

Defense sector policy

In our increasingly globalized society, the borders between countries, industries and peoples are being rapidly redrawn and sometimes even erased altogether. New dynamics emerge, injecting fresh urgency into many of the issues that motivate both private and corporate citizens. The debate surrounding the role of banks in financing the defense industry is a case in point.

A critical and controversial issue

UniCredit Group understands the concerns of many people regarding the financing of an industry that presumably derives its profits from conflict and instability. We are fully aware of the dilemma this critical and controversial issue presents, and we understand how rapidly the debate that surrounds this issue is evolving.

We are concerned about the variety of unconventional weapons being produced in the world today. It is our responsibility to take a strong position against the financing of such weapons. At the same time, it would be irresponsible to refuse to acknowledge that certain types of weapons are necessary to the effective pursuit of such morally sound and internationally accepted goals as peacekeeping and national self-defense.

In a complex and ever-changing world, one of our most important tasks as an institution is to translate our resolutions into concrete actions in every business line and region where we are active. While the defense industry is not a mainstay of our business, as we grow in size, scope and complexity, it is increasingly likely that we will interact with large conglomerates whose diversified holdings may include operations in the defense sector.

The twin foundations of our defense industry policy

UniCredit Group's policy is based on two unshakeable principles. First, UniCredit Group will not be a party to the production (or use) of weapons banned by international treaties. Second, the ultimate recipients of arms products must furnish us with credible guarantees that all weapons purchased will be used for defense and security reasons.

Key defense industry policy criteria

1. Any involvement is restricted to countries that comply with international guidelines and regulations on the following issues: nuclear weapons, biological & chemical weapons, conventional weapons, missiles, small arms, light weapons and dual-use goods.
2. UniCredit Group abstains from any involvement with companies manufacturing, maintaining or trading such controversial products as nuclear or biological weapons of mass destruction, cluster bombs, mines and Uranium 238.

3. Any involvement with counterparties manufacturing, maintaining or trading small arms and light weapons (SALW) must be avoided, owing to a dearth of international regulation.
4. The recipients or end-users of arms must be governments, governmental organizations, state-owned companies or supranational organizations. Exceptions are permitted for hunting and sporting weapons (excluding automatic rifles), in cases where national regulations measure up to international standards.

Open stakeholder dialogue

In keeping with our commitments to maintain an open dialogue with all of our stakeholders, at the end of 2007 we organized a series of meetings with NGOs and a selection of representatives from large European conglomerates to stay abreast of the latest issues and developments concerning our key stakeholders.