

## NatWest Group plc - California AB 1305 Statement

This statement (the “Statement”) has been prepared by NatWest Group plc (“NWG”, “our” and/or “we”) and summarises where the disclosure required by California’s Voluntary Carbon Market Disclosures Act (“AB 1305”) can be found throughout our [2023 Annual Report](#) (“Annual Report”) [2023 Climate-related Disclosures Report](#) (“Climate Report”) and other relevant environmental, social & governance related (“ESG”) reports (see our [ESG Disclosures archive](#)).

Below is a summary of the key statements relating to NWG’s net-zero ambition, and greenhouse gas emissions (GHG) reduction made in our Annual Report, Climate Report and other relevant ESG reports. We refer you to those documents where these statements are outlined in full.

- i. An ambition to be net zero by 2050 across our financed emissions, assets under management and our operational value chain.
- ii. 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.
- iii. A plan to reduce the carbon intensity of our Managed Assets by 50% by 2030, against a 2019 baseline, and to move 70% of Managed Assets to a net-zero trajectory.<sup>1</sup>
- iv. A plan to reduce emissions for our operational value chain by 50% by 2030, against a 2019 baseline.<sup>2</sup>

Our Climate Report includes other ambitions and plans that may directly or indirectly contribute to GHG emissions reductions that are summarised on page 4 of the Climate Report and discussed throughout the Climate Report.

We report our estimated absolute emissions and estimated emissions intensity reductions on the following pages in our Climate Report:

- i. Estimated financed emissions and emissions intensities: pages 19-21 and 68 – 72.
- ii. Weighted average carbon intensity (WACI) and portfolio alignment of managed assets: pages 77 and 86.
- iii. Operational value chain emissions: pages 41-44. Pages 41 and 43 also includes information about our use of, and efforts to decrease our reliance on, the carbon credit market by funding our own projects. We neither market nor sell voluntary carbon credits in California nor use of buy voluntary carbon credits sold in California.

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<sup>1</sup> Our net zero by 2050 AUM ambition encompasses total AUM, including Managed Assets, Bespoke and Advisory, refer to page 76 of the Climate Report for details. NWG consider Managed Assets (those assets NWG invest on our customers’ behalf, which represented 84% of AUM as at 31 December 2023) to be in scope for our interim 2030 portfolio alignment target and weighted average carbon intensity (WACI) ambition. For details, refer to pages 38 to 39 of the Net Zero Asset Managers Initiative’s Initial Target Disclosure Report (May 2022).

<sup>2</sup> Our operational value chain captures greenhouse gas emissions Scopes 1, 2 and 3 (Categories 1-14, excluding Categories 8, 10, 14). Scope 3 category 15 (financed emissions) is discussed in section 5.2 and 5.3 of the Climate Report.

NWG's AB 1305 type disclosures should be viewed alongside its overall approach to the disclosure of climate-related financial risks, which includes the following:

- i. NWG has made disclosures consistent with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) as defined in the FCA's Listing Rules, as amended by the Disclosure of Climate-Related Financial Information (No. 2) Instrument 2021) in preparing its Annual Report and Climate Report. The latest assessment of consistency with the TCFD recommendations and recommended disclosures can be found on page 50 of the Annual Report and page 8 of the Climate Report. Pages 8-11 of the Climate Report contains tables providing high-level TCFD-related disclosures and cross-references to other sections of the report that provide further detail on TCFD disclosures.
- ii. NWG has made disclosures consistent with the requirements set out in Chapter 2 of the Financial Conduct Authority's Environmental Social and Governance Sourcebook, as outlined in chapter 6 of the Climate Report, including relevant cross-references.
- iii. NWG has made disclosures addressing its regulatory obligation to report greenhouse gas (GHG) emissions pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 which implement the government's policy on Streamlined Energy and Carbon Reporting (SECR) has been included on pages 58 and 59 of the Annual Report.
- iv. NWG published an ESG frameworks appendix indicating progress against industry-wide sustainability standards including: the Sustainability Accounting Standards Board (SASB) standards, the Global Reporting Initiative (GRI) standards, and the World Economic Forum (WEF) International Business Council (IBC) metrics. As signatories of the UN Principles for Responsible Banking (PRB), our ambition is to further align our strategy with the 2015 Paris Agreement and the UN Sustainable Development Goals (SDGs). Further information can be found on page 68 of the Annual Report. Additional data relating to NWG's progress with reference to industry-wide sustainability standards can be found in our [2023 ESG Frameworks Appendix](#).
- v. Additional data relating to NWG's approach, scope, and controls for certain sustainability metrics included in the 2023 reporting suite can be found in the [2023 Sustainability Basis of Reporting](#), and the [EY Sustainability assurance statement](#).

**NWG - CA AB 1305 DISCLOSURE<sup>3</sup>**

CA AB 1305 Disclosure Requirement	Location in NWG Reporting Suite
<p><b>How does NWG seek to determine how its net-zero emissions reduction ambitions are to be accomplished and its reported emission reductions are accurate?</b></p>	<ul style="list-style-type: none"> <li>- Information regarding NWG’s governance of climate-related matters is contained in the Climate Report on pages 60-65 and Annual Report on page 51.</li> <li>- Information regarding NWG’s climate-related methodologies with respect to measuring GHG emissions is contained in the <a href="#">Sustainability Basis of Reporting</a> on pages 4-13, Annual Report on pages 57-59. Further details can be found in the Climate Report on pages 20-21, 41-44, 67-72 and 86.</li> <li>- Statements on NWG’s 2050 net-zero and 2030 greenhouse gas emissions (GHG) reduction ambitions are included on page 8 of the Climate Report. For information as to how NWG set its baseline (including its baseline year) for its 2050 net-zero and 2030 greenhouse gas emissions (GHG) reduction ambitions, please refer to               <ul style="list-style-type: none"> <li>• page 53 of the <a href="#">2020 Climate-related Disclosures Report</a> and page 73 of the <a href="#">2021 Climate-related Disclosures Report</a> for NWG’s ambition to at least halve the climate impact of our financing activity by 2030;</li> <li>• page 79 and page 88 of the Climate Report for NWG’s plan to reduce the carbon intensity of our Managed Assets by 50% by 2030, and to move 70% of Managed Assets to a net-zero trajectory ambition;</li> <li>• page 66 - 67 of the <a href="#">2021 Climate-related Disclosures Report</a> and pages 51 and 71 - 72 of the <a href="#">2022 Climate-related Disclosures Report</a> for NWG’s plan to reduce emissions for our operational value chain by 50% by 2030;</li> </ul> </li> <li>- NWG’s scope 1, scope 2 (location-based and market based) and scope 3 (category 1-15, were applicable) emissions data is subject to third party assurance, see the Climate Report (page 6) and <a href="#">EY Sustainability assurance statement</a> for further details on the scope and level of assurance provided.</li> </ul>

<sup>3</sup> The information contained in this table is not intended to fulfil NWG’s AB 1305 disclosure obligations by itself; such disclosure is located throughout the Climate Report and other documents as noted in the table. The table instead provides a summary of the location within NWG’s reporting suite where detailed disclosure can be found.

<p><b>How is NWG measuring interim progress toward NWG's net zero goals?<sup>4</sup></b></p>	<ul style="list-style-type: none"> <li>- Information regarding NWG's climate-related methodologies with respect to measuring GHG emissions is contained in the <a href="#">Sustainability Basis of Reporting</a> on pages 4-13, Annual Report on pages 57-59. Further details can be found in the Climate Report on pages 20-21, 41-44, 67-72 and 86.</li> <li>- Further details of methodologies underpinning NWG's targets validated by the Science Based Targets initiative (SBTi) as science-based<sup>5</sup> is available in the <a href="#">Sustainability Basis of Reporting</a> on pages 4-13, Annual Report on pages 57-59 and in the Climate Report on pages 41-44, 67-72. Progress against NWG's SBTi targets is included on pages 20-21, 41- 44, 67 - 72 of the Climate Report.</li> </ul>
<p><b>What independent third-party verification or sector methodologies are used for NWG's greenhouse gas emissions data, science-based targets and emissions reduction pathways?</b></p>	<ul style="list-style-type: none"> <li>- EY were engaged by NWG during 2023 to perform an assurance engagement in accordance with International Standard on Assurance Engagements (UK) 3000 July 12020, in respect of certain NWG sustainability metrics and elements of the UN PRB Template presented in the Strategic Report included in the Annual Report, ESG Disclosures and the Climate Report. <ul style="list-style-type: none"> <li>o NWG's scope 1 and 2 (location-based and market-based) emissions is subject to reasonable assurance.</li> <li>o NWG's scope 3 (categories 1-14) emissions are subject to limited assurance.</li> <li>o NWG's scope 3 (category 15) emissions, physical and economic emissions intensities and PCAF data quality scores are subject to limited assurance for the following sectors, as outlined in the <a href="#">EY Sustainability assurance statement</a>: <ul style="list-style-type: none"> <li>▪ Residential Mortgages</li> <li>▪ Corporate Real Estate</li> <li>▪ Oil and Gas</li> <li>▪ Agriculture – Primary Farming</li> <li>▪ Aviation</li> <li>▪ Electricity Generation</li> <li>▪ Retail</li> <li>▪ Leisure</li> </ul> </li> </ul> </li> <li>- NWG's Operational value chain and sectoral emission intensity reduction targets were validated by the Science Based Targets initiative (SBTi) as science-based in 2022. Further details, including scenario selection, can be found in the Climate Report on pages 20-21, 41, 67 -72 and the <a href="#">Sustainability Basis of Reporting</a> on pages 4-13.</li> </ul>

*This statement was made and published by NatWest Group plc (also on behalf of its subsidiaries including NatWest Market Securities, Inc.) on 20 December 2024*

## Important Notice

This statement is also made on behalf of NWG's subsidiaries (including NatWest Market Securities, Inc.) and is intended to address their compliance obligations under AB 1305. We advise that these disclosures:

- were published on 16 February 2024 and represent our views as of that date with respect to the fiscal year ended 31 December 2023;
- have not been updated to reflect developments since the date of publication, except as certain statements may have been updated in our 2024 quarterly results; and
- are expected to be updated by our 2024 Sustainability Report due to be published on 14 February 2025 as part of our annual reporting suite.

We advise that the documents referred to within this Statement should be read in full including without limitation:

- the estimates, assumptions and judgements upon the statements, including without limitation our climate ambitions and targets, contained in such documents are based;
- the risks and uncertainties relating to those assumptions as described in the risk factors and forward-looking statements disclaimers included or referred to in such documents; and
- the steps to be taken by NWG to achieve any claims made, along with progress made thus far, where applicable.

By posting information on its website, NWG, including its subsidiaries and affiliates, is not conceding that it is subject to, or is making claims that are subject to, AB1305, that any specific item is required to be disclosed under AB 1305 nor waiving any arguments about the interpretation or scope of application of AB 1305.

## Risks relating to achievement of our climate ambitions.

NWG's ability to achieve its climate ambitions and targets entails significant risks and will significantly depend on many factors and uncertainties beyond NWG's control. The most important of these uncertainties and factors are summarised in the Risk factors included on pages 417 to 422 of NWG's [2023 Annual Report and Accounts](#). For more information, also refer to section 7 of the Climate Report (Cautionary statements).

As disclosed on page 5 of the Climate Report in relation to our ambition to be net zero across our financed emissions, assets under management and our operational value chain by 2050, which is aligned with the UK's legal commitment to be net zero by 2050, "*our climate ambitions are unlikely to be achieved without timely and appropriate government policy and technology developments, as well as supplier, customer and societal response.*"

*"We expect to achieve our Scope 1 and 2 own operations ambitions and targets. With regards to our 2030 Scope 3 financed emissions ambitions, while UK government policies are expected to provide incentives for customer transition and technology development, delays to a range of net-zero related UK government policies indicate the pace of implementation is slower than required for the net-zero transition as outlined in the UK Climate Change Committee's (UK CCC) sixth carbon budget, issued in 2020. The UK CCC 'Progress in reducing emissions' 2023 report to Parliament,*

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<sup>4</sup> Per AB 1305, this information may include, but not be limited to, disclosure of independent third-party verification of all of the entity's greenhouse gas emissions, identification of the entity's science-based targets for its emissions reduction pathway, and disclosure of the relevant sector methodology and third-party verification used for the entity's science-based targets and emissions reduction pathway.

<sup>5</sup> SBTi is a voluntary paid service which has independently validated the above NatWest Group's 2030 physical emission intensity targets as science-based targets set in line with the validation criteria and recommendations of the SBTi Financial Sector Science-based Targets Guidance (August 2022) (the "SBTi FI Guidance").

*issued in June 2023 (UK CCC June 2023 Progress report) states that the rate of emissions reduction will need to significantly increase for the UK to meet its 2030 commitments, and continued delays in policy development and implementation mean achievement is increasingly challenging. Accordingly, we consider achievement of the following ambitions increasingly challenging: (i) 50% of our mortgage portfolio of EPC rating of C or above by 2030 and (ii) halving the climate impact of our financing activity by 2030, against a 2019 baseline. We will continue to review our climate ambitions and targets as the external environment develops.”*

#### Climate-related and other forward-looking statements and metrics.

This Statement (and communications within documents referred to within this Statement) contains both historical and forward-looking statements. Words or phrases such as ‘ambition’, ‘achieve’, ‘aim’, ‘estimate’, ‘expect’, ‘goal’, ‘guidance’, ‘intend’, ‘intention’, ‘may’, ‘objective’, ‘will’, ‘would’ or similar expressions that convey the prospective nature of events or outcomes generally indicate other forward-looking statements.

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. Undue reliance should not be placed on the forward-looking statements herein. No assurance can be given by or on behalf of NWG that changing national and international standards, industry practices, regulatory requirements and market expectations will not be interpreted differently to NWG understanding when defining its climate and sustainability-related ambitions and targets (or will not change in a manner that substantially increases the cost or effort to achieve such ambitions and targets).

The forward-looking statements contained in this Statement only speak as of the date they were published. Except to the extent legally required, we expressly disclaim any obligation or undertaking to update or revise any forward-looking statements in this Statement, 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.

Further details can be found on pages 86-91 of the Climate Report (‘Caution about climate metrics and data required for climate reporting’ and ‘Climate-related and other forward-looking statements and metrics’).

#### No duty to update.

The forward-looking statements contained in this Statement (and within documents referred to) only speak as of the date they were published. Except to the extent legally required, we expressly disclaim any obligation or undertaking to update or revise any forward-looking statements in this Statement, 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.

#### No offer of securities or investment.

The information, statements and opinions contained in this Statement do not constitute a public offer under any applicable legislation, an offer to sell or solicitation of any offer to buy any securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments. This Statement, the information and disclosure included herein are not formally part of any offering documents and are not contractually binding.