

Environmental, Social and Ethical

Risk



NatWest
Group

Human Rights Risk Acceptance Criteria



Human Rights

We recognise that the activities of our customers can have adverse environmental, social and ethical (ESE) impacts – including with respect to human rights. ESE risk forms part of NatWest Group’s overall Reputational Risk Policy and requires enhanced due diligence to be performed for certain customer relationships, transactions, activities and projects. To manage these risks, we have developed Risk Acceptance Criteria for sectors which present heightened ESE risk and define the level of ESE risk the bank is prepared to accept.

The ESE Human Rights Risk Acceptance Criteria supports our long-term, ongoing work for our appetites and practices to be informed and guided by the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct.

Scope

The ESE Risk Framework applies to all legal entities within the Group for the onboarding of non-personal customers for the purposes of providing lending or loan underwriting services and applies to the management of ESE risk throughout these customers lifecycles.

This document summarises our ESE Risk Acceptance Criteria for human rights (including labour rights).

We already have in place ESE Risk Acceptance Criteria for certain sectors with heightened human rights risk including Adult Entertainment, Defence, Forestry, Fisheries and Agribusiness, Mining & Metals and Private Security Companies.

This ESE Human Rights Risk Acceptance Criteria will apply to additional sectors where there is heightened human rights (including modern slavery) risk. These include textiles and clothing, food and beverage production, construction, services (including hospitality, security services, cleaning and catering) and logistics (including warehousing and transport) and health and social care. The ESE Human Rights Risk Acceptance Criteria will be rolled out to the additional heightened risk sectors in 2024 and updated as appropriate as we test and learn from it.

Context

At NatWest Group, we understand that businesses have an important role to play in respecting human rights of their employees and those affected by their activities.

This approach reflects our desire to cease, prevent and/or mitigate, as appropriate, any actual and potential adverse impacts that our activity and the activity in our value chain may have on society.

Where material concerns relating to human rights violations ^[1] are identified, including with respect to the salient human rights issues ^[2] identified by NatWest Group, we will engage with the customer to understand the actions they have taken to cease and remediate and prevent future violations.

Prohibited

For those customers in scope, evidence ^[3] of:

- human rights violations ^[1] where the customer is unable to demonstrate that it has taken any action to cease, remediate, prevent and/or mitigate, as appropriate, the relevant violation.

Restricted

For those customers in scope, evidence ^[3] of:

- human rights violations ^[1] where the customer is able to demonstrate that it has taken action to cease, remediate, prevent and/or mitigate, as appropriate, the relevant violation within a timeframe which is acceptable to the bank.

Normal

For those customers in scope:

- No evidence ^[3] of human rights violations ^[1].

Glossary

Item	Definition
1. Human rights violation	A violation of any right which is inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion or any other status.
2. Salient human rights issues	The United Nations Guiding Principles Reporting Framework defines salient human rights issues as those rights that are at risk of the most severe negative impact through a company's activities or business relationships. NatWest Group's 'Salient Human Rights Issues' can be found at https://www.natwestgroup.com/sustainability/governance-and-responsible-business/human-rights-and-modern-slavery.html
3. Evidence	A finding of a human rights violation by a government (including a government agency), supervisory authority, national or international court or multinational development agency.