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Paul Thwaite
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**19 December 2025**

Dear Mr. Thwaite,

I hope you are keeping well.

I am writing to you following the launch of ShareAction's latest benchmark of European banks, "*In Debt to the Planet 2025: An assessment of environmental and social strategies in the European banking sector*". We are extremely grateful for your sustainability team's contribution to our report and for all the positive engagement we have had this year with NatWest Group. We recently met with your colleague James Close and his team last month to discuss the progress of your climate ambitions and targets review. Whilst we are thankful for the dialogue, we are troubled by the direction the bank is heading in with respect to managing climate and associated financial risks given NatWest has backtracked on transition plan assessment criteria for clients. We are also concerned about the upcoming results of this review.

**Our benchmark of European banks, in which NatWest is ranked 10th out of Europe's 25 largest banks, finds that ambition among Europe's banking sector is far below where it needs to be for banks to achieve their net-zero ambitions and align with the goals of the Paris Agreement**. The average score across the 25 banks was just 41%, with only four banks achieving at least half of the available points. Despite the latest International Energy (IEA) forecast finding that a cleaner, faster transition will be cheaper for consumers in the long-run[i], just five banks fully rule out financing all companies engaged in new oil & gas projects. And even though the IEA has warned there is an impending oversupply of natural gas[ii], only four banks rule out financing for LNG projects. Concerningly, our report finds that banks' new sustainable finance targets are seemingly moving backwards. Nearly half of the 11 banks that have set new targets since May 2024 have lowered their ambition, with their goals so weak that they could meet them even while reducing the amount of sustainable finance they provide each year.

Since ShareAction published its 2022 benchmark, growing political backlash against environmental and social action has created new challenges for banks looking to finance the energy transition. But banks should not be passive in the face of economic and political headwinds. They have the financial power to change conditions in the real economy and have considerable influence over political processes. They must use it to help advance the needs of a just and sustainable transition, which in turn would help them capitalise on opportunities. The fees banks generated from green deals exceeded those from fossil fuels in the third quarter of 2025[iii], and investment in renewables continues to break records.[iv]

Meanwhile, banks which are not aligning their financing decisions with the goals of the Paris Agreement are creating systemic risk. For as long as banks continue to finance oil & gas expansion, they increase the risk of stranded assets, which expose lenders and their shareholders to potential losses. In fossil fuel sectors, asset stranding could range in value from US$3 trillion to US$16 trillion, with an impact on fossil fuel profits above US$1 trillion over the next 15 years[v]. Public support for the transition remains resilient and is likely to intensify as extreme weather events wreak more havoc across the globe. Climate-related extremes in Europe caused more than twice as much damage during the period 2020–2023 as in the entire preceding decade[vi] and has led to substantial loss of human life. During the summer in which ShareAction conducted the survey for this report, 16,500 Europeans died from extreme heat attributed to climate change[vii]. These are loved ones and neighbours whose lives were cut short by a collective failure to act.

**Following extensive analysis of NatWest Group's fossil fuel policies, decarbonisation and sustainable finance targets, and approaches to biodiversity and Indigenous Peoples' rights, we have identified key areas where the bank should improve its performance**. NatWest Group performed generally in the middle of the pack of European banks for fossil fuel policies (10th), climate targets (13th), and biodiversity (joint 8th), but ranked joint last for Indigenous Peoples' rights.

Whilst NatWest Group could provide greater transparency on the methodology behind how its sustainable finance targets have been quantified, positively, the bank achieved the fourth strongest renewable energy to fossil fuel financing ratio in our sample – 2.31:1. However, on the decarbonisation side, NatWest Group has set targets in just seven sectors, lacking specific targets for aviation, shipping, and agriculture – and none of these cover capital markets activities. The omission of agriculture is particularly concerning given the bank serves approximately 30% of borrowers in the UK agriculture sector.

Importantly, in contrast to many of its peers, the NatWest Group's oil & gas target only covers emissions intensity – problematic given burning a barrel of oil cannot be decarbonised. Moreover, a majority of the bank's commitments are only consistent with the 1.7°5C IEA B2DS. This makes it harder for investors to evaluate whether NatWest is mobilising sufficient resources for an orderly transition. With the pathway to keeping global heating within 1.5°C now incredibly narrow, banks urgently need to establish coherent and credible strategies for delivering on their pledges. Recent research has shown that while the 1.5°C goal may be temporarily overshot, it remains possible to return warming to below this level by 2100.[viii] The ethical and financial imperative for banks like NatWest to align activities with 1.5°C is, therefore, strengthened rather than undermined by the potential of overshoot.[ix]

When it comes to fossil fuels, NatWest Group's policies suffer critical gaps. The bank restricts general corporate purpose finance for some oil & gas companies. But this only affects majors without a 'credible' transition plan, and upstream companies with a majority of assets outside the UK. Concerningly, NatWest Group weakened its definition of credible transition plans this year, so majors are judged on a single assessment undertaken in 2021. This means companies like BP, which have backtracked on past commitments since the date of NatWest Group's assessment, can still access funding, thus undermining the spirit of the restriction. Whilst the bank's coal policy is stronger, all its fossil fuel financing restrictions only cover lending and loan underwriting – not bond underwriting, which is a significant omission.

On biodiversity, NatWest Group's performance is slightly stronger, and the bank should be commended for excluding companies carrying out certain activities in designated biodiverse areas, and for requiring sustainability certifications from certain companies operating in tropical regions.

NatWest Group's weakest area was Indigenous Peoples' rights, and to improve its score here, the bank should unequivocally require free, prior and informed consent (FPIC) for all project and general corporate purpose financing.

**The financial sector holds significant power to affect change, and it has a responsibility to use it. We are extremely concerned by NatWest Group's backtracking and urge the bank to:**

- **Conduct an updated assessment of oil & gas majors' transition plans during 2026.** La Banque Postale and Danske bank both refuse commercial relations with oil & gas companies unless they develop a credible transition plan, including red lines on further fossil fuel expansion.

- **Revise risk acceptance criteria so that they apply explicitly to bond underwriting.** BNP Paribas and Crédit Agricole refuse support to conventional oil & gas bonds.

- **Align all decarbonisation targets with 1.5°C scenarios and set an absolute financed emissions target for oil & gas.** ING has set 1.5°C-aligned decarbonisation targets for all priority sectors, and 21/25 of Europe's largest banks have set an absolute emissions reduction target for oil & gas.

- **Provide a methodology for how the bank quantified its sustainable finance targets, with reference to climate scenarios.** BNP Paribas established its renewable energy financing target based on the global energy mix suggested in the IEA NZE scenario.

- **Explicitly require both project and corporate financing clients conduct robust FPIC processes aligned with the UNDRIP.** ABN Amro has FPIC requirements for project and corporate financing in various sectors, including mining & minerals and oil & gas.

**As CEO of one of Europe's largest banks, Mr. Thwaite, we ask that you display courage and leadership by proactively pushing back against calls for climate inaction and securing a future for your institution.** Climate breakdown and spiralling inequality are the antithesis of this goal, and shareholders will not accept NatWest Group backtracking on its climate commitments or making progress too slowly.

We are committed to engaging with and supporting NatWest Group in the development of robust policies and targets, and hope that our constructive dialogue will continue throughout 2026. As a next step, we would like to see NatWest make progress on the above recommendations by its 2026 AGM, or ShareAction and investors will consider taking escalatory action.

Please note, we have made the contents of this letter public and it is available on our website. **Any response we receive from the bank will also be treated as public and may be included in future briefings or other materials, unless explicitly requested otherwise.**

I ask that you respond to bankingteam@shareaction.org in writing by the **27th March 2026**. I truly wish you and your team a wonderful Christmas break and look forward to building on our valuable relationship in the new year.

Warm regards,

**Jeanne Martin**

Interim Co-Director of Corporate Engagement & Head of Banking Programme

ShareAction

[i] International Energy Agency (2025). *World Energy Outlook 2025.* Available at: https://www.iea.org/reports/world-energy-outlook-2025 [accessed 25 November 2025]
[ii] International Energy Agency (2025). *Coming surge in LNG production is set to reshape global gas markets.* Available at: https://www.iea.org/news/coming-surge-in-lng-production-is-set-to-reshape-global-gas-markets [accessed 25 November 2025]
[iii] Anthropocene Fixed Income Institute (2025). *Bank DCMs minting the transition.* Available at: https://anthropocenefii.org/blog/the-box-banks-minting-transition [accessed 25 November 2025]
[iv] BloombergNEF (2025). *Global Renewable Energy Investment Still Reaches New Record as Investors Reassess Risks*. Available at: https://about.bnef.com/insights/clean-energy/global-renewable-energy-investment-reaches-new-record-as-investors-reassess-risks/ [accessed 25 November 2025]
[v] International Renewable Energy Agency (2017). *Stranded assets and renewables.* Available at: https://www.irena.org/publications/2017/Jul/Stranded-Assets-and-Renewables [accessed 1 November 2025]
[vi] European Environment Agency (2025). *Europe's Environment 2025*. https://www.eea.europa.eu/en/europe-environment-2025/main-report [accessed 25 November 2025]
[vii] Barnes, Clair, Garyfallos Konstantinoudis, Pierre Masselot, Malcolm Mistry, Antonio Gasparrini, Ana M Vicedo-Cabrera, Emily Theokritoff, et al (2025). *Summer heat deaths in 854 European cities more than tripled due to climate change*. Available at: https://spiral.imperial.ac.uk/entities/publication/036deb18-2883-409e-a66c-df52bea09e97 [accessed 25 November 2025]
[viii] Climate Analytics (2025). Rescuing 1.5°C: new evidence on the highest possible ambition to deliver the Paris Agreement. Available here: https://climateanalytics.org/publications/rescuing-1-5c
[ix] Rogelj, Joeri, Lavanya Rajamani (2025). The pursuit of 1.5°C endures as a legal and ethical imperative in a changing world. Available here: https://www.science.org/doi/10.1126/science.ady1186#core-collateral-purchase-access