



Defence Sector Policy

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1 POLICY REQUIREMENT AND PURPOSE

This regulation is issued in the broader context of reputational risk management, being an element of UniCredit Group's reputational risk management framework; the Group understands the concerns of many of its stakeholders (including shareholders, customers, and non-government organizations) regarding the financing of an industry that may derive its revenue and profits from conflicts and instability.

UniCredit Group understands the increasing adverse impacts that Defence-related activities - controversial and nuclear ones - have on environment, health, and humanitarian principles violation. UniCredit Group is aware of its responsibility towards society and have a position against the financing of such weapons, while acknowledging that certain types of weapons are necessary for the effective pursuit of morally sound and internationally accepted goals such as peacekeeping and national self-defense.

UniCredit Group is strongly committed to regulate and control all its financing and investment decisions, with particular attention given to potential reputational implications. Any transaction/project supported by the Group must be conducted with an overall objective of preventing or minimizing environmental, social, and associated reputational risks by defining criteria for the identification of allowed business and customers as well as criteria for the classification of the countries of destination and weapons.

Based on the above-mentioned elements and facts, the Group is committed:

- not to provide, irrespective of the destination country, any financial support for activities/projects directly connected with Nuclear or Controversial weapons, their key components, or their key infrastructures
- not to provide any financial support to subjects that directly operate in the Nuclear or Controversial weapons, in their key components and in their key infrastructures; UniCredit Group is available to evaluate and maintain a monitored financial support exclusively with those subjects whose nuclear activity is limited to the management of the national nuclear arsenal of US, UK or France and whose activity is fully compliant with the Nuclear Non-Proliferation Treaty
- to classify some countries as “forbidden” for which, for their characteristics and criteria placed by UniCredit Group, any kind of support to the export of military goods is not allowed regardless of any other consideration
- not to invest - neither in its own interest nor in the interest of its customers - in those subjects directly operating in the sector of Nuclear or Controversial weapons, in their key components and in their key infrastructures
- to support the export of conventional weapons, their key components or key infrastructure and related services, exclusively if the export:
 - is in line with the internal regulations that rule the export to the involved countries
 - is not breaching any local or international applicable law, including bans and embargos
 - is not addressed to regimes repressing civil population or suitable in conflict scenarios
 - is allowed based on an adequate due diligence performed by different decision bodies of the Group, taking into consideration the characteristics and the risk connected to the specific supplies and to the receiving countries

This Defence sector Regulation invokes several guidelines, standards, international conventions, initiatives, recommendations, and other practices widely accepted by the international community and affected stakeholders as stated in the Annex.

2 APPLICABILITY AND SCOPE

This Regulation applies to UniCredit S.p.A. and the Group Legal Entities and must be applied in compliance with laws and regulations locally in force.

Should some of the provisions contained in this Regulation be less restrictive than provisions of local laws/regulations, then each Group Legal Entity will adopt the local, more restrictive, laws/regulations in force.

The present regulation refers to the **Defence Industry**. In particular it rules the management of business relationship with the sector-related subjects and to the allowed support with reference to

- conventional weapons
- nuclear weapons
- controversial weapons

and their key components, key infrastructures (including equipment/machinery) and key services.

Non-military use goods/services are out of the scope of this Regulation even if addressed to Defence-related subjects.

Hereinafter, terms such as weapon(s) and/or device(s) are used to refer to weapons themselves, as well as weapons key infrastructures, components, services.

This Regulation defines:

- Criteria to identify:
 - the activities that are ruled by the present Regulation (“Defence-related activities” in § 3.1.1)
 - the subjects that are ruled by the present Regulation (“Defence-related subjects” in § 3.1.2)
 - the banking financial products and services and all the other types of support offered by the Group, or other banking activities, that are ruled by the present Regulation (“Banking financial products, services and activities” in § 3.1.3), including asset management for own account or third parties, in securities issued by companies involved in the Defence sector

3 MINIMUM OPERATIONAL REQUIREMENTS

3.1 Perimeter selection

3.1.1 Defence sector-related activities

The provisions of this Regulation apply to **Defence sector-related activities**, defined as all the activities (e.g., design, manufacturing, testing, trading, export, maintenance, ordinary operations, ...) related to the **weapons or other products destined to the Defence (military goods)**, their **key components**, or to the related **key infrastructures**, and **key services** requested for their effective and efficient operations.

Activities are classified into the following categories:

- a. **Conventional** weapons related activities
- b. **Nuclear** weapons related activities
- c. **Controversial** weapons related activities

- a. **Conventional weapons-related activities:** all the Defence-related activities involving conventional weapons provided that their international trade is **compliant with Arms Trade Treaty**¹. The list of **conventional weapons** includes (but it is not limited to) the following items:

- small arms and light weapons;
- missiles and missiles launchers;
- large caliber artillery systems;
- battle tanks;
- armored combat vehicles;
- combat aircraft;
- attack helicopters;
- war ships;
- other typology of weapons or weapons related goods, and services defined as follows:
 - software/hardware and services related to electronic warfare and intelligence, referring to technologies aimed to control the electromagnetic spectrum, attack an enemy, or impede enemy assaults²
 - dual use goods defined by EU Regulation as items that can be used either for civil or military purposes³. The activities related to dual use goods are always subject to reputational risk assessment, unless the client provides a specific declaration stating that the goods are not for military use

¹The Arms Trade Treaty (ATT) is a multilateral treaty that regulates the international trade in conventional weapons. It entered into force on 24 December 2014. At time of writing, 111 states have ratified the treaty, and a further 30 states have signed but not ratified it. The ATT is an attempt to regulate the international trade of conventional weapons for the purpose of contributing to international and regional peace; reducing human suffering; and promoting co-operation, transparency, and responsible action by and among states. The treaty was negotiated in New York City at a global conference under the auspices of the United Nations (UN). On 2 April 2013, the UN General Assembly has adopted the ATT.

²Electronic warfare can be applied from air, sea, land, and/or space by manned and unmanned systems, and can target humans, communication radar, or other assets (military and civilian).

³The dual use goods are disciplined by Regulation (EU) 2021/821. For Italy DL n. 221 – 15 December 2017 and subsequent modifications and integrations.

- components and accessories that are key elements used in the assembly of the weapons themselves and that are not included in the Dual use goods list
- key services, including security professional services⁴
- all other military goods not listed above as controversial or nuclear devices
- hunting and sport weapons

- b. **Nuclear weapons-related activities.** Any kind of support to activities referred to **nuclear weapons** is **not in the risk appetite of UniCredit Group**.

The nuclear devices (also known as atom bombs, atomic bombs, nuclear bombs, or nuclear warheads) derive their destructive force from nuclear reactions, either **fission** (fission bomb) or a **combination of fission and fusion reactions** (thermonuclear bomb). Nuclear devices using other nuclear reactions not listed here are ruled by the present regulation as well.

- c. **Controversial weapons-related activities.** Any kind of support to activities referred to **controversial weapons** is **not in the risk appetite of UniCredit Group**.

Devices that are referred/identified through the international obligations, treaties and legislations listed in Annex C, are considered as controversial equipment for the purpose of this Regulation.

The list of **Controversial devices** includes (but it is not limited to):

- **Biological weapons and Chemical weapons** - 1972 Biological and Toxin Weapons Convention (BTWC) and the 1993 Chemical Weapons Convention (CWC)
- **Land mines, anti-personnel (1997 Ottawa Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction), and anti-vehicle mines**
- **Cluster munitions** - 2008 Convention on Cluster Munitions (CCM).
- **Depleted uranium ammunition and armour** - There is currently no convention or legal framework banning the use of depleted uranium⁵.
- **Incendiary weapons** - Their use is limited to clearly defined military targets by Protocol III of the Convention on Certain Conventional Weapons (CCW).
- **White phosphorus weapons for incendiary weapons** - There is currently no convention or legal framework comprehensively banning white phosphorus as weapon.
- Any tools and equipment which could be used for **capital punishment, torture or other cruel, inhuman, or degrading treatment or punishment** (ref Regulation (EU) 2019/125).
- **Blinding laser weapons** - Defined by the 1995 Protocol IV on Blinding Laser Weapons as laser weapons specifically designed as their sole combat function or as one of their combat functions, to cause permanent blindness to unenhanced vision, that is to the naked eye or to the eye with corrective eyesight devices.

3.1.2 Defence sector-related subjects

This regulation applies to Defence sector-related subjects, defined as potential or effective corporate customers belonging to the following categories:

- all the companies operating in the Defence sector, as designers, producers, traders, distributors or suppliers of weapons, their components, their infrastructures, and their services as defined in § 3.1.1.

⁴E.g., intelligence, physical security, services provided by cargo and handling agents licensed by local authority for military goods transport and/or logistic support, ...

⁵ The official definition of depleted uranium given by the US Nuclear Regulatory Commission (NRC) is uranium in which the percentage fraction by weight of U-235 is less than 0.711%.

- all the companies whose activity of export of military goods is submitted to specific authorization from the local authorities Banking products and services
- all companies - whose business is related to dual use products - are subject to reputational risk assessment - unless the customer provides a specific declaration certifying that the goods and services supplied are exclusively for civil use

3.1.3 Banking financial products and services

Products and services

- **General Finance** – all type of financing support non dedicated to specific purposes.
- **Sustainability-linked Revolving Credit Facility** – general financing and related services (including guarantees, letters of credit, M&A and capital market products, hedging/derivatives and other associated facilities) linked to the company’s ESG score, specific sector indicators or KPIs, with prevailing market standards at the relevant point in time included in the contract (authorized by the Local Sustainability function or, when not available, by Global Sustainability Function) to demonstrate and bind the customer commitment.
- **Controversial Defence-related Activities financing** - financing and related services (including guarantees, letters of credit, working capital solutions, factoring, and leasing products, advisory and M&A and capital market products, hedging/derivatives, and other associated facilities) dedicated to specific purposes clearly earmarked to **Controversial Defence-related Activities and projects** as described above in section § 3.1.1.
- **Nuclear Defence-related Activities financing** - financing and related services (including guarantees, letters of credit, working capital solutions, factoring, and leasing products, advisory and M&A and capital market products, hedging/derivatives, and other associated facilities) dedicated to specific purposes clearly earmarked to **Nuclear Defence-related Activities and projects** as described above in section § 3.1.1.
- **Conventional Defence-related Activities financing** - financing and related services (including guarantees, letters of credit, working capital solutions, factoring, and leasing products, advisory and M&A and capital market products, hedging/derivatives, and other associated facilities) dedicated to specific purposes clearly earmarked to **Conventional Defence-related Activities and projects** as described above in section § 3.1.1.
- **Other (non-Defence-related) Activities financing** - financing and related services (including guarantees, letters of credit, working capital solutions, factoring, and leasing products, advisory and M&A and capital market products, hedging/derivatives, and other associated facilities) dedicated to specific purposes other than Defence-related activities and projects.
- **Basic Banking Services** - current Account Management, collection & payments, Cash Pooling, Trade Finance and Structured Trade & Export Finance (including Guarantees and Letters of Credit, Buyer’s Credit, Supplier’s Credit, and other ECA covered transaction), Direct Debit & Credit Card.
- **Advanced Banking Services** - all type of banking products and services not included in the above categories. (e.g., Advisory, Capital Markets products and services, hedging/derivatives for general risk management purposes).

Asset Management activities

- **Proprietary Asset Management** – Management of any position in financial instruments held by UniCredit Group within its books, regardless of the purpose⁶ the position is held for and the accounting classification of the book where the position itself is held, directly (e.g., debt securities or

⁶This includes positions: 1) held for investment purposes; 2) arising from client servicing and market making; 3) intended to be resold short term; 4) intended to benefit from actual or expected short-term price differences; 5) to hedge position held with or without trading intent.

shares) or indirectly linked⁷ (e.g., derivatives or structured products having as underlying a financial instrument “directly” linked) to a company in scope of the Regulation.

- **Products Design and/or Distribution** – Design and placement in the primary market, through the commercial network of the UniCredit Group or third-party commercial network, of financial products issued by UniCredit Group or a third-party manufacturer, having as underlying a company in scope of the Regulation.
- **Advise on product**
- **Active Asset Management** - Any transaction executed by UniCredit Group as part of a mandate to directly manage client’s assets on a financial product directly or indirectly linked to a company in scope of the Regulation.
- **Passive Asset Management** - Any transaction executed by UniCredit Group on behalf of a client upon its request to allocate its own assets on a financial product directly or indirectly linked to a company in scope of the policy. It does not include transactions that are directly input by the customer (e.g., through on-line services).

3.2 Foundation Principles

The Regulation is based on the following **Foundation Principles**:

1. UniCredit Group does **not provide any kind of support for activities/projects directly connected with Nuclear or Controversial weapons**, their key components, or their key infrastructures and key services
2. UniCredit Group does **not provide any support to companies directly involved in the Nuclear or Controversial weapons related activities**; UniCredit Group is available to evaluate and to maintain the business relationship **exclusively with those companies whose activity is limited to the management of the national nuclear arsenal of democratic Countries, whose nuclear activities started before the signature of the Non-Proliferation Nuclear Treaty** and whose activity is fully compliant with the Treaty itself
3. UniCredit Group does **not invest** - neither in its own interest nor in the interest of its customers - **in those subjects that directly operate in the Nuclear or Controversial weapons**, in their key components, their key infrastructures and key services
4. UniCredit Group **identifies forbidden countries** where support is not allowed, regardless of any other consideration
5. UniCredit Group does **not maintains commercial relations with trading/brokering companies in military goods**
6. **The Group supports activities related to Defense sector only to Group UniCredit clients.** Requests of support to non-Clients of the Group should be evaluated case by case
7. UniCredit Group is available to **support the export of conventional weapons**, their key components, key infrastructures and key services, **not addressed and suitable to authoritarian regimes repressing civil population, or addressed and suitable to countries involved in conflict scenarios** and - in any case - **exclusively after an adequate due diligence performed by appropriate decision bodies of the Group, taking into consideration the characteristics and the risk connected to the specific supplies and to the receiving countries**

⁷Excluding Funds and Equity/Credit Indexes.

3.3 Forbidden financial support and other Banking activities

According to the Foundation Principles stated in § 3.2, UniCredit Group does not provide any support:

- directly aimed at **Nuclear or Controversial Defence-related activities**, as defined in § 3.1.1
- directly aimed at **exporting** Defence devices as defined in § 3.1.1 (including conventional ones), their key components, their key infrastructures, and their key services **into forbidden countries**

regardless of the fact that the customer is a Defence-related subject or not.

UniCredit Group **does not invest** its own assets in companies that are directly involved in **Nuclear or Controversial Defence-related activities**.

UniCredit Group **does not offer** financial instruments having - as underlying - companies that are classified in B or C Class as stated in § 3.4.

3.4 Customer classification, related allowed supports, conditions, restrictions and exclusions criteria

For the purposes of this regulation, client companies are classified in **three classes** based on their alignment with the foundation principles. **Each class defines the banking financial products and services** that can be granted and the related conditions, restrictions and exclusions that must be applied to each client **and** defines **the investment activities**, involving the client as underlying company, that are allowed and forbidden.

A Class “Full Support” –Clients operating only in the Conventional Defence Sector

Classification criteria

- a. Not having any direct involvement** in the **Controversial weapons -related activities** (i.e., no current revenues from Controversial weapons -related activities)
- a. AND**
- b. Not having any direct involvement** in the **Nuclear weapons-related activities** (i.e., no current revenues from Nuclear weapons-related activities)

Allowed Support

- All the products and services offered by the bank are allowed except for the forbidden support as specified in § 3.3, provided that no other impediment exists (e.g., bad news on the customers, ongoing legal proceedings, ...)

Allowed Investments

- All investment activities involving A Class client are allowed

B Class “Monitored Support” – Selected Customers, approved by UniCredit, operating in the nuclear weapons Sector

Classification criteria

- a. Not having any direct involvement** in the **Controversial Defence-related activities** (i.e., no current revenues from Controversial Defence-related activities)
- b. AND**
- b. Having a direct involvement in the Nuclear Defence-related activities**, for the **management of the national nuclear arsenal**, exclusively under the mandate and agreement of the Governments of countries (defined as Cluster 1) that are:

1. recognized by the **Treaty of non-proliferation of Nuclear Weapons (NPT)** as nuclear-weapon States⁸

c. **AND**

2. with a level of democracy at least corresponding to **“Flawed Democracy”**, according to the classification of EIU Democracy Index⁹
- d. At the time of issuing of this Regulation, Countries which match the above criteria are United States of America, United Kingdom, and France.

Allowed Support

The following products and services are allowed provided that no other impediment exists (e.g., bad news on the customers, legal proceedings on going, ...):

- All identified Basic Banking Services, except for Cash Pooling (to be assessed on case-by-case basis)
- All identified Advanced Banking Services
- Identified Lending, except for General Financing and Sustainability-Linked RCF (to be assessed on case-by-case basis)

Conditions, Restrictions and Exclusion criteria

- Any request for **Cash Pooling and General Financing** (setting of new credit line renewing, extension) must be evaluated and authorized by Local Reputational Risk Function provided that no other impediment exists (e.g., public bad news involving the customer) under the following condition:
 - Specific provisions must be set to ensure that the provided financing shall not be used for the nuclear activities of the customer

At the end of the positive local process, before proceeding, a Non Binding Opinion (NBO) by Group Reputational Risk Function must be obtained.

- Any request for **Sustainability-linked financing** must be evaluated and authorized by Local Reputational Risk Function provided that no other impediment exists (e.g., public bad news involving the customer) under the following conditions:
 - Sound and challenging Sustainability KPIs
 - Penalties for not matching the targets are adequate to demonstrate a clear and binding commitment and are at least in line with the market practice
 - The company did not fail, at least in the previous three years, in matching targets in any other Sustainability-linked financing (done with UniCredit Group or with other banks)
 - Positive opinion by Local Sustainability Functions (or by Group Sustainability Function, in case the Local Function is not present in the Legal Entity), on the above conditions

At the end of the positive local process, before proceeding a Non Binding Opinion (NBO) by Group Reputational Risk Function must be obtained.

Allowed Investments

- Passive Asset Management/Brokerage on financial instrument involving the B Class customers is allowed.
- All other investment activities on financial instruments involving the B Class customer are forbidden.

⁸“For the purposes of this Treaty, a nuclear-weapon State is one which has manufactured and exploded a nuclear weapon or other nuclear explosive device prior to 1 January 1967” - Treaty on the Non-Proliferation of Nuclear Weapons (NPT).

⁹ Democracy Index, compiled by the Economist Intelligence Unit (EIU), division of the Economist Group, measuring the state of democracy in 167 countries and territories.

C Class “Phase Out” - Customers operating in the Controversial Defence Sector or in the Nuclear Defence Sector not eligible for B Class

Classification criteria:

- a. Having a direct involvement in the Controversial Defence-related activities** (i.e., producing revenues from Controversial Defence-related activities)
- e. OR**
- b. Having a direct involvement in the Nuclear Defence-related activities for Governments** of countries that are:
 - 1.** with a level of democracy lower than “Flawed Democracy”, according to the classification of EIU Democracy Index (Cluster 2)
 - f. OR**
 - 2.** not recognized by the Treaty of non-proliferation of Nuclear Weapons (NPT) as nuclear-weapon States (Cluster 3)
- g. OR**
- c. Having a direct involvement in the Nuclear Defence-related activities for third parties** other than legitimate Governments
- h. OR**
- d. Being included in any forbidden list of Defence operators** if any.

Allowed Support

- No support allowed.

Conditions, Restrictions and Exclusion criteria

- For existing customers, any Group existing exposure - regardless of the fact it is linked or not to Defence-related activities - must be phased out as soon as possible, avoiding any legal or reputational risks.
- For new customers, the onboarding is not allowed

Allowed Investments

- All investment activities involving the C Class customer are forbidden

The table below provides a synthetic view of the definitions and conditions expressed above.

the customer publicly available, legal proceedings involving the customer, NGOs, or activist relevant initiatives (**“Reputational Risk Clearance on Event”**),

- for on-boarding **new customers**, before the on-boarding procedure is completed
2. **Single Deal Reputational Risk Evaluation**, for all the new deals or transactions requested by the customer, to be financed or supported by the Bank in any way, which are involving a Defence-related subject. Deals connected to Defence-related activities, as defined in § 3.1.1, are subject to restrictions for financial support as specified in § 3.4

The Single Deal evaluation must consider the risk level of the weapons, the country of destination, the end user as per following details and guidelines:

1. Classification of Weapons

The weapons classification reports a detailed risk classification of weapon and product typologies, based on their specific characteristics

2. Classification of the Country of destination

The Group defines and classifies the level of risk of the countries of destination based on the combination of following drivers

- **Embargoes and sanctions programs** as per Sanctions and Embargoes related lists set up by UniCredit Group Financial Sanctions
- **Overall level of conflict** – Level of conflict deriving from the combination of:
 - **Global Peace Index (GPI)**, reported by the Institute of Economics & Peace (IEP) which measures the countries’ peacefulness through 23 indicators of peace
 - **Uppsala Conflict Data Program (UCDP)** provider of world conflicts
- **Overall level of democracy** - Level of democracy deriving from the combination of:
 - **Freedom House Report** assessing the condition of political rights and civil liberties around the world
 - **EIU Democracy Index** reported by the EconomistIntelligence Unit, based on indicators grouped in five categories, measuring the electoral process and pluralism, the functioning of government, the civil liberties, the political participation and the political culture, and provides the state of democracy for nearly 200 countries
- **Arms Trade Treaty (ATT)** – International Treaty whose signature and implementation obliges member states to monitor arms exports and ensure that weapons don't cross existing arms embargoes or end up being used for human-rights abuses, including terrorism. Member states, with the assistance of the U.N., will put in place enforceable, standardized arms import and export regulations and is expected to track the destination of exports to ensure they do not end up in the wrong hands
- **Government-to-Government Defence cooperation agreements** - Presence of a formal Gov-to-Gov military agreement in validity between the Italian Government and the Governments of end user – assessed on case-by-case basis - allows to classify High Risk instead of Forbidden
- All the above criteria for the country lists definition are **intentionally based on a clear and objective base, referring to public and independent sources** and are considered for the risk classification of a country.

Country Risk Lists are updated at least once a year or earlier in case of overall countries profile deterioration according to the criteria above defined.

When a transaction involves more than one country as destination countries included in different lists, the destination country with the highest level of risk prevails and it is used to define the approval level. Cases where a country involved is not the country of destination but has anyway a role (e.g., assembly of different components before the delivery to the final destination), must be flagged and pre-assessed by the Local Reputational Risk Function in charge to define the proper approval level requested for the transaction.

3. End-users

The weapons final end-users shall be Governments, Governmental Organizations, State-Owned Companies or Supranational Organizations

Any other end-user should not be allowed or considered and assessed case by case by the local RepRisk Function, except for Defence manufacturers receiving supplies of components that are necessary for their business.

4 ANNEX - TREATIES AND REGULATIONS

Obligations, commitments & legislations

C1. International obligations of States under international Treaties

Arms Trade Treaty (ATT)

Treaty on the Non-Proliferation of Nuclear Weapons (NPT)

The NPT is a landmark international treaty whose objective is to prevent the spread of nuclear weapons and weapons technology, to promote cooperation in the peaceful uses of nuclear energy and to foster the goal of achieving nuclear disarmament and general and complete disarmament.

The Comprehensive Nuclear-Test-Ban Treaty (CTBT)

The CTBT bans all nuclear explosions in all environments, for military or civilian purposes.

Treaty Banning Nuclear Weapon Tests in the Atmosphere, in Outer Space and under Water (Partial Test Ban Treaty)

It is a treaty prohibiting all test detonations of nuclear weapons, except underground. It was developed both to slow the arms race (nuclear testing was, back then, necessary for continued nuclear weapon advancements) and to stop the excessive release of nuclear fallout into the planet's atmosphere.

Protocol for the Prohibition of the Use in War of Asphyxiating, Poisonous or Other Gases and Bacteriological Method of Warfare (Geneva Protocol)

It prohibits the use of chemical and biological weapons.

International Code of Conduct against Ballistic Missile Proliferation (ICOC) (also known as the Hague Code of Conduct against Ballistic Missile Proliferation)

The ICOC was subscribed by a group of States that recognize its principles, i.e., primarily the need to prevent and curb the proliferation of ballistic missile systems capable of delivering weapons of mass destruction and the importance of strengthening multilateral disarmament and nonproliferation mechanisms.

C2. International obligations of States under international Conventions

Biological Weapons Convention (BWC)

The Convention bans the development, production, stockpiling, acquisition, and retention of microbial or other biological agents or toxins in types and in quantities that have no justification for peaceful purposes. It also bans weapons, equipment or means of delivery designed to use such agents or toxins for hostile purposes or in armed conflict.

Convention on Prohibitions or Restrictions on the Use of Certain Conventional Weapons (CCWC)

The purpose of the Convention is to ban or restrict the use of specific types of weapons that are considered to cause unnecessary or unjustifiable suffering to combatants or to affect civilians indiscriminately. Four protocols of the Convention restrict fragmentation weapons, landmines, incendiary weapons, and blinding laser weapons. The fifth protocol sets out obligations and best practice for the clearance of explosive remnants of war. The failure to agree to a total ban on landmines led to the Ottawa Convention (see below).

Convention on Cluster Munitions (CCM)

CCM is an international Convention that prohibits the use of cluster bombs, a type of weapon which scatters sub munitions ("bomblets") over an area. The Convention allows certain types of weapons with sub munitions that do not have the indiscriminate area effects or pose the unexploded ordnance risks of cluster munitions.

Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction (CWC) (also known as Chemical Weapons Convention)

The Convention aims to eliminate an entire category of weapons of mass destruction by prohibiting the development, production, acquisition, stockpiling, retention, transfer, or use of chemical weapons by State Parties. State Parties, in turn, must take the steps necessary to enforce that prohibition in respect of persons (natural or legal) within their jurisdiction.

Convention on the Prohibition of Military or any Other Hostile Use of Environmental Modification Technique (ENMOD)

The Convention allows certain types of weapons with sub munitions that do not have the indiscriminate area effects or pose the unexploded ordnance risks of cluster munitions.

Ottawa Convention (Mine Ban Treaty)

The Mine Ban Treaty is the international Convention that bans completely all antipersonnel landmines. Besides stopping the production and development of antipersonnel mines, a party to the treaty must destroy all the antipersonnel mines in its possession within four years. Just a small number of mines are allowed to remain for training purposes (mine-clearance, detection, etc.).

C3. Commitments of States being part of specific Working Groups

Nuclear Suppliers Group (NSG)

The Nuclear Suppliers Group is a multinational body concerned with reducing nuclear proliferation by controlling the export and re-transfer of materials that may be applicable to nuclear weapon development and by improving safeguards and protection on existing materials.

Australia Group

The Australia Group is a group of States that meets informally each year to monitor the proliferation of chemical and biological products and to discuss chemical and biological weapons-related items that should be subject to national regulatory measures.

Zangger Committee

Also known as the Nuclear Exporters Committee, the Zangger Committee was formed to draft a “trigger list” of (a) source or special fissionable materials; and (b) equipment or materials especially designed or prepared for the processing, use or production of special fissionable materials. Under Article III.2 of the Nuclear Non-Proliferation Treaty (NPT), these items should be subject to International Atomic Energy Agency safeguards if supplied by NPT parties to any Non-Nuclear Weapon States (NNWS).

Missile Technology Control Regime (MTCR)

The MTCR is an informal and voluntary association of Countries which share the goals of nonproliferation of unmanned systems capable of delivering weapons of mass destruction and which seek to coordinate national export licensing efforts aimed at preventing their proliferation.

European Code of Conduct on Arms Exports

The code of conduct is designed to set high common standards which should be regarded as the minimum for the management of, and restraint in, conventional arms transfers by all Member States, to strengthen the exchange of relevant information with a view to achieving greater transparency and to prevent the export of equipment which might be used for internal repression or international aggression or contribute to regional instability. It is directed at the Member States of the European Union and contains eight criteria and operative provisions on the export of conventional arms.

Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies

The Wassenaar Arrangement has been established in order to contribute to regional and international security and stability by promoting transparency and greater responsibility in transfers of conventional arms, in particular small arms, and light weapons, as well as dual-use goods and technologies, thus preventing destabilizing accumulations.

Through their national policies, Participating States seek to ensure that transfers of these items do not contribute to the development or enhancement of military capabilities that undermine the above-mentioned goals and that are not diverted to support such capabilities. The outline of the arrangement is set out in a document entitled "Guidelines and Procedures, including the Initial Elements." The list of restricted technologies does not include software that is generally available to the public or in the public domain.

C4. Italian legislation (applicable only in Italy)

Law No. 185 of 9 July 1990.

Law 185/90 is legislation on **controlling the export, import and transit of military goods**. It stipulates that arms trade must comply with Italy's foreign and Defence policies. Each trade must be approved by the Ministry of Defence. The Parliament publishes an "Annual Report" in order to provide detailed information on Italian arms exports. The final destination of the armament materials must be adequately guaranteed. Light weapons are excluded from the law's scope.

Article 5 states, "The export, transit, intra-Community transfer and intermediation in military goods, as well as the transfer of the relative production licenses and the delocalization of production are prohibited if they in contrast with the Constitution, Italy's international commitments, non-proliferation agreements and the fundamental security interests of the State, the struggle against terrorism and maintaining good relationships with other Countries and in case there are no adequate guarantees on the final destination of the military goods."