

14 July 2025, Helsinki

NIB's answer to Natixis' CIB comments on NIB's consultation on defence financing

NIB thanks Natixis' CIB for the valuable comments to our public consultation on changes to the NIB Sustainability Policy Exclusion list. The contribution raises valid points in relations to the interplay between defence financing and sustainability, its governance, definitions and overall process.

NIB's vision is, and remains, to support a "prosperous and sustainable Nordic-Baltic region". At NIB we believe this cannot be achieved without the region also being safe and secure. A sense of security, safety and resilience is the foundation for sustainable and well-functioning societies. As pointed out also by Natixis, the most recent geopolitical tensions have significantly changed the context for the NB8 region, raising the importance of resilience, security and defence. NIB, through its owners, as a relevant international financial institution is adapting to the changing realities and needs of its member region. The purpose of NIB's engagement in defence financing is to strengthen the resilience, security and defence of the Nordic-Baltic region.

Natixis' CIB comments rightly highlight the specificities and unique challenges of defence financing. Many of the elements raised, have also been considered by NIB when approaching the decision to engage in defence financing, also in dialogue with key stakeholders such as investors, peer banks and financial institutions, ESG and rating agencies, and the defence industry.

The main clarification is that defence financing will follow the regular NIB credit process, and it will undergo all the relevant checks relating to compliance, credit, mandate and sustainability and associated policies and guidelines ([Project assessment - Nordic Investment Bank](#)). As with current transactions, decisions will be made on a case-by-case basis, after careful consideration of all elements of the transaction. NIB will also closely monitor the share of exposure to defence financing in relation to NIB's balance sheet – currently it is not expected to become a significant share, and NIB will build a defence related portfolio overtime.

Further to some of the specific items raised by Natixis CIB:

On the interplay between defence and sustainability, including climate targets:

NIB maintains its dual mandate to improve productivity and benefit the environment of the Nordic-Baltic region, and all our sustainability commitments remain valid. As such, we will continue to engage with all our clients in relation to their material ESG topics and climate transition. Defence financing will also be assessed under these elements. We do recognise that there might be trade-offs to be assessed. These will be evaluated as part of our regular decision-making process (see governance section) and will be disclosed similarly to all our financing.

We confirm that pure defence financing will not be eligible under NIB's Environmental Bond programme (Use-of-Proceeds instrument). Our climate strategy and SBTi targets also remain valid. These commitments are at portfolio level, and we do not expect significant deviations. If they were to appear, we will carefully assess the interaction between defence

projects and fossil fuel use, and where possible mitigate adverse impacts without jeopardising the defence capabilities of the project.

On governance and committee responsibilities:

NIB's Sustainability Policy describes the governance structure for sustainability matters. The Mandate, Credit and Compliance Committee (MCC) is responsible for the proposals of any transaction at NIB – the Board of Directors ultimately approves all transactions. The Head of Sustainability and Mandate is a member of the MCC. The Chief Compliance Officer also plays an important role in relation to sanctions and corruption, particularly relevant in the defence sector. The Asset, Liability and Risk Committee (ALR) is already responsible for ESG matters at portfolio level. The defence financing will be tracked and assessed at ALR at portfolio level, similarly to ESG matters. Ultimately, the MCC at single transaction level and the ALR at portfolio level will provide the adequate oversight to NIB's defence financing.

On definition of controversial weapons:

Natixis CIB raises valid points around the lack of a common definition for controversial weapons. Recognising this, NIB has opted to reference the international framework, which despite being interpretable, acts as a common reference to which many of our NIB members are signatories to. To provide further clarity as suggested by Natixis CIB, we have listed the types of specific weapon types that NIB considers controversial (see footnote 9 on NIB Sustainability Policy Exclusion list). We also recognise the valid reflection on the need to monitor the continuous developments on controversial weapons and their definitions. Hence, NIB refers to the list as “for example” as the list might be updated due to new types of weapons or definitions. NIB will continue to monitor for potential technological or political developments.

For further questions, please contact:

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