

# ZERO ARMI

Tool for evaluating Italian bank  
exposure to the **arms industry**

**2024 RESULTS**

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## Abstract

This **report** presents the results of the **ZeroArmi** (ZeroArms) project, the first tool for evaluating Italian banks' exposure to the arms industry. The initiative is the result of a collaboration between the **Finanza Etica Foundation** and the **Rete Italiana Pace Disarmo**, with the involvement of the main Italian banks. ZeroArmi analyses the degree of involvement of the banking system in the military sector, emphasising **transparency** and **critical dialogue** with banking institutions.

ZeroArmi assesses the involvement of banks through a **matrix of indicators** that consider **direct financing, shareholdings and logistical support for arms exports**. The evaluation covers the **nine main Italian banks** by cash flow in 2021. The **Banca Etica Group**, the cooperative banking groups **ICCREA Banca** and **Cassa Centrale Banca**, have been added to the sample, due to their affinity with the Banca Etica operating model, Banca Popolare di **Sondrio**, a member of Etica Sgr, the asset management company of the Banca Etica Group.

The results reveal **significant differences: Banca Etica has no involvement**, while other institutions show **varying levels of interaction** with the arms industry. In particular, Intesa Sanpaolo and UniCredit are more exposed, with a score that reflects significant involvement.

ZeroArmi aims to become a **stable monitoring tool**, promoting **transparency** and stimulating **public debate** on the involvement of banks in the war industry. The project has favoured **greater clarity** on the practices of Italian banking institutions. The **open and constructive dialogue** with the analysed banks has allowed us to perfect the methodology and obtain **useful data** to strengthen future editions, favouring a **continuous and informed dialogue** between **investors, credit institutions and civil society**.

## Executive Summary

The Russian invasion of Ukraine has led to a **global arms race**, including in Italy. In 2024, **global military spending reached USD 2,443 billion**, setting a new record in a context of growing geopolitical instability. Since the beginning of the Russian invasion in February 2022, the EU and its member states have mobilised **EUR 124 billion in support of Ukraine**, a significant figure compared to the investments planned for the **Green New Deal**. Although it cannot count on a **common army**, the European Union is allocating more and more resources to the military sector, particularly supporting companies in the sector. As highlighted in **Mario Draghi's document on the 'Future of European Competitiveness'**, this trend is set to strengthen in the coming years, often to the **detriment of investments in more performing and sustainable sectors** or through **recourse to sovereign debt**.

The increase in global military spending is also increasing the interest of **Italian banks in the war sector**, making careful and **constant monitoring necessary**. It will become increasingly important to **record, measure and evaluate** the effective involvement of banks, including Italian banks, in the military sector, using **targeted analysis and monitoring tools**.

ZeroArmi promotes **transparency in the financial sector**, analysing and making public the relationships between **Italian banks and the war industry**. This tool allows savers to acquire **greater awareness of how their funds are used** and encourages banks to adopt **clearer and more responsible policies** in relation to financing the arms industry.

**ZeroArmi represents a new tool for measuring and evaluating, for the first time in Italy and in Europe**, the involvement of banks in the armaments sector, also through a **constructive dialogue** with the banking institutions analysed.

The project, the result of collaboration between the **Finanza Etica Foundation and the Rete Italiana Pace Disarmo**, is part of a context in which banks play a crucial role in supporting – or limiting – the most sensitive sectors of the economy. This initiative has been launched at a time when **financial transparency is at risk** due to the proposed revision of (Italian) **Law 185/1990**, which is currently being discussed. This revision could **reduce the obligation for banks to make public transactions related to arms exports**, further hindering the ability of citizens and organisations to monitor the impact of the financial sector and the savings choices of individuals and organisations on the war industry.

**ZeroArmi therefore becomes an essential tool to fill this gap**, guaranteeing savers and civil society actors a means to **evaluate and monitor** overall banking exposure to the armaments sector.



## Methodology

**ZeroArmi uses an evaluation matrix** that measures the involvement of the main Italian banks in the war industry according to **three specific categories**:

1. **Shareholdings** in companies in the war sector;
2. **Financing** to companies or specific military development programmes;
3. **Financial services** related to the export and sale of armaments.

In this analysis, equity and third-party funds placed by the banks surveyed, mutual funds, and other financial instruments that may be attributable to these activities are not considered.

A **lower score** in the ZeroArmi evaluation framework reflects a **lower involvement in the military sector**. The evaluation is based on a **detailed matrix**, in which the scores initially assigned can be modified following more in-depth analyses or the provision of additional data and clarifications by the banking institutions. The ZeroArmi methodology is based on a matrix with the following score levels for each criterion:

- 0 points** – No involvement.
- 0,25 points** – Limited involvement, supported by objective documentation.
- 0,5 points** – Limited involvement, without objective documentation.
- 0,75 points** – Full involvement, with transparency and provision of details.
- 1 points** – Full involvement, without any transparency.

## The banks involved

The **nine main Italian banks** by cash flow in 2021 were taken into account, with the exclusion of FCA Bank (now CA Auto Bank) and Fideuram (which, as part of the Intesa Sanpaolo group, was not authorised by the parent company to operate in the sector). The Banca Etica Group and the cooperative banking groups ICCREA Banca and Cassa Centrale Banca were added to the sample because of their affinity with the Banca Etica operating model. In addition, Banca Popolare di Sondrio was included because it is a partner of Etica Sgr, the asset management company of Banca Etica Group..

**Banca Mediolanum,**  
**Banca Popolare di Sondrio\***  
**Banca Popolare Etica\***  
**Banco BPM\***  
**BPER Banca\***  
**Cassa Centrale Banca\***

**Cassa Depositi e Prestiti**  
**Crédit Agricole Italia**  
**ICCREA**  
**Intesa Sanpaolo**  
**Mediobanca**  
**Unicredit**

\*Etica Sgr member banks

## Overall analysis of the results

The assessment of banks using the ZeroArmi matrix assigns scores on a scale from 0 to 75, divided into 5-point bands. This segmentation allows for a precise and consistent classification of each bank's level of involvement in the arms sector. Banks scoring between 0 and 5 exhibit no or minimal involvement; those scoring between 20 and 40 show a moderate level of involvement, while scores above 40 indicate significant involvement. Institutions scoring over 60 points are considered fully engaged in the military sector.

Banca Etica remains the only institution with zero involvement in the arms industry. Cassa Centrale Banca, BPER, Banco BPM, and Cassa Depositi e Prestiti display minimal involvement, with scores ranging from 10 to 20—an outcome linked to their institutional histories, recent strategic decisions, and willingness to engage with the ZeroArmi project. The second band, indicating moderate involvement (20–40 points), is slightly more populated: Banca Mediolanum, Crédit Agricole, Mediobanca, and ICCREA score between 20 and 25 points, while Banca Popolare di Sondrio lies at the upper end of this range. Finally, Italy's two largest traditional banks by cash flow—Intesa Sanpaolo and Unicredit—fall within the third band (40–60 points), confirming their long-standing and structurally embedded roles in the military sector, with significant levels of involvement.

The evaluation matrix developed by ZeroArmi has made it possible to define the level of military sector involvement with greater precision, moving beyond earlier fragmented or binary analyses that often oversimplified the issue. This approach enables a more nuanced differentiation of institutional behaviour and offers a more detailed and realistic picture of the phenomenon. While the methodology is still being refined, it has already proven effective in providing a comprehensive map of financial choices related to the defence industry.

Without a structured and wide-ranging assessment tool such as this, it would be difficult to distinguish among institutions based on the extent of their involvement in the arms industry.

Another key insight to emerge from the ZeroArmi experience is that many of the banks that opted for transparent engagement with the model improved their final scores compared to their initial assessments, which were based solely on publicly available data. This outcome demonstrates how open dialogue can foster greater transparency and awareness in strategic financial choices.

Finally, the ZeroArmi model was designed with scalability in mind—both geographically, with future inclusion of non-Italian institutions, and in terms of scope, with plans to extend the analysis beyond the banking sector to other types of financial operators.

The analysis conducted with ZeroArmi highlighted several relevant aspects:

- **Significant divergences** between Italian banks in terms of transparency and involvement in the war industry;
- **Restrictive policies** adopted by some institutions, while others maintain **extensive relationships with the arms industry**;
- **Active participation** of banks that received positive scores thanks to effective **policies and mechanisms**;
- **Lack of detailed public** information that made it difficult to evaluate some transactions.

## Recommendations

To address the **growing involvement of Italian banks in the war industry**, ZeroArmi proposes concrete actions:

1. **Promote transparency** – Banks should make data on military financing public.
2. **Define restrictive policies** – Adopt policies to effectively exclude support for industries that produce controversial weapons.
3. **Encourage disinvestment** – Support the reallocation of capital towards sectors with a high positive social and environmental impact.
4. **Involve savers** – Inform citizens about the impact of their financial choices to encourage informed decisions.

## Conclusions

ZeroArmi has helped create **greater transparency** regarding the involvement of Italian banks in the war industry. The open and constructive dialogue allowed us to perfect the methodology and obtain useful data to strengthen future editions of the project.

Through **35 individual meetings** and the signing of **four confidentiality agreements**, it was possible to obtain a **clearer picture** of banking operations linked to the military industry, improving the quality of the evaluations. This process has produced concrete results: many banks have provided data that has made it possible to refine the initial scores.



*«The growth in arms expenditure, triggered worldwide by Russia's aggression against Ukraine – which also forces us to provide for our own defence – has reached a record figure of USD 2,443 billion this year.*

*Eight times more than what was allocated at the recent COP 29, in Baku, to combat climate change, a vital need for humanity.*

*A discouraging disproportion.»*

# Summary

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# Introduction

*Teresa Masciopinto*

Ethical finance originated in Europe, rooted in strong pacifist and environmentalist movements. It was inspired by a movement of people and organisations that, forty years ago, had already identified speculative finance as a driving force behind the most damaging effects of unbridled capitalism and neoliberalism. Those who choose ethical finance do so consciously, to prevent their money, deposited in accounts or savings instruments, from being used to fuel war or aggravate the climate crisis.

The Banca Etica Group is committed to this, strictly excluding the arms industry from the sectors that can be financed. This commitment also translates into active participation in peace and disarmament campaigns.

In 2024, in a context in which the war industry recorded record profits due to the conflicts in Ukraine and the Middle East, Banca Etica launched the 'Manifesto for Peace Financing'<sup>1</sup>, signed by all the banks belonging to the Global Alliance for Banking on Values<sup>2</sup>. Faced with the return of the nuclear threat, Etica Sgr is collaborating with ICAN<sup>3</sup> (International Campaign to Abolish Nuclear Weapons), an organisation awarded the Nobel Peace Prize in 2017, also speaking at the United Nations General Assembly to raise awareness of the catastrophic risks of using nuclear weapons.

At the same time, the Fondazione Finanza Etica (Ethical Finance Foundation), through

the project Finanza Disarmata<sup>4</sup> (Disarmed Finance), conducts research and develops monitoring tools on the involvement of banks in the financing of the war industry. Furthermore, thanks to the possession of symbolic shares, it acts as a critical shareholder<sup>5</sup> in the shareholders' meetings of some of the largest arms manufacturing companies, denouncing irresponsible or non-transparent practices.

In 2024, the Banca Etica Group undertook a series of initiatives, in collaboration with many associations and the Italian social economy, to defend Law 185/1990, which regulates the conditions and procedures for the export of arms from Italy to other countries and provides transparency rules for banks, which are required to disclose their financing operations related to arms exports to the Italian Government and Parliament. A law that, despite having been weakened over the years, still holds great value today. However, it is currently the focus of a bill, already approved by the Italian Senate in February 2024 and awaiting discussion in the Chamber of Deputies, which aims to eliminate transparency on relations between banks and the arms industry.

The Banca Etica Group has always chosen to practice radical pacifism, while promoting constant dialogue with the rest of the Italian financial system. The objective is to spread a growing attention and practice that favours increasingly transparent policies with regards to the involvement of banks in a delicate sector such as the production and sale of armaments.

ZeroArmi, of which we present the first edition, is an evaluation tool that analyses the behaviour of banks towards the war industry. It was created in collaboration with the Rete italiana Pace e Disarmo and, in line with the principles of transparency typical of

<sup>1</sup> [finanzaetica.info/wp-content/uploads/2024/03/Dichiarazione-di-Milano\\_Finanza-di-pace.pdf](https://finanzaetica.info/wp-content/uploads/2024/03/Dichiarazione-di-Milano_Finanza-di-pace.pdf)

<sup>2</sup> The Global Alliance for Banking on Values (GABV) is an international network of 71 banks and financial institutions that promote an ethical and sustainable approach to finance.

<sup>3</sup> [eticasgr.com/storie/campagne-internazionali/di-re-fare-disarmare-etica-sgr-ican](https://eticasgr.com/storie/campagne-internazionali/di-re-fare-disarmare-etica-sgr-ican)

<sup>4</sup> [finanzadisarmata.it/](https://finanzadisarmata.it/)

<sup>5</sup> [finanzaetica.info/](https://finanzaetica.info/)



ethical finance, it is designed to be a useful tool both for those who want to save and invest in an informed way, and also for the banks involved, who intend to set objectives for verification and improvement.

The participation of the main Italian banks in this analysis work demonstrates the attention of the financial system towards these issues and encourages us to continue along this path of dialogue.

## The armaments sector in Italy

*Simone Siliani*

On many occasions, both in formal and informal settings, it is often mentioned or observed that the armaments sector as a whole (production, public spending, and trade) is either marginal or, at least, underdeveloped in Italy. Consequently, it is claimed that, from a financial standpoint, the sector is marginal for financial operators. Naturally, such a judgment requires at least a relative consideration: undersized or marginal compared to what? To the desired outcomes? To the potential of the country's economy? To the operations of financial institutions as a whole or to those of individual banks? Without answers to these questions, we would have completely different figures and assessments, which would not be comparable to each other.

A report<sup>6</sup> by Mediobanca's Research Department, *Sistema Difesa nel mondo e in Italia* (Defence System in the World and in Italy), dated November 2024, notes, for example, that 'while the economic value of defence is not observable, its cost is known, equal to

the expenditure that the state incurs for its organisation and supply'. However, it must be admitted that a significant part of this state expenditure does not constitute an 'appetite' for the financial sector as the state finances it on its own behalf. 'However', continues the Mediobanca study, 'the complexities of defence are not limited to supply and the difficulty of quantifying its output, but also extend to the realm of demand. It is not observable in turn, precisely because there is no market mechanism that, through prices, reveals the preferences of citizens and therefore determines the aggregate amount.'

Mediobanca<sup>7</sup> therefore concludes that 'in the absence of a history of systematic analysis of the factors [that condition demand, ed.] in most countries, it is usually perception that strongly influences the assessment of demand'. Generally, the level of military spending seems to be an incremental function of a country's perception of the nature and extent of the threats against it. Countries range from preferring more defence when strong military pressure is exerted on the country, to preferring less when peace prevails'.

Although this is an obvious observation, it tells us that the consensus around increased military spending – and consequently the appetite of financial operators for this sector – is more often determined by perception (which is equivalent to the political discourse, the rumour mill in the media, the influence of certain opinion makers, etc.) than by a truly measurable threat.

An example of the importance of the 'perception' factor in determining the amount of military spending and, in general, the fate of the relevant productive and financial sector, is the issue of reaching 2% of GDP of military spending within NATO. The Mediobanca report itself falls victim

<sup>6</sup> [areastudimediobanca.com/it/product/report-difesa-sistema-difesa-nel-mondo-e-italia-ed-2024](https://areastudimediobanca.com/it/product/report-difesa-sistema-difesa-nel-mondo-e-italia-ed-2024)

<sup>7</sup> Quoting R. Catoch, *Defence Economics: Core Issues*, in *Strategic Analysis*, vol.30, no.2, 2006.

to this mechanism when, after correctly noting the limitations and problems of the use of greater public resources in the sector<sup>8</sup>, it apodictically states that 'If we want to safeguard the vital interests of our country to the best of our ability, [...] to keep faith with our NATO commitments, to continue to make a significant contribution to international stability and to be competitive, there is no alternative to investing in defence'.

Another example of the 'fairy-tale' effect induced by perception is the very recent statement<sup>9</sup> by the Italian Minister of Defence, Guido Crosetto, who, in support of a hypothetical request by the President-elect of the United States, Donald Trump, to increase European military spending to 2.5% of GDP, stated that it is necessary to achieve the objective indicated by Washington to be ready. If we were attacked like Israel, we should be able to defend ourselves. Today we are further behind than others. But is an attack on Italy similar to the one suffered by Israel at the hands of Hamas likely? Clearly not: no country on our borders (who? Switzerland? Serbia? Tunisia? Albania? to limit ourselves to non-NATO countries) can be a credible threat to Italy. Not even Russia, obviously. However, this narrative serves to create the 'perception' of a threat, to determine the consensus for a significant increase in Italian military spending, which would necessarily weigh heavily on the Italian public debt and on the balance of payments, in a country constitutionally bound by the constraint of a balanced budget.

But beyond perception, with today's data it is already possible that the defence sector constitutes a not inconsiderable incentive for the commitment of financial operators in the sector.

For this reason it may be useful to represent some data in absolute terms.

Firstly, it is useful to consider the overall trend towards military spending in the world. Every survey, from the most official (UN) to those of more credible independent research centres and organisations (SIPRI), indicates a growing trend in global spending in the sector, at least since the beginning of the war in Ukraine. Confirmation of this trend can be found in the annual report of the Secretary General of the United Nations.

The 2023 report contains data from 1998 to 2022, from which we see: a) an uninterrupted trend from 2015 to 2022 of growth in military spending; b) in 2022, a record figure of USD 2.2 trillion in military spending worldwide is reached.

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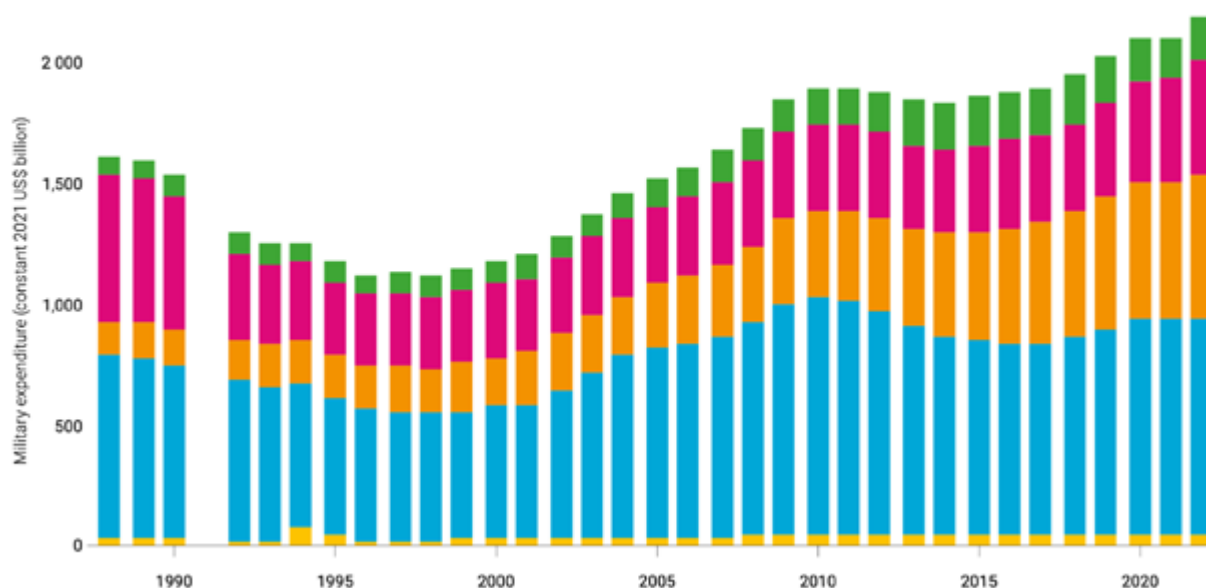
<sup>8</sup> See the limits of the multiplier effects of public spending on the military compared to other, more efficient sectors such as the environment; or that in the presence of relatively high indebtedness, the multiplier effect of defence would tend to be reabsorbed due to the emergence of a powerful crowding out effect. The short-term multiplier would be indistinguishable from zero, the long-term one even negative; or the very limited employment effect.

<sup>9</sup> [repubblica.it/politica/2024/12/17/news/guido\\_crosetto\\_ucraina\\_trump\\_intervista-423891030/](https://repubblica.it/politica/2024/12/17/news/guido_crosetto_ucraina_trump_intervista-423891030/)

## Global military expenditure increased to a record \$2.2 trillion

World military expenditure by region 1988–2022

● Africa ● Americas ● Asia and Oceania ● Europe ● Middle East



Note: The absence of data for the Soviet Union in 1991 means that no total can be calculated for that year

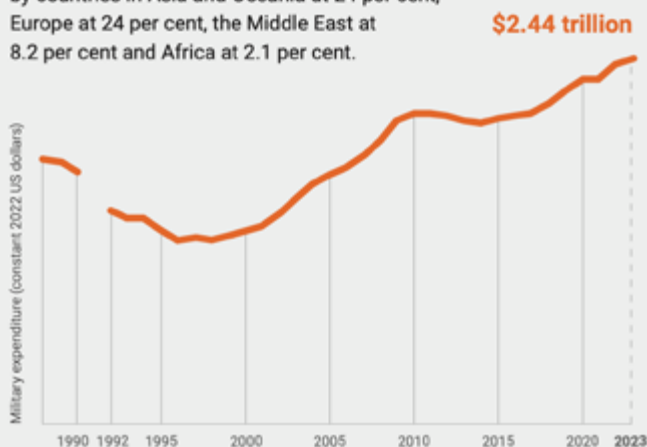
Source: SIPRI Military Expenditure Database, April 2023.

Source: Report of the Secretary-General on the Work of the Organisation 2023

But in Guterres's 2024 report, this record is shattered by the figure for total military expenditure recorded in 2023, which is USD 2,440 billion (+9.8%).

## Global military expenditure increased to a record \$2.44 trillion in 2023

Countries in the Americas accounted for 41 per cent of total global military spending in 2023, the largest regional share overall, followed by countries in Asia and Oceania at 24 per cent, Europe at 24 per cent, the Middle East at 8.2 per cent and Africa at 2.1 per cent.



Note: The absence of data for the Soviet Union in 1991 means that no total can be calculated for that year.

Source: SIPRI Military Expenditure Database, April 2024.

Source: Report of the Secretary-General on the Work of the Organisation 2024



Of this total, 24% is recorded in Europe, equivalent to the expenditure recorded in Asia and Oceania combined and second only to the military expenditure recorded in the Americas, equal to 41% of global expenditure.

Therefore, we can say that Europe is by no means as unprotected or timid as is claimed, especially on the other side of the Atlantic. In fact, if we look at the SIPRI Military Expenditure Database<sup>10</sup>, which monitors military spending in different areas of the planet from 1949 to the present day, we can see that the increase in spending in Europe in recent years is more than remarkable: in 2015 the continent's military expenditure was USD 360.84 billion, while in 2023 it had reached a record USD 569.12 billion (which, at current prices, corresponds to USD 588.11 billion). An increase of 36.6% in the period (+38.6% at current prices). European military spending is mainly concentrated in Western Europe (USD 321.56 billion in 2023), followed by Eastern Europe (USD 194.70 billion in 2023; it was just 91.22 billion in 2021, where evidently spending in the Ukraine sector makes the difference) and from Central Europe (USD 52.86 billion in 2023). Italy occupies an important place in this global and European trend. Again from the SIPRI Database, we note that in the same time frame (2015-2023) Italian military spending increased from USD 23.83 billion to USD 32.63 billion (+36.9%).

In terms of incidence on GDP, we went from 1.2% to 1.6%. This implies a per capita expenditure that has risen from USD 368.35 in 2015 to USD 603.50 in 2023. An analysis of the 2025 Finance Bill, currently under discussion in Parliament, suggests that the trend of growth in military expenditure will continue in 2025. The method of analysis<sup>11</sup> of the Budget Bill used by Milex Observatory on

Italian military spending forecasts expenditure of EUR 32 billion for 2025. This is an estimate that takes into account all the expected expenditure for the military sector, not only attributable to the Ministry of Defence. In this sense, for example, funds from the Ministry of Enterprise and of the Made in Italy<sup>12</sup> brand are included, while funds relating to the non-military part of the operational use of the Carabinieri<sup>13</sup> and for the forestry, environmental and agri-food protection of the same Carabinieri are not included. Investments for new weapon systems in the Budget Law reach EUR 12.98 billion, an increase of 77% compared to 7.3 billion in 2021. The total figure of EUR 32.02 billion, to which a further billion must be added relating to the costs for military bases and the co-participation quotas for military expenses within the EU, thus reaching the figure of EUR 33 billion, is also an absolute record. This is 1.46% of GDP (note that the 'budget in NATO terms', which is decisive for reaching the non-binding 2% quota), is around 1.58%.

Italy also has a very respectable position with regard to the export of armaments: it is the 6th largest arms exporting country in the world. The annually updated SIPRI database places Italy just behind Germany, but ahead of the United Kingdom. With 4.3% of the world's exports in the five-year period 2019-2023, Italy has seen an 86% increase in this activity compared to the previous five-year period (2014-2018). Italy sends 71% of its exports to the Middle East, one of the areas with the highest density of endemic conflicts on the planet. Three of the top 10 arms importers are located in this area: Saudi Arabia, Qatar and Egypt. According to SIPRI, the United States accounts for 52% of total exports to the Middle East.

<sup>10</sup> [milex.sipri.org/sipri](https://milex.sipri.org/sipri)

<sup>11</sup> [www.milex.org/2024/10/30/esplosione-per-le-spesse-militari-italiane-nel-2025-a-32-miliardi-di-euro-13-per-nuove-armi/](https://www.milex.org/2024/10/30/esplosione-per-le-spesse-militari-italiane-nel-2025-a-32-miliardi-di-euro-13-per-nuove-armi/)

<sup>12</sup> 'Interventions in the field of national defence' for EUR 2.9 billion and 'Interventions in high-tech industrial sectors' for approximately EUR 300 million.

<sup>13</sup> 'Defence and territorial security', except for the portion for deployment in missions abroad.

Then come France (12%), Italy (10%) and Germany (7.1%).

This trend seems to be confirmed in the Government Report to Parliament on the implementation of (Italian) Law 185/90. Indeed, the report presented by the Government to Parliament on 25 March 2024 relating to 2023 data shows a significant increase in the overall export figure, which rose from EUR 5,289 million in 2022 to EUR 6,311 million in 2023. In particular, there has been an increase in individual export authorisations (issued to individual countries for specific weapon systems): a growth of 24% for a total of EUR 4,766 million. Among the countries importing Italian arms, Ukraine stands out (in 2nd place with EUR 417 million, a country at war) and Saudi Arabia (in 4th place with EUR 363 million, a country already affected by an embargo in 2021 for its involvement in the war in Yemen. But also other countries involved in armed conflicts or human rights violations: Turkey (EUR 231 million), Azerbaijan (EUR 156 million), Kuwait (EUR 125 million), Israel (EUR 9.9 million).

All these data, from different sources, unanimously converge towards a forecast of growth in the economic dimensions of this sector for a not short period of time, which suggests a real cycle<sup>14</sup> that will necessarily also increase the demand for finance to support the sector. This will fuel the financial sector's appetite for this business sector.

This is certainly the scenario we will face in the coming years. In fact, it is already happening right before our eyes. Since the beginning of the Russian invasion (February 2022), the EU and its member states have mobilised EUR 124 billion in support of Ukraine (data updated to November 2024).

<sup>14</sup> Or, as Mediobanca's study defines it, a 'super-cycle, i.e. a period in which governments significantly increase their defence budgets in response to geopolitical threats, technological innovations and changes in national security priorities'.

An amount equal to a good part of the entire New Green Deal. This was announced by the EU Commissioner for Budget, Piotr Serafin, in his written response<sup>15</sup> to the parliamentary question presented by the Greek MEP of ECR (European Conservatives and Reformists Group), Emmanouil Fragkos. Of this figure, EUR 47.8 billion is financial assistance from the EU; 12.2 billion is bilateral assistance from member states; EUR 45.5 billion is military assistance and EUR 1.5 billion is from the proceeds of frozen and immobilised Russian assets. Therefore, even the European Union, unable to create a European army without an unlikely modification of the Treaties, is allocating resources to the sector, primarily through support for companies. From what Mario Draghi writes in his document<sup>16</sup> on the 'Future of European Competitiveness', this trend will become more pronounced in the coming years. This will divert resources from strategies and sectors that are certainly more effective in economic and employment terms, or alternatively, it could involve resorting to sovereign debt using new instruments.

In any case, it is not possible today, and even less so in the years to come, to underestimate the interest of credit institutions in this sector, or to portray it as something of little interest or involvement to them. It follows that it will become increasingly important and interesting to record, measure, and evaluate the actual involvement of credit institutions, including those from Italy, in the military sector through multiple tools and activities.

For this reason, tools like ZeroArmi, with its uniqueness and experimental nature, are of great importance, especially considering the aura of opacity that traditionally hovers over this sector.

<sup>15</sup> [europarl.europa.eu/doceo/document/E-10-2024-002175-ASW\\_EN.pdf](https://europarl.europa.eu/doceo/document/E-10-2024-002175-ASW_EN.pdf).

<sup>16</sup> [documenti.camera.it/leg19/dossier/pdf/AT033.pdf](https://documenti.camera.it/leg19/dossier/pdf/AT033.pdf)

## The banks involved

The nine main Italian banks by cash flow in 2021<sup>17</sup> were taken into account, with the exclusion of FCA Bank (now CA Auto Bank) and Fideuram (which, as part of the Intesa Sanpaolo group, was not authorised by the parent company to operate in the sector).

The Banca Etica Group and the cooperative banking groups ICCREA Banca and Cassa Centrale Banca were added to the sample because of their affinity with the Banca Etica operating model. In addition, Banca Popolare di Sondrio was included because it is a partner of Etica Sgr, the asset management company of Banca Etica Group.

**Banca Mediolanum**

**Banca Popolare di Sondrio\***

**Banca Popolare Etica\***

**Banco BPM\***

**BPER Banca\***

**Cassa Centrale Banca\***

**Cassa Depositi e Prestiti**

**Crédit Agricole Italia**

**ICCREA**

**Intesa Sanpaolo**

**Mediobanca**

**UniCredit**

*\*Etica Sgr member banks*

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<sup>17</sup> Source: Atlas of Leading Banks 2022, Milano Finanza (2022)



## Part One. Methodology

### The ZeroArmi approach

*Simone Siliani*

Where does savers' money go when it enters the bank? Is there a right of savers to be informed about how their money is used? Considering that the savers' money remains their property, entrusted to the banks with the obligation to protect it and use it to move the economy, this right takes on even greater importance when the savings are used to finance ethically sensitive sectors of the economy, such as the arms industry.

It was precisely from these considerations that the idea of evaluating the overall degree of involvement of the main Italian banks in the arms production and trade sector was born. Our affirmative answer to these questions brings to the forefront the important issue of banking transparency and the informed choices of savers.

Although our basic vision is of a world without weapons and conflicts, and we are committed to contributing to this perspective through a financial system that excludes the armaments sector from its operational horizon, we are aware that this project cannot be imposed on either credit institutions or savers. We also recognise that this objective cannot be achieved by decree, despite the fact that it is precisely regulations, at various institutional levels including the European level<sup>18</sup>, that often pursue the opposite direction.

<sup>18</sup> Refer to Directive 2009/81/EC on procurement in the fields of defence and security and, more recently, the first strategy for the European defence industry - EDIS - presented on 5 March 2024 with the aim of increasing defence spending and enhancing joint procurement.

Instead, transparency about how credit institutions use savings, along with savers' awareness of this, can form the foundation for a renewed relationship of mutual trust and responsibility between banks and savers. Especially in a controversial, problematic, and largely opaque sector such as the arms trade.

### The standard policy for promoting transparent finance in the armaments sector.

The extensive work that led to the first application of the ZeroArmi evaluation model began in 2021 and has since focused on the need to restore transparency in the relationships between credit institutions engaged in various capacities in the armaments sector, their clients, and, more broadly, citizen savers.

In that year, in collaboration with the Rete Italiana Pace e Disarmo, we developed a policy (or Code of Responsibility regarding financial interactions with the arms production and trade sector) (see Appendix), which we proposed to banks, particularly those that are members of Etica Sgr<sup>19</sup>, with whom we share some fundamental values. The policy is based on the principle of maximum possible transparency regarding the banks' involvement in this sector, while respecting banking regulations and the protection of customer privacy. The document is designed to offer savers and investors a complete overview of the methods, tools and areas of

<sup>19</sup> The member banks of Etica Sgr include banking institutions that participate in the share capital of the asset management company of the Banca Etica Group, which was founded in 2000 on the initiative of Banca Etica and with the support of Banca Popolare di Milano. Subsequently, Banco BPM, BPER Banca, Banca Popolare di Sondrio and Cassa Centrale Banca also became shareholders.

the banks' presence in the armaments sector, highlighting both the choices of limitation and exclusion, as well as active participation. The aim is to provide as much knowledge as possible so that savers and investors can make informed choices about the use of their money.

The draft policy is structured to be adopted in full by banks – which we hope will happen – or, alternatively, to be partially integrated with existing policies<sup>20</sup>. In this way, the aim is to strengthen the relationship of trust between savers and credit institutions, an essential element for a healthy and prosperous financial system.

The use of this standard policy is supported by ideal references (such as the United Nations Charter, the Universal Declaration of Human Rights, the UN 2030 Agenda for Sustainable Development, the Agenda for Disarmament launched in 2018 by the Secretary General of the United Nations, Antonio Guterres, etc.) and by international regulations (such as all the Conventions and Treaties that the international community, the UN and the European Union have adopted over the years regarding disarmament). In addition, the policy includes some criteria for identifying and evaluating companies that operate in the production, marketing and brokering of arms, and the countries and geo-socio-economic contexts that are recipients of these types of products. For each of these criteria, standards/references have been identified and indicated, to which these criteria conform. From these criteria, lists of companies and countries involved in the sector, and problematic in terms of their involvement

in wars, conflicts, and significant human rights violations, have been extrapolated. The lists come from both official and independent sources, all authoritative and based on rigorous research and factual evidence. We were inspired by these same criteria and by the references when creating this ZeroArmi evaluation tool. These form the 'underlying' and reference basis for the evaluations regarding the degree and type of involvement of the banks analysed in this report in the armaments sector.

## **The limits of transparency in (Italian) Law 185/90**

The structure of the aforementioned policy-type is very broad and aims to cover the entire scope of the banks' involvement in the arms production sector, going well beyond the simple regulation of arms exports provided for by (Italian) Law 185/90. This law, which has made Italy a reference model for respect of international conventions, prohibits the sale of arms to countries involved in conflicts or that violate human rights, at the same time imposing transparency and parliamentary control. It also requires banks to make public the financing and services connected to such operations.

During the 34 years it has been in force, (Italian) Law 185/90 has undergone several contractions and limitations with respect to its primary objective, which is to guarantee transparency in banking operations linked to arms exports. The Government Report to Parliament, the fulcrum of the implementation of the law, has progressively become more complex and obscure, making it almost impossible to link the financial commitment of the banks to specific arms export operations to various countries. This has reduced not only transparency, but also the possibility for citizens to know if and which banks have financed the transfer of weapon systems

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<sup>20</sup> With regard to the adoption of the policy, it should be noted that it has never been fully implemented by the banks. Some have drawn inspiration from certain aspects, while others are using it as a reference for developing their own internal policies. Some institutions already had established policies that they considered definitive, while others had recently completed an internal approval process and felt their policies were already in line with the proposed principles.

to countries that are ‘problematic’ from the point of view of human rights and involvement in conflicts. In fact, the simple prohibition of arms exports to countries subject to international sanctions would not have been sufficient to justify a law of this scope. The rationale behind the law, as stated in Article 1, was to entrust the Government, within the framework of its foreign policy, with the responsibility of ensuring consistency in decisions relating to arms exports.

On 21 February 2024, the Senate approved a bill aimed at cancelling the mechanisms of transparency and parliamentary control over the trade and export of weapons, as well as over the banks that finance these operations. With unusual haste and limited media attention, the bill was quickly passed in committee and in the chamber, where all amendments aimed at mitigating its negative effects were rejected. Now under examination by the Chamber of Deputies, the proposal would eliminate the obligation to include in the Government’s Report to Parliament the list of banks involved in exports, making the link between finance and the arms trade more opaque. In the spring of 2024, a petition was launched asking members of parliament not to water down (Italian) Law 185/90, promoted by civil society organisations united under the coordination ‘No more favours for arms dealers’. The petition supports amendments already proposed during the parliamentary process of the government bill, asking for the reinstatement of control over arms exports and the banks involved. In support of the petition, public events have been organised by Italian organisations committed to peace.

The standard policy that we proposed to the credit institutions therefore takes on even greater importance. Faced with the weakening of Law 185/90 and the growing opacity in the relationship between banks and the arms trade, it is essential that credit institutions, in full respect of their autonomy, adopt

internal rules to exclude or limit their involvement in the armaments sector, while guaranteeing greater transparency. Several banks have already chosen to adopt policies in this area, recognising the sensitivity and ethical relevance of the issue.

## **ZeroArmi. The first tool for evaluating banks in the armaments sector**

From this standard policy, and thanks to the respectful engagement of various positions from the most significant Italian credit institutions, the idea emerged to develop a method for measuring and evaluating banks’ involvement in the armaments sector – a tool that currently does not exist either in Italy or in Europe. It is an ambitious and important project, one that has been refined and can continue to be perfected thanks to open dialogue and discussions with the banks. We have named this tool ZeroArmi because the method for measuring involvement in the armaments sector starts from a zero value, representing total absence of involvement – an ideal objective – and progresses by evaluating different degrees of participation.

The basic criteria for measuring and evaluating this involvement are derived directly from those we established for the standard policy. ZeroArmi includes not only the three main areas of bank involvement in the arms production and trade system but also the references used. The lists of ‘problematic’ countries and companies involved in the sector have been identified in the draft policy, based on institutional sources, authoritative private research centres, and NGOs such as SIPRI. This confirms that the world of arms production and trade remains shrouded in a complex web of strategic needs and, often, less transparent industrial and commercial interests. In an ideal world, governments would provide their citizens with official and

comprehensive data on the arms industry. However, the reality is very different, as demonstrated by the more than 50 conflicts currently underway worldwide, fuelled by the proliferation of this industry. Every year, the *Atlante delle Guerre e dei Conflitti* (Atlas of Wars and Conflicts) strives to provide the public with a detailed picture of these wars, analysing their dynamics, causes, and consequences in depth.

ZeroArmi has been developed through discussion and dialogue with the member banks of Etica Sgr and, more recently, through engagement with the other banks covered by this analysis.

Fully aware that this first edition marks the beginning of an ambitious and constantly evolving process, we have decided to present it with the belief that transparency, a key principle with constitutional origins, is essential in the financial sector. This tool will continue to evolve through ongoing dialogue and engagement with the banks involved, with the aim of improving future editions.

## **ZeroArmi's Objectives: Transparency and Involvement**

*Francesco Vignarca*

The primary goal of ZeroArmi is to provide a tool for measuring and evaluating the degree of involvement of financial institutions in the military industry sector. This serves as both the starting point and the 'compass' that has guided the challenging work of methodological development. Additionally, the core approach of ZeroArmi, which leads to another important but secondary objective, is to promote and enhance the transparency of information regarding the data and practices related to the involvement of credit institutions

(and, in the future, all financial institutions) in the production and trade of armaments. This aims to foster transparency in decision-making within this area and encourage significant changes in policies and practices.

This is a fundamental aspect in a sector where official information (or data from third parties) is often difficult, if not impossible, to obtain (and predictions even suggest that access to this information will become further restricted). The collaboration of credit institutions with those working to develop and structure a tool like ZeroArmi is therefore crucial, and it is seen as 'rewarding' even within the evaluation results themselves.

The results derived from the ZeroArmi methodology should not be understood as an 'absolute judgment', but rather as an attempt to provide a global overview of the positive and negative trends in company practices and policies, within the broader processes – which we aim to encourage – of accountability towards the arms production and trade sector, and its impacts on international peace and security processes.

The scope of ZeroArmi's evaluation includes financial interaction operations with industries producing armaments, military and dual-use materials, small arms and light weapons, and intermediaries facilitating their sale and export. By 'financial interaction', we mean all the potential services that may be provided to such entities: opening lines of credit, direct financing, issuance of bonds or financial instruments, opening current accounts for collecting payments, co-participation in projects and sponsorships, direct investments, and so on.

Consequently, it is important and relevant to note that, since the evaluation is not limited to the export of armaments, this broad domain of activities makes the collection of information highly complex. Therefore, it is necessary for the methodology to evolve

(and improve) over the coming years, based on the feedback received. For the evaluation tool to be successful, it requires concrete and positive collaboration from the involved credit institutions (or financial institutions in general), while respecting their roles.

During the engagement phases, various tools were provided to the credit institutions: those closely linked to the evaluation tool (scoring matrix, combined with analysis of the situation and trends), as well as a standard policy template (indicating positive choices that could improve evaluation outcomes).

In general, this combination of tools has aimed to strengthen processes that can:

- Contribute to evaluating military and arms sector operations primarily based on their impact on peace, security, human development, the protection of fundamental human rights, achievement of the 2030 Agenda objectives, alignment with international arms regulations, and international humanitarian law. And therefore, not only (or primarily) based on mere economic and profit considerations;
- Increase transparency regarding services and financing to the military and arms sector, bringing non-economic or financial risks to the forefront of the evaluation;
- Encourage the strengthening and dissemination of positive practices that facilitate a gradual shift in financing and banking services away from military production towards other sectors.

## Methodology and evaluation tools

*Francesco Vignarca, Matteo Mion*

To achieve the fundamental objectives of ZeroArmi, as already outlined, it is important to reiterate that each party involved in the processes of production, export, and transfer of materials and technologies related to conventional armament – both for military use and for small arms and light weapons – has a specific responsibility. Furthermore, it is important to recognise the principle that, in the context of research, production, export, and transfer of materials and technologies related to conventional armament – whether for military use or for small arms and light weapons – not everything that is legally authorised by individual states can automatically be considered ethically sustainable for the promotion of security and peace among nations.

In line with these guiding principles, a reference matrix was developed (after an extensive process of analysis and refinement, also involving discussions with credit institutions), which is used to assign a score or rating to each bank. From the outset of this process, it became evident that it was impossible to specifically evaluate every piece of information relating to the activities of financial institutions in the armaments field, both because such an analysis and data collection would have been too burdensome and because it was unfeasible for all types, categories, and sizes of banks. Therefore, the decision was made to focus on evaluating the presence or absence of activity by the financial institution in specific general axes/categories of possible interaction with military companies.

This approach is simpler to implement in practice and also compensates for the inherent differences among the entities being evaluated. It also allows for better alignment with the criteria already developed for the



standard policy, thereby making ZeroArmi a complementary tool to the same, as previously stated. The expected (or hoped-for) virtuous result is a more coherent, comprehensive, multi-level approach aimed at improving practices within the sector. Furthermore, the proposed approach – which initially involves broad evaluations, somewhat detached from the specifics of individual interactions with arms manufacturing companies (except for some ex post corrections) – helps to overcome many of the difficulties related to data retrieval or the opacity of certain areas within this sector.

## How is the overall result of the ZeroArmi Matrix evaluated?

In the evaluation framework chosen for ZeroArmi, a lower final score indicates a lower level of involvement in ‘arms-related business’. The mechanism for arriving at this evaluation involves the preliminary assignment of scores in a detailed matrix, with the possibility of modifying these scores following more in-depth analysis or the provision of clarification and additional data (the main theme of the engagement with the institutes). Each institute involved in military industry activities therefore starts from a preliminary evaluation framework that can be improved both immediately by providing information and (above all) by changing its practices over time.

For all sections of the matrix, financial activities related to arms production are considered according to three specific axes (or categories) of activity: shareholding in companies in the arms sector, financing to companies as a whole or to specific military development programmes, involvement in the sale or export of military products (whether in the form of insurance, credit facilitation, or collection of payments).

Each box of the matrix therefore has three

specific aspects to consider for each of the elements evaluated in that section.

## FIRST SECTION: involvement in specific arms-related activities

In this section of the matrix, the possible activities of involvement in the military sector are considered, categorised according to criteria defined in a manner aligned with those already explained in the draft standard policy (which thus becomes a useful guide, also operational, for possibly modifying the Institute’s practices in this sector). Following these criteria and using the explicit references and standards, lists of countries/companies are then extracted to be considered when assigning a score based on the activities found by the institute in that specific area (cross-referencing the criteria with the lists and one of the three previously defined axes of activity).

After a technical discussion with the institutes themselves, and in order to improve the methodology and make it more realistic, as far as possible, it was decided not to assign only a discrete score of 0/1 for each cell of the Matrix, but to provide for four levels defined as follows:

**0 points** - no involvement in the criteria for the single axis

**0.25 points** - limited involvement in the criteria for the single axis proven by objective documentation

**0.5 points** - limited involvement in the criteria for the single axis but without objective documentation

**0.75 points** - full involvement in the criteria for the single axis but with the provision of detailed elements

**1 point** - full involvement in the criteria for the single axis without any transparency

As is clear, the score for this section (and in general for all the others) can only be increased/decreased if the institute provides evidence of its lack of involvement – or reduced involvement – in this area (with a penalty if the statement is found to be untrue).

**CRITERION P1:** Countries subject to international and regional arms embargoes and countries intending to export arms to nations subject to such embargoes.

**Standard/reference:** United Nations Security Council - EU Commission and Parliament - OSCE.

**CRITERION P2:** Countries deemed responsible for serious violations of human rights and international humanitarian laws.

**Standard/reference:** United Nations Human Rights Council - OSCE - EU Commission and Parliament - Annex to report 185/90 of the Italian Parliament - NGOs such as Amnesty International and Human Rights Watch - International Committee of the Red Cross and Red Crescent.

**CRITERION P3:** Countries that recruit under 18-year-olds into the armed forces.

**Standard/reference:** United Nations Security Council and Human Rights Council - United Nations High Commissioner for Refugees - Special Representative of the UN Secretary General for Children and Armed Conflict - UNICEF - NGOs such as Save the Children and Human Rights Watch.

**CRITERION P4:** Countries that threaten international and regional peace, security and stability by supporting terrorism and international organised crime.

**Standard/reference:** UNICRI United Nations Interregional Crime and Justice Research Institute - UNODC United Nations Office on Drugs and Crime - Institute for Economics and Peace Global Terrorism Index (GTI>5.5) - FATF Blacklist

**CRITERION P5:** Countries in a state of armed conflict, including internal and civil wars.

**Standard/reference:** Uppsala Conflict Data Program (UCDP) - Peace Research Institute Oslo (PRIO) - Atlante delle Guerre e dei Conflitti - Conflict Barometer Heidelberg Institute for International Conflict Research).

**CRITERION P6:** Countries that have not signed the main international treaties and conventions regarding the banning, non-proliferation and control of weapons of mass destruction, conventional weapons and small arms and light weapons.

**Standard/reference:** UN lists, Stockholm International Peace Research Institute (SIPRI) and institutions managing the following international standards: Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their Destruction - Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction - Convention on the Prohibition of the Use, Stockpiling, Production, sale of anti-personnel mines and their destruction - International Convention on Cluster Munitions - Treaty on the Non-Proliferation of Nuclear Weapons - Comprehensive Nuclear-Test-Ban Treaty - Treaty on the Prohibition of Nuclear Weapons - Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies - Arms Trade Treaty - United Nations Programme to prevent, combat and eradicate the illegal trade in small arms and light weapons).

**CRITERION P7:** Countries that do not publish official documents regarding their military spending and arms export and import activities.

**Standard/reference:** United Nations Office for Disarmament Affairs - United Nations Institute for Disarmament Research - Stockholm International Peace Research Institute (SIPRI) - MIL€X Observatory on Military Expenditure - ATT Secretariat and ATT Monitor.

**CRITERION P8:** Countries that allocate resources to their military budget that exceed their defence needs.

**Standard/reference:** United Nations Office for Disarmament Affairs - United Nations Institute for Disarmament Research - Stockholm International Peace Research Institute (SIPRI) - MIL€X Observatory on Military Expenditure - ATT Secretariat and ATT Monitor.

**CRITERION A1:** Companies producing weapons of mass destruction and/or banned by international law.

**Standard/reference:** Landmine Monitor, Cluster Munition Monitor, Explosive Weapons Monitor, ATT Monitor, Don't Bank on the Bomb, International Campaign to Abolish Nuclear Weapons, Organisation for the Prohibition of Chemical Weapons.

**CRITERION A2:** Companies producing military goods or services (including dual-use) necessary for producers of weapons of mass destruction and/or banned by international law.

**Standard/reference:** Landmine Monitor, Cluster Munition Monitor, Explosive Weapons Monitor, ATT Monitor, Don't Bank on the Bomb, International Campaign to Abolish Nuclear Weapons, Organisation for the Prohibition of Chemical Weapons.

**CRITERION A3:** Companies producing military goods or services (including dual-use) that in the last five years have had commercial relations with countries subject to international embargo measures.

**Standard/reference:** United Nations Security Council - EU Commission and Parliament - OSCE - NGOs, media, accredited research institutes in the specific field.

**CRITERION A4:** Companies producing military goods or services (including dual-use) that in the last five years have had commercial relations with countries deemed responsible for serious violations of human

rights and international humanitarian laws.

**Standard/reference:** United Nations Human Rights Council - OSCE - EU Commission and Parliament - Annex to report 185/90 of the Italian Parliament - NGOs such as Amnesty International and Human Rights Watch - International Committee of the Red Cross and Red Crescent - NGOs, media, accredited research institutes in the specific field.

**CRITERION A5:** Companies producing military goods or services (including dual-use) and that in the last five years have had commercial dealings with countries that recruit under 18-year-olds into the armed forces.

**Standard/reference:** United Nations Security Council and Human Rights Council - United Nations High Commissioner for Refugees - Special Representative of the UN Secretary General for Children and Armed Conflict - UNICEF - NGOs such as Save the Children and Human Rights Watch - NGOs, media, accredited research institutes in the specific field.

**CRITERION A6:** Companies producing military goods or services (including dual-use) whose production/sale of specific weapon systems has had a negative impact on international and regional peace, security and stability (by supporting terrorism and international organised crime) or whose use (in areas of conflict or crime) has particularly affected the civilian population, especially in countries that allocate resources to their military budget that exceed basic defence requirements.

**Standard/reference:** Uppsala Conflict Data Program (UCDP) - Peace Research Institute Oslo (PRIO) - Atlas of Wars and Conflicts - United Nations Office for Disarmament Affairs - United Nations Institute for Disarmament Research - Stockholm International Peace Research Institute (SIPRI) - MIL€X Observatory on Military Expenditure - ATT Secretariat and ATT Monitor - Explosive Weapons Monitor - NGOs, media, accredited research institutes in the specific field.

**CRITERION A7:** Companies producing military goods or services (including dual-use) that in the last five years have been involved in cases of corruption related to military procurement or the arms trade.

**Standard/reference:** UNICRI United Nations Interregional Crime and Justice Research Institute - UNODC United Nations Office on Drugs and Crime - Corruption Tracker - Shadow World Investigations - NGOs, media, accredited research institutes in the specific field.

## **SECOND SECTION: Overall involvement with the military industry**

This section is intended to evaluate broader forms of interaction with companies in the military sector, with the aim of better understanding the overall level of involvement, particularly in controversial or problematic cases, countries, situations, or companies. In this section, it is especially important to rely on reliable information from third-party sources. Here too, the institutes were provided with specific lists of companies considered to be part of the military sector.

The scoring system for this section is as follows:

**0 points** – No involvement with companies in the specific area

**0.25 points** – Limited involvement in the area, supported by objective documentation

**0.5 points** – Limited involvement in the area, not supported by objective documentation

**0.75 points** – Full involvement in the area, with detailed information provided

**1 point** – Full involvement in the area, without any transparency

## **THIRD SECTION: Existence of a policy on the topic and willingness to ensure transparency and engagement**

In this section, the score is assigned based on actions taken to improve operational practices (e.g. the existence and application of a comprehensive institutional policy), as well as the level of transparency shown toward the ZeroArmi evaluation process. This approach was adopted to avoid underestimating the involvement of financial institutions in cases where data may be lacking, and to avoid unfairly rewarding institutions that, due to their size, niche operations, or foreign affiliations, are less visible and for whom data is more difficult to obtain.

It is worth emphasising once again that one of ZeroArmi's core and stated goals is to strengthen transparency practices in a sector that is becoming increasingly opaque. This can only be achieved by improving the evaluation within the tool for institutions that choose to share their data (including confidential information) and engage in dialogue with the working group responsible for defining the matrix results.

In this section, the score will range from 0 to 5 points, based on the presence or absence of a banking policy (with a detailed assessment based on public documents found or confidential ones provided by the institutions) and the presence or absence of an engagement process aimed at increasing transparency (with a detailed assessment based on the meetings held and the type of documentation provided by the institutions).

## Reference regulatory framework

In light of ZeroArmi's overall objectives, it is appropriate to recall the key political and regulatory frameworks that underpin every evaluation within the Matrix – particularly the extraction of the country and company lists presented to financial institutions.

**United Nations Charter (1945):** The preamble affirms the commitment *'to practice tolerance and live together in peace with one another as good neighbours, and to unite our strength to maintain international peace and security, and to ensure, by the acceptance of principles and the institution of methods, that armed force shall not be used, save in the common interest, and to employ international machinery for the promotion of the economic and social advancement of all peoples; including the adoption of operational plans 'to promote the establishment and maintenance of international peace and security with the least diversion for armaments of the world's human and economic resources'*.

**Universal Declaration of Human Rights (1948):** Emphasises that 'recognition of the inherent dignity and of the equal and inalienable rights of all members of the human family is the foundation of freedom, justice and peace in the world'.

**2030 Agenda for Sustainable Development (2015):** Adopted by a UN resolution, it defines the Sustainable Development Goals, including *'Goal 16: Peace, justice and strong institutions, which includes the objective: 'By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organised crime'*.

**Declaration on the Right to Peace (2016):** Stresses 'the importance of prevention of armed conflict in accordance with the purposes and principles of the [UN] Charter and the commitment to promote a culture of prevention of armed conflict as a me-

ans of effectively addressing the interconnected security and development challenges faced by peoples throughout the world'.

**Disarmament Agenda (2018):** Proposed by UN Secretary-General António Guterres, titled 'Securing our Common Future: An Agenda for Disarmament', this agenda is structured around four pillars:

1. Disarmament that saves humanity by endeavouring for a world free of nuclear weapons, strengthening norms against other weapons of mass destruction, and preventing the emergence of new domains of strategic competition and conflict;
2. Disarmament that saves lives by mitigating the humanitarian impact of conventional arms and addressing the excessive accumulation and illicit trade;
3. Disarmament for future generations by ensuring responsible innovation and use of advances in science and technology, keeping humans in control of weapons and artificial intelligence, and ensuring peace and stability in cyberspace;
4. Strengthening partnerships for disarmament by reinvigorating disarmament institutions and processes, engaging regional organisations, ensuring the full and equal participation of women, empowering youth as a force for change, and enhancing participation by civil society and engagement by the private sector.

The following legal and policy instruments are the main references for evaluating decisions and activities relating to arms production and trade:

- The Geneva Conventions and their Additional Protocols as the foundation of International Humanitarian Law, particularly with reference to the so-called 'Martens Clause' regarding the development of new weapon systems.
- United Nations Convention on Certain Conventional Weapons (1980)



- Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their Destruction (1972)
- Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction (1992)
- Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on Their Destruction (1997)
- Convention on Cluster Munitions (2008)
- Treaty on the Non-Proliferation of Nuclear Weapons (1968)
- Comprehensive Nuclear-Test-Ban Treaty (1996)
- Treaty on the Prohibition of Nuclear Weapons (2017)
- Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies (1996)
- Arms Trade Treaty (2014)
- United Nations Programme of Action to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons (2001)
- Council Common Position 2008/944/CFSP of 8 December 2008 (as amended) defining common rules governing control of exports of military technology and equipment.
- (Italian) Law no. 185 of 1990 – ‘New provisions on the control of the export, import and transit of armament materials’, and subsequent amendments, in particular Decree of the President of the Council of Ministers no. 93 of 2005, ‘New implementing regulation of Law no. 185 of 9 July 1990, concerning provisions for the control of the export, import and transit of armament materials’.

## The matrix model

### ARMAMENT FINANCE RATING | Methodological Calculation Framework

		SHAREHOLDING	PRODUCTION FINANCING	INVOLVEMENT IN SALES/EXPORT
Confirmed (but weighted) presence of the institution in the type of activity	up to points	10	10	10
Controversial Weapons Companies	Criterion A1			
Controversial Weapons Companies – Indirect Support	Criterion A2			
Companies linked to Embargoed Countries	Criterion A3 - P1			
Companies linked to Countries with Human Rights Violations	Criterion A4 - P2			
Companies linked to Countries with Child Soldiers	Criterion A5 - P3			
Companies with Business Activities Negatively Impacting Peace	Criterion A6 - P4			
Companies linked to Countries in a State of Armed Conflict	Criterion P5			
Companies linked to Countries that Have Not Signed Disarmament Treaties	Criterion P6			
Companies Involved in Military Corruption	Criterion A7			
Countries Lacking Transparency on Military Spending or with Excessive Expenditure	Criterion P7 - P8			
LACK OF INFORMATION		1	1	1
Weighted Average Normalised to 10		10,0	10,0	10,0
Companies with Over 70% Military Production				
Companies with Majority Military Production				
High Level of the Bank's Funds Involved				
SIPRI Top 100 Companies				
NO INFORMATION AVAILABLE		1	1	1
Weighted Average Normalised to 5		5,0	5,0	5,0
Policy Presence (with Assessment)	from 0 to 4 points	4	4	4
Engagement and Transparency	from 0 to 4 points	4	4	4
TOTAL		33,0	33,0	33,0
ZERO ARMS ASSESSMENT	99,0			

## Second part Results

### Overall analysis of the results

Consistent with the methodology described above, the evaluation matrix assigns financial institutions a score ranging from 0 to 75, divided into bands of 5 points each. Each band begins exactly at the first decimal place above the upper limit of the previous band. This ensures a continuous and linear progression, avoids any overlap between bands, and allows for a precise classification of banks' level of involvement in the military industry.

In the first band (0–5 points), and the subsequent bands up to 20 points, banks show zero or minimal involvement. Between 20 and 40 points, banks fall into a category indicating moderate involvement in activities linked to the arms sector. When the score exceeds 40, involvement becomes significant, reflecting a notable presence in the military sector. A score above 60 points indicates full involvement in operations related to armaments.

The evaluation data emerging from this initial ZeroArmi assessment offers significant insights. While the methodology is still being refined, for this first edition it was decided not to publish the detailed evaluations derived from the matrix for each bank, but instead to indicate only their positioning within 5-point intervals.

Banca Etica, consistent with its founding principles, demonstrated no involvement in the military sector. In four other cases – Cassa Centrale Banca, BPER, Banco BPM, and Cassa Depositi e Prestiti – involvement can be considered minimal. Cassa Centrale and BPER score between 10 and 15 points, while the other two are between 15 and 20. These results are not accidental; they can be reasonably attributed to the histories of these institutions, strategic decisions made in recent

years, and their willingness to engage with ZeroArmi and share information transparently.

The second band (20–40 points), indicating moderate involvement, includes slightly more banks than the other categories. Banca Mediolanum and Crédit Agricole, due to their distinctive structures, fall into the first half of this band, while Mediobanca and IC-CREA, more traditional in nature but with different operational strategies, fall into the second half. Banca Popolare di Sondrio is also located in the upper segment of this range.

Finally, the two major banks with the highest cash flow, Intesa Sanpaolo and UniCredit, fall within the third band (40–60). This confirms their traditional role as structural players in the sector, with significant involvement.

Beyond the individual results, it's worth emphasising that developing a complex and structured evaluation matrix has allowed for a more accurate and differentiated understanding of each bank's behaviour regarding the military sector. In the past (during various awareness and activist campaigns), evaluations focused only on individual aspects. This led either to very clear-cut, binary analyses – 'in or out' in terms of specific involvement – or to a flattening of judgment that failed to offer a realistic picture of each institution's characteristics.

Naturally, the matrix methodology proposed by ZeroArmi still has room for improvement in terms of mechanics, data collection, and interpretation. A refinement phase will follow this first edition, but even now, these results allow for a reasonably clear understanding of how each institution positions itself on this issue. This is especially relevant given that only a small minority of financial institutions have opted to completely withdraw from business related to the arms industry. Without a tool capable of delivering a nuanced and comprehensive assessment, it would be difficult to offer citizens and savers a clear view of

how institutions differ – even among those that have, legitimately, chosen to maintain some level of involvement in the military sector. This is the challenge that ZeroArmi sought to meet – and, we believe, successfully addressed – with an innovative model designed for future expansion, both in geographic scope (to include non-Italian banks) and in institutional scope (beyond banks to other financial actors).

Finally, it is worth noting that all the banks that chose to engage positively with the ZeroArmi model and methodology saw an improvement in their matrix score – in some cases, a significant one – compared to the score based on the initial dataset compiled without any prior exchange of information and submitted to the institutions as a starting point for comparison. This, too, is a meaningful outcome, supporting the preferred path of greater transparency and information sharing.

## Individual assessments by banking institution

Sources:

- **registered office of parent company, classification of parent company, companies of the group<sup>21</sup>**: Bank of Italy, unless otherwise specified;
- **main shareholders**: CONSOB (National Commission for Companies and the Stock Exchange as of 21/10/2024, unless otherwise specified);
- **geographical presence** (including branches and representative offices), customers: Individual group websites, annual financial report.
- **number of employees, shareholders, financial data<sup>22</sup>**: Annual financial report, consolidated financial statements.

The financial institutions, whose profiles are given below, are listed in alphabetical order.

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<sup>21</sup> Companies belonging to the banking group, unless otherwise specified.

<sup>22</sup> Consolidated financial statement data The scope of consolidation may also include subsidiaries not registered with the banking group.

# Banca Mediolanum

Banca Mediolanum S.p.A. is a financial services group organised into two main areas: life insurance and pension fund management, and financial services, including asset management and banking activities. The group offers a wide range of products and services, such as current accounts, investments, and insurance solutions. It has an extensive network of over 6,200 financial advisors who provide personalised advice to customers in banking, insurance, and financial planning.

## GENERAL INFORMATION

### Parent company

Registered office: **Basiglio (MI)**

Classification: **S.p.A.**

Listed: **Yes**

Main shareholders/partners: **Fininvest (30.03%), Finprog Italia (26.29%), Lina Tombolato (9.96%), Lina Srl (3.18%)**

### Group

Group companies **10**

Geographical presence: **Europe - Ireland, Italy, Spain**

Employees: **no. 3/635**

Customers: **1.8 million**

## FINANCIAL DATA

(as of 31/12/2023, in billions of euros)

Intermediation margin: **3.76**

Profit: **0.82**

Direct deposits: **34.04**



Assessment .....

**Assessment range: 20-25**

**> moderate involvement**

### Involvement in specific arms-related activities

The discussion with the institute has shown that there is no involvement in the financing of arms production, and the shareholding is complex but not extensive. Less detail was provided on the subject of exports, which should, in any case, involve reduced if not zero participation.

### Overall involvement with the military industry

The general involvement with the military industry found is nil with respect to the financing of arms production, with a complex but not extensive shareholding. Less detail was provided on the subject of exports, which should, in any case, involve reduced if not zero participation.

### Existence of a policy on the topic and willingness to ensure transparency and engagement

The institute does not have a detailed policy on the armaments sector but mentions some exclusions within the broader ESG policy (without reporting mechanisms or experiences of application). The institute responded to the engagement request with several discussion meetings and by providing some detailed data.



# Banca Popolare di Sondrio

This is a commercial bank.

Founded as a cooperative bank in 1871, it became a public limited company in 2021.

## GENERAL INFORMATION

### Parent company

Registered office: **Sondrio**

Classification: **S.p.A.**

Listed: **Yes**

Main shareholders/partners:

**Unipol Gruppo SpA (19,72%)**

### Group

Group companies: **6**

Geographical presence:

**Europe - Italy, Monaco, Switzerland**

Employees: **3.033**

Customers: **> 900 mila**

## FINANCIAL DATA

(as of 31/12/2023, in billions of euros)

Intermediation margin: **1,47**

Profit: **0,46**

Direct deposits: **42,39**

**Assessment range: 35-40**

**> moderate involvement**

### Involvement in specific arms-related activities

The data on the institute's involvement in activities related to armaments is limited, and no further information was provided during the consultation process for the Zero-Armi assessment. There is still an indication of involvement in the military sector, with an overall lack of transparency regarding shareholding.

### Overall involvement with the military industry

Similar to the first part of the matrix, the data related to the institute's overall involvement in the military sector is also limited. No further information was provided during the consultation process for the ZeroArmi assessment. There is still an indication of involvement in the military sector, with an overall lack of transparency regarding shareholding.

### Existence of a policy on the topic and willingness to ensure transparency and engagement

The institute has a policy on the subject, but it is not particularly comprehensive or detailed, especially regarding the mechanisms of application (which are unclear). The willingness to engage and exchange information was limited, with only the mention of the policy in response to requests for transparency.

# Banca Popolare Etica

Founded in 1999, Banca Popolare Etica collects financial resources from its members and customers through current accounts, asset management, and other forms of banking intermediation. It is the first Italian bank to operate exclusively according to the principles of ethical finance, investing in projects with a high social, environmental, and cultural impact.

The bank finances initiatives that promote collective well-being, such as renewable energy, social cooperation, and sustainable economic projects. In terms of supervision, Banca Etica is subject to the regulatory provisions of the Bank of Italy and European directives on financial and banking intermediation.

## GENERAL INFORMATION

### Parent company

Registered office: **Padua**

Classification: **Cooperative bank**

Listed: -

Main shareholders/partners:  
**47,931 members**

### Group

Group companies: **2**

Geographical presence:

**Europe - Italy, Spain**

Employees: **506**

Customers: **no. 113/903**

## FINANCIAL DATA

(as of 31/12/2023, in billions of euros)

Intermediation margin: **0.13**

Profit: **0.03**

Direct deposits: **2.52**

## ZERO ARMI Assessment

**Assessment range: 0-5**

**> Zero or minimal involvement**

### Involvement in specific arms-related activities

No involvement in specific activities related to the production and trade of arms (the possibility of indirect involvement was also assessed, but not found).

### Overall involvement with the military industry

No involvement in specific activities related to the production and trade of arms (the possibility of indirect involvement was also assessed, but not found).

### Existence of a policy on the topic and willingness to ensure transparency and engagement

Existence of a policy that excludes all interactions with the military sector, applied without exception. Direct and continuous dialogue with the evaluators for the provision of all data and elements relevant to ZeroArmi.

# Banco BPM

Formed in 2017 from the merger of two large cooperative banks, Banco Popolare and Banca Popolare di Milano, Banco BPM is now the third-largest Italian banking group by assets. The business is organised into six main areas: Private Banking, Investment Banking, Insurance, Strategic Partners (Consumer Credit, Leasing, and Asset Management), Finance, and the Corporate Centre. Most of the operating income is attributable to the retail (64.6%) and corporate (17.8%) segments. As of July 2024, a new unit called Transition and Sustainability is operational, structured into two functions: ESG Strategy and ESG Business Advisory.

## GENERAL INFORMATION

### Parent company

Registered office: **Milan (Italy)**

Classification: **S.p.A.**

Listed: **Yes**

Main shareholders/partners:

**Crédit Agricole SA (9.18%), Blackrock Inc. (5.24%), Capital Research and Management Company (4.99%), Fondazione Enasarco (3.01%)**

### Group

Group companies: **11**

Geographical presence:

**Europe - Italy, Switzerland**

**Non-European countries - China, India**

Employees: **no. 19/011**

Customers: **3.69 million**

## FINANCIAL DATA

(as of 31/12/2023, in billions of euros)

Intermediation margin: **5.19**

Profit: **1.26**

Direct deposits: **121.42**



Assessment .....

**Assessment range: 15-20**

**> Minimal involvement**

### Involvement in specific arms-related activities

Discussions with the institute confirmed the non-existence of shareholdings in the military industry. These discussions also reaffirmed the initial assessment of a structured yet limited involvement in the areas evaluated by the first part of the matrix, encompassing both specific export-related activities and financing.

### Overall involvement with the military industry

The overall involvement with the military industry, although complex, should be considered limited in terms of financing and exports, and shareholding was certified as non-existent.

### Existence of a policy on the topic and willingness to ensure transparency and engagement

The institute has a policy addressing the issue, though it is not fully disclosed, and it appears to be supported by sound implementation mechanisms. Its willingness to engage and share information was positive, particularly concerning shareholding details, which were communicated clearly and usefully.

# BPER Banca

BPER Banca S.p.A. is an Italian commercial bank that operates through four main areas: retail banking, which provides banking services to private individuals; corporate banking, which focuses on businesses, offering financial products and services tailored to companies; investment and corporate banking, which deals with credit transactions, investments, and financial advice; and private banking, dedicated to asset management for high-income customers. The BPER Banca Group is composed of four main entities: BPER Banca, active on a national level; Banco di Sardegna, the local commercial bank; BPER Bank Luxembourg, its foreign subsidiary; and BPER Trust Company, specialising in private banking.

## GENERAL INFORMATION

### Parent company

Registered office: **Modena**

Classification: **S.p.A.**

Listed: **Yes**

Main shareholders/partners: **Unipol Gruppo SpA (15.06%), Fondazione di Sardegna (10.22%), JPMorgan Chase & Co. (5.23%)**

### Group

Group companies: **16**

Geographical presence:  
**Europe - Italy, Luxembourg**

Employees: **20,251**

Customers: **> 5 million**

## FINANCIAL DATA

(as of 31/12/2023, in billions of euros)

Intermediation margin: **5.39**

Profit: **1.52**

Direct deposits: **116.76**



Assessment .....

## Assessment range: 10-15

### > Minimal involvement

### Involvement in specific arms-related activities

Thanks also to the information sent by the institute, it was possible to verify a complex, but reduced, involvement in the areas evaluated by the criteria of the first part of the matrix, both as regards the specific activities, including export, and as regards financing (with an explanation of the number of companies involved). Shareholding was certified as non-existent.

### Overall involvement with the military industry

The overall involvement with the military industry, although complex, should be considered limited in terms of financing and exports, and shareholding was certified as non-existent.

### Existence of a policy on the topic and willingness to ensure transparency and engagement

Discussions with the Institute regarding data and involvement details were effective. For several years now, the Institute has had a broad policy in place on this matter, applied with effective mechanisms in rare situations. The willingness to engage and exchange information was strong and constructive, with knowledge and data provided in a useful and innovative way.



# Cassa Centrale Banca

Established in 2019 following the reform of Credito Cooperativo, the group is the second-largest Italian cooperative banking group, with 67 affiliated Banche di Credito Cooperativo. The group offers a wide range of banking and financial services, with strong roots in local areas, promoting support for communities and small and medium-sized enterprises, typical of the cooperative model.

## GENERAL INFORMATION

### Parent company

Registered office: **Trento**

Classification: **S.p.A.**

Listed: **No**

Main shareholders/partners:  
**474,456 members**

### Group

Group companies: **79**

Geographical presence: **Europe - Italy**

Employees: **no. 12/016**

Customers: **2.3 million**

## FINANCIAL DATA

(as of 31/12/2023, in billions of euros)

Intermediation margin: **2.83**

Profit: **0.87**

Direct deposits: **69.00**

## ZERO ARMI Assessment .....

**Assessment range: 10-15**

**> Minimal involvement**

### Involvement in specific arms-related activities

Thanks to the information provided by the institute, a complex but limited involvement was identified in the areas assessed by the criteria in the first part of the matrix. This includes both specific activities such as exports and financing, with detailed information on the companies involved. Shareholding was certified as non-existent.

### Overall involvement with the military industry

The overall involvement with the military industry, although complex, should be considered limited in terms of financing and exports, and shareholding was certified as non-existent.

### Existence of a policy on the topic and willingness to ensure transparency and engagement

Given the unique nature of the banking group, discussions with the institute were both constructive and effective, covering both the methods used to extract information and the data itself. The institute has a reasonably comprehensive group-wide policy on the subject, though no specific details were provided regarding its practical implementation mechanisms. The willingness to engage and exchange information was strong and constructive, with knowledge and data provided in a useful and innovative way.



# Cassa Depositi e Prestiti

Founded in 1850, Cassa Depositi e Prestiti (CDP) is Italy's National Promotional Institution. It supports local authorities by providing financing and consultancy services for infrastructure development and the enhancement of public services. CDP is active in international cooperation, implementing projects in developing countries and emerging markets. It is funded exclusively through private resources, including the issuance of postal savings bonds and postal savings passbooks, as well as transactions on both national and international financial markets. CDP operates in line with the directives and policies established by the Italian government, aligning its strategic decisions with the national goals for economic growth and sustainable development. In terms of oversight, in addition to the regulations applicable to banking and credit intermediation, CDP is supervised by a Parliamentary Supervisory Commission and the Italian Court of Auditors.

## GENERAL INFORMATION

### Parent company

Registered office: **Rome**

Classification: **S.p.A.**

Listed: **No**

Main shareholders/partners: **Italian Ministry of Economy and Finance (82.77%), banking foundations (15.93%), treasury shares (1.30%)**

### Group<sup>23</sup>

Group companies: **5**

Geographical presence:

**Europe - Belgium, Italy, Serbia / Non-European countries - Egypt**

Employees: **1956**

Customers: **-**

## FINANCIAL DATA

(as of 31/12/2023, in billions of euros)

Intermediation margin: **2.48**

Profit: **3.31**

Direct deposits: **353.52**

<sup>23</sup> In this context, the CDP Group consists of the parent company, CDP, and the companies under its management and coordination. Subsidiaries that are not under the management and coordination of the parent company CDP are not included. The consolidated financial statements include a total of 277 subsidiaries.



Assessment .....

**Assessment range: 15-20**

**> Minimal involvement**

### Involvement in specific arms-related activities

Discussions with the institute highlighted a limited involvement in the areas assessed by the criteria in the first part of the matrix, both in terms of specific activities and general financing (affecting a small number of companies).

### Overall involvement with the military industry

The overall involvement with the military industry observed is minimal both in terms of shareholdings (which are defined by regulatory requirements and thus not subject to the institute's operational decisions) and in financing or exports.

### Existence of a policy on the topic and willingness to ensure transparency and engagement

Discussions with the Institute regarding data and involvement details were effective. The institute has implemented a comprehensive policy on the matter, applied through effective mechanisms, albeit in infrequent situations. Its willingness to engage and share information was both positive and helpful.

# Crédit Agricole Italia

Crédit Agricole Italia was established in 2007 through the acquisition of Cassa di Risparmio di Parma e Piacenza, and is part of the French group Crédit Agricole SA. Over time, it has expanded its presence in the Italian market by incorporating additional savings banks, including those of Cesena, Rimini, San Miniato, and Credito Valtellinese.

## GENERAL INFORMATION

### Parent company

Registered office: **Parma**

Classification: **S.p.A.**

Listed: **No**

Main shareholders/partners: **Crédit Agricole S.A. (78.07%), Fondazione Cariparma (10.54%), Sacam International (8.29%), Fondazione Carispezia (1.71%), Fondazione di Piacenza e Vigevano (1.16%)**

### Group

Group companies: **4**

Geographical presence: **Europe - Italy**

Employees: **no. 12/533**

Customers: **> 2.7 million**

## FINANCIAL DATA

(as of 31/12/2023, in billions of euros)

Intermediation margin: **3.08**

Profit: **0.71**

Direct deposits: **76.48**

**Assessment range: 20-25**

**> Moderate involvement**

### Involvement in specific arms-related activities

Discussions with the institute confirmed the absence of any shareholding in the arms industry. Detailed information was provided regarding export-related involvement, while data on financing proved more limited. Overall, the institute shows a diversified but not particularly significant presence across the various criteria.

### Overall involvement with the military industry

The overall involvement with the military industry – also thanks to detailed information shared by the Institute – was confirmed to be non-existent in terms of shareholding in the arms sector. This section of the matrix likewise reveals limited reporting on financing, while export-related data was more informative and relevant. The findings point to a complex but not particularly significant level of involvement on both axes.

### Existence of a policy on the topic and willingness to ensure transparency and engagement

The Institute adheres to a structured group policy on the arms sector, defined by its foreign parent company, and is also equipped with a code of ethics. Useful information was provided regarding the implementation of this policy, although some inconsistencies remain in relation to the ZeroArmi methodology for exclusions. The institute responded positively to the engagement request, participating in several meetings and sharing useful, detailed data.

# ICCREA Banca

Established in 2019 following the reform of Credito Cooperativo, Gruppo BCC IC-CREA is the leading Italian cooperative banking group, with over 110 affiliated Banche di Credito Cooperativo. It ranks as the fourth-largest banking group in Italy by total assets. The group offers a wide range of financial and banking services, with strong local roots and a cooperative model aimed at supporting the development of local communities and small- and medium-sized enterprises.

## GENERAL INFORMATION

### Parent company

Registered office: **Rome**

Classification: **S.p.A.**

Listed: **No**

Main shareholders/partners:  
**no. 884/504**

### Group

Group companies: **130**

Geographical presence:  
**Europe - Italy**

Employees: **no. 22/347**

Customers: **> 5 million**

## FINANCIAL DATA

(as of 31/12/2023, in billions of euros)

Intermediation margin: **5.59**

Profit: **1.86**

Direct deposits: **134.87**



Assessment .....

**Assessment range: 20-25**

**> Minimal involvement**

### Involvement in specific arms-related activities

Discussions with the institute confirmed the absence of any shareholding in the arms industry. Although no detailed data has been provided, it can be considered that there is no involvement in exports either, while the details provided have highlighted a residual interaction in the area of financing to the sector.

### Overall involvement with the military industry

The general involvement with the military industry found – also thanks to the information provided by the institute – is nil in terms of shareholding in the arms industry. As for the first part of the matrix – even without detailed data being provided – involvement in exports can also be considered nil, while the details shared have highlighted a residual interaction in the area of financing to the sector.

### Existence of a policy on the topic and willingness to ensure transparency and engagement

The institute does not have a specific, detailed policy on the arms sector but includes a section on the issue within its broader ESG policy (without reporting on mechanisms or experiences of application). The institute did not respond immediately to the engagement request, and there was limited interaction, although some data was provided.

# Intesa Sanpaolo

Intesa Sanpaolo Group is the leading Italian banking group and one of the main banking groups in Europe, with an international presence in several countries in Central and Eastern Europe, the Middle East and North Africa. The activity is divided into 6 divisions. Banca dei Territori (47.3% of net operating income); IMI Corporate & Investment Banking (16.4%); Private Banking (13.4%); International Subsidiary Banks (12.3%); Insurance (6.8%); Asset Management (3.8%).

## GENERAL INFORMATION

### Parent company

Registered office: **Turin**

Classification: **S.p.A.**

Listed: **Yes**

Main shareholders/partners:  
**Compagnia di San Paolo (6.50%),  
Fondazione Cariplo (5.26%)**

### Group

Group companies: **83**

Geographical presence: **Europe - Albania, Belgium, Bosnia and Herzegovina, Croatia, Czech Republic, France, Germany, Hungary, Ireland, Italy, Luxembourg, Moldova, Netherlands, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Spain, Switzerland, Turkey, Ukraine, United Kingdom / Non-European countries - Australia, Brazil, China, Egypt, Hong Kong, India, Indonesia, Japan, Lebanon, Qatar, Singapore, South Korea, United Arab Emirates, USA, Vietnam.**

Employees: **no. 94/368**

Customers: **13.6 million**

## FINANCIAL DATA

(as of 31/12/2023, in billions of euros)

Intermediation margin: **27.75**

Profit: **7.72**

Direct deposits: **548.88**

## ZERO ARMI Assessment

**Assessment range: 40-45**

**> Significant involvement**

### Involvement in specific arms-related activities

Discussions with the institute made it possible to better clarify its extensive involvement in activities related to the military production industry across all three axes considered by ZeroArmi (to a slightly lesser extent in the area of exports).

### Overall involvement with the military industry

With regard to overall involvement in the military industry sector, discussions with the institute helped to better clarify a form of participation that, while limited in quantitative terms relative to overall activities, is nonetheless significant and multifaceted.

### Existence of a policy on the topic and willingness to ensure transparency and engagement

The institute has a specific and detailed policy on the armaments sector, and partially shared its well-structured implementation mechanisms. However, certain instances of involvement in the sector reveal a significant deviation from the policy's stated criteria. The institute responded to engagement requests by providing useful information and data, including relevant details, and did so in an innovative manner.



# Mediobanca

Mediobanca was founded in 1946 with the aim of supporting the reconstruction, development, and internationalisation of Italian industry. Today, it is a specialised financial group with operations divided into four main areas: Wealth Management accounts for 25% of revenues, Consumer Banking for 33%, Corporate & Investment Banking for 21%, and Insurance for 15%.

## GENERAL INFORMATION

### Parent company

Registered office: **Milan (Italy)**

Classification: **S.p.A.**

Listed: **Yes**

Main shareholders/partners: **Delfin Sarl (19.39%), Caltagirone Francesco Gaetano (5.50%), Banca Mediolanum SpA (3.34%)**

### Group

Group companies: **36**

Geographical presence:

**Europe - France, Germany, Italy, Luxembourg, Monaco, Spain, Switzerland United Kingdom / Non-European countries - USA**

Employees: **5,443**

Customers: **3 million**

## FINANCIAL DATA

(as of 30/06/2024, in billions of euros)

Intermediation margin: **2.98**

Profit: **1.27**

Direct deposits: **59.36**



Assessment .....

**Assessment range: 20-25**

**> Moderate involvement**

### Involvement in specific arms-related activities

Discussions with the institute revealed no involvement in arms exports and only a limited presence in terms of financing. Additional details were provided regarding the reduced involvement in shareholdings, assessed across various criteria.

### Overall involvement with the military industry

The overall involvement with the military industry – also clarified through detailed input from the Institute – is nil in terms of arms export activities, and limited with respect to both financing and shareholdings.

### Existence of a policy on the topic and willingness to ensure transparency and engagement

The institute does not have a specific, detailed policy on the arms sector but includes a section on the issue within its broader ESG policy (without reporting on mechanisms or experiences of application). The institute responded positively to the engagement request, participating in several meetings and sharing useful, detailed data.



# Unicredit

UniCredit is a pan-European commercial bank operating mainly in Italy, Germany, Central and Eastern Europe. It is the second largest banking group in Italy in terms of assets. The group's activities are divided between investment banking, investment and financing, and merchant banking, which represent 51% of the total turnover, and retail banking, which contributes the remaining 49%.

## GENERAL INFORMATION

### Parent company

Registered office: **Milan (Italy)**

Classification: **S.p.A.**

Listed: **Yes**

Main shareholders/partners  
(21/10/2024): **Blackrock Inc. (5.12%),  
treasury shares (3.01%)**

### Group

Group companies: **96**

Geographical presence: **Europe - Austria, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, France, Germany, Hungary, Italy, Luxembourg, Romania, Russia, Serbia, Slovakia, Slovenia, Spain, Switzerland, United Kingdom / Non-European countries - China, Singapore, USA**

Employees: **no. 70/752**

Customers: **15 million**

## FINANCIAL DATA

(as of 31/12/2023, in billions of euros)

Intermediation margin: **23.23**

Profit: **9.51**

Direct deposits: **585.56**



Assessment .....

**Assessment range: 40-45**

**> Significant involvement**

### Involvement in specific arms-related activities

Discussions with the institute allowed us to better define the extent of participation in activities related to the military production industry, across all three axes considered by ZeroArmi, albeit to varying degrees.

### Overall involvement with the military industry

Regarding the general involvement in the military industry sector, discussions with the Institute further clarified the participation, which is articulated but not predominant in relation to overall activities.

### Existence of a policy on the topic and willingness to ensure transparency and engagement

The institute has a specific and detailed policy on the armaments sector, which was explained to us, including the application mechanisms that appear to be well-structured. However, certain instances of involvement in the sector reveal a significant deviation from the policy's stated criteria. The institute responded to engagement requests by providing useful information and data, although not all aspects were fully detailed.

## The Case of Leonardo SpA

*Simone Siliani*

A point of controversy that emerged across several of the institutions assessed relates to their involvement with the company Leonardo SpA, which appears to be engaged in the production of controversial weaponry (specifically nuclear weapons) prohibited under international treaties. The issue is not limited to the Italian company alone, but extends to other foreign corporations involved in the production of nuclear arms.

This matter is particularly significant in relation to the consistency of the banks' armament policies, many of which explicitly exclude this specific market segment from their operations. It raises concerns both in substance and in procedure.

Before initiating the drafting of ZeroArmi, Fondazione Finanza Etica made it clear to all assessed banks that Leonardo SpA should be considered a company involved in nuclear weapons manufacturing. Based on seven years of shareholder engagement with Leonardo SpA, the Foundation can confidently affirm the company's involvement in such activities. This involvement takes place through the MBDA consortium, in which Leonardo holds a 25% stake and is represented in the governance structure by individuals who currently hold—or have previously held—senior positions within the company. MBDA, led by the French government, is responsible for producing the medium-range ASN4G missile with a nuclear warhead for the French army—an essential component of its armament system. In parallel, Leonardo SpA is also involved in the construction of the wings for F-35 fighter jets, which are equipped with B61-3/-4 guided nuclear bombs, assembled in Texas by Lockheed Martin.

Financial institutions that maintain relationships with Leonardo SpA—either through general credit lines or project-specific loans—are generally aware that the production of key components for nuclear-capable weapons systems by a client may conflict with their own credit policies. In such cases, banks typically request clarification directly from the client. From our analysis, it appears that banks are implementing a legitimate compliance framework and applying their policies with due diligence. Leonardo SpA, in response, issues formal statements in which it self-declares that it does not operate in the nuclear weapons sector. Based on this declaration, the banks consider the compliance verification procedure closed and satisfactory. However, the involvement of Leonardo SpA in the development of a nuclear-capable weapons system—via MBDA—is now well established.

This is evident, among other things, from the company's implicit admission: during its annual shareholders' meeting, Leonardo did not deny either its participation in MBDA or MBDA's production of the ASN4G missile, in response to questions posed by Fondazione Finanza Etica as a shareholder.

This would appear to place Leonardo SpA within the scope of the exclusion policies adopted by several of the banks assessed in the ZeroArmi project.

This situation raises two types of concern: one substantive, the other procedural.

First, one must ask what the substantive purpose is behind a bank's decision to adopt a policy that limits operations in certain sectors. The goal is clearly to prevent the bank from engaging, in any form, with sectors deemed reputationally risky and excluded under international treaties. In this context, the purpose of such a policy is to ensure that the bank refrains from any involvement in the nuclear weapons sector. It serves as a safeguard, enforced through a procedure designed to uphold that aim. If, during the process, a reasonable doubt arises that the client's activities may in fact place the bank within the excluded sector, this suggests a weakness in the policy itself, which has failed to prevent the very risk it was meant to mitigate. This brings us to the second, procedural issue: it is necessary to reflect on the actual effectiveness of a process—however rigorously implemented—that nonetheless fails to achieve its intended purpose.

This raises the broader question of what tools, procedures, or methods a financial institution could adopt to obtain clearer, less ambiguous information from a client. However, this question ultimately lies within the full autonomy and responsibility of the bank's own assessment and decision-making process.

## Conclusions

*Simone Siliani*

Beyond all initial expectations, discussions with the main Italian banks evaluated in the ZeroArmi project turned out to be broadly open, respectful of differing viewpoints, and constructive. We held 35 individual meetings with the 12 banks assessed, exchanging information and documents, and signing four confidentiality agreements to ensure a thorough understanding of the credit institutions' operations, in compliance with regulations, client confidentiality, and internal control systems. Dozens of bank managers and officers, with diverse roles and areas of expertise, took part in these engagement sessions. Their contributions sometimes led to disagreements, but always within the framework of open and constructive dialogue.

This process of dialogue already represents a tangible achievement – the outcome of over a year of dedicated work. In a democracy and an open economy, respect for expertise and dialogue are essential values – the only path toward systemic progress.

We came out of this exchange enriched and changed. All of us—or at least, so we hope. Certainly, the tool has changed. The final results of this work are evidence of that. In many cases, the banks involved provided information that led to a deeper understanding of the phenomenon, thereby promoting greater transparency and public awareness. At the same time, this openness enabled adjustments to initial scores, making the evaluation more accurate. This outcome will positively influence future editions of ZeroArmi, making the tool increasingly thorough and precise.

This is a meaningful result, especially in light of the global rise in military spending that began following Russia's invasion of Ukraine. This trend is also fuelling private finance, which supports the sector's quantitative and qualitative expansion. From our perspective, this is a dangerous trajectory – one that could bring, alongside a few additional points of GDP, further death and destruction across new corners of the globe, as we have seen since 7 October 2023 in Palestine and throughout the Middle East. The more weapons are produced and traded, the greater the chances, the pressures, and the motivations to use them.

Regardless of how one interprets this evolution, we cannot overlook the fact that increased public investment in the military sector comes at the expense of essential 'peaceful' areas like social welfare, healthcare, education, and environmental protection – all within the constraints of constitutionally mandated balanced budgets. Likewise, banks' financial resources are not infinite: the greater the appetite of credit institutions for the military sector, the fewer resources will be available for civilian sectors that generate employment and have a more positive social and environmental impact.

In this context, a reliable evaluation tool becomes particularly relevant. Today, ZeroArmi is the most comprehensive and sophisticated tool in this area.

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