



NIBC WEAPONS AND DEFENSE POLICY

February 2024

WEAPONS AND DEFENSE

The United Nations Charter recognizes the right of every nation to maintain international peace and security.

In certain situations weapons and weapons systems may be used to prevent war and promote peace. We accept that certain types of weapons are necessary for achieving internationally accepted goals such as peacekeeping activities, security, and humanitarian missions.

OUR CONCERNS

In our view, there is a substantial risk that weapons, weapons systems, and other military goods can propagate destruction and promote continuation of armed conflict, thereby causing harm to civilians and human rights violations.

This is particularly true for highly controversial weapons and related weapons systems. Highly controversial weapons include but are not limited to:

Autonomous

Autonomous weapon systems that can select and attack targets without meaningful human control. Which means the weapon system can use lethal force without a direct instruction from a human operator.

Biological

Biological agents which effects are dependent on multiplication within the target organism and are intended for use in war to cause disease or death in man, animals or plants and they may be transmissible or non transmissible. This includes all such biological agents, regardless of their origin or of their method of production, and regardless of whether they are produced in facilities, in munitions or elsewhere. Munitions and devices, specifically designed to cause death or other harm through the toxic properties of those biological agents which would be released as a result of the employment of such munitions and devices. Any equipment specifically designed for use directly in connection with the employment of such munitions and devices.

Chemical

Toxic chemicals and their precursors are munitions and devices specifically designed to cause death or other harm through the toxic properties of those toxic chemicals which would be released as a result of the employment of such munitions and devices. Any equipment specifically designed for use directly in connection with the employment of such munitions and devices.

Cluster Bombs

There are two main types of cluster bombs, those delivered by air and those delivered by surface artillery or rockets (including artillery projectiles and multiple rocket launchers). The bombs are designed to disperse sub munitions (i.e. "grenades" in surface-delivered weapons and "bomblets" in air-delivered weapons) over a large area, thereby increasing the radius of destructive effect over a target. One cluster bomb may impact an area of about 100 x 50 meters or more.

Landmines

Landmines or anti-personnel mines are designed to be placed under, on or near the ground or other surface area and to be exploded by the presence, proximity or contact of a person or a vehicle.

Nuclear

For the purpose of this policy, the term Nuclear weapon includes the weapon as a whole, as well as its key component parts, specifically designed to form part of the nuclear weapon (e.g. nuclear warheads, missiles carrying the warheads, tailor-made electric/electronic systems, enriched plutonium / uranium, specifically designed engines and guidance systems). The ballistic missile submarines which are specifically designed to launch nuclear missiles are also considered to be a key component part of the nuclear weapons in the sense of this policy.

Services such as testing and maintaining / upgrading of nuclear weapons qualify as servicing nuclear weapons and therefore are also covered by the armament policy criterion.

Radiological

It is a bomb or warhead that uses conventional chemical explosives to disperse radioactive material, sometimes called a “dirty bomb”. Designed to produce radiation sickness in a military force or a civilian population instead of destroying a target, radiation weapon typically consists of a highly radioactive material encased in lead and surrounded by a high explosive. It is not a “nuclear weapon” in the thermonuclear sense as it does not go up in mushroom cloud and annihilate a city.

Uranium weapons

Uranium weapons are munitions and armour-plating that contain ‘depleted uranium’ or ‘uranium contaminated with fission products from the nuclear industry’. Such munitions are often named ‘high density penetrators’ or ‘kinetic energy penetrators’.

OUR POLICY

NIBC supports peace. We believe that living in peace and freedom from fear are core human rights. This is inherent in our origins as a development bank.

We support peaceful growth, humanitarian initiatives and development of communities in our geographies. Respecting and protecting human rights is fundamental to NIBC’s values.

We support manufacturing of goods which are used to maintain peace, protect vulnerable populations, promote human rights, ensure human security, or which might be used for other humanitarian purposes.

Weapons

NIBC does not finance or invest in companies which manufacture, supply, or develop weapons systems, including highly controversial weapons.

International Treaties and Conventions

NIBC will not support the production of any weapons banned by international treaties and protocols. This includes the Treaty on the Prohibition of Nuclear Weapons (TPNW), the Chemical Weapons Convention (CWC), the Biological and Toxin Weapons Convention (BWC), Cluster Munitions Convention (Oslo Treaty), and the Anti-Personnel Landmines Convention (Ottawa Treaty) among others.

Military Goods

NIBC will not support the supply of military transport or other military goods:

- to countries where an arms embargo by the United Nations or European Union is in place;
- to regimes that violate human rights;

- to countries that are engaged in (civil) war;
- to countries with unacceptable levels of corruption;
- to failing or fragile states;
- to countries which spend disproportionate amounts of their budget to weapons.

Dual Use Components

We will not support the production of “dual-use” components or systems for which the primary purpose is for military goods, but which also have civilian applications.

Investment Exclusions

NIBC wants to avoid making any investments which we or our clients deem unsuitable. Consequently, we maintain an Exclusion List and refrain from investing in or financing companies on the list. This exclusion is applied to whole companies.

Application

This policy applies to our Asset Based Finance (**ABF**) clients and all new services provided to them by NIBC Bank. This policy is applied in addition to the NIBC Sustainability policy, Human Rights policy and Environmental and Climate policy. Accordingly we undertake due diligence to assess risks on both a customer and transactional basis.

NIBC’s *Sustainability Framework* also includes policies for specific asset classes where NIBC Bank is active. This Weapons and Defense policy is applied in addition to the existing policies and provides further guidance on defense-related issues in our interactions with stakeholders.

NIBC recognizes that financing the defense sector is a complex issue. We are guided in our definition of weapons systems by the *Common Military List of the European Union* and by ongoing dialogue with our stakeholders.

We recognize that our ability and our stakeholder’s abilities to prevent use of common civilian components in weapons and weapons systems is limited. Accordingly we will continue to work with all stakeholders to undertake best practices and increase knowledge in any grey areas. Furthermore, NIBC will actively identify and manage any sensitive finance or lending decisions which may generate concern.

NIBC encourages companies to include clauses on compliance with human rights, environmental and governance criteria in their contracts with subcontractors and suppliers. These should be evidenced by the companies concerned where practicable via certifications, site visits, and/or audits to help ensure responsible practice throughout their supply chains.

Our governance process considers all relevant risks associated with a customer or a transaction, including stakeholder and community concerns and broader environmental, human rights or governance sustainability risks.

We engage with our stakeholders to develop practical solutions which manage these potential sustainability risks and sensitivities. Although our policies are not intended to be applied to financing agreements and investments retrospectively, NIBC endeavours to address potentially material legacy issues relevant to a particular engagement should a specific issue arise.