

# Position Statement Defence Equipment

**Adopted by** The CEO  
**Date of adoption** 8 June 2020

## 1. Purpose

Weapons are a threat to the most fundamental human right, the right to life. Swedbank Group recognizes the sensitivity of providing financial services to the defence equipment sector. We uphold the rights of nations as to their legitimate use of weapons for self-defence and national security, and indeed, for the protection of their citizens. However, we acknowledge the risks coupled with the non-legitimate and irresponsible potential use of weapons and the types of weapons distributed that would breach International Human Rights and Humanitarian Law, and threaten the safety of people. We consider it as our responsibility to address these risks in our business activities when providing financial services to the sector.

This position statement sets out the terms of Swedbank's provision of financial services to the sector. In developing this position statement we take into account the global nature of our business, where investments, credits and payments can have both local and global impact. We also take into consideration relevant international conventions and standards, the views of our stakeholders, and our commitment to respect human rights and support democratic development.

## 2. Definition

The term "Defence equipment" is defined as weapons that are sold for military purposes; products or components specifically developed to be part of weapons or weapon systems; and dual-use products for military purposes. The term defence equipment here only designates conventional weapons.

## 3. Scope

This position statement targets the defence equipment sector and principles on illegal weapons and nuclear weapons. For either conventional weapons or illegal weapons and nuclear weapons, this position statement refers to production, maintenance, and trading of weapons; material parts of weapons and dual-use products for military purposes, if nothing else is expressed. This position statement does not apply to purely sporting or recreational weapons.

It addresses the defence equipment sector in all jurisdictions where Swedbank Group operates or conducts business, and applies to Swedbank's financial services, namely Swedbank's investments, financing, payments, and advisory services. Regarding investment, it refers to Swedbank Group's own products and services, such as assets under management, but not third-party products and services, such as external funds (including external funds invested in by Swedbank Group's own allocation funds) or funds available through Swedbank's platforms or channels.

## 4. Principles and restrictions

- Swedbank only provides financial services to the defence equipment sector which conforms to national regulations and sanctions adopted by the UN Security Council or the European Union and applicable US sanctions, as well as agreements on non-proliferation.
- Swedbank has zero tolerance for, and does not provide financial services to, companies belonging to a Group that produces, maintains or trades in:
  - Illegal weapons such as anti-personnel mines, cluster bombs, chemical weapons and biological weapons.
  - Nuclear weapons.
- If it is brought to Swedbank's attention, either through third party or own analysis, that a company which Swedbank provides financial services to has value chain connections (both supplier and customer linkages) to illegal weapons or nuclear weapons (incl. connections to those companies on Swedbank Group's Exclusion List), Swedbank will assess the nature of that business relationship accordingly. Two outcomes are possible:
  - Either, the linkage being significant, Swedbank will terminate the business relationship.
  - Or, the linkage being insignificant, Swedbank will encourage the company to withdraw from that business.
- Swedbank will only provide financial services to companies producing, maintaining, or trading in weapons if the potential company has assessed impacts of its businesses, including the country of final destination use of weapons in order to prevent non-legitimate use. No new contracts should be entered into before the following country risks have been diligently assessed by the company and Swedbank alike:
  - Whether Human Rights violations or weak track records in respecting human rights exist (there must be no trade if there is any risk that the weapon is used for internal repression or serious violations of international humanitarian law).
  - Whether the country is under a United Nations or relevant multilateral arms embargo.
  - Whether the country is involved in conflict, unless parties act in accordance with a UN Security Council resolution.
- With the aim of mitigating risk, Swedbank Group has an exclusion list of companies identified as breaching the current position statement (publicly available on Swedbank Group's webpage). Swedbank annually monitors the compliance with this position statement.