

## **RBS Takes First Step on Journey Towards Fully Integrated Reporting: We Are Building a More Sustainable Bank**

"We are committed to running the bank as a more sustainable and responsible business, serving today's customers in a way that also helps future generations, generating long term value for all of our stakeholders and society." Ross McEwan, RBS CEO

"We are building a more sustainable bank; a more responsible company, doing business in a more sustainable way. We consider the long-term impacts of our actions in our decision making, and we are proud that our enterprise and financial education programmes show the difference we're making for our customers and communities. Continuing to live by our values and providing, simple and fair banking will help us to build trust for the long term." Kirsty Britz, Director of Sustainability

RBS is a UK-based banking and financial services company, headquartered in Edinburgh. RBS provides a wide range of products and services to personal, commercial and large corporate and institutional customers through NatWest and The Royal Bank of Scotland, as well as through a number of other well known brands including Ulster Bank and Coutts.

2016 was another year of hard work and good progress for RBS. We continued to focus on cutting costs, restructuring our international presence to become largely a UK and Ireland business, and dealing with our legacy conduct and litigation issues. We are backing businesses and challenging industry practices that are not in our customers' interests.

We're determined to rebuild trust by striving to help our customers out rather than catch them out with unexpected charges, short-term offers and products they do not need. We are making it easier and quicker for customers to do business with us by simplifying our business processes and systems, whilst not forgetting the core principles of responsible business and reducing the impact of our operations.

This year for the first time we have published a combined Strategic Report. This brings together our previously separate financial and non-financial information, describes how we create value and the key influences in our operating environment. We've been reporting annually on our sustainability performance since 2003, but this is an important first step towards fully integrated reporting over the next few years.

This change means we are no longer publishing a separate Sustainability Report, but will instead provide more detailed sustainability information on our website alongside the Strategic Report to cover the full breadth of issues we work on.

For many years we have prioritised transparency and openness in our reporting. We were the first large UK bank to disclose details of our energy sector lending and in 2016 we received our highest ever scores in the Dow Jones Sustainability Index (84) and Carbon Disclosure Project (A-). We plan to go further in the coming years by reporting more information that helps us and our stakeholders understand our performance on the issues that matter to us all.

We will also deepen our commitment to supporting financial capability and enterprise in the UK and Ireland, through a range of partnerships and initiatives. These include MoneySense - our 22 year financial education programme for 5 to 18 year olds - and Entrepreneurial Spark, which opened 6 new free business accelerators for start-ups in 2016 bringing our total to 12 in the UK.

As technological, social and environmental changes shape the world we live in, it's even more important to stay connected with our customers' needs and the wider expectations of our stakeholders. Our external stakeholder engagement programme helps us to shape our future strategy and our approach to designing products and services that deliver value for customers and for society more broadly.

We are making progress towards embedding sustainability across our organisation and this will continue to be a strategic focus in 2017. We know there is more to do, but we are listening and we are changing for the better.

## 2016 highlights

- 'Strength and Sustainability' continues to be a bank priority, and part of our ambition of being number one bank in the UK for customer service, trust and advocacy.
- Our first step towards integrated reporting - we have chosen to integrate our financial and non-financial performance to show how we are building a more sustainable bank.
- 40 year partnership - In 2016 our partnership with The Prince's Trust directly helped over 2,000 young people, with more than 120 supported in running their own business.
- MoneySense, our 22 year flagship financial education programme, has helped an estimated 4.5 million young people understand all about money.
- According to InfraDeals, RBS has been the leading lender to the UK renewables sector by number of transactions over the past 5 years (2012-2016).
- Supporting UK start-up and scale up businesses in partnership with Entrepreneurial Spark by opening 6 new accelerator hubs in 2016, bringing the total to 12 across the UK.
- Our Skills & Opportunities Fund distributed £2.5m to 125 organisations that support people from disadvantaged communities start-up in business or get into employment.
- Recognised as Times Top 50 Employer for Women.
- Ranked 13th in the Top 100 Stonewall Index (+19 places since 2015).
- We opened a further 40,860 Foundation accounts in 2016.

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For more information: Visit our Investor pages. More detailed sustainability information is also available on our Sustainability pages.