to terminate the employment. The Committee will ensure that any proposals relating to termination payments are fair and reasonable and recognise that failure is not rewarded. There are no pre-determined provisions for compensation on termination, other than when we determine that a redundancy payment is properly due under our redundancy policy in place from time to time. There is discretion for NatWest Group to make a payment in lieu of notice (based on salary only) which is released in monthly instalments. The executive director must take all reasonable steps to find alternative work and any remaining instalments will be reduced as appropriate to offset income from any such work.</p> <p>Chairman and non-executive directors</p> <p>Instead of service contracts, the Chairman and the non-executive directors have letters of appointment that reflect their responsibilities and time commitments. There are no notice periods and we will pay no compensation in the event of termination, other than standard payments for the period served up to the termination date.</p> <p>Under the Board Appointment Policy, non-executive directors are appointed for an initial term of three years, subject to annual re-election by shareholders. At the end of this initial term, a further three-year term may be agreed. Non-executive directors may be invited to serve beyond six years, up to a maximum tenure of nine years. The Chairman is not subject to the Board Appointment Policy but is subject to the Code's requirements relating to the maximum tenure period for chairs. All directors stand for annual election or re-election by shareholders at the NatWest Group's AGM.</p> <p>Effective dates of appointment for directors:</p> <table border="0"> <tbody> <tr> <td>Howard Davies – 14 July 2015</td> <td>Frank Dageard – 16 May 2016</td> <td>Yasmin Jetha – 21 June 2017⁽¹⁾</td> </tr> <tr> <td>Alison Rose – 1 November 2019</td> <td>Patrick Flynn – 1 June 2018</td> <td>Mike Rogers – 26 January 2016</td> </tr> <tr> <td>Katie Murray – 1 January 2019</td> <td>Morten Friis – 10 April 2014</td> <td>Mark Seligman – 1 April 2017</td> </tr> <tr> <td></td> <td>Robert Gillespie – 2 December 2013</td> <td>Lena Wilson – 1 January 2018</td> </tr> </tbody> </table> <p><small>(1) Yasmin Jetha's first appointment to the Board. In preparation for the ring-fencing regime, Ms Jetha stepped down from the Board in 2018 to serve solely as a director of some of our subsidiary companies before re-joining the Board on 1 April 2020.</small></p>	Howard Davies – 14 July 2015	Frank Dageard – 16 May 2016	Yasmin Jetha – 21 June 2017 ⁽¹⁾	Alison Rose – 1 November 2019	Patrick Flynn – 1 June 2018	Mike Rogers – 26 January 2016	Katie Murray – 1 January 2019	Morten Friis – 10 April 2014	Mark Seligman – 1 April 2017		Robert Gillespie – 2 December 2013	Lena Wilson – 1 January 2018
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Provisions	Operation
<p>Treatment of outstanding share plan awards on termination</p>	<p>On termination, we will treat awards in accordance with the relevant plan rules or other terms on which they were granted. Individuals will only qualify for good leaver treatment if they leave due to ill-health, injury, disability, death, retirement (as agreed with NatWest Group), redundancy, the employing company ceasing to be a member of NatWest Group, transfer of the employing business, or any other reason if, and to the extent, the Committee decides in any case. Malus and clawback provisions will continue to apply to all leavers, and could be used to adjust awards if subsequent issues relating to executive directors' performance come to light. In the event of a change of control, outstanding awards will be treated in line with the provisions of the relevant plan rules, as approved by shareholders.</p> <p>Fixed share allowances</p> <p>Shares will continue to be released over the applicable retention period helping to ensure that former executive directors maintain an appropriate interest in shares. In all leaver circumstances, executive directors will continue to be eligible to receive a pro-rated fixed share allowance to reflect the period up to the termination date.</p> <p>LTI awards (under the existing Policy)</p> <p>LTI awards normally lapse on leaving unless the termination is for one of the specified good leaver reasons. LTI awards held by good leavers will normally vest on the original vesting dates, subject to the performance conditions being met and the rules of the relevant plan. No pro-rating applies after grant for LTI awards granted from 2018 onwards.</p> <p>The existing Policy allows good leaver retirement to be granted provided the individual is not leaving to work in a capacity considered to be competing directly and materially with NatWest Group. The new Policy introduces a more typical and less favourable definition of retirement that will not allow good leaver retirement treatment where individuals take up a commensurate role elsewhere or a role with a company providing banking services. The new Policy will also address the concerns from some shareholders by introducing pro-rating for RSP awards in good leaver circumstances.</p> <p>Annual bonus awards (for performance year 2022 and later years)</p> <p>Any deferred bonus awards that are unvested will normally lapse on leaving unless good leaver circumstances apply, in which case the awards will normally continue to vest on the original vesting dates. Provided that individuals leave in good-leaver circumstances, they will be eligible to be considered for an annual bonus award for their final year of employment.</p> <p>RSP awards (for performance year 2022 and later years)</p> <p>RSP awards that are unvested will normally lapse on leaving unless specified good-leaver circumstances apply. For good leavers, awards are pro-rated for time served during the three-year performance period and will normally continue to vest on the original vesting dates. Individuals will not be eligible to be considered for an RSP award for the final year of employment.</p>
<p>Contractual provisions</p>	<p>Contracts include standard clauses covering remuneration arrangements and discretionary incentive plans (as set out in this report). The contracts also reference: reimbursement of reasonable out-of-pocket expenses; annual leave; redundancy terms and sickness absence; the performance review process; directors' and officers' insurance; the disciplinary procedure; and terms for dismissal in the event of personal underperformance or breaches of NatWest Group's policies.</p> <p>The Committee retains the discretion to make payments (including but not limited to professional and outplacement fees) to: facilitate smooth handovers; mitigate against legal claims; and/or procure reasonable assistance with investigations or claims, subject to any payments being made pursuant to a settlement or release agreement.</p>

Summary of proposed changes for executive directors

Under the new Policy, LTI awards will be replaced with annual bonuses and RSP awards. This will provide a more market-aligned and competitive remuneration package for executive directors, while incentivising growth and the delivery of our purpose-led strategy. It will also align more closely to shareholder expectations, with pro-rating applying to RSP awards in good leaver circumstances and annual bonus outcomes being determined with reference to weighted performance measures and robust strategic targets. RSP awards will contribute to nearly 67% of expected pay being delivered in shares, further supporting the delivery of sustainable long-term performance. The fixed share allowance retention period will also be extended from three to five years, further aligning remuneration to the long term. The pay levels under the Policy were decided after considering relevant market positioning for similar roles at comparable financial services companies. They remain relatively modest compared to other major UK bank peers. We selected performance measures for annual bonus and RSP awards to reflect a cross section of our main strategic deliverables. There will be greater transparency on the link between performance and pay outcomes through weighted annual bonus measures with non-financial targets being set to reflect our purpose-led strategy.

Other changes under the new Policy for executive directors

Performance conditions	Leaver terms	Shareholding requirement
<p>While LTI awards under the existing Policy are based on assessing performance in the round, we will base bonus awards under the new Policy on a weighted scorecard of annual measures and targets aligned with our strategic priorities.</p> <p>Financial measures will account for at least 50% of the bonus scorecard supported by strategic and personal measures.</p> <p>RSP awards will be based on a simpler pre-grant test than the existing Policy with an underpin assessment at the end of three years to ensure there are no payments for failure.</p>	<p>As is currently the case, any outstanding awards will be forfeited on leaving unless the individual leaves for a specified good leaver reason. Under the existing Policy no pro-rating applies to LTI awards after grant in agreed good leaver circumstances.</p> <p>RSP awards under the new Policy will be subject to pro-rating in good leaver circumstances.</p> <p>In addition, we will adopt a more typical definition of 'retirement', that is more in line with shareholder expectations and does not allow good leaver status where individuals take up a commensurate role elsewhere or a role with a company providing banking services.</p>	<p>Shareholding requirements will increase from 400% of salary to 500% of salary for the CEO and from 250% of salary to 300% of salary for the CFO.</p> <p>This increase recognises that shareholders expect executive directors to have significant shareholdings where RSP constructs are being introduced.</p> <p>The change moves NatWest Group towards the highest levels of market practice on shareholder requirements and reinforces the long-term alignment of executive remuneration with shareholders.</p>

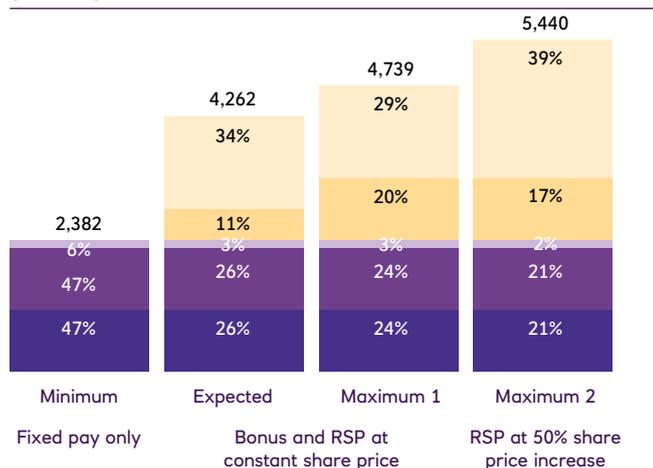
Changes to the policy for the Chairman and non-executive directors

We reviewed the remuneration policy for the Chairman and the non-executive directors during 2021, following which only one change will be made. To recognise working practices have changed, and also to discourage unnecessary travel, the Board has moved to a hybrid model whereby meetings take place both in person and remotely. The change under the Policy will allow the Chairman and non-executive directors to receive assistance when they are attending Board meetings from another location, including meeting any costs that are considered reasonable and appropriate. Arrangements will be considered on a case-by-case basis.

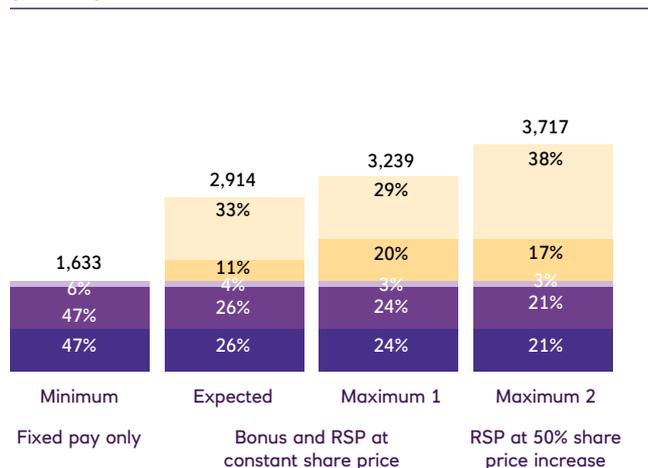
The Committee retains discretion to make minor amendments to the Directors' Remuneration Policy that reflect changing legal or regulatory requirements or guidelines. We will not make any material changes to the advantage of directors without first reverting to shareholders for approval.

Illustration of annual remuneration for executive directors under the new policy

Chief Executive Officer (£000's)



Chief Financial Officer (£000's)



■ Base salary ■ Fixed share allowance ■ Pension & benefits ■ Annual bonus ■ RSP award (vesting value)

- (1) The charts above are for illustration only, with minimum representing fixed remuneration (base salary, fixed share allowance, pension and standard benefit funding).
- (2) The charts reflect remuneration receivable in the first year of the new Policy which, as noted earlier in this report, is being introduced on a phased basis. The maximum annual bonus award will be limited to 85% of base salary in year one rising to 100% of base salary in year two. The maximum RSP award will be limited to 125% of base salary in year one rising to 150% of base salary in year two.
- (3) The expected value assumes annual bonus payments will be made at 50% of maximum opportunity and RSP awards will vest at 100% of maximum.
- (4) Maximum 1 in the charts assumes both annual bonus and RSP awards are paid and vest in full, at 100% of maximum. Maximum 2 extends this to show the impact of a 50% increase in the share price for RSP awards over the period from grant to vest. The benefits figure includes standard benefit funding as outlined in the Policy but excludes any potential other benefits under the Policy such as travel assistance in connection with company business. We will disclose the value of any taxable business expenses in the total remuneration table each year.