

## 1.2 Chief Financial Officer's review



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### Focusing on our customers

The financial sustainability of our business is inherently linked to our ability to create value for our shareholders and wider stakeholders. Throughout 2023, our strong financial performance and robust balance sheet enabled us to deliver positive outcomes for our customers, shareholders, communities, and colleagues.

As one of the largest UK banks, and its biggest bank for business, we have a major role to play in the economic and social prosperity of the country. The reciprocal relationship between our business and the communities we serve forms the essential social licence under which we operate. We therefore maintained our focus in 2023 on a broad range of initiatives that materially benefit people, families, and businesses across the UK.

Through our ongoing commitments to financial wellbeing and education – with services such as our free Financial Health Checks, tools such as Know Your Credit Score, or schemes such as MoneySense, NatWest Thrive and our Financial Foundations workshops – our aim is to play a vital role in enabling financial awareness and inclusion. Likewise, our backing of grass-roots enterprise – whether that was through our mentoring scheme Digital Boost, our championing of inclusive entrepreneurship, our support for social enterprises, or through our Regional SME Taskforce – is a crucial way for us to contribute socially, knowing that a thriving UK economy is good for people and ultimately our business.

Through our 13 Accelerator hubs we supported over 1,300 entrepreneurs during 2023, offering access to business expertise and a community of like-minded peers. In August 2023, we also launched the Entrepreneur Hub: a single point of entry to our online enterprise support across our NatWest Group brands.

Elsewhere, our ESG ratings advisory service is a key element of NatWest Group's Commercial & Institutional ESG offering, providing analysis, and insights on the maintenance of ESG ratings to our Financial Institutions; Sovereign, Supranational and Agency; and corporate clients. The engagement with our clients aims to provide useful insights on ESG ratings, helping them to improve their ESG reporting and sustainability performance.

### Governance and risk management

In 2023, the Board maintained its close oversight of the business through regular reports from our business segment CEOs. This included spotlights on topical matters, including cost of living challenges and how the bank has been supporting colleagues and customers. The Board also oversaw the preparation for, and implementation of, the Consumer Duty requirements, which came into effect on 31 July 2023.

We developed a new risk acceptance criterion for a range of sectors with heightened risk around human rights and modern slavery. The Board also approved NatWest Group's seventh Modern Slavery and Human Trafficking Statement and our salient human rights issues. Creating a responsible supply chain continues to be an area of Board focus, with our refreshed Supplier Charter designed to provide better support on the principles and expectations of our suppliers.

In the summer of 2023, we faced some challenging circumstances in relation to customer exit decision-making, which led to our former Group CEO stepping down from her position. The Board subsequently commissioned an independent review to identify the facts regarding the events and the handling of our clients' accounts. We are currently implementing the recommendations from the review and making the necessary additional changes to ensure that we deliver better outcomes for all our customers in the future.

### The evolving regulatory landscape

There is growing demand for non-financial disclosures to provide greater transparency on a company's impacts and its dependencies on people and the environment. New and emerging social, commercial and economic trends are shaping our customers' financial lives and there are important opportunities to transform our relevance and value to customers. We continue to take the evolving landscape into consideration, and we are focused on developing our understanding of emerging topics of interest to our stakeholders, from the social impacts of lending, nature and biodiversity to AI and ethical use of data.

We continually monitor developments in reporting standards, including the International Sustainability Standard Board (ISSB) and the Taskforce for Nature-related Financial Disclosures (TNFD), that will influence how we report our approach to materiality assessments, enhance our assessments of financially material topics, and consider the impacts that we have on people and the environment. These developments are welcome, and we look forward to building enhanced capabilities that will provide improved insight on risks and opportunities to support our decision-making.

### Katie Murray

Chief Financial Officer