# NatWest revises fossil fuel financing policy, drawing criticism over climate commitments



NatWest has revised its policy on financing fossil fuels, allowing it to continue supporting oil and gas investments, an investigation by The Independent has revealed. This change has raised questions about the bank’s previous commitments to phasing out fossil fuel funding and has drawn criticism from campaigners who argue the shift undermines its climate goals.

In 2021, NatWest declared that it would cease lending to and underwriting major oil and gas producers unless those companies had “a credible transition plan, aligned with the 2015 Paris Agreement, in place by the end of 2021.” This policy had marked NatWest as one of the more progressive banks on fossil fuel financing at the time, a stance reinforced at its annual general meeting the same year. The Paris Agreement, reached at the 2015 United Nations Climate Change Conference, seeks to strengthen global efforts to combat climate change.

However, the latest update to NatWest’s Oil & Gas Risk Acceptance Criteria includes subtle but significant alterations. A new footnote specifies that companies classified as major oil and gas producers must have had a credible transition plan “as assessed by our point in time credible transition plan assessment methodology undertaken in 2021.” Crucially, the policy now uses the past tense “had” instead of “have” when describing whether companies possess transition plans aligned with the Paris Agreement. This effectively means that while companies must have had suitable plans at one point, there is no requirement for those plans to be current or ongoing for NatWest to provide financing.

This adjustment departs from recommendations by the International Energy Agency (IEA), which advocates for no new financing for fossil fuel projects to achieve net zero by 2050. Banks worldwide remain critical sources of funding for the oil and gas sector, with the largest 60 global banks providing $705 billion (£527 billion) to fossil fuel companies in 2023 alone. Since the Paris Agreement was signed in 2015, these banks have extended $6.9 trillion to the same sector, according to data from the Rainforest Action Network.

NatWest, a sponsor of the UK-hosted COP26 climate summit in Glasgow in 2021, has historically been regarded as relatively forward-thinking on climate issues within the banking sector. It was among the first European banks to pledge net zero emissions by 2050 and committed to halving its operational emissions by 2030. According to the bank’s 2024 Sustainability Report, NatWest aims to reduce emissions intensity in its oil and gas investments by 38% by 2030 against a 2019 baseline. While on track in 2022, its 2023 progress report indicated the bank missed this target by more than 5%.

The timing of NatWest’s policy change coincides with a retreat from net zero targets by BP, one of the oil majors it finances. BP initially promised in 2020 to become a net zero energy company and reduce oil and gas production by 40% by 2030. This plan was lauded by climate think tank Carbon Tracker. However, BP relaxed these targets by increasing its 2030 oil production forecast by 25% in 2023 and subsequently abandoned its net zero energy company strategy earlier this year, with CEO Murray Auchincloss stating the previous plan “went too far, too fast.”

Responding to The Independent’s findings, a NatWest spokesperson declined to comment on individual customers but defended the bank’s overall oil and gas approach. “NatWest’s total exposure to the Oil and Gas sector remains limited and amounts to 0.5 per cent of the Bank’s financing activity,” the spokesperson said. They added that the bank recognised the complexities of the UK's energy transition and confirmed a planned review of climate targets in 2025 to ensure alignment with national transition strategies. The spokesperson stated, “We will continue to be transparent on our policy and risk criteria in this area and will publish these once the review is completed.”

Campaigners have voiced strong criticism of NatWest’s updated policy. Jeanne Martin, head of the banking programme at ShareAction, told The Independent: “NatWest had a history of setting high standards in the industry, and its previous policy from 2021 was really positive. Now, though, the bank seems to be clinging to its final fossil fuel customers in a way that does not really make sense, as the bank’s exposure is so small. It is being misleading, creating a loophole to continue financing oil and gas for short term profits, and has opened itself up to accusations of greenwashing.”

Ms Martin contrasted NatWest’s shift with Barclays, a bank with a larger fossil fuel financing footprint, which she noted appears to be maintaining its climate commitments. She said: “Barclays is one of the largest providers of financing to the fossil fuel industry, but so far they have stuck to their climate commitments, announcing that they will publish a transition plan by the end of the year, and also moving from being the number one financier of oil sands in Europe to cutting ties with the sector.”

The evolution in NatWest’s fossil fuel financing policy underscores ongoing tensions within the banking sector over balancing financial interests with environmental commitments amid a global energy transition.

Source: [Noah Wire Services](https://www.noahwire.com)