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 is the Sector Guideline for Nordea’s business with the Shipping Industry.

2. Environmental, Social and Governance
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 business with 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. Nordea has dedicated task groups and constant training in place.

3. Maritime transport
Maritime transport is the backbone of international trade and an integral part of the global supply chain. Raw materials are transported to refineries, refined goods are transported to factories and manufactured goods are transported to consumers.

The International Maritime Organization (IMO), the United Nations specialized agency for shipping, estimates that over 90% of the world’s trade is carried out by sea and it is the most cost-efficient way to move large amount of goods and raw materials around the world. In terms of cargo carrying capacity (dead-weight tons) the world fleet has doubled since 2005.

4. International Laws, Regulations and Norms
Recognizing the environmental, social and governance concerns pertinent to the shipping industry, including the safety of life at sea, the protection of the marine environment and the provision of decent working conditions for seafarers, Nordea expects its customers and portfolio companies to operate in accordance with international norms and laws, regulations and rules set by classification societies and to have policies established in support of this.

The shipping industry is governed by several core conventions of international maritime law;

- The 1973 International Convention for the Prevention of Pollution from Ships (MARPOL 73/78) as amended and updated. The objective of MARPOL is to eliminate the pollution of the marine environment by the operation of ships.
- The 1974 International Convention for the Safety of Life at Sea (SOLAS), as amended and updated. SOLAS sets minimum safety standards for the construction and operation of merchant ships and includes the International Safety Management Code (ISM), which is the international standard for safe management and operation of vessels and pollution prevention. ISM certification is mandatory for vessels in international trade and for companies operating such vessels. In order to comply with the ISM Code, each ship class must have a working Safety Management System (SMS).
- The 2006 Maritime Labour Convention (MLC), is an International Labour Organization (ILO) convention that regulates minimum requirements to work on a ship, employment conditions and health and safety conditions for seafarers.
- The 2009 Hong Kong International Convention for the safe and environmentally sound recycling of ships (not entered into force). The Hong Kong convention seeks to set standards for the responsible scrapping and dismantling of ships at the end of their economic life.

5. Responsible Ship Recycling Standards
Nordea is endorsing an initiative by a group of financial institutions for Responsible Ship Recycling Standards (RSRS). RSRS are voluntary industry principles that aim to minimize the dangers associated with dismantling of the vessels including labour conditions and environmental impact. The participating financial institutions seek an active dialogue with ship owners and encourage them to prepare and maintain an Inventory of Hazardous Materials (IHM) onboard their vessels. Having an IHM onboard contributes to the safety of crew members and workers during the ship's working life and recycling process, and minimizes the adverse effect on the environment.

6. Engagement
Nordea is committed to engagement and dialogue to ensure that Nordea’s customers and portfolio companies adhere to this Sector Guideline and Nordea expects companies to follow internationally recognised norms and standards.