



NatWest

# Environmental and Social Risk

21 April 2026

## Forestry, Fisheries and Agribusiness Risk Acceptance Criteria

Terms with an asterisk \* are defined in the glossary below

### 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

Forestry, fisheries and agribusiness industries provide vital resources that when managed responsibly and fairly, can help deliver food security, economic stability and facilitate the energy transition through provision of outputs that can be used as biofuels. In addition, the natural resources that these industries depend on, can help protect against climate change through provision of carbon sinks, natural flood defences and soil erosion barriers.

Local and global populations can mutually benefit from the presence of forestry, fisheries and agribusiness industries when activity is managed responsibly and fairly. Local populations can benefit from reliable, readily available and affordable food stocks, which can also provide economic opportunities and income streams through local and global trade.

However, the growing demand for such products, compounded by global population growth, can put the natural resources that these industries rely on under strain. Unsustainable forestry, fisheries and agribusiness activity can be a driver of environmental and social risk, including but not limited to deforestation, peatland conversion, habitat loss, water scarcity, economic hardship and depleted food stocks that local and global communities rely on.

The E&S Forestry, Fisheries and Agribusiness RAC summarises our approach to managing the E&S risk associated with these industries.

## Prohibited

### General

- Manufacture or use of pesticides banned under the Stockholm Convention.
- Harvesting or trade of species listed under the Convention of International Trade of Endangered Species (CITES), Appendix 1.
- Clearing or conversion of peatlands or mangroves areas for commercial plantations or aquaculture farms.
- Deforestation, clearance and/or conversion activities\* in the following protected areas:
  - High Conservation Value Areas / Forests
  - UNESCO World Heritage Sites
  - International Union for the Conservation of Nature IUCN (I – IV) Protected Sites
  - Ramsar Sites
  - UNESCO Man & Biosphere Sites

### Forestry and Agribusiness

- Soft commodity producers\* or primary processors\* that operate in or directly source from high deforestation risk countries\*, where the direct activity is not certified by the below certification schemes or equivalent\*. Non-certified customers with time bound action plans in place to achieve certification within two years from being identified as in-scope for each applicable commodity listed below will be recorded as Restricted Risk. Where certification or equivalent is not achieved following this two-year period, the customer will move to a Prohibited classification. Soft commodities that are not listed below are out of scope.
  - Raw wood/timber, lumber, pulp, paper, natural rubber and latex - Forest Stewardship Council (FSC) and/or Programme for the Endorsement of Forest Certification (PEFC)
  - Palm Oil - Roundtable on Sustainable Palm Oil (RSPO)
  - Soy - Roundtable for Responsible Soy (RTRS).
  - Cocoa and Coffee – Rainforest Alliance and/or Fairtrade
  - Leather – Leather Working Group (LWG)
  - Beef – Membership to the Global Roundtable for Sustainable Beef (GRSB)
- Direct involvement in illegal logging or the purchase of illegally harvested timber.
- Companies using illegal and/or uncontrolled use of fire for land clearance.

### Fisheries and Aquaculture

- Damaging fishing methods - use of explosives (dynamite) and/or poison (cyanide); Vessels that carry or use one or more driftnets with an individual or combined total length of more than 2.5 kilometres or use of driftnets intended for the capture of species listed in Annex III of EU Regulation 2019/1241.

- Direct involvement in the practice of shark-finning or trading in shark fin.
- Direct involvement in commercial whaling.
- Direct involvement in Illegal, Unreported or Unregulated (IUU) fishing activities or trade in IUU products.
- Breach of licencing conditions where the customer is unable to demonstrate that it has taken action to cease, remediate, prevent and/or mitigate, as appropriate, the relevant violation.

### Project Finance

- Projects involving unsustainable vegetation clearance or peatland clearance or extraction. This is defined as projects involving:
  - Degradation of areas (often forests) necessary to protect High Conservation Value areas; the conversion of primary tropical forests; or land clearance by burning.
  - The conversion of High Carbon Stock tropical forests.
  - Clearance of peatlands, including peat extraction.

Note that NatWest Group applies the Equator Principles framework when facilitating project transactions that fall in-scope of Equator Principles EP4 (Project Finance (PF), Project Related Corporate Loans (PRCL), Project-Related Refinance and Project Related Acquisition Finance, Project Finance Advisory Services or Bridge Loans to be refinanced by a PF or PRCL facility).

## Restricted

### General

- Companies operating in the following protected areas:
  - Ramsar Sites
  - UNESCO Man and Biosphere sites
- Issues identified during the E&S Assessment that give cause for concern e.g. material or repeat non-compliance of environmental and social laws, a lack of adequate policies and procedures for managing E&S risks or major targeted NGO campaigns against a company.

### Forestry and Agribusiness

- Soft commodity producers or primary processors that operate in or directly source from high deforestation risk countries, where certification from the below sustainability schemes or equivalent can be demonstrated. Soft commodities that are not listed below are out of scope.
  - Raw wood/timber, lumber, pulp, paper, natural rubber and latex - Forest Stewardship Council (FSC) and/or Programme for the Endorsement of Forest Certification (PEFC)
  - Palm Oil - Roundtable on Sustainable Palm Oil (RSPO)
  - Soy - Roundtable for Responsible Soy (RTRS).
  - Cocoa and Coffee – Rainforest Alliance and/or Fairtrade
  - Leather – Leather Working Group (LWG)
  - Beef – Membership to the Global Roundtable for Sustainable Beef (GRSB)

### Fisheries and Aquaculture

- Deep Sea Bottom trawling at depths greater than 600m below sea level.
- Fisheries and aquaculture farms that have not obtained sustainability certification, including but not limited to certification from the Marine Stewardship Council (MSC), Aquaculture Stewardship Council (ASC), Global Good Aquaculture Practice (GAP) or Global Aquaculture Alliance Best Aquaculture Practices (GAABAP) standards.

- Breach of licencing conditions where the customer can demonstrate that action has been taken, or is planned, to regain and maintain compliance with licencing requirements.

## Glossary - Terms with an asterisk \* are defined in the glossary below

Item	Definition
Deforestation, clearance and/or conversion activities	<p>Deforestation takes place when forests are converted to non-forest uses, such as agriculture or urbanisation.</p> <p>Conversion is defined as a lasting change of natural forest cover or High Conservation Value areas, induced by human activity. This may be characterized by significant loss of species diversity, habitat diversity, structural complexity, ecosystem functionality or livelihoods and cultural values. The definition of conversion covers gradual degradation as well as rapid transformation.</p> <p>Degradation is defined as changes within a natural forest or High Conservation Value area that significantly and negatively affect its species composition, structure and/or function, and reduces the ecosystem's capacity to supply products, support biodiversity and/or deliver ecosystem services.</p>
Financing	Refers to any financing, refinancing and facilitating activity through lending (including reserve-based lending), loan underwriting, bond underwriting, arranging and/or distribution of debt or equity, as well as trade and working capital finance.
Producers	<p>Owners and operators of:</p> <ul style="list-style-type: none"> <li>• Forestry plantations and logging activity</li> <li>• Raw paper manufacturing (e.g. uncut, uncoated, unprinted and unpacked raw paper sheets/rolls)</li> <li>• Rubberwood plantations</li> <li>• Soft commodity estates, farms and plantations</li> <li>• Cattle rearing and ranching activity</li> </ul>
Primary Processors	<p>Owners and operators of:</p> <ul style="list-style-type: none"> <li>• Mills (including sawmills)</li> <li>• Raw wood, lumber and timber pulping for paper production</li> <li>• Natural rubber/latex processing facilities</li> <li>• Palm oil refineries</li> <li>• Soft commodity crushing plants and facilities</li> <li>• Hide processing facilities and leather tanneries</li> <li>• Slaughterhouses, abattoirs and meat packing facilities</li> </ul>
High Deforestation Risk Countries (HDRC)	Forest 500 identify 39 producer countries that collectively represent 80% of global natural forest area. Together, these 39 countries produce over 90% of the world's palm, soy, coffee, cocoa and rubber and over 65% of the world's cattle and timber. NWG define HDRC as the 39 producer countries listed by Forest 500.
Equivalent to the listed certification schemes	<p>Under exceptional circumstances, NWG may retain customers not certified by a specified scheme if the customer can demonstrate:</p> <ul style="list-style-type: none"> <li>• Certification from an equivalent sustainability scheme; or</li> </ul>

- Customer policies that clearly map to applicable elements of the specified sustainability scheme framework.

Accountable Executive approval is necessary to retain customer relationships in exceptional circumstances.