



**RULES GOVERNING TRANSACTIONS  
WITH SUBJECTS ACTIVE IN THE  
ARMAMENTS SECTOR**

**- Abstract -**

## **SUBJECT-MATTER OF THE DOCUMENT**

These Rules define the provisions that the Intesa Sanpaolo Group intends to adopt in its banking and/or lending activities with subjects operating in the armaments sector.

## **LEGAL FRAMEWORK**

The primary legal reference in the international arms sector is the United Nations Security Council resolutions, adopted under Chapter VII of the United Nations Charter, to counter and suppress programmes to develop weapons of mass destruction. In 2013, the United Nations adopted the International Arms Trade Treaty (ATT), which aims to regulate the trade in conventional arms and prevent illicit trafficking in them to contribute to international security.

At European level, the main measures in this area were adopted by the Council of the European Union through Common Positions 2003/468/CFSP and 2008/944/CFSP. In particular:

- Common Position 2003/468/CFSP provides that Member States shall take the necessary measures to control arms brokering activities to prevent the circumvention of UN, EU or OSCE (Organisation for Security and Cooperation in Europe) embargoes on arms exports, as well as the criteria set out in the EU Code of Conduct on Arms Exports;
- Common Position 2008/944/CFSP, aiming to strengthen the convergence of Member States' arms export control policies, sets out the common criteria (minimum standards) to be considered by Member States when assessing applications for export licenses for military technology and equipment. This is without prejudice to the right of Member States to apply more restrictive national policies, such exports being a matter of national competence.

The European Parliament and Council also adopted Directive 2009/43/EC of 6 May 2009 (subsequently amended by EU Directive 2016/970) regulating the terms and conditions of intra-EU transfers of defence-related products with the aim to simplify and harmonise national licensing procedures.

The primary regulatory reference in Italy in the armaments sector is Law No. 185 of 9 July 1990 on the subject of 'New regulations on controlling the exports, imports and transit of military goods' (subsequently amended by Italian Legislative Decree No. 105 of 22 June 2012, implementing the Directive mentioned above 2009/43/EC), its implementing regulation (Ministerial Decree No. 19 of 7 January 2013) and the circular of the Ministry of Economy and Finance ('MEF') Prot. DT 58988 of 22 July 2015.

Group Companies carrying out banking or lending activities and Foreign Branches are also subject to local sector regulations.

## **GENERAL PRINCIPLES**

In accordance with the values and principles expressed in the Code of Ethics, Intesa Sanpaolo expressly prohibits any type of banking and/or lending activity connected with the manufacture and/or marketing of weapons that are controversial and/or banned by international treaties, such as:

- nuclear, biological and chemical weapons;
- cluster and fragmentation bombs;
- weapons containing depleted uranium;
- anti-personnel landmines.

Aware of the need to support national and European defence, together with its NATO allies, Intesa Sanpaolo limits its banking and/or lending activities, through its normal business processes, to transactions involving the manufacture and/or marketing of armaments to European Union and/or NATO member countries.

More specifically, except for transactions involving controversial and/or banned arms, Intesa Sanpaolo operates ordinarily through transactions and loans relating to the manufacture, domestic sale and purchase, import, export, intra-Community transfer and transit of armaments used exclusively by the armed forces and related defence agencies as well as local police forces:

- in and between countries belonging to the European Union and/or NATO;
- irrespective of the country of manufacture and/or origin of the equipment, if the end-user is an Italian ministry or government agency, Italian armed forces or police forces.

Except for transactions involving controversial and/or banned weapons, transactions involving non-EU and/or non-NATO countries are also allowed but subject to an extraordinary approval process, provided there are intergovernmental programmes with the Italian Republic. These transactions, for which an enhanced valuation process is provided, are subject to prior authorisation by the Steering Committee.

Other Group Banks and Companies are not authorised to carry out transactions involving the manufacture and/or marketing of armaments. Only the Group's Foreign Banks may request specific prior authorisation from the Parent Company when such transactions concern armaments intended for exclusive use by the armed forces and related defence agencies, and by the police forces of the country in which the Bank is based; such transactions are subject to the enhanced valuation process and are subject to prior approval by the Steering Committee.

In any case, it is always permissible to support the civil and general operating activities of subjects working in the armaments sector, as long as they are not involved in the manufacture and/or marketing of weapons that are controversial and/or banned by international treaties.