



NatWest

# Environmental and Social Risk

13 February 2026

## Energy Supply Sectors Risk Acceptance Criteria

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

### Context

Our ambition is to at least halve the climate impact of our financing activity by 2030 and to achieve net zero across our financed emissions, assets under management and operational value chain by 2050. We have also set a target to provide £200bn in climate and transition finance<sup>1</sup> between 1 July 2025 to the end of 2030, renewing and increasing our commitment to financing decarbonisation.

Recognising the complexity and global context of the energy transition, we have combined our positions across our Oil and Gas, Power Generation and coal elements of the Mining and Metals Risk Acceptance Criteria (RAC) into this Energy Supply Sectors RAC below. This RAC enables us to support customers through the transition in line with our climate ambitions and within the natural resources portfolio limit. Acknowledging that oil and gas will continue to play an important yet declining role in energy supply in the medium term<sup>2</sup>, we will continue to engage with and support this sector, rather than disengage prematurely.

When allocating finance to the energy supply sectors, we seek to balance a range of considerations, including prioritising opportunities that support the transition and local economic development. In the context of producers in the oil and gas sector, we will prioritise direct financing towards the North Sea or activities that support the transition. To ensure our financing activity is in line with our sector and bank-wide strategy and remains within the natural resources portfolio limit and other constraints, we have established the following oversight and governance framework:

- All Financing\* (including Project Finance\*)  $\geq$  £50m<sup>3</sup> to the oil and gas sector is assessed by an oversight forum which considers factors such as energy transition contribution, transition planning and ESG ratings (where available).
- Additionally, the Commercial & Institutional Risk Committee receives a detailed breakdown of the oil and gas portfolio, including sub sector composition, deal pipeline (including declines), and any required corrective action. In parallel, the Wholesale Credit Risk Framework ensures adherence to restrictive financial and strategic parameters, including operating within the natural resources portfolio limit. We will continue to conduct customer lifecycle or event driven reviews of all oil and gas customer relationships.
- We will continue to develop capabilities to identify, assess and manage the climate-related risks and opportunities relevant to our energy supply sectors.

<sup>1</sup> As defined in our Climate and Transition Finance Framework

<sup>2</sup> Five to 15 years.

<sup>3</sup> For refinancing of previously assessed transactions, assessment will only apply where there has been a material change in customer strategy.

## Prohibited

### Oil and Gas

We do not provide Financing (including Project Finance):

- To major oil and gas companies who are not committed to the Global Gas Flaring Reduction Partnership (GGFR) and the World Bank's "Zero Routine Flaring by 2030" initiative.

We do not provide direct Financing (including Project Finance) for the specific purpose of:

- Onshore Exploration\*, Development\* or Production\* of shale oil and gas in the UK.
- Exploration, Development or Production of oil from oil sands.
- Exploration, Development or Production of oil and/or gas using coal-bed methane or coal liquefaction.
- Exploration, Development or Production of oil in Arctic or Antarctic Waters\*.
- Exploration, Development or Production of oil and gas in the Arctic Refuge.
- Exploration for new oil and gas reserves.
- Exploration, Development or Production of oil and gas in ultra deep-water.

We do not provide Financing for general corporate purposes to companies who generate more than 10% of their revenues from any combination of activities below at the point of Financing:

- onshore Exploration, Development or Production of shale oil and gas in the UK.
- Exploration, Development or Production of oil from oil sands.
- Exploration, Development or Production of oil and/or gas using coal-bed methane or coal liquefaction.

### Coal\*

Since November 2021, we have had no new exposure to Coal. Following achievement of our ambition to phase-out of Coal for UK and non-UK customers who have UK Coal production, UK Coal-fired generation and UK Coal-related Infrastructure\* by 1st October 2024<sup>4</sup>, we aim:

- By 1 January 2030: global phase out of Coal for customers who have any Coal production or Coal-fired generation or any Coal-related Infrastructure globally<sup>4</sup>.

We prohibit:

- new customer relationships with corporates who explore for, develop or produce Coal or who operate unabated Coal power plants.
- existing customers who are increasing Coal mining activity by exploring for new Coal, developing new Coal mines or increasing Coal production or Coal power capacity including for construction of Coal power plants or increasing the output capability of existing plants.
- 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 non-compliant with environmental and social conditions around MTR activity; or there is a net increase in production of Coal using MTR mining).

<sup>4</sup> As a result, we have stopped providing Financing for any Coal-related activity to these customers where it exceeds the phase out date above. This does not include (i) companies who generate less than 5% of their revenues via Coal-related activity (in line with guidance provided by UNEP FI) (ii) companies with a turnover < £50m and (iii) commodity traders.

We do not provide Project Finance for the specific purpose of:

- Exploration of new Coal, including Metallurgical Coal\*.
- Development of new Coal mines, including Metallurgical Coal mines.
- Coal power activity including new Coal power plants and projects that expand the life of existing unabated Coal power plants.
- Coal-related Infrastructure.
- Projects involving the use of MTR methods.

### **Nuclear power**

We do not provide Financing (including Project Finance) for:

- Operators of Nuclear Power Plants (NPPs) or uranium enrichment facilities;
- Design, construction, transport, storage and disposal of nuclear facilities or waste or the supply of uranium; or
- Companies supplying uranium,

in countries which have failed to sign the Nuclear Non-Proliferation Treaty (NPT) - Israel, Pakistan, North Korea, South Sudan (India is excluded due to bilateral agreements over its civil nuclear programs and sits in the Restricted-risk category)

We do not provide Project Finance for the specific purpose of construction of NPPs or uranium enrichment facilities in countries that:

- have failed to sign the NPT and adopt International Atomic Energy Agency (IAEA) safeguards on the proliferation of nuclear weapons (Israel, Pakistan, North Korea, South Sudan); or
- represent a higher geopolitical risk and have perceived weaker regulatory frameworks.

## **Restricted**

We conduct enhanced due diligence where:

- Companies are operating in the following 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
  - Companies have operations in areas of war or armed conflict or with significant operations in countries defined as "High Risk" under the NatWest Group Country Reputational Risk Framework

### **Oil and Gas**

- Companies are undertaking Exploration, Development, or Production of shale oil and gas outside the UK.
- Companies are undertaking any other activities listed as a Prohibited activity.

### **Coal**

- Companies are undertaking Coal mining, Coal-fired generation activity and Coal-related

infrastructure which is not currently prohibited under the Prohibited section above.

- Companies are undertaking any other activities listed as a Prohibited activity.

### Nuclear Power

Companies are engaging in the below activities in countries defined as "High Risk" under the NatWest Group Country Reputational Risk Framework and/or that have not signed the NPT but have engaged with the international community through bilateral agreements over their civil nuclear programs (e.g. India):

- Operation of NPPs and uranium enrichment facilities.
- Lead contractors designing commercial reactors.
- Lead contractors involved in the construction of NPPs or uranium enriched facilities.
- Transport, storage and disposal of nuclear waste.

Companies are operating NPPs in IAEA member countries which have not ratified the following international nuclear treaties:

- Vienna Convention on Civil Liability for Nuclear Damage OR the Paris Convention on Third Party Nuclear Liability.
- Convention on Nuclear Safety.
- Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management.

### Biomass

- Companies are operating one or more single biomass plants with a power capacity above 100 MW that do not possess a policy or plan regarding the sustainable supply of feedstock.

### Hydropower

- Companies are operating one or more single hydropower plants with a power capacity above 100 MW in non-OECD countries, that do not have in place policies and risk management procedures to manage environmental and social risks (including but not limited to dam safety, environmental impact, labour & working conditions and resettlement).

## Glossary

Item	Definition
Finance/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.
Project Finance	Refers to any financing, refinancing and facilitating activity through lending, loan underwriting, bond underwriting, arranging and/or distribution of debt or equity for a project where the repayment depends primarily on the project's cash flow and on the collateral value of the project's assets.
Exploration	Prospecting for undiscovered oil and gas using various techniques, such as seismic surveys, geological studies, and exploratory drilling.

Development	The building of infrastructure and preparing fields for Production after discovery.
Production	The phase after Exploration and Development – drilling, extraction, processing.
Arctic or Antarctic waters	<b>Arctic waters</b> – Waters north of the Arctic Circle (66°33'N latitude). <b>Antarctic waters</b> – Waters south of 60° South latitude, which is the area covered by the Antarctic Treaty. Note: The Protocol on Environmental Protection to the Antarctic Treaty currently prohibits commercial mineral extraction on the Antarctic continent and there is no current oil Exploration or Production in Antarctic Waters.
Coal	This includes all grades of thermal coal (e.g. bituminous, sub-bituminous, and lignite) typically used as a fuel for coal power generation. This does not include Metallurgical Coal unless specifically referenced.
Metallurgical Coal	Metallurgical coal is typically used to make coke for steel production
Coal-related Infrastructure	Specifically identifiable assets used solely for Coal: <ul style="list-style-type: none"> <li>• Processing/refining</li> <li>• Associated value-add services</li> <li>• Transport and storage</li> </ul>
Mountain Top Removal	Mountain Top Removal (MTR) or Mountain Top Mining is a form of surface mining that involves the mining of the summit or summit ridge of a mountain and spoil is deposited in valleys. A mountain is deemed to be at an elevation of 1000m above sea level with a slope greater than 5 degrees.