

Environmental, Social and Ethical

Risk



NatWest
Group

Mining & Metals

Risk Acceptance Criteria



Mining and Metals Sector

We recognise that the activities of our customers can have environmental, social and ethical (ESE) impacts – including polluting activities and the potential for human rights infringements. 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 Risk Framework 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.

Context

We recognise that the extraction and production of coal is a significant driver of climate change. The ambition of this Risk Acceptance Criteria is to support the transition away from coal, aligning with the Paris Agreement. We aim to support our customers to reduce the use of coal where alternatives are available. This applies to thermal and lignite coal ^[1] “**Coal**”^[2] but not metallurgical coal, which is still essential for the steel industry.

References to Coal includes Coal production, or Coal related infrastructure ^[3].

References to Coal related infrastructure includes processing/refining, associated value-add services, specifically identifiable assets used for Coal), Transport (Specifically identifiable assets which are used solely for Coal).

Further references to Coal can be found in the ESE Power Generation Risk Acceptance Criteria.

Since November 2021, we have had no new exposure to Coal. We have prohibited:

- New customer relationships with corporates who explore for, extract or produce Coal;
- Existing customers who are increasing Coal mining activity by exploring for new Coal, developing new Coal mines or increasing Coal production; and,
- All project financing (including refinancing) related to Coal mining activity by exploring for new Coal, developing new coal mines and Coal related infrastructure.

From 1 January 2022, all Coal relationships are rated restricted ESE risk to allow for regular review and monitoring*.

Following achievement of our ambition to phase-out of Coal for UK and non-UK customers who have UK Coal production and UK Coal related infrastructure ^[3] by 1st October 2024**, we intend:

- By 1 January 2030: global phase out of Coal for customers who have any Coal production or any Coal related infrastructure globally**.

* This does not include commodity traders

Publication Date: February 2025

** This does not include (i) companies who generate less than 5% of their revenues via Coal activity (in line with [guidance provided by the Net Zero Banking Alliance](#)) (ii) companies with a turnover < £50m and (iii) commodity traders. NOTE: there are no UK customers within these parameters.

As a result, we have stopped the renewal, extension or refinancing of any existing lending or loan underwriting commitments to these customers where it exceeds the phase out date above.

Where material concerns relating to human rights violations ^[4] are identified, including with respect to the salient human rights issues ^[5] 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.

This document summarises our ESE Risk Acceptance Criteria for the Mining and Metals sector.

Prohibited

- Evidence ^[4] of human rights violations ^[5] 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.
- New customer relationships with corporates who explore for, extract or produce coal.
- Existing customers who are increasing coal mining activity by exploring for new coal, developing new coal mines or increasing thermal coal production.
- All project financing (including refinancing) related to coal mining activity by exploring for new coal, developing new coal mines and coal infrastructure.
- Significant producers of coal using Mountain-top Removal (MTR) mining in Appalachia (where the share of the MTR market is over 5% of total market; the company is producing more than 2 million tonnes of coal using MTR methods; the company is out of compliance with environmental and social conditions around MTR activity; or there is a net increase in production of coal using MTR mining).
- Project financing for projects involving the use of Mountain-Top Removal mining methods.
- Companies undertaking artisanal / informal mining.
- Companies involved in the extraction of asbestos.

Restricted

- Evidence ^[4] of human rights violations ^[5] 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.
- Companies with operations that adversely impact the Outstanding Universal Value of UNESCO World Heritage Sites.
- Companies operating in International Union for the Conservation of Nature (IUCN) I – IV Protected Sites.
- Companies operating in Ramsar Sites, Man & Biosphere Sites and High Conservation Value areas.
- Minor producers of coal using Mountain-top Removal methods in Appalachia and involvement in other forms of mountaintop mining.
- Diamond mining companies that have not incorporated the Kimberley Process Certification Scheme (to prevent trade in conflict diamonds) in their processes.
- Gold mining companies that use cyanide or mercury in processing operations without adoption of the International Cyanide Management Code for cyanide (or equivalent) or appropriate chemical management controls (for mercury).
- Companies with mines in areas of war or armed conflict, or with significant operations in countries defined as high risk under the NatWest Group internal country reputational risk framework.

- Companies involved in the disposal of tailings in river or shallow sea environments.
- Companies undertaking deep-sea mining.
- Highly controversial issues identified during the ESE Assessment e.g. serious environmental damage arising from company operations
- Issues identified during the ESE assessment that give cause for concern e.g. material or repeat noncompliance with environmental and social laws and regulations, a lack of ESE policies and procedures for managing ESE risks or major targeted NGO campaigns against a company.

Normal

- No evidence ^[4] of human rights violations ^[5].
- None of the above apply and no material issues have been identified during the ESE screening.
- Companies are expected to be in material compliance with applicable environmental and social laws and regulations and have policies or systems in place to manage ESE risks, including where relevant: environmental and/or social impacts; health and safety; biodiversity; greenhouse gas emissions, bribery and corruption; labour standards; human rights and additionally for mining companies for: water use, tailings and mine closure. Particular consideration must be given to companies that operate in countries where regulatory frameworks for environmental and social risks are less robust.

Glossary

Item	Definition
1. Thermal/Lignite coal	Coal that is typically used as a fuel for steam-electric power
2. Coal	This includes coal production, or coal related infrastructure.
3. Coal Related Infrastructure	Processing/refining, associated value-add services, specifically identifiable assets used for coal, Transport (Specifically identifiable assets which are used solely for coal).
4. 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.
5. 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.
6. 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