

# Instruction – Position Statement Defence Equipment

<b>Adopted by</b>	The CEO
<b>Date of adoption</b>	14 November 2022 (replaces without changes 25 October 2021)
<b>Applies for</b>	The Bank and all Subsidiaries and all employees of the Group
<b>Group Framework Owner</b>	The Head of Group Brand, Communication & Sustainability
<b>Distribution</b>	Group Regulation section on the intranet
<b>Language version</b>	English
<b>Information class</b>	Public
<b>Basis</b>	[N/A]
<b>Associated supporting material</b>	N/A

## 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, national security and for the protection of their citizens. However, we acknowledge the risks coupled with the non-legitimate and potential irresponsible 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 procurement, investments, financing, payments, and advisory services 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 used for military purposes; products or components specifically developed to be part of weapons or weapon systems; and dual-use products for military purposes that are subject to permit examination, according to the EU Dual-Use List in Regulation (EC) No 428/2009.

In this Position Statement the term defence equipment includes both conventional weapons and controversial weapons. Controversial weapons include ammunition containing depleted uranium and the following illegal weapons that are prohibited under international law: anti-personnel mines, cluster bombs, chemical weapons, biological weapons, and nuclear weapons.

## 3. Scope

This position statement refers to production, maintenance, and trading of defence

equipment, 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 operations and financial services, namely Swedbank's procurement, 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 invested in by Swedbank Group's own allocation funds and derivatives.

## 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 and their holding companies that produce, maintain or trade in controversial weapons.
- If it is brought to Swedbank's attention, either through third party or own analysis, that a company which Swedbank collaborates with or provides financial services to has value chain connections (both supplier and customer linkages) to controversial weapons (incl. connections to those on Swedbank Group's Exclusion List), Swedbank shall 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 a company that produces, maintain, and trades in conventional weapons if it has assessed the impact of its business, including the country of final destination use of the product in order to prevent non-legitimate use. The following country risks shall be diligently assessed by the company:
  - 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.

If the company's assessment is not satisfactory and material country risks are identified, meaning that there is a high risk of non-legitimate use, Swedbank will not provide new financial services to that company.

- Swedbank annually monitors the compliance with this position statement. Swedbank Group also has an exclusion list of companies identified as breaching the current position statement.