

Version 1.3 (October 2021)

Climate and Sustainable Funding and Financing Inclusion Criteria





In February 2020, NatWest Group plc together with its subsidiaries ('NatWest Group') announced that it would provide additional £20 billion (including underwriting but excluding M&A advisory activities) for Climate and Sustainable Funding and Financing between 2020-2022 (the 'Climate and Sustainable Funding and Financing Target'), which NatWest Group has completed and surpassed in the first half of 2021.

In October 2021, NatWest Group announced a further £100 billion Climate and Sustainable Funding and Financing by the end of 2025 (from 1 July 2021). This document outlines NatWest Group's eligibility criteria (the 'Criteria') for funding and financing of assets, activities and companies that are to be counted towards the 2025 Climate and Sustainable Funding and Financing Target (from 1st January 2022).

These Criteria focus on supporting a transition towards a net zero, climate and environmentally resilient and sustainable economy. The assets and activities which are eligible to be considered in scope of this Criteria are informed by the UK Government's strategy for transitioning to a net-zero economy, the various industry standards and taxonomies including any one of the International Capital Market Association's ('ICMA') Green Bond Principles (2021), the UK Green Gilt Framework, the ICMA Climate Transition Finance Handbook (2020), the Loan Markets Association ('LMA') Green Loan Principles, and relevant transactions (that include a specific carbon, climate or environmental related metric) under the LMA's Sustainability Linked Loan Principles and ICMA's Sustainability Linked Bond Principles (2020), ICMA's Sustainability Linked Loan Principles (2021), ICMA's Sustainability Bond Guidelines (2021), and the UK Finance White Paper on Sustainable Finance published in November 2020 (the 'UK Finance White Paper').









The Criteria may evolve to ensure consistency with any developments of the existing and/or new external standards, taxonomies and eligibility criteria (such as the UK Green Finance Taxonomy) and it is therefore expected that over time an updated Criteria will be released.

All transactions are also subject to NatWest Group's environmental, social and ethical (ESE) risk policies.¹

Criteria category ^Δ	Criteria description	United Nations Sustainable Development Goals
Built environment	<ul style="list-style-type: none"> New and existing domestic property which scores A or B according to its Energy Performance Certificate ("EPC"), or equivalent Standard Energy Procedure (SAP) score, including but not limited to green purchase and green re-mortgage products. Retrofits for residential, commercial and public buildings: including, but not limited to, onsite renewable energy generation, insulation of walls and roofs and heat loss reduction, LED lighting, replacement of boilers and other heating/cooling systems, implement energy management systems, refurbishment of heating, ventilation and air conditioning systems. Activities that maximise environmental net gains by promoting biodiversity and nature-based solutions in the built environment. Development of new or retrofit of existing buildings to improve overall building stock. These buildings must possess specific recognised environmental certifications* 	<div>  <p>7: Affordable and Clean Energy</p> </div> <div>  <p>9: Industry, innovation and infrastructure</p> </div> <div>  <p>11: Sustainable Cities and Communities</p> </div> <div>  <p>13: Climate Action</p> </div>

¹ Available at <https://www.natwestgroup.com/our-purpose/downloads.html>

	<ul style="list-style-type: none"> New or existing residential, commercial and public buildings that have been retrofitted or have been built to high energy standards. These buildings must possess specific recognised environmental certifications* <p>*1. For new and existing commercial property: that which scores A or B or greater according to its Non-domestic Energy Performance Certificate ("NDEPC") or; that which is rated at least "Very Good" according to BREEAM, or "Gold" according to LEED, or any other comparable certification where available. 2. Renovation of existing buildings which meet the following criteria: Energy savings of at least 30% in comparison to the baseline performance of the building before the renovation, measured in kWh/m² per year.</p>	
Energy Efficiency	<ul style="list-style-type: none"> Development, manufacture and/or installation of energy efficiency technologies, products and systems but not limited to energy efficient appliances, smart meters, lighting, smart grid technologies, distributed generation, peak demand management. Development, manufacture, distribution and/or installation of products or services that increase the energy efficiency of industrial processes. 	 7: Affordable and Clean Energy  9: Industry, innovation and infrastructure  13: Climate Action
Environmental Impacts	<ul style="list-style-type: none"> Environmental consultancy, groups and services, conducted in line with best available industry standards. Environmental monitoring, instrumentation and analysis. Air, soil and water pollution control. Creation, protection, management and restoration of biodiversity, habitat and ecosystems by taking mitigation and compensation measures. Including, but not limited to, soil, peatland, saltmarsh and pasture remediation, agriculture (crop and livestock production), rewilding, forestry (afforestation and reforestation), renewable energy generation, water (supply and waste) and non-fossil fuel transport. Climate change adaptation and mitigation solutions and initiatives; including, but not limited to sustainable coastal zone management and, flood defence and early warning systems, water resource management, extreme weather management, natural resource management and agrobiodiversity, hydroculture, hydroponics, aquaculture. 	 13: Climate Action  15: Life on land
Information Technology	<ul style="list-style-type: none"> Activities that facilitate and develop data-driven sustainable climate and environmental solutions that reduce GHG emissions, improve water management and protection or reverse environmental degradation. Activities that facilitate and develop energy efficient data networks. 	 13: Climate Action
Low Carbon & offsetting technology	<ul style="list-style-type: none"> Low carbon energy sources: including, but not limited to, alternative low carbon fuels (hydrogen), anaerobic digestion, agri and biofuels. Technologies that reduce carbon emission: including, but not limited to carbon capture & storage, transportation, carbon management. Activities that facilitate innovative and sustainable low carbon technologies, systems and processes, including research & development. 	 7: Affordable and Clean Energy  9: Industry, innovation and infrastructure  13: Climate Action
Renewable Energy	<ul style="list-style-type: none"> Generation of energy from renewable sources: including, but not limited to, wind, solar, biogas, biomass, geothermal, hydroelectric, wave & tidal. Manufacture of components of renewable energy technology including equipment for renewable energy generation and energy storage: 	 7: Affordable and Clean Energy

	<p>including, but not limited to, wind turbines, solar panels, photovoltaic energy projects and battery storage.</p> <ul style="list-style-type: none"> Electricity transmission and distribution grids or projects, including, but not limited to cables, storage units and interconnectors and investments to improve the capacity and energy efficiency of such assets. Renewable energy consultancy and sector groups, conducted in line with best available industry standards 	 9: Industry, innovation and infrastructure  13: Climate Action
Sustainable Transport	<ul style="list-style-type: none"> Low carbon transportation: including, but not limited to, hybrid/electric/alternatively fuelled cars, buses, trucks, trains, aviation, shipping, inland freight water transportation etc. Development, operation and upgrade of low carbon transportation infrastructure, including but not limited to electric vehicles charging infrastructure. Transportation methods, systems and providers which contribute to reducing the circulation of vehicles. Transportation infrastructure manufacturers of components above. 	 9: Industry, innovation and infrastructure  11: Sustainable Cities and Communities  13: Climate Action
Water & Waste Management	<ul style="list-style-type: none"> Water collection saving, treatment, recycling, re-use, upgrades, technologies and related infrastructure: including, but not limited to, anaerobic digestion of sewage, sludge and bio-waste. Activities that improve water and soil quality and increase water use efficiency: including but not limited to water treatment facilities and water metering. Non-conventional waste management, disposal and circular economy activities: including, but not limited to, source reduction, in-process recycling, reuse, sorting projects, resource recovery and treatment. 	 6: Clean Water and Sanitation  12: Responsible Consumption and Production  13: Climate Action

Additional funding and financing under the Criteria	Criteria description
<p>Finance or funding for businesses and organisations principally engaged in activities as described in the UK Finance White Paper</p>	<p>The 2025 Climate and Sustainable Funding and Financing Target will also include any general-purpose lending or wider financing to customers who can evidence (to NatWest Group's satisfaction through review of the issuer's or borrower's most recently published external results) that</p> <ul style="list-style-type: none"> 50% or more of their revenues, are in the categories and sectors outlined in the Criteria; or 75% or more of their assets are in the categories and sectors outlined in the Criteria, in the case of Utilities or Real Estate customers; or 75% of Assets under Management (in the case of a fund client) are invested in activities outlined in the Criteria, at the time of reporting; or meet the eligibility criteria of one or more of: <ul style="list-style-type: none"> the ICMA Green Bond Principles (2021), the ICMA Climate Transition Finance Handbook (2020), the LMA Green Loan Principles; or transactions (that include a specific carbon or climate or environmental related metrics) under the LMA's Sustainability Linked Loan Principles, ICMA's Sustainability Linked Bond Principles (2020), ICMA's Sustainability Linked Loan Principles (2021) and ICMA's Sustainability Bond Guidelines (2021).

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These Criteria have been prepared by NatWest Group plc and its subsidiaries ("NatWest Group") and are provided for information purposes only and may be subsequently amended, superseded or replaced, no reliance should be placed on any information contained herein. This Criteria shall not constitute an underwriting commitment, an offer of financing, an offer to sell, or the solicitation of an offer to buy any financial instrument that may reference these Criteria, which shall be subject to NatWest Group's internal approvals. No transaction or service related thereto is contemplated without NatWest Group's subsequent formal agreement.

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