



NatWest

Environmental and Social Risk

27 February 2026

Defence and Private Security Risk Acceptance Criteria

Background

We recognise that the activities of our customers can have Environmental & Social (E&S) impacts – including polluting activities and the potential for human rights violations. The E&S Risk Framework 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.

It is comprised of E&S Risk Acceptance Criteria (RAC) for seven sectors which present heightened E&S risk and a RAC for human rights. Customers whose activities fall within a sector RAC, or any other customer where associated E&S risk concerns have been identified, are subject to enhanced due diligence.

We expect all customers to comply with all applicable laws, regulations, and licensing conditions relevant to their operations.

We also have an E&S risk concerns process which seeks to ensure that E&S risk is identified and managed for customers and transactions in sectors which are not covered by a RAC, or where there may be multiple issues or complexities.

Scope

The E&S Risk Framework applies to all legal entities in NatWest Group for the on-boarding of non-personal customers for the purpose of providing Financing* and applies to the management of E&S risk throughout these customers’ life cycles.

Context

We recognise that the defence and private security sector can present associated human rights risks. Our policies and procedures, including enhanced due diligence, are therefore designed to ensure compliance with our human rights obligations. We also recognise that during times of conflict, heightened human rights risk can arise and additional engagement and due diligence may be required to ensure continued lawful use of weapons.

NatWest Group acts in accordance with the strict regulation and licensing arrangements set by the UK government, and by relevant international standards, when engaging with companies involved in the design, manufacture, support and trade of defence equipment. Our support for Nuclear Weapons manufacturers extends to customers incorporated in NATO countries which are officially involved in and accredited to the national nuclear weapons programmes of only UK, US or France.

Defence Transactions must be supported by a government licence and although essential, this alone is not sufficient. When making case by case decisions whether to facilitate defence transactions, we consider the product type, jurisdiction and end use of the product, and do not support transactions going to jurisdictions that have a track record of human rights abuse, or where the country's adherence to international standards in the conduct of military action undermines confidence in the end use of the weapon.

We do not support customers involved in the manufacture, sale, trade, servicing or stockpiling of Highly Controversial Weapons, and bespoke components of such weapons, banned under international agreements ratified by the UK. This includes cluster munitions, anti-personnel landmines, biological and toxin weapons, chemical weapons and Blinding Laser Weapons.

Prohibited

Defence

- Financing of companies involved in the manufacture, sale, trade, service or stockpiling Highly Controversial Weapons banned under International Agreements ratified by the United Kingdom (Cluster Munitions, Anti-Personnel Landmines, Biological and Toxin Weapons, Chemical Weapons and Blinding Laser Weapons) and the manufacture or sale of Bespoke Components of such weapons.
- Financing of companies involved in the manufacture, sale, trade, servicing or stockpiling of nuclear weapons in jurisdictions outside NATO countries and that are not officially involved in and accredited to the national nuclear weapons programmes of the UK, US or France.
- Financing of companies involved in the manufacture, sale or trade of defence goods where there is no (defence related) licence in place, and such is required.

Private Security

- Armed private security companies operating in high-risk countries that have not signed up to the International Code of Conduct (ICoC) or other relevant industry body within the next 12 months.
- Armed private security companies operating in low-risk countries that have not adopted ICoC or equivalent standards, policies or procedures.
- Private security companies providing armed personnel to government Armed Forces or local militia (mercenaries).

Restricted

Defence

- Financing of companies involved in the manufacture, sale, trade, servicing or stockpiling of nuclear weapons and the manufacture or sale of Bespoke Components in NATO countries and are officially involved in and accredited to the national nuclear weapons programmes of only UK, US or France.
- Companies involved in the manufacture, trade or sale of Semi or Fully autonomous Armed Unmanned Aerial Vehicles and Depleted Uranium Weapons.
- Manufacture, sale and trade of all other Weaponry (e.g. bombs, missiles, rockets, guns, ammunition) and equipment designed to enable the transport, deployment, execution or performance of a weapon (e.g. aircraft carriers, weapon platforms) where weapons are manufactured or sold in high-risk countries.
- Non-manufacturing companies (arms traders) involved in the sale or procurement of defence-related equipment.

- Issues identified during the E&S risk assessment that give cause for E&S/reputational risk concern e.g. material or repeat non-compliance with environmental and social laws, a lack of adequate policies and procedures for managing E&S risks or major targeted non-governmental organisation campaigns against a company.

Private Security

- Armed private security companies (ICoC members or members of other relevant bodies with appropriate controls/policies) operating in high-risk countries.
- Private security companies that contract with and utilise 3rd party armed personnel.
- Private security companies providing training in the use of weapons or training personnel in combat/hostile situations where weapons would be used.
- Highly controversial issues identified during the E&S risk assessment e.g., fines, pending prosecutions, accused breaches of laws especially with respect to financial crime (Bribery & Corruption, Money Laundering, Terrorist Financing, Sanctions, Tax Evasion); major NGO campaigns/negative publicity.

Normal

Defence

- UK-based firearms and ammunition retail with no sales to high-risk countries where current firearms licences (e.g. a Registered Firearms Dealer licence) have been evidenced.