

# Environmental, Social and Ethical Risk



## Private Security

## Risk Acceptance Criteria



# Private Security Sector

We recognise that the activities of our customers can have environmental, social and ethical (ESE) impacts – including polluting activities and the potential for human rights infringements. ESE risk 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. To manage these risks, we have developed Risk Acceptance Criteria for sectors which present heightened ESE risk and define the level of ESE risk the bank is prepared to accept.

The ESE Risk Framework supports our long-term, ongoing work to align our policies and practices to both the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct.

## Scope

The ESE Risk Framework applies to all legal entities within the Group for the onboarding of non-personal customers (including, but not limited to, for the purposes of providing lending or loan underwriting services).

## Context

We champion potential, helping people, families and businesses to thrive.

This Risk Acceptance Criteria 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.

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.

Where material concerns relating to human rights violations <sup>[1]</sup> are identified, including with respect to the salient human rights issues <sup>[2]</sup> identified by NatWest Group, we will engage with the customer to understand the actions they have taken to cease and remediate and prevent future violations.

This document summarises our ESE Risk Acceptance Criteria for the Private Security sector.

## Prohibited

- Evidence <sup>[3]</sup> of human rights violations <sup>[1]</sup> where the customer is unable to demonstrate that it has taken any action to cease, remediate, prevent and/or mitigate, as appropriate, the relevant violation.
- Armed PSCs 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 operating in low-risk countries that have not adopted ICoC or equivalent standards, policies or procedures.
- PSC’s providing armed personnel to government Armed Forces or local militia (mercenaries).

## Restricted

- Evidence <sup>[3]</sup> of human rights violations <sup>[1]</sup> where the customer is able to demonstrate that it has taken action to cease, remediate, prevent and/or mitigate, as appropriate, the relevant violation within a timeframe which is acceptable to the bank.
- 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 during the ESE 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

- No evidence <sup>[3]</sup> of human rights violations <sup>[1]</sup>.
- Expect all PSCs to have policies, and processes that meet 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 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.

## Glossary

Item	Definition
1.Human rights violation	A violation of any right which is inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion or any other status.
2. Salient human rights issues	The United Nations Guiding Principles Reporting Framework defines salient human rights issues as those rights that are at risk of the most severe negative impact through a company’s activities or business

	relationships. NatWest Group's 'Salient Human Rights Issues' can be found at <a href="https://www.natwestgroup.com/sustainability/governance-and-responsible-business/human-rights-and-modern-slavery.html">https://www.natwestgroup.com/sustainability/governance-and-responsible-business/human-rights-and-modern-slavery.html</a>
3. Evidence	A finding of a human rights violation by a government (including a government agency), supervisory authority, national or international court or multinational development agency.