

Directors' remuneration policy

Approved by shareholders at the NatWest Group plc Annual General Meeting (AGM) held on 23 April 2025

The directors' remuneration policy (the Policy)

The new Policy set out below will be effective from the date of the 2025 NatWest Group plc AGM. It will apply for a period of three years, until the date of the 2028 NatWest Group plc AGM, unless a revised Policy is approved by shareholders before then.

References contained within this Policy and its operation are on the basis of current regulatory requirements at the time of publication. Following the publication in November 2024 of the PRA's outstanding consultation paper CP16/24 – 'Remuneration reform', setting out proposed changes to the remuneration regulations for PRA regulated firms – it is foreseen that a number of changes to the regulatory requirements will be made which will take effect following the start of the Policy. There is flexibility within the operation of the Policy to adapt to any changes to the regulatory requirements and the committee will disclose its planned implementation of the Policy after the final regulations are known.

Fixed pay for executive directors

Purpose and link to strategy	Operation	Maximum potential value
Base salary Providing fair levels of base salary and other elements of pay supports the recruitment and retention of high-calibre executives to develop and deliver strategic priorities. Base salary is set at a competitive level to avoid undue reliance on variable pay. This helps to discourage excessive risk-taking.	Base salary is paid monthly in cash and reviewed annually. Rates are determined based on the individual's role, skills and experience and are benchmarked against market practice. We use a peer group, which includes comparable roles in other financial services groups of a similar size, to determine the appropriate level of base salary. We amend this peer group from time to time to ensure it remains relevant.	Any future salary increases will take in-role performance into account and will be considered against peer companies. Increases will normally not be greater than the average rate of salary increase for NatWest Group employees over the period of the Policy, other than in exceptional circumstances such as a material change in the executive director's role.
Fixed share allowance Additional fixed pay that reflects the skills and experience required and the complexities and responsibilities of the role. It also supports the delivery of a balanced remuneration policy offering a suitable mix of fixed and variable pay. Delivery in shares provides strong alignment between the interests of executives and shareholders.	This is a fixed allowance usually paid in shares, quarterly in arrears. Shares vest immediately subject to any deductions required for tax purposes. A retention period applies such that shares are released 20% annually, in five equal tranches, on a pro-rata basis over one to five years from the date of award. ⁽¹⁾ The committee may alter the frequency of release of the shares at their discretion. As shares are held beneficially, the directors will be entitled to any dividends paid on those shares. The fixed share allowance is not pensionable and no performance conditions apply.	An award of shares with an annual value of up to 100% of base salary at the time of award.
Benefits Providing a range of flexible and market competitive benefits that employees value helps them perform their duties effectively.	Executive directors can select from a range of standard benefits including a company car, private medical cover, life assurance and critical illness insurance. Executive directors are also entitled to travel assistance connected with company business including the use of a car and driver. NatWest Group will meet the cost of any tax due on this benefit. On rare occasions when executive directors are accompanied by their spouse or partner to business events, NatWest Group may also meet the costs and any associated tax liability. NatWest Group may offer further benefits including, but not limited to, relocation assistance in line with market practice. We may also put in place certain security arrangements for executive directors when that is deemed appropriate and meet the cost of any tax due on these benefits.	A set level of funding for standard benefits. The maximum potential value of benefits will depend on the type of benefit and the cost of providing it, which will vary according to market rates.
Pension Encouraging planning for retirement and long-term savings.	This involves the provision of a monthly pension allowance paid in cash and based on a percentage of salary. Recipients can use the cash to participate in a defined contribution pension scheme.	The pension allowance rates for executive directors are aligned with the rate applicable to the majority of the wider workforce (currently 10% of base salary).

(1) If regulatory requirements emerge that prohibit allowances from being delivered in shares, then NatWest Group reserves the right to provide the value of the allowance in cash in order to ensure compliance with such requirements.

The directors' remuneration policy and wider workforce remuneration continued

Variable pay for executive directors

Purpose and link to strategy	Operation	Maximum potential value	Performance assessment
Annual bonus To support a culture where individuals are rewarded for the delivery of superior performance, taking into account NatWest Group's strategic objectives and purpose. Performance is assessed on a range of financial and non-financial measures that encourage long-term value creation for shareholders. Alignment with shareholders is further enhanced through the payment of part of the annual bonus in shares, with a holding period. Awards are subject to malus and clawback provisions to support long-term decision-making.	Annual bonus awards will operate as follows: – performance will be assessed against a balanced scorecard of measures to determine the value of any award for a particular year; – awards will be delivered in a mix of cash and shares, taking into account regulatory requirements, currently 50% in shares and 50% in cash; – awards will be paid in combination with long-term incentive awards to meet or exceed the deferral period for variable pay in order to comply with regulatory requirements; – a post-vesting retention period may apply to the amount delivered in shares in line with regulations (currently 12 months); and – malus provisions apply prior to vesting, and clawback provisions apply in line with regulations – currently seven (and potentially up to 10) years from the date of award. To determine the number of shares in the bonus element that is payable in shares, we may base the calculation on a share price that is discounted to reflect the absence of the right to receive dividends or equivalents during the vesting period. The discounted share price will be calculated with reference to estimated ordinary dividend yields based on market consensus and the length of the vesting period. If regulations permit the use of dividend equivalents in future, awards may be eligible to receive dividend equivalents instead.	The maximum value of annual bonus awards will be set at 150% of earned salary for executive directors. The level of the award to be paid will normally vest on a straight-line basis between 10% of maximum for threshold performance, 50% of maximum for target performance and 100% of maximum opportunity for each scorecard measure.	The committee will set and assess performance against the scorecard with weightings that apply to each category, with threshold, target and stretch performance hurdles clearly defined to the extent possible. The measures, targets and weightings will reflect NatWest Group's strategic priorities for the year and align with our purpose. Financial measures will account for at least 50% of the annual bonus opportunity. Following the end of the performance year, the committee will determine performance against the targets set. The out-turn will be calculated on a straight-line basis wherever possible (and in all cases where measures are quantifiable). The committee has discretion to vary the performance measures and weightings applying to in-year bonuses in exceptional circumstances. In the event that this discretion is operated, this will be explained in the next Directors' remuneration report. A risk modifier will also apply to the scorecard outcome, enabling risk performance to be assessed and awards reduced, potentially to zero. As well as the application of the risk modifier, the committee also has discretion to determine the appropriate bonus outcome when the assessment of performance against the formulaic measures and targets would drive an unrepresentative outcome or when it is necessary to consider strategic, economic, or societal impacts that were not or could not have been accounted for at the point of agreeing the bonus scorecard.

The directors' remuneration policy and wider workforce remuneration continued

Variable pay for executive directors continued

Purpose and link to strategy	Operation	Maximum potential value	Performance assessment
PSP awards The Performance Share Plan (PSP) is designed to support the execution of the strategy and deliver strong performance over a multi-year period. Stretching performance conditions, coupled with the underlying delivery of all PSP awards in shares, with payments deferred over several years, creates a strong alignment with shareholders over the long term. Awards are subject to malus and clawback provisions to discourage excessive risk-taking to support long-term decision-making.	PSP awards will be granted from 2026 under the Employee Share Plan approved by shareholders at the 2024 NatWest Group plc AGM. PSP awards will operate as follows: – a PSP award will be granted provided satisfactory performance has been achieved in the prior year ('pre-grant test'). The pre-grant test will be assessed using the performance management process that applies to employees across the bank; – PSP awards will be assessed against a range of pre-determined performance criteria, following a three-year performance period, to determine the extent to which they will vest; – subject to the assessment of performance conditions, awards will vest in combination with annual bonus awards to meet or exceed any minimum expected deferral period for variable pay under UK regulatory requirements (currently between years three to seven after grant); – a post-vesting retention period may apply to the shares issued on vesting taking into account UK regulatory requirements (currently 12 months in combination with deferred vesting); and – malus can be applied prior to vesting and clawback provisions apply in line with regulations, currently for seven (and potentially up to 10) years from the date of award. Awards will be subject to any other terms regulators require from time to time. To determine the number of shares comprising an award we may use a share price that is discounted to reflect the absence of the right to receive dividends or equivalents during the vesting period. The discounted share price will be calculated with reference to estimated ordinary dividend yields based on market consensus and the length of the vesting period. If regulations permit the use of dividend equivalents in future, awards may be eligible to receive dividend equivalents instead.	The maximum value of PSP awards will be set at 300% of earned salary.	A PSP award will be granted provided performance over the prior year is considered by the committee to be satisfactory, when assessed using our performance management processes. Awards will be subject to forward-looking performance conditions measured over three years commencing in the year that the award is made. The performance conditions will include a mix of financial (which can include relative total shareholder return (TSR)) and non-financial measures. A minimum of 50% of the award will be subject to financial performance conditions. Under each component of the performance scorecard, the portion of the relevant award that will vest will normally be between 25% and 100%, measured on a straight-line basis for performance between threshold and maximum. At the time of vesting, a risk and conduct underpin will also apply, to determine if there has been any material deterioration or a serious conduct/reputational issue that may warrant a downwards adjustment, potentially to zero. The committee will retain the discretion to adjust the final vesting outcome based on any strategic, stakeholder or external factors that are deemed appropriate.

The directors' remuneration policy and wider workforce remuneration continued

Other elements of the Policy for executive directors

Purpose and link to strategy	Operation	Maximum potential value
Shareholding requirements Executive directors must build and continue to hold a significant shareholding both during and after employment. This helps to further align their interests with returns to shareholders over the long term.	Shares held outright qualify towards the shareholding requirement. Unvested share awards count on a net-of-tax basis towards the shareholding requirement once performance conditions have been assessed. When any applicable retention periods have passed, executive directors can dispose of up to 25% of the net-of-tax shares received ('25% shares'). Any shares purchased voluntarily will count towards the requirement but are excluded from the restriction on sale. On leaving, executive directors are required to hold shares of a value equal to the lower of their shareholding requirement immediately prior to departure and the actual shareholding on departure, for a period of two years. The requirement includes vested and unvested shares that have been assessed for performance, but shares purchased voluntarily are excluded from the post-employment shareholding requirement. A fixed number of shares for the post-employment requirement will be determined at the date of departure. Procedures are in place to help enforce the shareholding requirements, both during and after employment. Executive directors are required to agree to be bound by the terms of the requirements and to use prescribed nominee accounts to hold shares subject to restrictions. In order that executive directors can engage in structured, regular share dealing activity, the bank may offer them an annual opportunity to enter into a trading plan in respect of those vested shares which are free from retention requirements. Such trading plans allow executive directors to sell such shares via a broker, on a non-discretionary basis, to assist with cash flow and diversification of their portfolio. Executive directors would only be able to enter into a trading plan with regard to any 25% shares they hold at the date they enter into the plan.	Minimum target requirement: Group CEO – 500% of salary. Group CFO – 300% of salary.
Employee share plans and other all-employee arrangements Providing an opportunity for executive directors to acquire shares in the company on a consistent basis to the schemes offered to UK employees. This helps to further align their interests with returns to shareholders over the long term.	Executive directors may participate in any all-employee share plans operated by NatWest Group on the same basis as other eligible employees. NatWest Group currently operates two voluntary all-employee share plans providing an opportunity for eligible colleagues to contribute from their salary and acquire shares. In the UK, this currently includes: – the Sharesave plan, where monthly savings over a fixed period may be used to purchase shares at an agreed option price; and – the Buy As You Earn plan, where shares can be purchased from pre-tax salary. The above all-employee share plans are not subject to performance conditions in line with legislative requirements. NatWest Group also provides the opportunity for all eligible employees to receive a Sharing in Success award of shares, subject to the achievement of specific goals connected to bank strategy. Executive directors receive the same level of award as all other employees.	In the case of the voluntary all-employee share plans, the maximum potential value is determined with reference to the statutory limits that are imposed by HMRC in the UK or the limits under the relevant share plan rules. The maximum level of Sharing in Success award is currently £1,500 per annum for all employees, including executive directors, or such other level as the committee may determine from time to time.

The directors' remuneration policy and wider workforce remuneration continued

Other elements of the Policy for executive directors continued

Purpose and link to strategy	Operation	Maximum potential value
Legacy arrangements To ensure NatWest Group can continue to honour payments due to executive directors.	In approving this Policy, authority is given to honour any previous commitments or arrangements entered into with current or former executive directors. This includes any share awards granted under the 2014 Employee Share Plan. For the avoidance of doubt, all outstanding long-term incentive (LTI) awards or Restricted Share Plan (RSP) awards granted under previous policies will continue to vest subject to the terms agreed at the time of grant. Authority is also given to honour arrangements agreed with an employee prior to appointment as an executive director that may have different terms or performance conditions.	In line with existing commitments and arrangements.

Remuneration for the Chair and non-executive directors

Purpose and link to strategy	Operation	Potential value
Fees Competitive fixed remuneration that reflects the skills, experience and time commitment required for the role. Fees are set at an appropriate level to attract individuals with the attributes needed to oversee the Board's strategy. A portion of fees is paid in cash and used to acquire shares, in line with our shareholding policy, with the objective of aligning the interests of the Chair and non-executive directors, over their respective tenures, with the interests of shareholders.	Fees are normally paid monthly in cash, with a portion of the net monthly fee being retained by the Company and used to purchase shares every quarter. The Board retains discretion to pay fees in cash, shares or a combination of the two. The level of remuneration reflects the responsibility and time commitment required, and the level of fees paid to non-executive directors of comparable major UK companies. We review fees regularly, and the Board may choose to apply an increase within the limits of the Policy on an annual or less frequent basis. The Chair receives an all-inclusive fee. Non-executive directors receive a basic Board fee with additional payments when serving as a member or chair of a Board committee or performing an additional role such as the Senior Independent Director. Non-executive directors may also receive fees as directors of subsidiary companies. No variable pay is provided, enabling the Chair and non-executive directors to maintain appropriate independence, focus on long-term decision-making and constructively challenge the performance of the executive directors and wider management. Additional fees may be payable in exceptional circumstances, including, but not limited to, situations where there has been an unusually heavy time commitment for a particular period.	Any increase to fees will not normally be greater than the average inflation rate or rate of salary increases for the wider workforce over the period of the new Policy. However, we take into account that any change in responsibilities, role or time commitment may merit a larger increase. The Chair is required to build towards a shareholding equivalent to four times the basic Board fee for non-executive directors, and for non-executive directors the target is one times the basic annual Board fee. For non-executive directors the portion of the net monthly fee retained to purchase shares is 25%, and for the Chair it is 10%, until the target shareholding is met. Once the target is achieved, monthly deductions and quarterly purchases will continue at a reduced percentage of net monthly fees (10% for non-executive directors and 5% for the Chair). The shares purchased under the shareholding policy are held in a nominee account with dividends reinvested and shares retained until the director steps down from the Board.

The directors' remuneration policy and wider workforce remuneration continued

Remuneration for the Chair and non-executive directors continued

Benefits Providing a level of benefits in line with market practice.	The Chair and non-executive directors are entitled to travel assistance connected with Company business, including the use of a car and driver, where deemed appropriate. Where this is a taxable benefit for the recipient, NatWest Group will meet the cost of any tax due on the benefit. On rare occasions when directors are accompanied by their spouse or partner to business events, NatWest Group may also meet the costs and any associated tax liability. We may also offer other benefits in line with market practice. In line with our hybrid working model NatWest Group may provide assistance in meeting reasonable costs to support the Chair and non-executive directors in the effective undertaking of their roles from different locations. If additional tax liabilities arise from this practice, NatWest Group will also meet these costs when deemed appropriate. The Chair is entitled to private medical cover and life insurance. Reasonable expenses incurred in connection with the performance of duties will also be reimbursed.	The value of the private medical and life insurance cover provided to the Chair as well as other benefits provided under the Policy will be in line with market rates.
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Other policy elements for directors

Provisions	Operation
Recruitment policy	Our boardroom inclusion policy is in place to ensure that NatWest Group can attract, motivate and retain the best talent and avoid limiting potential caused by bias, prejudice or discrimination. When recruiting new executive directors, the Policy aims to be competitive and to structure pay in line with the framework applicable to current directors (as stated in the tables above), while recognising that adjustment to quantum may be necessary to secure the preferred candidate. A buyout policy exists to replace awards forfeited or payments forgone, which is in line with regulatory requirements. The committee will minimise buyouts wherever possible and ensure they are no more generous than, and on similar terms to, the original awards or payments they are replacing. No sign-on awards will be offered on joining. Any awards granted following recruitment may be made under such NatWest Group employee share plans as are in place from time to time or otherwise in accordance with the relevant provisions in the Listing Rules.
Notice and termination provisions	Executive directors Executive directors' contracts are typically permanent and there is no fixed duration, and, as set out in our executive directors' service agreements, each party is required to give 12 months' notice to the other party to terminate the employment. The committee will ensure that any proposals relating to termination payments recognise that failure is not rewarded. There are no pre-determined provisions for compensation on termination. There is discretion for NatWest Group to make a payment in lieu of notice (based on salary only) which is released in monthly instalments. The executive director must take all reasonable steps to find alternative work and any remaining instalments will be reduced as appropriate to offset income from any such work. Chair and non-executive directors Instead of service contracts, the Chair and the non-executive directors have letters of appointment that reflect their responsibilities and time commitments. There are no notice periods and we will pay no compensation in the event of termination, other than standard payments for the period served up to the termination date. Under the Board appointment policy, non-executive directors are appointed for an initial term of three years, subject to annual re-election by shareholders. At the end of this initial term, a further three-year term may be agreed. Non-executive directors may be invited to serve beyond six years, typically up to a maximum tenure of nine years. In the event of any non-executive directors being invited to extend their tenure beyond nine years, the rationale for any such extension would be explained in NatWest Group plc Annual Report and Accounts for the year in question. The Chair is not subject to the Board appointment policy but is subject to the UK Corporate Governance Code's requirements relating to the maximum nine-year tenure period for chairs. All directors stand for annual election or re-election by shareholders at the NatWest Group plc AGM. All director appointment dates are detailed in the Our Board section of the Corporate governance report.



The directors' remuneration policy and wider workforce remuneration continued

Other Policy elements for directors continued

Provisions	Operation
Treatment of outstanding bonus and share plan awards on termination	On termination, we will treat awards in accordance with the relevant plan rules or other terms on which they were granted. Individuals will only qualify for 'good leaver' treatment if they leave due to ill-health, injury, disability, death, retirement (as agreed with NatWest Group), redundancy, the employing company ceasing to be a member of NatWest Group, transfer of the employing business, or any other reason if, and to the extent, the committee decides in any case. Malus and clawback provisions will continue to apply to all leavers and could be used to adjust awards if subsequent issues relating to executive directors' performance become known. In the event of a change of control, outstanding awards will be treated in line with the provisions of the relevant plan rules, as approved by shareholders. Fixed share allowances Accrued fixed share allowance shares will continue to be released over the applicable retention period helping to ensure that former executive directors maintain an appropriate interest in shares. In all leaver circumstances, executive directors will continue to be eligible to receive a pro-rated fixed share allowance to reflect the period up to and including the termination date. Annual bonus awards Bonus awards will not usually be made in the final year of employment unless the termination is for one of the specified 'good leaver' reasons, in which case a bonus may be payable on a pro-rata basis for the year in which an executive director leaves. Bonus awards will remain subject to the achievement of the performance measures assessed at the year end. Bonuses would continue to be paid in cash and shares. Any deferred bonus awards that are unvested will normally lapse on leaving unless good leaver circumstances apply, in which case the awards will normally continue to vest on the original vesting dates. PSP and RSP awards Unvested PSP and RSP awards normally lapse in full on leaving unless the termination is for one of the specified 'good leaver' reasons. Unvested PSP and RSP awards held by good leavers will normally vest on the original vesting dates, subject to the applicable performance conditions being met and the rules of the relevant plan, including pro-rating for time served (unless the committee exercises discretion to disapply such pro-rating). Individuals under notice will not be eligible to be considered for a PSP award in respect of the final year of employment, even if they are considered good leavers. No further RSP awards will be granted to executive directors following the approval of the Policy by shareholders at the 2025 NatWest Group plc AGM.
Contractual provisions	Executive director service agreements include standard clauses covering remuneration arrangements and discretionary incentive plans (as set out in this report). The agreements also reference: reimbursement of reasonable out-of-pocket expenses; annual leave; redundancy terms and sickness absence; the performance review process; directors' and officers' insurance; the disciplinary procedure; and potential for dismissal in the event of personal underperformance or breaches of NatWest Group's policies. The committee retains the discretion to make payments (including but not limited to professional and outplacement fees) to: facilitate smooth handovers; mitigate against legal claims; and/or procure reasonable assistance with investigations or claims.

The directors' remuneration policy and wider workforce remuneration continued

Summary of proposed changes for executive directors

Under the new Policy, the key changes are as follows:

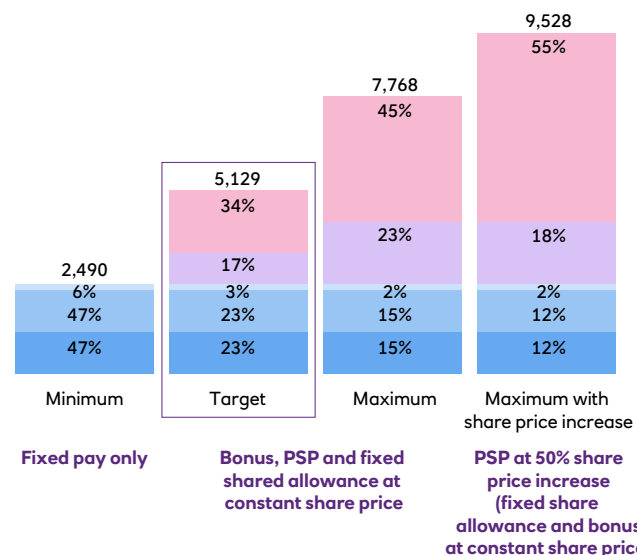
- Annual bonus potential will be increased from 100% to 150% of salary to provide a market-competitive opportunity and subject to the achievement of stretching performance measures.
- RSP awards will be replaced with PSP awards subject to a cap of 300% of salary, as described in the Policy table. This will provide a more market-aligned and competitive remuneration package for executive directors, while incentivising growth and the delivery of our strategy. It will also align more closely to shareholder expectations.

Changes to the Policy for the Chair and non-executive directors

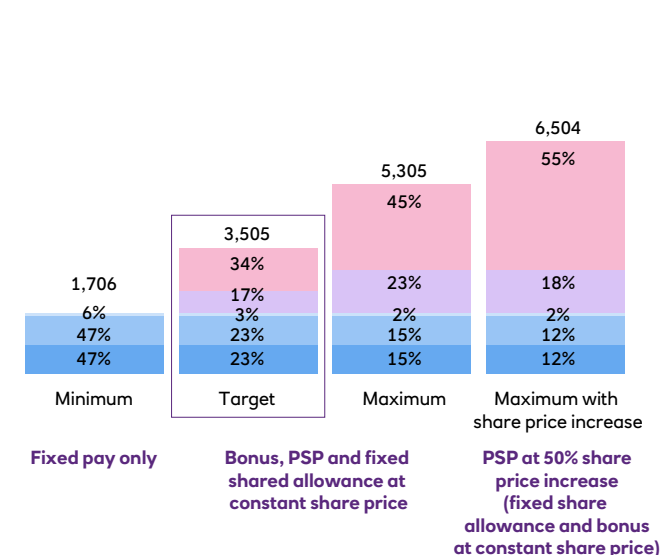
In 2023, NatWest Group introduced a target shareholding policy for the Chair and non-executive directors, to be built through the purchase of shares each quarter using a portion of their net fees. This has now been formally embedded into the Policy, notwithstanding that the shareholding policy has been operational since January 2023.

Illustration of annual remuneration for executive directors under the new Policy

Group Chief Executive Officer (£000's)



Group Chief Financial Officer (£000's)



(1) The charts above are for illustration only, with minimum representing actual earned fixed remuneration for 2025 (base salary, fixed share allowance, pension and standard benefit funding).

(2) The target value assumes annual bonus payments will be made at 75% of earned salary and PSP awards will vest at 150% of earned salary.

(3) Maximum assumes both annual bonus and PSP awards are paid and vest in full at 150% of earned salary for annual bonus and 300% of earned salary for PSP. Maximum with share price increase extends this to show the impact of a 50% increase in the share price over the period of grant to vest.

(4) The benefits figure includes standard benefit funding but excludes any potential other benefits under the Policy such as travel assistance in connection with company business. We will disclose the value of any taxable business expenses in the total remuneration table each year.

(5) Percentages in the bar charts show the proportion of each element of pay as a percentage of total pay, at each performance scenario.