

RBS Environment Statement

Introduction

This Statement sets out our approach to ensuring that the RBS Group considers environmental issues in all parts of its operations and business activities. We recognise that our size and reach means we have an important role to play in promoting environmental sustainability worldwide.

We view climate change, resource scarcity, biodiversity loss and associated impacts as major risks to the livelihoods of our customers and society at large, both currently and in the years to come. We are therefore focussed on facilitating the transition to low carbon forms of energy generation and sustainable use of natural resources, as well as reducing the direct impacts of our operations.

Scope

This Statement applies to the whole of Royal Bank of Scotland Group and its subsidiaries (the “RBS Group”, “we”, or “us”) and covers our business activities and operations globally.

Our commitments

We will achieve our aim through the implementation of the following six commitments.

1. Efficient operations

We are committed to reducing the direct environmental impacts of our operations and we have strategies in place to achieve this. RBS Group has set the following Group-wide targets from a 2011 baseline*:

By 2015...

- 15% reduction in **energy and associated CO₂ emissions**
- 12% reduction in **water** use
- 10% reduction in **waste disposed to landfill**
- 70% of waste **recycled, reused or recovered**
- All **paper** either certified or 85+% recycled
- All staff have access to **virtual meeting technology**

...by 2020...

- 50% reduction in **CO₂ emissions from business travel**
- 50% reduction in **paper use**

**These targets relate to actual improvements in performance and are based on an adjustable 2011 baseline or other measures to allow for changes in the size of the Group.*

2. Greener mainstream banking services

We are focussed on improving the environmental performance of our mainstream banking services. This means reducing paper use, unnecessary data storage, travel between sites, energy and water use and the generation of waste. These reductions are continually measured and form part of our overall environmental targets outlined above.

3. Banking services for environmental sectors

We realise that the development, installation and operation of environmental technologies such as renewable energy systems and energy efficiency measures can require specific forms of finance and financial services that are sometimes different to conventional technologies. The RBS Group plays a leading role in providing these services and we are committed to expanding the range of services we offer to customers to enable the rapid adoption of these technologies and practices.

4. Assessing risks in high-impact sectors

Some of the sectors that RBS provides banking services to have potentially high environmental impacts. These sectors include oil and gas, forestry and mining and metals. Our lending to these sectors is subject to an assessment of the environmental, social and ethical risks that a particular project or client represents, and to an Equator Principles assessment where applicable. In the case where we assess these risks to be too high, we will not provide banking services.

5. Compliance with legal and voluntary standards

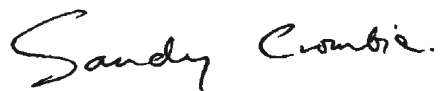
The RBS Group aims to ensure that all our operations worldwide operate in compliance with local laws and regulations. We have processes in place to assess this and rectify any contraventions that do take place. In addition, RBS also operates in accordance with the ten principles of the United Nations Global Compact, which include three principles on the environment which we seek to uphold throughout our sphere of influence.

6. Reporting and disclosure

We are committed to open and transparent reporting of our environmental performance. This includes our annual Sustainability Report, which is independently verified and assured, as well as voluntary initiatives such as the Carbon Disclosure Project, Dow Jones Sustainability Index and FTSE4GOOD index. In addition, we provide further disclosure of the indirect environmental impacts associated with our lending to high impact sectors, particularly the energy industry.

Approval

This Statement has been approved by the RBS Group Sustainability Committee, which is a full Board Committee chaired by our Senior Independent Director with representation from all key business divisions.

Signed:

Sir Sandy Crombie, Chair, Group Sustainability Committee



Sir Philip Hampton, Group Chairman