

Environmental, Social and Ethical Risk Policy Summary Private Security Companies



The NatWest Group plc and its subsidiaries (the NatWest Group) Environmental, Social and Ethical (ESE) risk management framework is one of a number of 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 related to the private security sector. This covers:

- Companies providing armed personnel and/or armed security services.
- Companies that contract with and utilise third party armed personnel.
- Companies providing training in the use of weapons or training personnel in combat/hostile situations where weapons would be used.

Context

NatWest Group recognises the growing use and need for private security companies and acknowledges the risks associated with the sector. These include the lack of formal regulation, heightened potential for bribery, corruption and terrorist financing, the use of excessive force and human rights abuses and the deployment of private security personnel to assist governments globally in achieving their political and military objectives.

Our ESE policy requirements

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

- Having in place policies and plans which demonstrate a good understanding of ESE issues including adoption of, or commitment to, the International Code of Conduct (ICoC) for Private Security Companies.
- A positive track record of managing ESE and financial crime risks.
- A commitment to transparency.

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

Customers engaged in restricted activities undergo enhanced due diligence including review by a reputational risk committee or approver and an annual evaluation at least every two years. Customers undertaking normal activities are assessed every one or two years.

This table highlights key activities that fall within the private security policy:

Prohibited

- Private Security Companies (PSC's) where there is evidence of torture, sexual exploitation, human trafficking, slavery, forced or child labour, excessive use of physical force.
- Armed PSC's who are operating in high risk countries and have not signed up to the International Code of Conduct (ICoC) or are not working to adopt within the next 12 months.
- Armed PSCs who are operating in low risk countries and have not adopted ICoC or equivalent standards, policies or procedures.
- PSC's providing armed personnel to government Armed Forces or local militia (mercenaries).

Restricted

- Armed PSC's (ICoC members with appropriate controls/policies) operating in high risk countries.
- PSC's that contract with and utilise 3rd party armed personnel.
- PSC's providing training in the use of weapons or training personnel in combat/hostile situations where weapons would be used.
- Highly controversial issues identified e.g. major NGO campaigns/negative publicity or material fines/prosecutions, especially with respect to financial crime (Bribery & Corruption, Money Laundering, Terrorist Financing, Sanctions, Tax Evasion).

Normal

- Expect all PSC's to have policies, and processes that meet the ICoC or Security in Complex Environment Group (SCEG) requirements including:
 - Codes of Conduct or Ethical Policy.
 - Clear escalation processes and lines of accountability e.g. to respond to violations of laws/notices or security incidents.
 - Rules for the Use of Force – ensure only personnel that are required to be armed are armed and that they have requisite licences to carry/ use firearms.
 - Training of personnel on 'The Rules of Force', respect for human rights and weapon training where applicable.
 - Financial crime policies/protocols.
 - Human Rights policy.
 - Whistle-blowing procedures.
 - Procedures to account and control of weapons.
- Expect a good track record with no material incidents over the past 2 years e.g. no major NGO campaigns around abuses of human rights or breaches of laws.