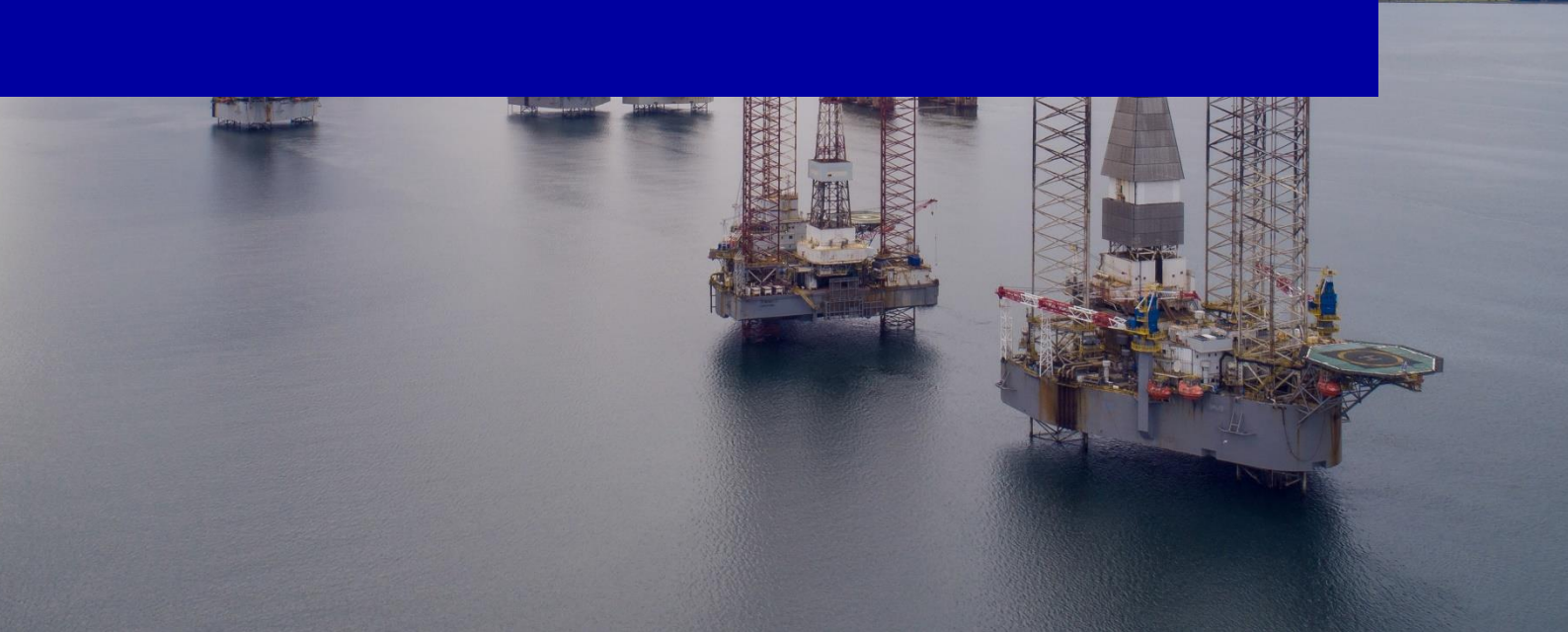


Nordea

NORDEA SECTOR GUIDELINE FOR FOSSIL FUEL INDUSTRIES

Approved by Nordea Bank's Sustainability and Ethics Committee March 2026



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Introduction

Find the **full introduction to all our Thematic and Sector frameworks** [here](#)
And the **full online glossary with our definitions** [here](#)

1. Fossil Fuel Sector Guideline

1.1 Global outlook for fossil fuels

Fossil fuels have historically played a pivotal role in driving industrial development and economic growth globally. In 2024 fossil fuels accounted for approximately 80% of the world's energy mix and 40% of the energy consumption in the Nordics¹.

Despite significant progress in low-carbon deployment, the Intergovernmental Panel on Climate Change (IPCC) concludes that the world must significantly reduce primary energy from fossil coal, oil and natural gas already by 2030 to remain aligned with the 1.5°C pathway. Fossil fuel combustion is the primary driver of anthropogenic greenhouse gas (GHG) emissions, with thermal coal alone accounting for around one third of the 1°C average temperature rise already observed. Consequently, phasing out thermal coal is the most urgent priority in addressing fossil fuel-related emissions,² an objective formalised at COP26 in 2021, expanded at COP28 in 2023 and reinforced by a separate roadmap initiative established at COP30 in 2025.

There is a stark contrast between demand and supply curves for oil and gas in scenarios based on current policies and what is required in scenarios limiting the global temperature rise to 1.5°C. In its Stated Policy Scenario, the International Energy Agency (IEA) estimates that oil demand stops growing around 2030 and gas demand increases until 2035, with significant regional divergence. Advanced economies generally see demand declines, China's demand has started to slow while emerging and developing economies are estimated to see growing demand. In Europe, oil demand is estimated to decline with 25% and gas demand with 20% by 2035. The estimated demand declines in this scenario are not sufficient to meet the 1.5°C goal, which would require more transformative and significantly accelerated action from all parts of society and with coordinated actions on both demand and supply side.

The European Union (EU) has adopted a long-term policy objective to become a net-zero greenhouse gas emissions economy by 2050, which lies at the core of the European Green Deal. In addition, the EU has agreed on an ambitious 2040 climate target, aiming to reduce GHG emissions by 90% compared to a 2019 baseline. This implies a continued and accelerated phase-out of fossil coal, oil and gas across the EU and the Nordic region. The EU and most of the Nordic countries, also have intermediate climate and energy targets in legislation for 2030 and Sector-specific decarbonisation roadmaps, all of which contribute to structurally lower fossil fuel demand over time. Furthermore, the EU's policy frameworks, including public financing and investment guidelines, exclude support for new oil and gas developments in the Arctic. Combined, if these policies remain in place, they are likely

¹ Based on IEA 2025 World Energy Outlook and related data

² Global Warming of 1.5 °C, IPCC Special Report 2018 (revised 2019)

to constrain the EU's long-term demand for oil and natural gas, including from the Norwegian Continental Shelf, particularly beyond 2040.

Global energy markets remain deeply influenced by geopolitical uncertainty. Strategic rivalry between major economies, combined with Russia's war in Ukraine has heightened supply risk and increased volatility in global oil and gas markets. For the EU, this underscores the importance of secure and politically reliable gas imports, particularly as Russian pipeline gas will be phased out by 2028 and energy is increasingly entangled in trade and tariff disputes. While the US has become a key supplier of Liquefied Natural Gas (LNG) to Europe, strengthening transatlantic energy ties, it also exposes the EU to global LNG competition and price swings. In this context, Norway stands out as a stable, democratic and predictable producer of oil and gas, making it a strategically important supplier for the EU, supporting energy security and supply stability during a period of elevated geopolitical risk.

1.2 Nordea position

Nordea retains a risk-based and restrictive approach to fossil fuels, recognising that the energy transition introduces elevated risks to the long-term economic viability of fossil fuel-based activities. Nordea supports the need to accelerate the phase out of fossil fuels, while also acknowledging that the transition is complex and that recent geopolitical shocks have underscored the critical importance of energy security and independence. While fossil fuel demand must decline substantially to reach global climate goals, natural gas in particular will continue to play a role in securing Europe's energy supply in the near to medium term.

Nordea's activities reflect, to a varying extent, the economic structures of its Nordic home markets, and their respective transition strategies and energy security contributions. While Nordic economies have largely phased out fossil fuels from their energy systems, Norway, with its economically significant oil and gas sector, has become an increasingly important strategic energy partner to the rest of Europe, thereby contributing to energy security and independence in the markets where Nordea operates. With Europe facing geopolitical instability and an energy system that cannot yet rely solely on low-carbon energy, Norwegian oil and gas continues to serve as a reliable source of supply during the transition.

Nordea has phased out lending to thermal coal, thermal peat³ and offshore drilling rigs and offshore service vessels. Within upstream oil and gas, reflecting its risk-based and restrictive approach, Nordea limits its relationships to a small number of carefully selected customers operating primarily on the Norwegian Continental Shelf. Furthermore, comprehensive fossil fuels restrictions apply to the majority of its investment fund offerings, with upstream oil and gas holdings restricted to a select group of funds to accommodate customer demand for investment strategies that replicate an index or a specific market where broad exclusions are not feasible.

Nordea believes that active engagement and ownership is an effective strategy for managing risk and contributing to the mitigation of adverse societal impacts through the operations of its customers and investee companies. In addition, Nordea seeks to develop products and solutions to support its customers in their transition. By retaining a risk-based and restrictive approach to fossil fuels, actively contributing to financing the transition to a low-carbon economy, and focusing on constructive

³ With the exception for those customers impacted by energy security measures in Finland until 2028.

dialogue with customers and investee companies, Nordea aims to contribute to the transition away from fossil fuels while simultaneously supporting a secure and stable access to energy today.

1.3 Sector specific scope

Nordea applies the Commission Delegated Regulation (EU) 2023/137 (Rev 2.1)⁴ as guidance for the classification and assessment of relevant activities.

1.3.1 Scope

The scope of this sector guideline includes, unless otherwise stated, the following:

- Oil, gas and offshore companies and mining companies operating in exploration, extraction and/or production of coal, peat, oil and gas.
- Oil and gas pipeline and thermal coal heat and power production companies.

For lending and facilitation, the scope is defined using the following NACE⁴ codes as guidance:

- Extraction and upstream activities:
 - B.05: Mining of coal and lignite (brown coal from peat)
 - B.06: Extraction of crude petroleum and natural gas
 - B.08.92: Extraction of peat
 - B.09.01: Support activities or petroleum and natural gas extraction
- Midstream activities:
 - C.19.2: Manufacture of refined petroleum products and fossil fuel products
 - D.35.21: Manufacture of gas
 - H.49.5: Transport via pipeline
- Downstream activities:
 - D.35.11: Production of electricity from non-renewable sources
 - D.35.22: Distribution of gaseous fluids through mains

Within B.09.01 only offshore drilling rigs and offshore supply vessels fall within scope. Other support activities under the category are considered out of scope, given their continued importance for renewable and low-carbon activities.

Companies whose primary activities involve biogas, biofuels, nuclear energy or related technologies fall outside the scope of this sector guideline (ref NACE D.35.21 and D.35.11).

1.3.2 Definitions

Offshore companies defined as offshore drilling contractors providing offshore drilling rigs and offshore marine service companies providing offshore supply vessels.

Coal companies, defined as companies operating in thermal coal mining, coal exploration, coal processing, Coal to liquids (CtL) and Coal to gas (CtG)

Arctic drilling, defined as offshore locations enclosed by the southernmost extent of winter sea ice above the Arctic Circle.

⁴ [NACE Revision 2.1](#)

Unconventional oil and gas, defined as shale oil, shale gas and oil sands that require specialised extraction techniques such as hydraulic fracking or thermal recovery.

Ultra deep drilling, defined as offshore drilling activities conducted in water depths exceeding 1,500 meter.

2. Requirements

Nordea requires companies in its business relationships to comply with national legislation and policies.

2.1 Investments

Requirements stated in this section are applicable to all investments, as defined in section 1.1, unless otherwise specified. For Article 8 and 9 funds⁵ managed by Nordea Asset Management (NAM), requirements are further specified in the [Paris Aligned Fossil Fuel Policy](#). For products managed by Nordea Life & Pension (NLP)⁶, requirements are further specified in the [Nordea Life & Pension Responsible Investment Policy](#). For additional information on subsidiary sustainability policies please refer to <https://www.nordea.com/en/sustainability/policies-sector-guidelines>

2.1.1 Oil and gas exploration and production

For products managed by NAM:

- NAM will not provide new capital to oil and gas companies expanding their production by restricting investments in the primary issuance of bonds⁷

For Article 9 funds managed by NAM, and for NAM Article 8 funds, with a small number of exceptions, investments are not made in:

- Companies which derive more than 5% of their revenues from exploration, extraction production or distribution of fossil fuels, unless they have a Paris-aligned decarbonisation strategy⁸

For products managed by NLP, investments are not made in:

- Companies which derive more than 5% of their revenues from exploration, extraction and production of fossil fuels, unless they have taken concrete steps to transition their activities in line with the Paris Agreement⁹

2.1.2 Oil and gas services

For Article 9 funds managed by NAM, and for NAM Article 8 funds, with a small number of exceptions, investments are not made in:

⁵ in accordance with Regulation (EU) 2019/2088, the Sustainable Finance Disclosure Regulation (SFDR)

⁶ All insurance- and pension-based investment products, where Nordea Life & Pension makes decisions as to which internally or externally managed instruments, such as funds, mandates, structured investment products or single securities, to invest in. For delegated products managed by NLP for Nordea bank, Nordea's Responsible Investment Product Distribution Policy apply as a minimum.

⁷ This does not cover investments in bonds on the secondary market

⁸ Companies must be on a path to net zero, as evaluated by our internal assessment methodologies, which are based on e.g. the Transition Pathway Initiative and the Net Zero Investment Framework, developed by IIGCC/PAII.

⁹ See footnote 8

- Companies which derive more than 50% of their revenues from services essential and specific to the extraction of oil and gas unless they have a Paris aligned decarbonisation strategy¹⁰

For products managed by NLP, investments are not made in service companies which derive more than 50% of their revenues from services essential and specific to the extraction of oil and gas unless:

- they have taken concrete steps to transition their activities in line with the Paris Agreement¹¹, or;
- they are included in transition strategies with an explicit objective to improve, through engagement, portfolio companies' climate standards towards net-zero alignment

2.1.3 Unconventional oil and gas

For products managed by NAM, investments are not made in:

- Companies with substantial and sustained exposure to oil sands with a 5% revenue threshold

In addition, for Article 9 funds managed by NAM, and for NAM Article 8 funds, with a small number of exceptions, investments are not made in:

- Oil and gas companies extracting fossil fuels with unconventional methods

For products managed by NLP, investments are not made in:

- Oil and gas companies extracting fossil fuels with unconventional methods

2.1.4 Arctic drilling

For products managed by NAM and NLP, investments are not made in:

- Oil and gas companies extracting oil and gas extraction through Arctic drilling

2.1.5 Coal mining

For products managed by NAM and NLP, investments are not made in:

- Companies with sustained and substantial exposure to coal mining, defined as having a 5% revenue threshold on thermal coal and a 30% revenue threshold on total coal (including metallurgical coal¹²)

2.1.6 Power generation

For products managed by NAM, investments are not made in:

- Companies without commitment to phase-out coal by 2040 (35% revenue threshold for advanced economies, 50% for others)

¹⁰ See footnote 8

¹¹ See footnote 8

¹² The threshold on metallurgical coal is higher as there are currently no widely available alternatives. Nevertheless, Nordea has chosen to apply a threshold and expects to adjust it downwards as applicable coal-free technologies appear, e.g. in the area of steel production.

- Companies which plan major or strategic expansion of coal power capacity¹³

In addition, for Article 9 funds managed by NAM, and for NAM Article 8 funds, with a small number of exceptions, investments are not made in:

- Companies which derive more than 5% of their revenues from fossil fuel derived power generation unless they have a Paris aligned decarbonisation strategy¹⁴

For products managed by NLP, investments are not made in:

- Companies which derive more than 5% of their revenues from fossil-based power generation unless:
 - they have taken concrete steps to transition their activities in line with the Paris Agreement¹⁵, or;
 - they are included in transition strategies with an explicit objective to improve, through engagement, portfolio companies' climate standards towards net-zero alignment
- Power generating companies which plan major or strategic expansion of coal power capacity¹⁶

2.2 Financing and facilitation

2.2.1 Oil and gas exploration & production

Nordea does not:

- Enter into new business relationships with companies active in oil and gas exploration and production

In addition, Nordea does not provide or facilitate:

- Project financing dedicated to expanding exploration and production of oil and gas, including related infrastructure¹⁷
- Project financing dedicated to exploration and production of oil and gas through ultra-deep drilling

2.2.2 Unconventional oil and gas

Nordea does not provide or facilitate:

- Project financing dedicated to exploration and production of unconventional oil and gas.

¹³In practice this means: (a) Companies with coal power expansion plans if existing coal power revenue exceeds 10% or coal capacity exceeds 5GW or (b) Companies with coal expansion plans of > 1 GW.

¹⁴ See footnote 8

¹⁵ See footnote 8

¹⁶ In practice this means: (a) Companies with coal power expansion plans if existing coal power revenue exceed 10% or coal capacity exceed 5GW or (b) Companies with coal expansion plans of > 1 GW.

¹⁷ Includes new Liquefied Natural Gas (LNG) import (regasification) and export (liquefaction) terminals.

2.2.3 Arctic drilling

Nordea does not provide or facilitate:

- Project financing dedicated to exploration and production of oil and gas in the Arctic.

For companies involved in exploration, development and/or extraction in the Barents Sea it is required that they operate under a license awarded by the Norwegian Ministry of Energy with the permission to carry out said activities by the Norwegian Environment Agency and the Norwegian Ocean Industry Authority.

2.2.4 Thermal coal

Nordea does not provide or facilitate financing to:

- Companies having more than 5% of their revenues coming directly from thermal coal, covering coal-fired energy production companies and/or mining companies that are extracting thermal coal.
- Companies with expansion plans for thermal coal or new and pre-construction phase thermal coal activities.
- Projects dedicated to thermal coal mining, new thermal coal power plants or thermal coal transport infrastructure construction.

Nordea requires that existing financing customers, using thermal coal in power production or mining, are planning to exit power production and mining based on thermal coal by 2030 latest for industrialised countries and a full phase out globally by latest 2040.

2.2.5 Thermal peat

Nordea does not provide or facilitate financing to:

- Companies with expansion plans for thermal peat or new and pre-construction phase thermal peat activities
- Projects dedicated to thermal peat mining or new thermal peat power or heat plants.
- Companies involved in thermal peat mining or peat-fired energy production¹⁸

3. Expectations

Any business relationship exempt from the above requirements will be carefully monitored and is expected to strive towards fulfilling Nordea's general and sector specific expectations, focusing on reducing the adverse impact.

We expect all business relationships to work with peers to control their methane emissions and improve the accuracy and transparency of methane emissions reporting in the oil and gas sector and elsewhere, where this is material.

Nordea expects companies, besides adhering to national laws and regulations, to follow and respect internationally recognised norms and standards in all areas of their operations.

¹⁸ With the exception for those customers impacted by energy security measures imposed by the Finnish government until 2028. Residual use of thermal peat for backup production or to meet technical limitations is excluded from this requirement. Any further energy security measures in Finland taken after the publication of this guideline will be reviewed separately.

We expect companies to recognise the critical role of environmental conservation in their planning and operational management. They should lead by developing best practices, commit to relevant standards and conventions that prioritise sustainability and integrate this in their management planning and decision processes. This includes adopting strategies to reduce carbon emissions, enhance energy efficiency and engage in biodiversity conservation efforts, thereby ensuring a responsible and proactive approach to environmental stewardship. This includes, but is not limited to, adherence to the following standards:

- UN Global Compact
- Ramsar Convention on Wetlands of International Importance especially as Waterfowl Habitat (RAMSAR)
- the Convention on Biological Diversity (CBD) Oil and Gas Climate Initiative (OGCI)
- the OSPAR Convention
- the Oil & Gas Methane Partnership 2.0, or OGCI methane initiative, and to commit to end all routine and non-emergency flaring and venting operations no later than 2030.
- the International Convention on Oil Pollution Preparedness, Response and Co-operation (OPRC)
- the United Nations Educational, Scientific and Cultural Organization (UNESCO) World Heritage Convention with regards to sites listed therein and,
- the International Union for Conservation of Nature and Natural Resources (IUCN) with regards to protected areas defined therein.
- the EU Technical Expert Group and Partnership for Carbon Accounting Financials global standard for financed emissions accounting, with respect to inclusion of scope 3 emissions in carbon accounting for oil and gas and mining companies
- commitment to Extractive Industries Transparency Initiative (EITI) disclosure principles.
- transparent and high quality disclosure of climate impact and material sustainability impacts in their value chain
- adhering to the United Nations "Protect, Respect and Remedy" framework set out in the UN Guiding Principles for Business and Human Rights.