1. Introduction
The Board of Directors of Nordea Bank has adopted a Code of Conduct for Nordea Bank Abp and its subsidiaries, including branches and representative offices. It applies to all people working for Nordea.

The Code of Conduct is based on the ten principles of the UN Global Compact and sets out the general principles for how we aspire to work at Nordea and guides us in our business relationships. The Code of Conduct is supplemented by more detailed internal rules, policies and guidelines.

This Sector Guideline sets out principles for Nordea’s business with the Defence Industry.

2. Guideline for business with the Defence Industry
Nordea is committed to conduct business responsibly and to integrate environmental, social and governance (ESG) criteria into the decision making process.

Nordea performs ongoing due diligence (ODD) on all customers and enhanced due diligence (EDD) with regards to customers that are deemed to have a higher risk or active in an industry with a higher risk.

Nordea does not facilitate trade, including any trade of weapons (or dual-use goods for military purposes), to individuals, corporations or countries that are subject to relevant sanctions. Nordea has detailed processes for capturing potential violations of sanctions to ensure that transactions do not breach relevant sanctions imposed by UN, EU, USA and applicable local regulators. We have dedicated task groups and constant training in place.

According to Article 51 of the United Nations Charter each nation has the right to self-defence. From this follows that a nation has a legitimate right to develop a defence and produce, purchase and possess arms for its own security as well as for participating in international peace keeping missions.

Defence equipment is produced by state owned companies, multi-national companies listed on stock exchanges and small and medium sized companies. All these categories use various financial services such as financing, advice, accounts, and trade finance.

For companies involved in the defence industry that Nordea invest in, or have a business relationship with, Nordea expects them not just to be compliant with national law (including export licenses in relevant jurisdictions), national policies established by the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies, international humanitarian law, treaties, and conventions, but also to follow the UN Global Compact and the UN Guiding Principles on Business and Human Rights.

Recognizing the inherent complexity and challenging issues involving the production and use of arms, both individual states and the international community have sought to regulate the area through a multitude of laws, treaties and conventions both with regards to conventional weapons (generally referred to as weapons that are in relatively wide use) and with regards to weapons of mass destruction (which generally are referred to as controversial weapons).

Controversial Weapons
There is no official and comprehensive definition of Controversial Weapons. It is a concept subject to change over time but it commonly includes weapons that are illegal and banned by international legal instruments or deemed controversial due to the disproportionate and indiscriminate harm they cause. Nordea considers the following to be Controversial Weapons:

- Anti-personnel Weapons: regulated by the 1999 Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction (the Ottawa Convention), that bans the use of anti-personnel mines;
- Cluster Munitions: regulated by the 2008 Convention on Cluster Munitions (the Oslo Convention) that prohibits the use, stockpiling, production and transfer of cluster munitions;
- Biological Weapons: regulated by the 1975 Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their Destruction;
- Depleted uranium munitions: no current international convention exists, but Nordea recognises the concerns with depleted uranium munitions

Nordea does not invest in companies that are verified to be involved in the production or development of controversial weapons. Nordea does not finance companies that are verified to be involved in controversial weapons.

Nuclear Weapons
Nuclear Weapons are regulated by the 1970 Treaty on the Non-Proliferation of Nuclear Weapons (NPT). The objective of the treaty is to prevent the spread of nuclear weapons and technology and promote the peaceful use of nuclear energy. The treaty recognizes the five permanent members of the United Nations Security Council; China, Russia, France, United Kingdom and the United States as lawful nuclear-weapons states. Israel, India and Pakistan are non-signatories. North Korea has withdrawn from the NPT.

Nordea does not invest in companies that are verified to be involved in the production or development of nuclear weapons. Nordea may, however, invest in companies involved in the maintenance of Nuclear Weapons provided that the total military revenue of the company does not exceed 5%.

Nordea does not finance companies that are verified to be directly involved in nuclear weapons. Nordea may, however, conduct business with a company that is a part of a group involved in nuclear weapons provided that such business is appropriately ring-fenced and thus limited to a company not involved in nuclear weapons.

In respect of legacy commitments where Nordea has contractual obligations to retain a business relationship, Nordea is committed to engagement and dialogue to ensure that Nordea’s business relationship adhere to this Sector Guideline. If adherence cannot be achieved Nordea shall, to the extent legally possible, exit the relevant relationship in an orderly manner.