



**NatWest**

*TOMORROW BEGINS TODAY*

# Allocation Report

**NatWest Markets ESG Short-term Products Framework  
December 2024**





# 1. Summary of the ESG Short-term Products Framework

ESG considerations play an important role in delivering our sustainability and business strategic objectives. We therefore seek to embed them, where appropriate, in our products and services.

In 2019, we developed an ESG Product Framework to be used to acquire securities from issuers with recognised environmental, social and governance (**ESG**) credentials<sup>1</sup>. We subsequently updated the Framework in 2022 (since then titled ESG Short-term Products Framework, the **Framework**<sup>2</sup>) expanding its Asset base and then in 2024 to consider the latest regulatory guidance for sustainable finance instruments and reflect internal governance changes.

Securities are eligible as **ESG Assets under the Framework**, if they belong to one of the following categories:

Category	Description	ESG criteria reference point
<b>A</b>	Securities issued by supnationals, agencies or regional governments rated “Prime” by ISS ESG Corporate Rating	ISS ESG Corporate Rating
<b>B</b>	Green, Social or Sustainability bonds (GSS Bonds) issued by sovereigns rated “Prime” by ISS ESG Country Rating and issued under a sustainability financing framework which aligns with applicable ICMA principles, as confirmed by a publicly available external review <sup>3</sup>	ISS ESG Country Rating ICMA’s Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines, (as amended and updated from time to time)

ESG Assets may be sourced by NatWest Markets for two reasons:

- 1. Treasury (LAB):** to manage liquidity and regulatory requirements undertaken in the Liquid Asset Buffer (LAB) portfolio, through purchasing securities in the primary and secondary markets, or acquiring securities through reverse repo transactions.
- 2. Portfolio Credit Management (xVA):** to manage counterparty and liquidity requirements under our derivative portfolios, through posting of securities purchased in the primary and secondary markets, and acquired through reverse repo transactions

From 1 October 2023 to 30 September 2024 (inclusive, the **Reporting Period**), NatWest Markets has raised funding through deposits from customers and allocated amounts equivalent to the proceeds of such deposits to acquire ESG Assets or allocate to existing ESG Assets in the securities portfolios.

This Allocation Report is produced in accordance with the Framework dated December 2023 available at [www.natwest.com/esgproductframework](http://www.natwest.com/esgproductframework)

<sup>1</sup> Bonds issued by “Prime” rated issuers by ISS ESG. As defined in the ESG Asset section of the Framework

<sup>2</sup> [ESG Short-term Products Framework](#)

<sup>3</sup> For more information, see <https://www.icmagroup.org/sustainable-finance/>

## 2. ESG Products raised under the Framework

During the Reporting Period, NatWest Markets has continued to attract Deposits (as defined in the Framework) from a variety of corporate and institutional clients. The Deposits allow clients to hold short-term products that meet the ESG criteria set above while meeting internal policies which typically have limited capacity to allocate surplus cash other than in short-term commitments.

### ESG Product raised under the Framework

- During the Reporting Period, an average<sup>4</sup> of £338,084,290 of ESG Products were deposited.
- At 30 September 2024 (the Reporting Date), the total notional amount of ESG Products outstanding was £183,508,883.
- At the Reporting Date, 100% of funds were allocated to ESG Assets and 0% were unallocated.
- At the Reporting Date, 100% of ESG Products came from Deposits and 0% from Commercial Paper or Certificates of Deposit.

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<sup>4</sup> Calculated as the average of each month-end reported figure in the reporting period

### 3. ESG Assets

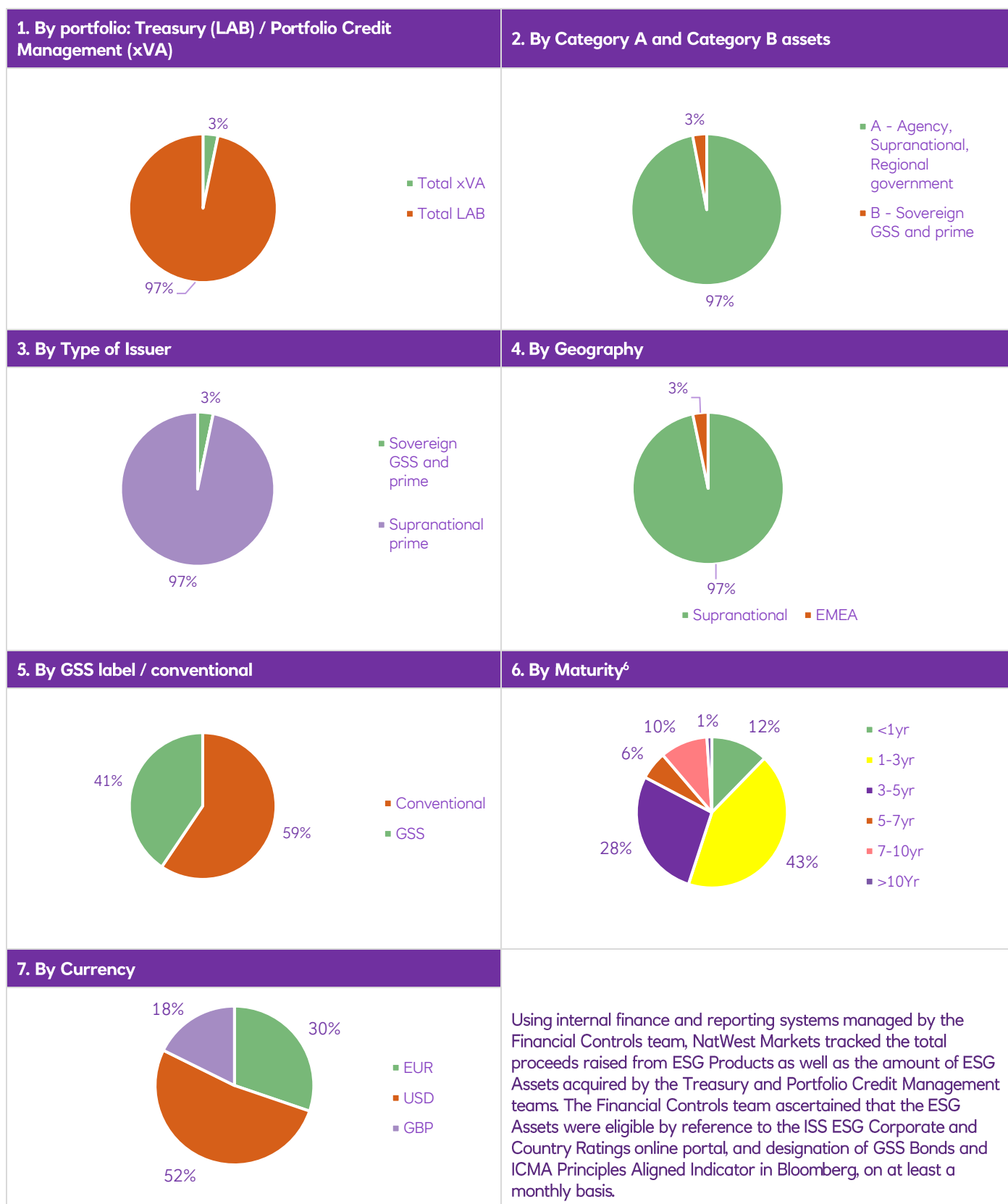
Throughout the Reporting Period, an amount equal to or above the total notional amount of the ESG Products raised under the Framework was allocated to ESG Assets.

Portfolio composition at the Reporting Date was as follows:

Issuer	Sector	Geography	ISS ESG Corporate / Country Rating Prime / GSS	Issuer's Strategic UN SDG contributions <sup>5</sup>
Asian Development Bank	Supranational	Supranational	Yes	All
Asian Infrastructure Investment Bank (AIIB)	Supranational	Supranational	Yes	6, 7, 9, 11
Council of Europe Development Bank	Supranational	Supranational	Yes	1, 3, 4, 5, 8, 10, 11
European Bank for Reconstruction & Development (EBRD)	Supranational	Supranational	Yes	2, 3, 6, 7, 8, 9, 11, 12, 13, 14, 15, 17
European Investment Bank (EIB)	Supranational	Supranational	Yes	All
European Union	Supranational	Supranational	Yes	6, 7, 8, 9, 11, 12, 13, 14, 15
Inter-American Development Bank	Supranational	Supranational	Yes	All
International Bank For Reconstruction And Development	Supranational	Supranational	Yes	All
The African Development Bank	Supranational	Supranational	Yes	All
France (green OATs)	Sovereign	EMEA	Yes	7, 9, 11, 12, 13, 14, 15, 17
United Kingdom (green Gilts)	Sovereign	EMEA	Yes	2, 6, 7, 9, 11, 12, 13, 14, 15

<sup>5</sup> UN SDGs highlighted by the issuer e.g. in the annual reports. The Sustainable Development Goals (SDGs) are a collection of 17 non-legally binding interlinked global goals set forth by the UN for countries and governments. These are included only as indicative guidance for the proposed aim of each "ESG Asset" and NatWest Markets makes no representation, warranty, or assurance of any kind, express or implied, or takes no responsibility or liability as to whether the funding or financing made or reported under a specified ESG Asset definition furthers the objective or achieves the purpose of the indicated SDG.

## ESG Asset portfolio split by volume (sterling equivalent) at the Reporting Date



<sup>6</sup> i.e. Tenor of the security as of issuance date

## 4. Confirmation

“As CFO of NatWest Markets Plc and Chair of the NWM Asset and Liability Management Committee (ALCo)<sup>7</sup>, I confirm that the ALCo have reviewed the Allocation Report 2024 and that the ESG Asset portfolio conforms to the NatWest Markets ESG Short-Term Products Framework.”

**Simon Lowe**

The Allocation Report and the Framework are available on [www.natwest.com/esgproductframework](http://www.natwest.com/esgproductframework)

Any specific questions relating to the Allocation Report can be sent to our dedicated mailbox:  
[ESGShort-termProductsFramework@natwestmarkets.com](mailto:ESGShort-termProductsFramework@natwestmarkets.com)

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<sup>7</sup> Note that the Asset and Liability Management Committee (ALCo) has taken over the oversight of the Framework following the discharge of Climate & Sustainability Committee (CSC) in 2024 and hence ALCo has confirmed the alignment of this report with the NatWest Markets ESG Short-Term Products Framework

## Disclaimer

### IMPORTANT INFORMATION

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