



GUIDELINES

**Guidelines governing Transactions with Subjects
Active in the Armaments Sector**

EFFECTIVE FROM

19/06/2025

BoD APPROVAL

Yes

RECIPIENTS

Intesa Sanpaolo Group

- Abstract -

These Guidelines define the provisions that the Intesa Sanpaolo Group intends to adopt in banking and/or financing activities with subjects active in the armament sector.

LEGAL FRAMEWORK

The main regulatory reference in the arms sector at international level is represented by the resolutions of the United Nations Security Council, adopted under Chapter VII of the Charter of the United Nations, aimed at countering and repressing programs for the development of weapons of mass destruction. The International Arms Trade Treaty (ATT) was approved in 2013 within the framework of the United Nations, which aims to regulate the trade in conventional arms and prevent illicit trafficking of conventional weapons, thereby contributing to international security. Also worth mentioning:

- the Ottawa Convention of 3 December 1997 on the prohibition of the use, stockpiling, production and transfer of anti-personnel mines and their destruction, ratified and enforced in Italy by Law no. 106 of 26 March 1999;
- the Oslo Convention of 30 May 2008 on the prohibition of cluster munitions, ratified and enforced in Italy by Law no. 95 of 14 June 2011.

At the European level, the main measures on the subject have been approved by the Council of the European Union through Common Positions 2003/468/CFSP (which requires that Member States to adopt the necessary measures to control arms brokering activities, with the aim of preventing the circumvention of embargoes imposed by the UN, the European Union or the OSCE (Organization for Security and European Cooperation) on arms exports, as well as the criteria set out in the Union Code of Conduct on Arms Exports); and 2008/944/CFSP (with the aim of strengthening the convergence of Member States' arms export control policies, indicates the common criteria (minimum standards) to be taken into account by Member States when assessing applications for export licences for military technology and equipment, without prejudice to the right of Member States to apply more restrictive national policies, these exports being a national competence).

The European Parliament and the Council also approved Directive 2009/43/EC of 6 May 2009 (subsequently amended by EU Directive 2016/970) governing terms and conditions of transfers of defence-related products within the European Union, with the aim of simplifying and harmonising national licensing procedures.

The main regulatory reference in Italy in the armaments sector is Law no. 185 of 9 July 1990 ("New rules on the control of export, import and transit of armament materials") and subsequent amendments and additions, the related implementing regulation (Ministerial Decree no. 19 of 7 January 2013) and the circular of the Ministry of Economy and Finance Prot. DT 58988 of 22 July 2015.

In compliance with the commitments that Italy undertaken in international forums through its accession to the Ottawa Convention and the Oslo Convention, Law No. 220 of 9 December 2021 – amended by Article 33 of Law Decree No. 73 of 21 June 2022, in the text resulting from Conversion Law No. 122 of 4 August 2022 – introduced into Italian law the prohibition, for banks and other qualified intermediaries, financing Italian and foreign companies, which, directly or through subsidiaries or associated companies, carry out activities of production or sale of anti-personnel mines, cluster munitions and submunitions, of any nature or composition, or parts thereof. On 8 August 2024, the "Instructions of the Bank of Italy, Covip, IVASS and MEF for the exercise of enhanced controls on the work of intermediaries authorised to counter the financing of companies producing anti-personnel mines, cluster munitions and submunitions" applicable from 8 February 2025 were published in the Official Journal of the Italian Republic. The national legislation has

adopted a particularly broad interpretation of the financing ban, including subscriptions and purchases of financial instruments by companies carrying out prohibited activities, including secondary market on own account and for third parties. Finally, for the definition of the internal regulations on armaments, it is necessary to consider the provisions of Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on Payment Services ("PSD2"), which impose specific obligations on payment service providers for the execution of payments.

The European regulatory framework on armaments is currently undergoing updates, as announced in July 2024 during the plenary session of the European Parliament in Strasbourg, when the President of the European Commission had declared that the objectives of the legislative period also included the creation of a Defence Union. In March 2025, in line with the Commission's programme, the "ReArm Europe Plan/Readiness 2030" was presented¹.

DEFINITIONS

In order to ensure the correct application of these Guidelines, the definitions of the most important terms used are provided below.

Banking (Payments)

This refers to incoming or outgoing transfers and other types of collection or payment related to transactions for the purchase or sale of armament materials, whether on the domestic or foreign market, as well as payments for intermediation activities related to the marketing of armament materials. Pursuant to Article 27 of Law No. 185/90, any transfer of funds (money, valuables or credit) through a banking institution, having its registered office or operational headquarters in Italy, for transactions governed by Law no. 185/90 and subject to authorisations, clearances or other provision issued by the Armament Authorisation Unit of the Ministry of Foreign Affairs and International Cooperation (UAMA) or the Ministry of Defence is relevant.

Financing Activities (Loans)

This refers to all forms of short and medium/long term financing, including, by way of example, finalised or non-finalised credit lines, trade receivables (contract advances, invoice advances, factoring, portfolio mobilisation), guarantees and signature commitments, documentary credits, stand-by letters of credit, instrumental leasing, participation in financing pools with other banks, and financing for the purchase of equity investments. Pursuant to Article 27-bis of Law no. 185/90, financing activities, also foreign-on-foreign, through which a party obtains the availability of funds from a credit institution or other financial intermediary, having its registered office or operating headquarters in Italy, for transactions governed by Law no. 185/90, but not subject to authorisations, nulla osta or other provision issued by UAMA or the Ministry of Defence (i.e. in their absence), are relevant. It should be noted that, pursuant to Article 2, paragraph 1, letter b) of Law 220/21, the concept of financing is broadened to include, in addition to subscription on the primary market, the purchase of financial instruments on the secondary market - on own account and on behalf of third parties - when issued by companies producing anti-personnel mines, cluster munitions and submunitions.

¹ [https://www.europarl.europa.eu/RegData/etudes/BRIE/2025/769566/EPRS_BRI\(2025\)769566_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2025/769566/EPRS_BRI(2025)769566_EN.pdf)

Marketing

This generally refers to domestic, import, export transactions

Export

Means the movement of armament materials from a supplier located on national territory to one or more recipients located outside national territory; in the case of facilities operating in European Union countries (EU), national territory means the EU customs territory.

Import

This refers to the movement of armament materials from suppliers located outside the national territory to recipients located in the national territory; in the case of facilities operating in EU countries, national territory means the EU customs territory.

Armament materials

Armament material is considered everything that, due to technical-construction and design requirements or characteristics, is built for a prevalent military use or by armed forces or police. In particular, the following types of military equipment constitute² :

- nuclear, biological, chemical and electrical weapons;
- automatic firearms and relative ammunition;
- medium and large calibre arms and ammunition;
- bombs, torpedoes, mines, rockets, missiles and torpedoes;
- wagons and vehicles specially built for military use;
- ships and their equipment specially built for military use;
- aircraft and helicopters and related equipment specially built for military use;
- powders, explosives, propellants for military weapons;
- electronic, electro-optical and photographic systems or apparatus specially built for military use;
- special materials for military training;
- machines, apparatus and equipment constructed for the manufacture, testing and control of arms and ammunitions;
- special equipment specially built for military use;
- spare parts and specific components of the above-mentioned armaments in the case of intra-Community transfer and export.

The following types are not considered armament materials, and therefore do not fall within the scope of application of these Guidelines:

- sporting and hunting weapons and related ammunition;
- cartridges for industrial use and luminous and smoke devices;
- common arms and ammunition;
- short firearms provided that they are not automatic;
- reproductions of ancient weapons and explosives other than those for military use.

² Detailed indications on military materials are contained in the ministerial decrees (see, most recently, the Ministerial Decree of 30 May 2025)

However, these latter types also fall within the category of armament materials, and therefore within the scope of these Guidelines, when they are the subject of intra-Community transfers or exports to government bodies or armed forces or police forces, as provided for by Law No. 185/90.

Transit

This refers to the movement of EU-origin armament materials within the customs territory of the EU through the territory of a non-EU State, without changing their customs status (so-called "internal" transit) or the movement of non-EU-origin armament materials within the customs status (so-called "internal" transit) or the movement of non-EU origin armament materials within the customs territory of the EU to be destined for a Member State other than that of entry, or to be exported to non-EU States (so-called "external" transit).

Intra-Community Transfer

This means any transmission or movement of armament materials from a supplier to a recipient located in different states but both EU Member States.

GENERAL PRINCIPLES

Types of operations allowed

Consistently with the values and principles expressed in the Code of Ethics, the Intesa Sanpaolo Group expressly forbids any type of banking and/or financing activity connected with the production and/or marketing of controversial weapons and/or those 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 NATO allied countries, the Parent Company Intesa Sanpaolo limits its financing activity, through ordinary business processes, only to transactions involving the production and/or marketing of armament materials to countries that belong to the European Union and/or NATO. More specifically, with the exception of transactions involving controversial and/or banned weapons, the Parent Company operates on an ordinary basis through financing relating to the production, domestic sales, import, export, intra-community transfer and transit of armaments material used definitively by the armed forces and related defence bodies as well as by local police forces:

- in and between countries belonging to the European Union and/or NATO;
- regardless of the country of production and/or origin of the armament material, if the end user is an Italian ministry or government body, Italian armed forces or police.

With the exception of transactions involving controversial and/or banned weapons, financing transactions of the Parent Company involving armament materials permanently used by armed forces and related defence bodies, as well as police forces, of countries outside the European Union and/or NATO are also permitted, in the presence of:

- intergovernmental programs or within the framework of the "ReArm Europe Plan/Readiness 2030" with the Italian Republic;

- intergovernmental programs or under the "ReArm Europe Plan/Readiness 2030" of other countries of the European Union.

The other Banks and Group Companies are not authorised to make financing concerning the production and/or marketing of military equipment. With the exception of transactions involving controversial and/or banned weapons, only the Group's Foreign Banks:

- they can make financing for armament materials intended for definitive use by the armed forces and related defence bodies as well as by the police forces of countries belonging to the European Union and/or NATO;
- may request specific and prior authorisation from the Parent company for financing relating to armament materials intended for definitive use by the armed forces and related defence and police forces:
 - non-EU and/or NATO countries in the presence of intergovernmental programs with the Italian Republic or other EU countries or within the framework of the "ReArm Europe Plan/Readiness 2030";
 - of the Bank's country of establishment if it is not a member of the European Union and/or NATO.

With the exception of transactions involving controversial and/or banned weapons, the Parent Company, the Banks and Group Companies are allowed to process payments having as their underlying armament materials, also in consideration of the aforementioned obligations imposed on payment service providers by PSD2, obviously in the absence of prohibitions deriving from competing external regulations, in particular in *the financial sanctions* and anti-money laundering areas.

It is also always allowed to support civil activities and those of general operation of entities operating in the armaments sector, as long as they are not activities related to the production and/or marketing of controversial weapons and/or banned by international treaties.

The sensitive nature of this matter is underlined, the violation of which may result in the application of criminal and administrative sanctions, as well as significant reputational profiles, and all operators are recommended to take the utmost care in complying with the provisions envisaged, always adopting a prudential approach in doubtful cases.

Enhanced evaluation process

The enhanced evaluation process of the Major Transactions ("MST") is envisaged, in line with the relevant Guidelines, *with prior authorisation from the Steering Committee*, in the case of financing transactions of the Parent Company Intesa Sanpaolo concerning armament materials intended for definitive use by the armed forces and related defence bodies, as well as police forces, countries outside the European Union and/or NATO:

- 25 million or more, in the presence of intergovernmental programs or in the framework of the 'ReArm Europe Plan/Readiness 2030' with the Italian Republic;
- regardless of the amount, in the presence of intergovernmental programs or in the framework of the 'ReArm Europe Plan/Readiness 2030' of other EU countries.

The enhanced procedure is also envisaged, regardless of the amount, for financing of the Group's Foreign Banks subject to authorisation to the Parent Company, when involving armament materials intended for definitive use by the armed forces and related defence bodies, as well as by police forces:

- non-EU and/or NATO countries in the presence of intergovernmental programs with the Italian Republic or other EU countries or within the framework of the "ReArm Europe Plan/Readiness 2030";
- of the Bank's country of establishment if it is not a member of the European Union and/or NATO.

The enhanced evaluation process is always envisaged, regardless of the amount, if the financing of the Parent Company or of the Foreign Banks concern armament materials intended for definitive use by the armed forces and related bodies in charge of defense, as well as police forces, of a country in which an "interstate war" is underway³.

Finally, the enhanced evaluation process can be extended, in the context of the Risk Appetite Framework ("RAF") process, to other types of financing. Intesa Sanpaolo, at the RAF, has planned to extend the enhanced evaluation process to financing relating to armament materials intended for definitive use by the armed forces and related defense bodies, as well as police forces, of countries, even if belonging to the European Union and/or NATO, for which a "territorial dispute" is underway or bordering countries with an "interstate war".⁴

The Steering Committee reports quarterly to the Board of Directors on the activities carried out, highlighting the transactions for which the enhanced evaluation process is envisaged.

MACROPROCESSES

Financing

Subjects operating in the armaments sector that request the opening/renewal of a financing subject to Law 185/90 must submit to the Relationship Manager a declaration ("Company Declaration" pursuant to Article 27 or 27-bis of Law 185/90) and the related accompanying documentation, containing the data necessary for the communication that the Bank is required to make to the MEF within 30 days from the date of accounting registration of the transaction for the use of the financing.

With reference to the granting to companies operating in the armaments sector of financing subject to Law 185/90 without determining their destination, the Relationship Manager must inform the customer that the financing must not be used for activities relating to the production and/or marketing of military materials not permitted by these Guidelines, by delivering a specific extract and having the customer certify the commitment not to produce or sell armaments prohibited by Law 220/2021 and not to use the financing for activities not permitted by these Guidelines, with confirmation of its compliance with any renegotiation of the financing, as well as to communicate in advance the uses for which the Bank is required to communicate/report to the MEF or other local authority.

Pursuant to Law 220/21, the concept of financing includes any form of financial support carried out also through subsidiaries, based in Italy or abroad, including the purchase or subscription on the primary, secondary and OTC (Over the counter) market - on its own account and on behalf of third parties - of financial instruments issued by companies producing anti-personnel mines, of cluster munitions and submunitions. With reference to the purchase or subscription transaction, Group entities are also not permitted to provide investment and ancillary services and activities.

³ As identified in Global Conflict Tracker: <https://www.cfr.org/global-conflict-tracker>.

⁴ As identified in Global Conflict Tracker: <https://www.cfr.org/global-conflict-tracker>.

Payments

Subjects operating in the armaments sector that request the execution of a payment subject to Law 185/90 must submit to the Relationship Manager a declaration ("Company Declaration" pursuant to Article 27 or 27-bis of Law 185/90) and the related accompanying documentation, containing the data necessary for the communication that the Bank is required to make to the MEF within 30 days from the date of accounting registration of the transaction.

If the communication is made after the deadline of 30 days from the date of accounting registration of the transaction, due to the delayed availability of the declaration attributable to the customer, this circumstance, adequately documented, is highlighted in the communication to the MEF.

Controls

Transactions with entities that produce and/or market armament materials are subject to first- and second-level controls aimed at ensuring the proper conduct of transactions, as well as constant verification of the compliance, efficiency and effectiveness of the processes and procedures adopted, with particular reference to:

- the prohibition of engaging in any banking and/or financing activity related to the production and/or marketing of controversial weapons and/or prohibited by international treaties;
- the prohibition of carrying out financing operations concerning the production and/or marketing of armaments, even if permitted by the laws in force, in countries that do not belong to the European Union and/or NATO, without prejudice to the possibility of carrying out operations concerning other countries subject to the existence of intergovernmental programs with the Italian Republic or with other countries of the European Union or within the framework of the "ReArm Europe Plan/Readiness 2030";
- compliance with the provisions defined in these Guidelines.

Training

The Central Anti Financial Crime Department promotes, with the support of the competent functions, the implementation of Group-wide training activities for the entities concerned and the related support structures, evaluating the most appropriate tools, methods and depth of content in relation to the operational area of competence.

The objective of the training activity is to disseminate the principles contained in these Guidelines, as well as to provide the necessary elements for a full and informed assessment of the characteristics of the transactions carried out with customers that could present operational and reputational risk profiles.

Reporting

The financing and payments made are subject to half-yearly reporting by the Banks and Companies of the Group to the Central Anti Financial Crime Department, which prepares the report to the Steering Committee.

EU and NATO Country Lists

COUNTRY	EU	NATO	Countries with enhanced evaluation process (consistent with RAF Guidelines)
Albania	NO	YES	
Austria	YES	NO	
Belgium	YES	YES	
Bulgaria	YES	YES	
Canada	NO	YES	
Cyprus	YES	NO	
Croatia	YES	YES	
Denmark	YES	YES	
Estonia	YES	YES	Bordering country in interstate war ⁵
Finland	YES	YES	Bordering country in interstate war ⁵
France	YES	YES	
Germany	YES	YES	
Greece	YES	YES	
Ireland	YES	NO	
Iceland	NO	YES	
Italy	YES	YES	
Latvia	YES	YES	Bordering country in interstate war ⁵
Lithuania	YES	YES	Bordering country in interstate war ⁵
Luxembourg	YES	YES	
North Macedonia	NO	YES	
Malta	YES	NO	
Montenegro	NO	YES	
Norway	NO	YES	Bordering country in interstate war ⁵
Netherlands	YES	YES	
Poland	YES	YES	Bordering country in interstate war
Portugal	YES	YES	
United Kingdom	NO	YES	
Czech Republic	YES	YES	
Romania	YES	YES	Bordering country in interstate war
Slovakia	YES	YES	Bordering country in interstate war
Slovenia	YES	YES	
Spain	YES	YES	
Sweden	YES	YES	
Turkey	NO	YES	Bordering country in interstate war
Hungary	YES	YES	Bordering country in interstate war
USA	NO	YES	

⁵ EU and/or NATO country added as it borders Russia, involved in the conflict in Ukraine