

Alliance Member Spotlight: NatWest Group

GFANZ recently caught up with NatWest CEO Alison Rose to talk about NatWest's net-zero transition plan and what's next in their work towards net zero.

How did you approach the development of your transition plan and in what ways did you reference the GFANZ framework?

Addressing climate change sits at the heart of our purpose-led strategy, which we launched in 2020. Our ambition is to halve the climate impact of our financing by 2030 and to be net zero by 2050.

Fundamentally, tackling climate change is a team sport, which requires collaboration across the public and private sectors if we are to achieve our collective ambitions. For the bank, it is also a commercial imperative if we are to build long-term value and deliver sustainable growth and returns.

We started the development of our transition plan by disclosing sector pathways in our TCFD report and, in December, we became the first UK bank to have SBTi validated science-based targets. The Say on Climate Resolution that our shareholders supported at last year's AGM helped us to deliver the initial iteration, which we published in February. Led by Finance, we worked across the bank's functions and the franchises to set out the pathways for each sector. We used TCFD, GFANZ and Transition Plan Taskforce (TPT) guidance to ensure that we covered all the key aspects of our initial transition plan, and we recognize that we will have to continue to develop this plan over time.

We also know that our actions – and the actions taken by our customers – will need to constantly develop in order to meet our ambitions (which will, in part, be dependent on government policy).

Climate data is evolving and imperfect; adopting a consistent approach remains a key challenge for us. Close collaboration is needed to underpin credible progress. We aim to use the best available methodologies and make our analysis as robust and transparent as possible, now and in the future.

How has NatWest worked with clients to help them as they align to net-zero pathways?

We recognize that we will only succeed in meeting our own ambitions if we support our customers to reduce their carbon emissions.

In July 2021 we announced our ambition to provide £100bn of climate and sustainability funding and financing by the end of 2025 to help our customers transition to the net-zero economy. As of February 2023, we have already provided £32.6 billion cumulative contribution towards that.

For commercial customers, we offer products and services such as CoGo and Carbon Planner, which help them to understand their emissions and provide support and guidance on how they can reduce their carbon footprint.

We also offer a green small business loan which customers can use to invest in upgrades such as renewable energy, electric vehicles, and greening their buildings. With major oil and gas producing customers, and those involved with coal, we have ensured our customers have a credible transition plan in place in line with the Paris Agreement.

We also provide support, advice and tips to retail customers, such as our carbon footprint tool within our app, and through £2.9bn of green mortgages for the most energy efficient properties.

As co-chair of the Government's Energy Efficiency Taskforce, I am working with experts from across the industry, academia, and government, bringing together experience and expertise from a range of sectors. Our focus on reducing energy use across homes, commercial buildings and industrial processes is important not only for cutting carbon emissions, but also for delivering greater energy security and lower bills for people, families and businesses up and down the UK.

Achievement of our climate ambitions is dependent on timely, appropriate government policy and technology developments, as well as on our customers and society to respond.

How have you been involved in GFANZ's work? How do you plan to be involved this year?

The GFANZ launch at COP26 was a historic moment and built on the commitment of many financial institutions. It is a great privilege to be part of the Principals group, supporting the ambition of GFANZ and bringing an industry perspective to this vital issue.

It has been a pleasure to co-lead workstream 1.3 on real economy transition plans with David Schwimmer of London Stock Exchange Group and Thomas Buberl of Axa. I am committed to the next phase of execution, drawing on our transition plan as a basis for learning about how to maximize the impact of our work.

Are you developing a transition plan? If so, please get in touch with us (secretariat@gfanzero.com).