Environmental, Social and Ethical Risk Policy Summary
Mining & Metals Sector

The NatWest Group plc and its subsidiaries (the NatWest Group) Environmental, Social and Ethical (ESE) risk management framework is one of several risk management systems we operate, comprising policies and processes to give us better insight into our customers' activities, help address issues of concern, minimise risks to the bank and manage stakeholder expectations. It gives clear guidance to staff on the procedures they must follow when dealing with customers and transactions in these sectors.

Our policies reflect adherence to national and international laws and regulations, wherever they apply. We have also incorporated a number of voluntary standards such as the Equator Principles and the UN Global Compact.

Scope

This policy covers NatWest Group support provided to companies and projects related to the Mining & Metals sector. This covers:

- Mining companies or projects involved in the exploration and production of raw metal ores (e.g. bauxite, copper, iron ore), non-metal ores (e.g. coal, uranium, limestone) and precious materials (e.g. gold, diamonds, rare earths).
- Companies or projects that are involved in the primary processing of metals and non-metals products, including iron and steel manufacturers, aluminium smelting and refining.

Context

As a purpose-led bank we champion potential, helping people, families and businesses to thrive.

NatWest Group have an ambition to be the leading bank in the UK and Ireland in helping to address the climate challenge. We will have no new exposure to thermal and lignite coal (coal). We will plan a phase out of coal for UK and non-UK customers who have UK coal production, coal fired generation and coal infrastructure by 1 October 2024 and plan a full phase out of coal by 1 January 2030.

NatWest Group has committed to stop providing lending and underwriting services to companies with more than 15% of activities related to thermal and lignite coal, unless they have a Credible Transition Plan ("CTP") aligned with the 2015 Paris Agreement in place by the end of 2021.

We are continuing the process of assessing the CTPs of these in scope customers and expect to complete this by the end of 2021. These will include considering the impact of legislative requirements and policy developments alongside customer transition plans. From 1 January 2022, all coal relationships will be rated high ESE risk to allow for annual review and monitoring via Reputational Risk Committee.

We intend to engage with in scope customers during Q4 2021 to discuss outcomes of our assessments, as well as, how we can support their transition away from fossil fuels to low carbon technologies as appropriate.

Our purpose is to champion potential, helping people, families and businesses to thrive. This lies at the core of our activity as we strive to create long term, deeper relationships with our customers. At the heart of our purpose is a clear commitment to people – to value, support, empower them and ultimately enable them to thrive. Respect for human rights is linked to our purpose, reflected in Our values and we seek to embed it throughout our business. We strive to be an open and inclusive business that supports respect for human rights whilst also seeking to identify and mitigate any negative impacts that our activities may have on individuals or communities (1).

Our Mining & Metals Risk Acceptance Criteria helps the Group to limit lending and underwriting activities that do not align to our purpose.

(1) NatWest Group Human Rights Statement 2021

Our ESE policy requirements

We expect and encourage our customers to demonstrate commitment and compliance to mitigating ESE risk through:

- Having in place, and embedding policies and plans which demonstrate a good understanding of financial crime and ESE issues.
- Demonstrating the capacity to manage these risks through good governance and controls.
- A positive track record of managing ESE risks.
- A commitment to transparency.

Within our policy we set out **Prohibited**, **Restricted** and **Normal** activities. We do not support customers and/or transactions involving prohibited activities.

Customers engaged in restricted activities undergo enhanced due diligence including review by a reputational risk committee or official approver and evaluation every one or two years. Customers undertaking 'normal' (lower risk) activities are assessed for ESE every five-years

General corporate lending

This table summarises our ESE policy for lending and underwriting to the Mining & Metals sector:

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 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.
- Mining companies who derive more than 15% of their revenues or EBITDA (1) (whichever is highest) from mining of thermal and/or lignite coal (2), except where an existing customer can provide a Credible Transition Plan (CTP) in line with the 2015 Paris Agreement by the end of 2021.
- Significant producers of coal using Mountain-top Removal mining in Appalachia, USA
- 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.
- Use of child labour, forced labour, modern slavery or human trafficking (as defined by international standards, including the International Labour Organization and the UK Modern Slavery Act 2015)

(1) Taken from published audited accounts
(2) As of 14th February 2020

Restricted

- Companies with operations that adversely impact on the Outstanding Universal Value of UNESCO World Heritage Sites.
- Companies operating in International Union for the Conservation of Nature (IUCN) I – IV Protected Sites, UNESCO Ramsar Sites, UNESCO Man & Biosphere Sites and High Conservation Value areas.
- Companies that are responsible for the resettlement of large numbers of people relating to a single project (>5000 people).
- Companies where there is evidence of direct involvement in the involuntary displacement or relocation of indigenous peoples without Free Prior & Informed Consent.
- 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.
- 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

- 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.