



NatWest
Group

NatWest Bank OECD Webinar

*

May 2023



NatWest is committed to helping deliver a more sustainable economy and future

Building on strong credentials in place with our customers and communities we serve, NatWest continues to demonstrate its support of the UK's transition to a low carbon economy, helping to end the most harmful activities. It is an integral element to our organisation's strategy and a key future growth opportunity:



NatWest Group was proud to become the first UK bank, and one of the largest banks globally to date, to have science-based targets validated by the Science Based Targets initiative (SBTi)



We have an ambition to be net zero by 2050 across our financed emissions, AuM and our operational value chain

2030 climate ambitions



We have an ambition to at least halve the climate impact of our financing activity by 2030, against a 2019 baseline, and align with the 2015 Paris Agreement.

We plan to reduce carbon intensity of our in-scope AuM by 50% by 2030, against a 2019 baseline, and to move 70% of in-scope AuM to a net-zero trajectory.⁽¹⁾

We plan to reduce emissions for our operational value chain by 50%, against a 2019 baseline.

Helping to address the climate challenge



Supporting customer transition to net zero

We have a target to provide... **£100 bn** climate and sustainable funding and financing between 1 July 2021 and the end of 2025. As part of this we aim to provide at least **£10 bn** in lending for EPC A and B rated residential properties between 1 January 2023 and the end of 2025.

We have an ambition that **50% of our mortgage portfolio** has an EPC rating of C or above by 2030.



Helping to end the most harmful activities

We plan to **phase-out of coal** for UK and non-UK customers who have UK coal production, coal fired generation and coal related infrastructure by 1 October 2024, with a full global phase-out by 1 January 2030.



Powerful partnerships & collaborations

We plan to **collaborate** cross industry and create products and services to enable customers to track their carbon impact.



Getting our own house in order

Each year, we plan to include targets for executive remuneration that reflect our latest climate ambitions.

We have a target to **reduce our direct own operations emissions by 50%** by 2025, against a 2019 baseline.

We plan to use only **renewable electricity** in our direct own global operations by 2025 (RE100) and improve our energy productivity 40% by 2025 against a 2015 baseline (EP100).

We plan to install **electric vehicle charging** infrastructure in 15% of spaces across our UK portfolio by 2030 and **upgrade our fleet** of around 100 vehicles to electric by 2025 (EV100).

For details of our approach to Nature and Biodiversity refer to the 2022 NatWest Group plc Environmental, Social and Governance (ESG) Disclosures Report

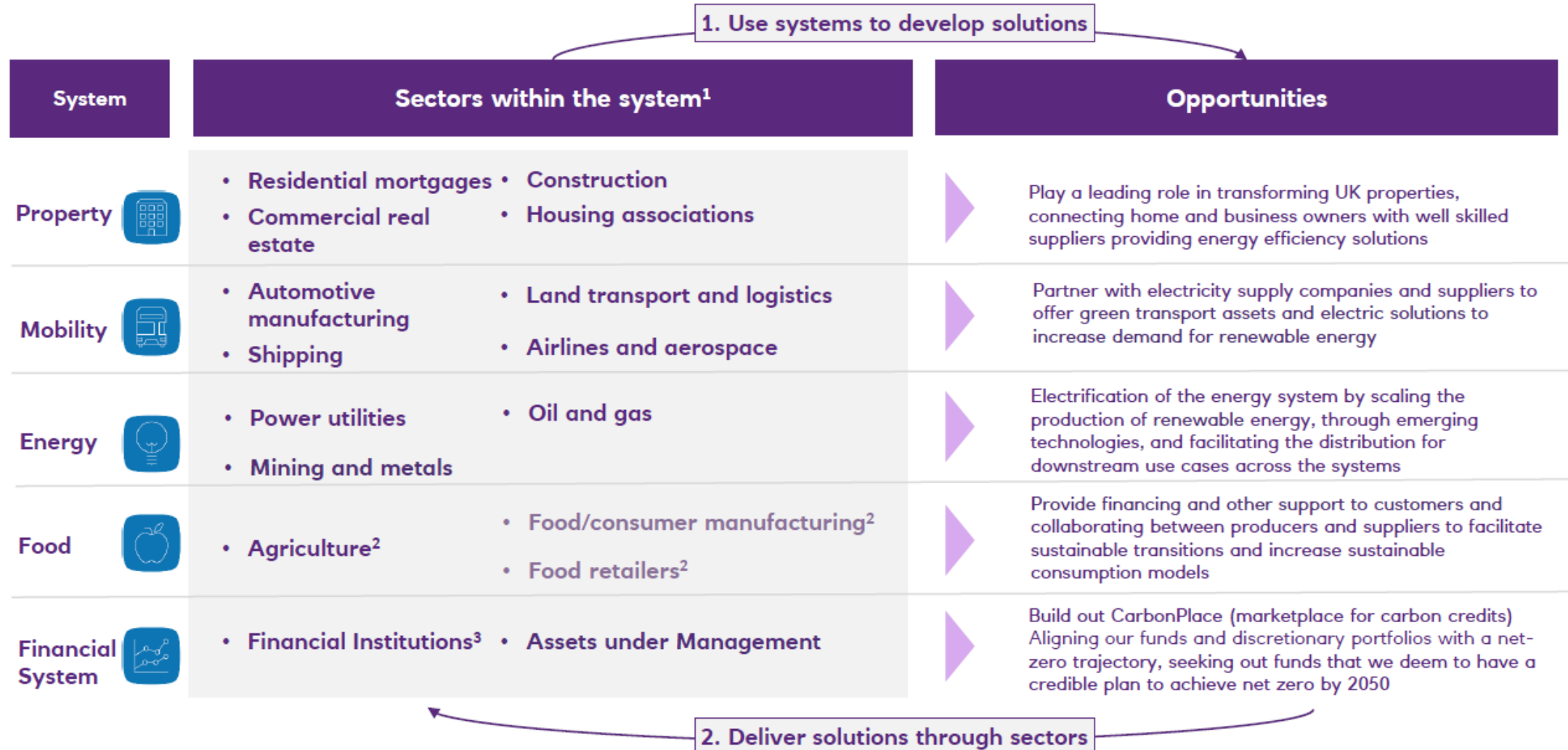
Note: Achievement of our climate ambitions is dependent on timely, appropriate government policy, technology developments, as well as on our customers and society to respond. At the same time, as a purpose-led organisation, we aim to engage and support our customers' transition to a net-zero economy. Refer to section 3 of the [2022 NatWest Group Climate-related Disclosure Report \(CRDR\)](#) for further details. For further detail on our climate ambitions and SBTi targets refer to sections 1.3 and 3.3.

(1) Refer to pages 38 to 39 of the [Net Zero Asset Managers Initiative's Initial Target Disclosure Report](#) (May 2022).

We plan to adopt a ‘systems thinking approach’



Our evolving systems approach will consider how carbon flows between sectors of the economy, opportunities within one sector may be dependant on another sector within a system:





We have made good progress to date



Supporting customer transition to net zero

£32.6bn

Cumulative contribution towards £100 billion climate and sustainable funding and financing target⁽²⁾

2021: £8.1bn (1 July - 31 Dec)

£2.9bn

Retail Banking Green Mortgage completions since launch⁽³⁾

2021: £0.7bn

41.5%

Percentage of EPC C or better rated homes in our UK mortgage portfolio for which EPCs are available (£138.8bn or 68% of our UK mortgage portfolio)

2021: 38.3%



Helping to end the most harmful activities

£0.3bn

Exposure to in-scope coal customers⁽⁴⁾

2021: £0.6bn

0.7%

Exposure⁽⁵⁾ to the oil and gas sector as a percentage of NatWest Group total remained stable compared with the previous year

Reserve based lending

From February 2023 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



Powerful partnerships and collaborations

Engage

We continued to collaborate with policy makers, peers and bodies such as GFANZ and the Transition Plan Taskforce to support a net-zero transition

330,000+

Customers accessed our carbon tracking tool, developed in collaboration with Cogo and available through our Retail Banking mobile app⁽⁶⁾ in 2022

Retrofit pilot

We are partnering with Places for People, British Gas Centrica and Schneider Electric – coordinated by Pineapple Sustainable Partnerships - to show that retrofitting homes at scale can be an achievable and affordable goal



Getting our own house in order

79%

of our lending exposure, as at 31 December 2019, covered by 2030 sector targets validated by the Science Based Targets initiative (SBTi)

46%

Reduction in emissions in our direct own operations⁽⁷⁾, against a 2019 baseline
2021: 44%⁽⁸⁾

10%

of NatWest Group's Executive Directors' annual bonus is based on performance against our climate ambitions⁽⁹⁾

(1) Achievement of the initial iteration of our Climate transition plan, published in the 2022 CDD, is dependent on timely, appropriate government policy, technology developments, as well as on our customers and society to respond. (2) Between 1 July 2021 and the end of 2025. (3) Since launch in Q4 2020. Retail Banking Green Mortgage products only. Green Mortgages are available to all intermediaries for all residential and Buy-to-Let properties with an energy performance rating of A or B and specific new build developer properties. Available for Purchase, Porting and Re-mortgage applications.(4) As defined in the Credible Transition Plan (CTP) assessment. Refer to pages 30 – 31 of the NatWest Group plc 2021 Climate-related Disclosures Report for further details on the assessment of CTPs for oil and gas majors and in-scope coal customers.(5) As at 31 December 2022. Based on gross lending (amortised cost and Fair Value through Other Comprehensive Income (FVOCI), gross of Expected Credit Loss (ECL)) and related off balance sheet exposures. (6) Retail Banking RBS, NatWest and Ulster Bank Northern Ireland mobile apps.(7) Direct own operations is defined as Scope 1, Scope 2 and Scope 3 (paper, water, waste, business travel, commuting and work from home) emissions. It excludes upstream and downstream emissions from our value chain. (8) Historic values are updated from values reported in 2021. This is due to updated bills, data provision and extrapolations. (9) See Directors' Remuneration Report within 2022 Annual Report and Accounts for further details.



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