



The companies arming Israel and their financiers

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Cover picture

An Israeli Air Force F-35 Lightning II fighter plane performs at an air show during the graduation of new cadet pilots at Hatzerim base in the Negev desert, near the southern Israeli city of Beer Sheva, on June 29, 2017.

JACK GUEZ / AFP

This report focuses on the relationships between European financial institutions and companies supplying armsⁱ to Israel.ⁱⁱ By selling arms to Israel, arms companies run a high risk of facilitating ongoing severe violations of international humanitarian law. The banks, pension funds, insurers and other asset managers financing these companies by providing credits or holding shares or bonds have a clear responsibility to prevent facilitating violations. Arms companies' supply of weapons to Israel has been considered high-risk for years, as these weapons have been used to enforce the occupation and related violations of international humanitarian law and of human rights law in Gaza and the West Bank, including East Jerusalem.ⁱⁱⁱ The unprecedented attacks on Gaza since 7 October 2023 and the International Court of Justice's (ICJ) provisional measures order of 26 January 2024 determining there is a plausible risk of genocide in Gaza^{iv} make it even more urgent for arms companies to stop their supplies to Israel and for financial institutions to stop financing companies that continue to supply arms to Israel.

Gaza

Over the last eight months, following the attacks of 7 October 2023 by Hamas and other Palestinian armed groups in which about 1,200 people were killed and about 240 hostages were captured, mostly civilians^v, the Israeli government has launched an unprecedented military assault on Gaza. At the time of writing, Israel's assault has killed 37,202 Palestinians in Gaza and has injured another 84,932 Palestinians.¹ Around 1.7 million people have been forcibly displaced within Gaza. The Israeli attacks have destroyed over half of Gaza's buildings, including

ⁱ The terms arms and weapons will be used interchangeably. In all cases, we refer here to the transfers of major weapons as used by SIPRI's Arms Transfers database. See <https://www.sipri.org/databases/armstransfers/sources-and-methods>.

ⁱⁱ Under the International Arms Trade Treaty, states have an obligation to not authorize any transfer of conventional arms if it has knowledge at the time of authorization that the arms or items would be used in the commission of genocide, crimes against humanity, grave breaches of the Geneva Conventions of 1949, attacks directed against civilian objects or civilians protected as such, or other war crimes as defined by international agreements to which it is a Party. Given the scale of the ongoing arms exports and transfers from western countries to Israel (which are non-existent in the case of Palestinian armed groups), and, most importantly, the unparalleled and unprecedented scale of violations perpetrated by Israel, the current report focuses on arms flows to Israel.

ⁱⁱⁱ Arms supplies are considered 'high-risk' when there are indications that the receiving state uses these arms in a manner that is inconsistent with human rights law and/or international humanitarian law, when the state is involved in armed conflict, sensitive to corruption, and/or when it can be categorized as a failed or fragile state. For further explanation, see PAX (July 2022), 'High-risk arms trade and the financial sector', p.12. Online: https://paxvoorvrede.nl/wp-content/uploads/import/2022-07/PAX_REPORT_HIGHRISK_ARMS_TRADE.pdf.

^{iv} The ICJ's provisional measures order determined that there is a plausible risk of violations of the rights of the Palestinians in Gaza under the Genocide Convention and the existence of a real and imminent risk of irreparable harms to the rights of the Palestinians in Gaza to be protected against genocide. International Court of Justice, 26 January Provisional Measures, see International Court of Justice (January 2024), 'Order of 26 January 2024, par.54 and 74'. Online: <https://www.icj-cij.org/sites/default/files/case-related/192/192-20240126-ord-01-00-en.pdf>

^v On 20 May 2024, the Prosecutor of the International Criminal Court (ICC) issued arrest warrants against 3 leaders of Hamas and its armed military wing for war crimes and crimes against humanity. <https://www.icc-cpi.int/news/statement-icc-prosecutor-karim-aa-khan-kc-applications-arrest-warrants-situation-state>. On 12 June 2024, the United Nations International Commission of Inquiry on the Occupied Palestinian Territory, including East Jerusalem, and Israel also concluded that members of the military wings of Hamas and of other Palestinian armed groups committed war crimes on and after 7 October 2023. <https://www.ohchr.org/en/press-releases/2024/06/israeli-authorities-palestinian-armed-groups-are-responsible-war-crimes>

residential buildings, schools, hospitals and water and sanitation infrastructure.² Shelters and refugee camps have been attacked, including in areas that were designated as ‘humanitarian ‘safe zones’ by the Israeli forces. The supply of essential humanitarian aid is heavily restricted. Half of the population is facing catastrophic levels of hunger and starvation, with famine already occurring in northern Gaza and aid convoys being targeted.³ As of 12 June 2024, 273 aid workers and 498 health workers had been killed, according to the UN.⁴

Meanwhile, Israel has intensified its repression and collective punishment against Palestinians in the occupied West Bank, including East Jerusalem, and within Israel itself.^{vi} The construction and expansion of illegal settlements in the West Bank has drastically accelerated.^{vii} Moreover, the UN has recorded 943 attacks by Israeli settlers against Palestinians and at least 521 Palestinians have been killed in the West Bank by Israeli forces or settlers between 7 October 2023 and 10 June 2024.⁵

Calls and rulings to stop arms exports to Israel

The Israeli attacks on Gaza have been called out as constituting severe violations of international humanitarian law by many Palestinian and international human rights organizations and UN officials.⁶ On 12 February 2024, a Dutch appeals court ruled that the Dutch government must end arms exports to Israel. In its ruling, the court stated that “there are many indications that Israel violated the humanitarian law of war in a not insignificant number of cases”.⁷ The court highlighted evidence, including from reports of the UN and international human rights organizations, of the attacks being indiscriminate, disproportionate and deliberate, leading to huge numbers of civilian casualties including children. It also referred to the massive attacks on health infrastructure, the massive use of ‘dumb bombs’⁸, the failures to warn civilians of attacks and to incriminating statements by Israeli commanders.

On 26 January 2024, in response to a case brought by South Africa against Israel, the International Court of Justice (ICJ) ruled that there is a plausible risk of irreparable harm to the Palestinian right to be protected from genocide and ordered Israel to take all measures in its power to prevent genocide and to take measures to prevent and punish incitement to genocide

^{vi} This has included killings, arrests, detention, residency and citizenship revocations, movement restrictions, home demolitions, amongst others.

^{vii} The Office of the High Commissioner for Human Rights (March 2024), ‘STATE OF PALESTINE: Israeli settlements in the Occupied Palestinian Territory, including East Jerusalem, and in the occupied Syrian Golan’. See online <https://www.ohchr.org/sites/default/files/2024-03/Palestine-March2024.pdf>. Israeli settlements are a flagrant violation of the Fourth Geneva Convention of 1949, constitute serious violations of international law and human rights, and amount to war crimes under the Rome Statute of the International Criminal Court. Corporate involvement in the construction, expansion and maintenance of the illegal settlements in the occupied West Bank including East Jerusalem, is the topic of the annually updated “Don’t Buy Into Occupation” report. See: [DBIO - Don’t Buy into Occupation Coalition \(dntbuyintooccupation.org\)](https://dntbuyintooccupation.org).

against Palestinians in Gaza.⁹ On 28 March 2024, the ICJ awarded a second set of provisional measures against Israel, as South Africa raised the issue that starvation and famine were also acts of genocide that were causing irreparable harm to the Palestinian people.¹⁰ On 24 May 2024, the ICJ ordered Israel to immediately halt its military offensive, and any other action in the Rafah Governorate.¹¹ UN experts stated already in November 2023 that the acts of Israel in Gaza constituted a ‘genocide in the making’ and that the international community “has an obligation to prevent atrocity crimes, including genocide, and should immediately consider all diplomatic, political and economic measures to that end”.¹² In April 2024, the UN Special Rapporteur for the occupied Palestinian territories published a report titled “Anatomy of a genocide”, that concludes that “there are reasonable grounds to believe that the threshold indicating the commission of the following acts of genocide against Palestinians in Gaza has been met”.¹³ In their report published on 12 June 2024, the United Nations Independent International Commission of Inquiry on the Occupied Palestinian Territory, including East Jerusalem, and Israel concludes that Israel has committed war crimes and crimes against humanity.¹⁴

Already on 8 November 2023, over one hundred human rights organisations issued a call for an arms embargo against Israel.^{viii} On 23 February 2024, UN experts released a joint statement, warning that “any transfer of weapons or ammunition to Israel that would be used in Gaza is likely to violate international humanitarian law and must cease immediately”.¹⁵ On 5 April 2024, the UN Human Rights Council adopted by consensus a resolution to “cease the sale, transfer and diversion of arms, munitions and other military equipment to Israel... to prevent further violations of international humanitarian law and violations and abuses of human rights.”^{ix}

The 1948 Genocide convention requires states to employ all means reasonably available to them to prevent genocide, including extraterritorially.¹⁶ This obligation is activated as soon as the state learns or should be aware of the existence of a serious risk of genocide being committed.¹⁷ The ICJ ruling of 26 January clearly confirms earlier warnings of this risk made by UN experts and human rights organizations, and therefore activates the obligation of third states to take action to prevent genocide in Gaza.¹⁸ As stated by the UN experts, this should include the halting of arms exports under the present circumstances.

^{viii} Al-Haq (8 November 2023), ‘Ending Complicity in International Crimes: a Two-Way Arms Embargo on Israel’. Online: <https://www.alhaq.org/advocacy/22123.html>. The organizations called for a two-way arms embargo on transfers of military items to, as well as from, Israel.

^{ix} UN News (5 April 2024), ‘Gaza: Human Rights Council resolution urges arms embargo on Israel’. Online: <https://news.un.org/en/story/2024/04/1148261>. Although Human Rights Council resolutions are not legally binding on states, they carry significant moral weight.

The Arms Trade Treaty (ATT) and the EU Common Position on Arms Exports

States set the rules for the export of military goods and grant export licenses for these goods. Two international standards in particular provide a framework for this role of the state: the Arms Trade Treaty and the EU Common Position on Arms Export Control. These standards contain clear norms to guide states in the decision-making process for arms export applications. Despite the clear norms, many states grant export licences that appear to violate these norms. Moreover, many states are not part of these control regimes, and are therefore not bound by them. For investors, the norms laid down in the international standards should provide the basis for the development of investment policies and due diligence

The Arms Trade Treaty (ATT) is a multilateral treaty that regulates the international trade in conventional arms.^a It was adopted by the UN General Assembly on 2 April 2013, and entered into force on 24 December 2014. At the time of writing, 113 states are party to the ATT, including all EU Member States. The ATT requires States Parties to establish common international standards that must be met before arms exports are authorised, and requires annual reporting of imports and exports. While, generally speaking, the ATT recognizes the right to self-defence as under the UN Charter^b, the ATT prohibits states from authorising arms transfers in case of an arms embargo or in case the state has knowledge that the arms would be used in the commission of violations of international humanitarian law, crimes against humanity and/or acts of genocide. Article 7 requires states to assess and mitigate the risk that the arms could be used to (inter alia) undermine peace and security, commit or facilitate serious violations of international human rights law and/or international humanitarian law. If the state finds that there is an overriding risk of any of these consequences, it should not authorize the export.

The EU also has its own legally binding Common Position on Arms Exports defining common rules governing control of exports of military technology and equipment.^c These rules are aimed at preventing military exports likely to be used in the country of final destination for internal repression, in internal or international conflicts. All EU member states are bound to embed these rules in their export licence policies and practice, although decisions on individual arms export licences remain a national responsibility.

^a United Nations (NDA), The Arms Trade Treaty, <http://www.un.org/disarmament/ATT/>

^b Specifically for the Occupied Palestinian Territory, an Advisory Opinion by the International Court of Justice (2004) has stated the following: 'Under the terms of Article 51 of the Charter of the United Nations: "Nothing in the present Charter shall impair the inherent right of individual or collective self-defence if an armed attack occurs against a Member of the United Nations, until the Security Council has taken measures necessary to maintain international peace and security." Article 51 of the Charter thus recognizes the existence of an inherent right of self-defence in the case of armed attack by one State against another State. However, Israel does not claim that the attacks against it are imputable to a foreign State. The Court also notes that Israel exercises control in the Occupied Palestinian Territory and that, as Israel itself states, the threat which it regards as justifying the construction of the wall originates within, and not outside, that territory. The situation is thus different from that contemplated by Security Council resolutions 1368 (2001) and 1373 (2001), and therefore Israel could not in any event invoke those resolutions in support of its claim to be exercising a right of self-defence.' See <https://www.un.org/unispal/document/auto-insert-178825/>

^c EU (2008) COUNCIL COMMON POSITION 2008/944/CFSP of 8 December 2008 defining common rules governing control of exports of military technology and equipment, <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:335:0099:0103:EN:PDF>

Third states should be further put on notice of there being reasonable grounds to believe crimes against humanity and war crimes are being committed by Israel in Gaza following the arrest warrants requested by the International Criminal Court prosecutor for key Israeli officials on 20 May 2024.^x In their February 2024 call for an arms embargo, the UN Experts also refer to the obligations of states under the international Arms Trade Treaty (ATT, see text box for background). Article 6 prohibits states from authorising arms transfers if the state has knowledge that the arms would be used in the commission of genocide, crimes against humanity, grave breaches of the Geneva conventions of 1949, attacks directed against civilian objects or civilians protected as such, or other war crimes as defined by international agreements to which it is a party.

EU Member States are furthermore bound by the EU Common Position on Arms Exports (see text box for background), which requires EU Member States to ‘deny an export licence if there is a clear risk that the military technology or equipment to be exported might be used in the commission of serious violations of international humanitarian law.’ The ICJ Order would satisfy the low knowledge threshold of ‘a clear risk’.¹⁹

Responsibilities of companies and their investors

Arms companies supplying weapons to Israel bear their own responsibility to respect human rights, international humanitarian law and international criminal law.

According to the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct -the international authoritative norms on the human rights responsibilities of companies-, companies must conduct human rights due diligence in order to avoid causing or contributing to negative human rights impacts and address such impacts when they occur.²⁰ They also need to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts. In conflict-affected areas, human rights due diligence needs to be ‘heightened’, to account for and address the heightened human rights risks at play in these contexts.²¹

Importantly, the corporate responsibility to respect human rights exists independently of states’ abilities or willingness to fulfil their own human rights obligations as well as over and above

^x International Criminal Court (20 May 2024), ‘Statement of ICC Prosecutor Karim A.A. Khan KC: Applications for arrest warrants in the situation in the State of Palestine’. Online: <https://www.icc-cpi.int/news/statement-icc-prosecutor-karim-aa-khan-kc-applications-arrest-warrants-situation-state> The Prosecutor accuses Prime Minister Netanyahu and Minister of Defence Gallant of, inter alia, the crimes against humanity of extermination and persecution, and the war crimes of starvation, wilful killing, and the causing of great suffering or serious injury to body or health.

compliance with national laws and regulations. The fact that home governments grant export permits for arms transfers does not exempt an arms company from its own responsibility to conduct human rights due diligence and to avoid contributing to adverse impacts on human rights.²²

Additionally, in situations of armed conflict, the UNGPs and the OECD Guidelines require companies to respect the standards of international humanitarian law. Companies and their employees can be held criminally liable for contributing to violations of international humanitarian law, crimes against humanity and acts of genocide. As explained by The Centre for Research on Multinational Corporations (SOMO), corporate complicity in genocidal acts perpetrated by others is most often captured as ‘aiding’ or ‘abetting’.²³ This refers to providing physical or material support to the perpetrator, and/or encouraging the perpetrator. “An aiding or abetting relationship can exist whether or not a corporation or its employees are physically present, and it may come to exist before, during, or after the act(s) of genocide in question. Aiding and/or abetting also requires corporations to be aware of their counterpart’s intent to commit genocide and that the support/encouragement has a substantial effect on the commission of the crime of genocide”.²⁴

The responsibility to conduct (heightened) human rights due diligence and prevent or address negative human rights impacts also applies to financial institutions. Financial institutions can provide credit or underwriting services to companies, or hold shares or bonds in companies. Through these investments, financial institutions are, in UNGP terms, ‘directly linked’ to human rights violations caused or contributed to by their clients or investee companies. They have the responsibility to use their leverage on their clients and investee companies to stop these companies from causing or contributing to adverse impacts.

Since 7 October 2023 the already existing risks inherent to transferring arms to Israel have become even more severe. Action is even more urgently needed. Companies should stop supplying arms to Israel. Financial institutions should put urgent pressure on these companies to stop doing so and otherwise divest, as there are now very clear indications that the weapons sold and transferred by these companies are likely to be used to commit or facilitate violations of international humanitarian law, potentially including genocide.^{xi} If they fail to do so, these

^{xi} Amnesty International USA has, for example, already reported on civilian deaths and injuries in Gaza with US-made weapons. Incidents referred to by Amnesty include a January attack in Rafah which killed at least 95 civilians, including 42 children, with evidence of the use of a Boeing-manufactured bomb. See Amnesty International USA (29 April 2024), ‘Amnesty International USA submission to NSM-20. Unlawful use of US-made munitions and violations of international law

financial institutions may be seen as facilitating the violations that these companies are contributing to.

Companies supplying dual use and non-military goods

This report focuses on arms transfers as recorded by SIPRI. However, it is not only arms companies that could run a direct risk of contributing to violations of international humanitarian law and potential acts of genocide in Gaza. In general, all companies that operate or have business relationships in Israel should conduct heightened human rights due diligence to avoid causing or contributing to severe human rights violations or violations of international humanitarian law.

The Action Center for Corporate Accountability of the American Friends Service Committee (AFSC) has published a list of companies profiting from Israel's 2023-2024 attacks on Gaza.^a This list also includes companies that are not typically seen as part of the weapons industry, e.g. companies supplying the Israeli army with heavy equipment, such as bulldozers (see below). Other corporate actors at risk of contributing to violations of international humanitarian law and genocide include providers of fuel, mass surveillance and facial recognition technologies, as well as social media platforms.^b

One example of such a company is Caterpillar, a US-based multinational manufacturer of construction machinery and equipment. For years, Caterpillar has been supplying Israel with D9 bulldozers that have been used by the Israeli military to demolish Palestinian houses and civilian infrastructure in the occupied West Bank. These bulldozers have also been crucial in the Israeli ground offensive in Gaza, paving the way for the combat troops by clearing roads and demolishing buildings. In November 2023 the Israeli Defense Ministry initiated an urgent procurement of dozens of D9 heavy bulldozers.^c Caterpillar is included in the regular Don't Buy Into Occupation reports for its involvement in violations connected to the illegal settlement enterprise on the West Bank. See [DBIO - Don't Buy into Occupation Coalition \(dntbuyintooccupation.org\)](https://dntbuyintooccupation.org) for the investments by European financial institutions in Caterpillar.

^a American Friends Service Committee (last updated 28 May 2024), 'Companies Profiting from the Gaza Genocide'. Online: [Companies Profiting 2023-2024 Attacks on Gaza | American Friends Service Committee \(afsc.org\)](https://afsc.org)

^b The Centre for Research on Multinational Corporations (16 April 2024), 'Making a Killing'. Online: [Making a Killing? - SOMO; Oil Change International \(March 2024\), 'Investigating the countries and companies behind Israel crude oil and fuel supply chains'. Online: New Research Exposes Countries and Companies Supplying the Oil Fueling Palestinian Genocide - Oil Change International \(priceofoil.org\); The Centre for Research on Multinational Corporations \(28 May 2024\), 'Fuelling the flames in Gaza'. Online: \[Fuelling the flames in Gaza - SOMO;\]\(https://priceofoil.org\)](https://priceofoil.org)

^c Ctech (19 November 2023), 'Israel halting export of tanks, rebuilding armored forces amid Gaza war'. Online: [Israel halting export of tanks, rebuilding armored forces amid Gaza war | Ctech \(calcalistech.com\)](https://calcalistech.com)

by Israel since January 2023'. Online: <https://www.amnestyusa.org/wp-content/uploads/2024/04/4.29.2024-NSM-20-AIUSA-submission-re-Israel.pdf> See also: The Seattle Times (3 May 2024), 'As opposition to Israel's war in Gaza grows, Boeing arms sales draw scrutiny'. Online: seattletimes.com/business/as-opposition-to-israels-war-in-gaza-grows-boeing-arms-sales-draw-scrutiny/

Arms transfers to Israel

To select the companies most relevant for the purposes of this report, we have looked at the 25 largest arms producers in the world.^{xii} From these 25 largest arms producers, we selected companies that meet the following criteria:

- they supplied arms to Israel between January 2019 and December 2023, as reported in the SIPRI Arms Transfers Database, most recently updated in March 2024.²⁵ The SIPRI arms transfer database does not specify the companies involved in the production of the military goods. This specification is made based on PAX's research.
- the supplies include only new weapons. Second-hand arms deliveries are excluded, unless the producer is known to have been directly involved in the transfer. Maintenance of arms supplied before 2019 is also excluded.^{xiii}

This resulted in the selection of six companies: **Boeing, General Dynamics, Leonardo, Lockheed Martin, RTX (formerly Raytheon) and Rolls-Royce.**

Clearly, these are not the only companies supplying arms and other military equipment to Israel. The Israeli army also makes use of arms supplied by other (smaller) companies, including from Israel (see text box). However, as these companies are not in the top 25 of the world's largest arms producers and as SIPRI's Arms Transfers Database only covers international transfers, they fall outside the scope of this report.^{xiv} Table 1 below shows the arms transfers by the six companies to Israel in the period 2019-2023.^{xv}

^{xii} Taken from the Top 100 Arms Producing and Military Services Companies published by the Stockholm International Peace Research Institute (SIPRI, 2023). Online: <https://www.sipri.org/visualizations/2023/sipri-top-100-arms-producing-and-military-services-companies-world-2022>. The 25 largest arms producers in the world are responsible for 75-80% of global arms exports.

^{xiii} Maintenance of arms is included in the recently published report 'GUIDE DES ENTREPRISES FRANÇAISES D'ARMEMENT COMPLICES D'ISRAËL' of the Stop Arming Israel campaign in France, leading to a wider scope of companies. For more information see: <https://padlet.com/stoparmingisraelfrance/stop-arming-israel-france-sm1j5i3burhikad3/wish/2921793288>.

^{xiv} For information on the involvement of other companies in supplying arms and other military or dual use equipment to Israel, see for example American Friends Service Committee (last updated 28 May 2024), 'Companies Profiting from the Gaza Genocide'. Online: <https://afsc.org/companies-2023-attack-gaza>; Who Profits (17 December 2023), 'The Companies Supplying Weapons to Israel's Attack on Gaza'. Online: <https://www.whoprofits.org/publications/report/170?the-companies-supplying-weapons-to-israel-s-attack-on-gaza>; Action on Armed Violence (April 2024), 'Who is arming Israel? A briefing review of UK, US and other arms suppliers to Israel'. Online: https://aoav.org.uk/wp-content/uploads/2024/04/Who-is-arming-Israel_.pdf.

^{xv} The company list consists of parent companies. Arms supplies by subsidiaries or joint ventures are listed under the parent company.

Weapon system	Order year	Number ordered	Number delivered	Completion Year
Boeing, United States^{xvi}				
JDAM guided bomb	+2021	+1,800	+1,800	2023
GBU-39 guided glide bomb	+2021	+1,000	+1,000	2023
KC-46A tanker/transport aircraft	+2021	4	0	Ongoing
GBU-39 guided glide bomb	+2017	+4,100	+4,100	2022
JDAM guided bomb	+2016	+1,588	+1,588	2019
General Dynamics, United States				
Gulfstream-5 light transport aircraft modified in Israel to Oron AGS/SIGINT aircraft	2017	1	1	2023
Leonardo, Italy				
AW-119 light helicopter	2019	12	+7	Ongoing
Super Rapid 76mm naval gun	+2015	4	+4	2023
Lockheed Martin, United States^{xvii}				
CH-53K transport helicopter	2021	12	0	Ongoing
F-35A fighter aircraft	2017	17	6	Ongoing
F-35A fighter aircraft	2015	14	14	2022
F-35A fighter aircraft	2010	19	19	2019
Rolls-Royce, Germany				
MTU engine for Eitan armoured vehicles	+2019	Unknown	+10	Ongoing
MT883Ka engine for Merkava-4 tanks and Namer armoured vehicles	+2000	+1,370	+1,060	Ongoing
RTX, United States				
AIM-9X BVRAAM missile	2014	+28	+28	+2020
RTX/Lockheed Martin, United States				
Paveway guided bomb	2015	+700	+700	2019
Table 1: the arms transfers by the six companies to Israel in the period 2019-2023. All figures in million EUR				

^{xvi} In addition to the transfers listed here, according to SIPRI data Boeing is also negotiating the supply of an estimated 25 F-15 fighter jets and estimated 12 AH-64A Apache combat helicopters to Israel

^{xvii} In addition to the transfers listed here, according to SIPRI data Lockheed Martin is also negotiating the supply of an estimated 25 F-35 fighter jets to Israel

The Israeli arms industry

The Israeli arms industry is an important supplier for the Israeli army, mostly for firearms, drones and missiles but also other weapon systems. Since the start of the war in Ukraine in February 2022, and even more since 7 October 2023, the Israeli arms manufacturing industry has been in peak demand, reaping large profits from the Israeli assault on Gaza.^a Who Profits and the American Friends Service Committee both report on the use of domestically produced weapons systems in Gaza. See [Companies Profiting 2023-2024 Attacks on Gaza | American Friends Service Committee \(afsc.org\)](#) and [Who Profits - The Israeli Occupation Industry - The Companies Supplying Weapons to Israel's Attack on Gaza](#).

Israeli arms companies such as Elbit Systems, Israel Aerospace Industries and Rafael, are major global exporters of military equipment. These and other Israeli arms companies benefit from large contracts with European companies and governments. Who Profits for example reports that “between October 29 and November 29 alone, Elbit Systems was awarded a US\$135 million contract to establish an artillery ammunition factory for an international customer, a US\$170 million contract from the Swedish Army, and a US\$500 million contract from the U.S. Marine Corps.”^b Other cooperations include contracts between the French company Safran and Rafael, multiple contracts between the French company Thales and Elbit, as well as joint ventures with and takeovers of Israeli arms companies by European companies.^c Who Profits reports that the Israeli army is currently testing new weapons and technologies in its assault on Gaza. As with previous attacks on Gaza, this allows the manufacturers of these weapons to collect performance data and aids them in refining these technologies and marketing new weapons to other countries.

^a Who Profits (17 December 2023), ‘The Companies Supplying Weapons to Israel’s Attack on Gaza’. Online: [Who Profits - The Israeli Occupation Industry - The Companies Supplying Weapons to Israel’s Attack on Gaza](#)

^b *Idem*

^c Safran (9 September 2021), ‘Rafael and Safran team up on FIRE WEAVER and MOSKITO IT targeting solution’. Online: [Rafael and Safran team up on FIRE WEAVER and MOSKITO TI targeting solution | Safran \(safran-group.com\)](#). See also Stop Arming Israel France, ‘GUIDE DES ENTREPRISES FRANÇAISES D’ARMEMENT COMPLICES D’ISRAËL’ (online: [Stop Arming Israel France \(padlet.com\)](#)) for a more detailed overview of cooperation between international companies and the Israeli arms industry.

Relationships between European financial institutions and arms companies

The tables below provide overviews of the top 20 of European creditors providing loans and underwritings and the top 20 of European institutional investors holding shares and bonds in the selected companies. The top 20 creditors provided a total of 36,1 billion EUR in loans and underwritings, and the top 20 institutional investors held a total of 26 billion EUR in shares and bonds in the selected companies.^{xviii}

All financial data included in the two tables below refers to the total investments provided to a company. We do not claim that the entirety of these capital flows has gone towards the production of arms destined for Israel. However, as investments in a company generally support

^{xviii} The financial institutions featuring in this report were invited to react to the findings. Eleven of them provided reactions. These can be found in Annex 1.

the company in its entirety, investing in a company connects the investor to all the company's activities, and consequently to all the adverse impacts of these activities. Regardless of the size of the investment or the proportion of the capital flowing directly to the production of goods destined for Israel, financial institutions have a clear responsibility to use their leverage to influence actors involved in violations in order to prevent, mitigate, and address such harm.²⁶

Table 2 lists the top 20 European creditors that have provided loans and/or underwriting services to the selected companies in the period January 2021 to August 2023. The data was retrieved from Bloomberg and Refinitiv Eikon databases by Profundo.

Creditors	Country	Type	Boeing	General Dynamics	Leonardo	Lockheed Martin	Rolls-Royce	RTX Corp	Total
BNP Paribas	France	Loans	1,499		410		2,005	795	4,709
		Underwriting	451					560	1,011
Crédit Agricole	France	Loans	1,343		453	1,109	839		3,744
		Underwriting	360		35	677		158	1,229
Deutsche Bank	Germany	Loans	1,494		117		439	795	2,845
		Underwriting	451					691	1,142
Barclays	United Kingdom	Loans	1,101		193	384	375	150	2,203
		Underwriting			35	478		158	671
Société Générale	France	Loans	1,061		252		649		1,961
		Underwriting	214						214
Lloyds Banking Group	United Kingdom	Loans	407	427		446	566		1,846
		Underwriting		62		109			172
Santander	Spain	Loans	887		166		706		1,759
		Underwriting	222						222
Commerzbank	Germany	Loans	844		213		379		1,435
		Underwriting	360						360
UniCredit	Italy	Loans			457	491	289		1,236
		Underwriting			35	172		158	365
Banco Bilbao Vizcaya Argentaria (BBVA)	Spain	Loans	635	193	166		58		1,052
		Underwriting	214	112					326
UBS	Switzerland	Loans	729		27		495		1,251
		Underwriting			35			47	81
European Investment Bank	Luxembourg	Loans			560		672		1,232

HSBC	United Kingdom	Loans			166		1,035		1,201
Standard Chartered	United Kingdom	Loans	514				620		1,134
Intesa Sanpaolo	Italy	Loans	190		432				622
		Underwriting			35				35
Skandinaviska Enskilda Banken	Sweden	Loans					562		562
BayernLB	Germany	Loans	53				472		525
NatWest	United Kingdom	Loans			117		252		369
Groupe BPCE	France	Loans	164		142				306
Banco BPM	Italy	Loans			303				303
Total									36,123

Table 2: Top 20 creditors and their loans and underwriting for the arms companies. All figures in million EUR

Table 3 lists the top 20 European investors that hold shares and/or bonds in the selected companies. The data is based on the latest filing date available in August 2023. The data was retrieved from Refinitiv Eikon and EMAXX databases by Profundo.

Institutional investors	Country	Type	Boeing	General Dynamics	Leonardo	Lockheed Martin	Rolls-Royce	RTX Corp	Total
UBS	Switzerland	Shares	974	308	7	931	153	1,584	3,956
		Bonds	40	6		5	18	39	108
Government Pension Fund Global (GFPG)	Norway	Shares		556	91		173	2,857	3,677
		Bonds						158	158
Groupe BPCE	France	Shares	2,397	80	40	58	497	150	3,222
		Bonds	116	6	18	11	33	23	207
Allianz	Germany	Shares	85	3	10	2	0	9	109
		Bonds	1,886	22	1	83	427	308	2,726
Legal & General	United Kingdom	Shares	539	234	4	510	244	696	2,227
		Bonds	61	0		1	11	8	81
Schweizerische Nationalbank	Switzerland	Shares	398	166			58	475	1,097

Barclays	United Kingdom	Shares	292	115	1	343	3	223	978
Deutsche Bank	Germany	Shares	211	90	8	204	19	163	695
		Bonds	48	13	1	11	18	31	122
HSBC	United Kingdom	Shares	209	117	3	69	35	166	599
		Bonds	20	3		4		9	36
Janus Henderson	United Kingdom	Shares	14	502	0	9	23	19	567
		Bonds	4	13		44		1	62
Aegon	Netherlands	Shares		2	0	51		6	60
		Bonds	218	0		100	35	197	550
Aviva	United Kingdom	Shares	44	1	0		24	116	186
		Bonds	170			41	23	149	382
Crédit Agricole	France	Shares	62	6	36	13	37	218	372
		Bonds	77		23		35	14	149
Exor	Netherlands	Shares					426		426
M&G	United Kingdom	Shares			0		125		125
		Bonds	210		7		63		280
Qube Research & Technologies	United Kingdom	Shares	33	109		145		56	343
Abrdn	United Kingdom	Shares	24	11	0	25	52	32	145
		Bonds	63	8	1	16	23	35	145
Royal London Group	United Kingdom	Shares	36	20	1	36	61	51	205
		Bonds					71		71
Schroders	United Kingdom	Shares	9	10		16	134	19	189
		Bonds	8			2	20	1	30
Intesa Sanpaolo	Italy	Shares		0	30	7	5	55	96
		Bonds	3		21		84	1	109
Total									26,081

Table 3: Top 20 institutional investors and their investments in shares and bonds in the arms companies. All figures in million EUR

Recommendations

To states

- As requested by the UN Human Rights Council in April 2024, cease the sale, transfer and diversion of arms, munitions and other military equipment to Israel, in order to prevent further violations of international humanitarian law and violations and abuses of human rights, and refrain, in accordance with international norms and standards, from the export, sale or transfer of surveillance goods and technologies and less-lethal weapons, including “dual-use” items, when there are reasonable grounds to suspect that such goods, technologies or weapons might be used to violate or abuse human rights.
- Apply the Arms Trade Treaty (ATT) and the EU Common Position in export licensing for military goods to the end of preventing weapons being used in violations of international (humanitarian) law.
- Engage with the arms industry to encourage commitment to and implementation of human rights standards for corporations, such as the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct.

To companies

- Immediately end all arms sales to and from Israel.
- Conduct heightened human rights due diligence on all operations and business relationships to identify, prevent and/or stop any activity that contributes or risks to contribute to violations of international law and acts of genocide in Gaza.
- Adopt strong internal human rights standards, including as a minimum the commitment to comply with the UNGPs and OECD Guidelines.
- Include adequate clauses in their sales agreements which stipulate that the arms sold cannot be used for any action in contravention of international norms and the company’s policy.

To financial institutions

- Conduct heightened human rights due diligence on all business relationships that might be involved with activities that contribute to violations of international law and acts of genocide in Gaza. This includes the financial institution's clients, underwriting and investee relationships.
- End all investments in and provision of finance to companies which are causing and contributing to harms in Gaza and which fail to immediately stop supplying arms to Israel.
- Adopt and implement policies that extend to all financial activities, including lending, underwriting, and investments, to exclude investments in or finance for companies that supply military goods to countries where the following risks are present:
 - The risk of violation of human rights and/or international humanitarian law by the end user of these goods;
 - The risk of fueling an armed conflict;
 - The risks of selling military goods to a corrupt state;
 - The risks of selling military goods to a fragile state;
 - The risks of selling military goods to a state that spends a disproportionate share of its budget on military goods.
- Apply this policy without making an exception for companies which have civilian activities besides their military activities.
- Adopt public policies that incorporate the norms of the ATT and the EU Common Position and clarify that they will no longer finance companies that act in contravention of these norms.

Annex 1: Responses from financial institutions

General reactions to key elements of the responses

In below responses of the financial institutions in this report, some elements merit a response to further explain how financial institutions should act around arms transfers and investments in arms producers. We first provide these reactions, the responses of the financial institutions are below.

- *'We comply with regulation'*
Compliance with regulation is the bare minimum for any business. In the case of arms exports, this means in practice that financial institutions require arms producers to only stop exports to countries under an arms embargo. This is a very high threshold and ignores the significant risks involved in transferring weapons to many countries not under an arms embargo, but still at high-risk for the violation of IHL or human rights.
- *'We do not finance arms transactions if they are high-risk'*
An argument provided mostly by banks. Some banks have good policy on arms trade, but apply this policy only to a very specific form of financing: trade finance. This means the bank will be strict when asked to finance a very specific arms transfer from a company to a specific country. However, if this policy is not applied to other forms of financing (such as corporate credit or underwriting), the bank could still be lending capital to companies involved in high risk arms trade. This report shows this also happens in practice, as did the PAX report 'High-risk arms trade and the financial sector', published in 2022.
- *'We exclude controversial weapons'*
While we commend good policy on controversial weapons (such as cluster munitions, chemical, biological, nuclear and incendiary weapons), this is not enough. Specific policy on high risk arms trade is required to adequately address human rights risks involved in financing arms producers. Controversial weapons fail to properly distinguish between combatants and non-combatants by design. For weapons that could make this distinction in theory, it depends on their user if this distinction is actually made. Hence, the financial institution should require arms producers to not transfer weapons to users where the risk of misuse is high.
- *'We have a good human rights policy'*
A good human rights policy is important but requires translation into practice. If a financial institution is listed in this report, and the institution is not able to show it is taking sufficient action, there is clearly an issue with the implementation of the human rights policy.

Barclays

Regarding your first question, we are not able to comment on specific clients for confidentiality reasons.

In response to your second question, I would like to draw your attention to public statements on this topic which are available on Barclays' website [Statement on defence funding | Barclays \(home.barclays\)](#). For further detail around Barclays' approach to the Defence and Security sector, please see our public Statement here: <https://home.barclays/content/dam/home-barclays/documents/citizenship/our-reporting-and-policy-positions/policy-positions/Barclays-Statement-on-the-Defence-Sector.pdf>

BBVA

BBVA's Sustainability General Policy includes, among its general principles, respect for the dignity of people and the human rights that are inherent to them. BBVA incorporates due diligence processes for the identification and assessment of risks from a human rights perspective.

Moreover, BBVA has an Environmental and Social Framework, whose main objective is to identify a series of activities and sectors that, while contributing to economic growth, progress and people's well-being, can also have a high environmental and/or social impact. The Framework contains the reference standards and general exclusions applicable to the mining, agro-industrial, energy, infrastructure and defense sectors and also establishes specific prohibitions in terms of clients and projects for each of them.

The above-mentioned Framework provides for the non-financing of arms trade operations in countries sanctioned with arms embargoes imposed by the United Nations, the European Union and the United States, or in countries at high risk of human rights violations.

BNP Paribas

First, we would like to express our deep sadness at the tragedy that is happening in the Middle East. Nobody can deny the atrocity of what is unfolding in that region at the moment and our hope is that diplomatic solutions will be found soon.

With regard to the data, unfortunately, for confidentiality reasons, we cannot comment on the data related to our clients. On the methodology, we take note that it consists in aggregating global credit exposures to the companies included in the scope of the study, without the use of any adjuster to segregate the share of their business financing related to defence.

More generally, it is important to stress that BNP Paribas strictly applies and complies with the laws, regulations and conventions to which it is subject, applicable both in domestic as well as in foreign laws, including for the financial services we provide to the companies you mentioned.

Our Group is fully committed to respecting and promoting human rights within our sphere of influence, i.e. among our employees, suppliers, clients and the communities in which the Group operates. This is a fundamental rule of our Code of Conduct. Our actions are detailed in our universal registration document.

The Group is fully aware that the defence and security sector is sensitive and carries very specific risks, including risks related to the status of certain weapons and equipment, their potential end use and the risk of corruption and diversion. At the same time, the group also recognizes the right of countries to defend themselves and protect their national security, which is why, with regard to the armaments sector, the Group has put in place a strict policy that goes beyond legal requirements and defines additional criteria that must be met by defence and security companies. It includes the conduct of in-depth analysis of the companies it supports and the transactions it facilitates in this sector. This analysis includes human rights criteria. BNP Paribas also implements strengthened oversight measures to examine transactions involving sensitive countries.

I trust that this clarifies BNP Paribas' processes with regard to the financing of the defence sector and stay at your disposal should you have any question.

Crédit Agricole

First, we would like to express our heartfelt concern and sympathy for all those affected by the conflict in the region.

We understand that Crédit Agricole will be included in the study you will be publishing and that the companies under examination are Boeing, General Dynamics, General Electric, Leonardo, Lockheed Martin, Rolls-Royce and RTX.

Most importantly, we would like to point out that, in the context of its Corporate Social Responsibility policy, Crédit Agricole S.A. and its subsidiaries have defined a policy designed to govern all its activities relating to the defence industry and the trade in civil or military weapons and related services. This CSR sector policy "Arms industry and arms trade" updated in 2023 is publicly available on our website [here](#).

Finally, you may be assured that we are following the geo-political situation very closely and that in the event of any new international rules we will of course apply them strictly.

Deutsche Bank

Thank you for reaching out and sharing your research for the upcoming report. As you know, we cannot comment on any existing or potential client relationships, however we adhere to our existing policies and procedures in doing business. You can find a summary of our Environmental and Social Policy Framework [here](#).

Deutsche Bank has a set of requirements and guiding principles that we apply to our client and business selection processes. Doing this effectively is essential to mitigate and manage negative impacts on the environment or society, and to uphold the bank's commitments to international standards. As part of this approach, Deutsche Bank applies enhanced due diligence for transactions in the defense sector. In addition, we are guided by international standards and principles, including UN Guiding Principles on Business and Human Rights.

To identify, prevent, and/or mitigate adverse human rights impacts, Deutsche Bank considers whether it could be exposed to any risk of contributing to (or being directly linked to) human rights violations through the business activities of, and association with, its clients. Deutsche Bank understands that its clients' activities may impact the communities they operate in and expects clients to have processes in place to minimize any negative impact. Deutsche Bank will not engage in business activities where it has substantiated evidence of material adverse human rights impacts and it is determined through Deutsche Bank's internal processes that such adverse human rights impacts cannot be avoided or appropriately mitigated. Specifically in regards to business with the defense sector, the bank has a case by case review in place that takes into consideration the geopolitical situation of the end user country and DB does not conduct business with the military or security of countries considered to be in conflict. In order to further strengthen its governance, Deutsche Bank has appointed a Human Rights Officer in 2023.

In general, we address environmental and social issues in our ongoing dialogue with our clients. Our dialogue scope also covers media reporting, including reports from NGOs as well as individual statements from clients

Please find more on Deutsche Bank's approach to its responsibility to respect human rights in our [Statement on Human Rights](#), and in the [Non-Financial Report](#).

Intesa Sanpaolo

In relation to your emails, please note that Intesa Sanpaolo's "RULES REGARDING OPERATIONS WITH PARTIES ACTIVE IN THE MILITARY MATERIALS SECTOR" provide for the following, both for the National and Foreign Branches of the Group:

"Aware of the need to support national and European defence, together with its NATO allies, Intesa Sanpaolo limits its banking and/or lending activities, through its normal business processes, to transactions involving the manufacture and/or marketing of armaments to European Union and/or NATO member countries.(...) transactions involving non-EU and/or non-NATO countries are also allowed but subject to an extraordinary approval process, provided there are intergovernmental programmes with the Italian Republic. These transactions, for which an enhanced valuation process is provided, qualify as Significant Transactions ('STs'), in accordance with the relevant Guidelines and are subject to prior authorisation by the Steering Committee."

All operations intermediated in any way by the National Branches of the Group must be previously authorized by the UAMA agency (Unit for the Authorization of Armaments Material) at the Ministry for Foreign Affairs and International Cooperation (MAECI), that is, in practice, by the Italian Government.

As regards the Group's Foreign Banks:

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

In this regard, we would like to point out what appeared in the national press (https://www.repubblica.it/politica/2023/11/17/news/armi_italia_israele_vendita_paese_in_guerra-420541813/)

regarding the fact that the Italian Government decided to suspend armament supplies to Israel about a week after the Hamas attack on 7 October 2023.

We therefore confirm that no operation regarding the supply of armaments to Israel has been intermediated.

Lloyds Banking Group

We recognise that there are inherent ethical and social risks associated with the manufacture and supply of weapons and we are guided by UK and international law, including but not limited to the Arms Trade Treaty conventions. We will not enter credit or investment relationships with businesses believed to be in breach of any activities prohibited by international conventions supported by HM Government and being a UK-based entity, we adhere to the UK government policies and legislation. International conventions supported by the UK government include the Oslo Convention on Cluster Munitions, the Ottawa Treaty on Antipersonnel Landmines, the Chemical Weapons Convention, and the Biological Weapons Convention.

As a UK-focussed bank, we do not directly provide financial services to companies in Israel and the occupied Palestinian territories, and we do not have any operations in either jurisdiction. In response to your request, we are unable to comment on specific customer relationships for confidentiality reasons, but I can confirm that we adhere to the rules and regulations of every country in which we operate in addition to being guided by the International Bill of Human Rights.

We acknowledge that finance has an important role to play in influencing better social, human rights and environmental outcomes, and we take this into account in our investment, lending, and operations. We are signatories to the UN Principles for Responsible Investment (UNPRI), the United Nations Principles for Responsible Banking and The Equator Principles.

As signatories to the United Nations (UN) Global Compact, we are aligned with its human rights and labour standards, and report on our progress annually. We also recognise the Organisation for Economic CoOperation and Development (OECD) Guidelines for Multinational Enterprises and the UN's Guiding Principles on Business and Human Rights.

We ensure that ESG-related risks are considered for all commercial lending customers that bank with us, with specific commentary in new and renewal credit applications where total aggregated hard limits exceed £500,000 (excluding automated decisioning processes for smaller counterparties). This Classification: Public commentary including any supporting factors and mitigants is documented within the credit application to support the credit officer in making their decision, ensuring the relevant ESG factors are considered. Further information on our ESG Credit Risk processes is available in our 2023 Sustainability Report.

We have aimed to address your concerns around the Group's financing and investment approach to the defence sector and we hope that this response provides you with sufficient information to demonstrate our commitment to undertaking detailed due diligence on transactions related to the defence sector and provide you with information relating to our involvement with companies in this sector.

We would encourage you to read our Group sector statements available [here](#) and our Scottish Widows responsible investment framework and exclusions policy available [here](#).

NatWest

Unfortunately we cannot comment on individual client relationships. Please refer to the following webpages for our most up-to-date information: [ESE & reputational risk management | NatWest Group](#) and [Human rights and modern slavery | NatWest Group](#)

Santander

Santander is committed to acting as a responsible lender and operates strict policies when lending to companies or institutions operating in sensitive sectors, including defence. For example, we do not finance the manufacture, trade, distribution, or maintenance of products or materials related to nuclear, chemical, or biological weapons, anti-personnel mines, cluster munitions or ammunition containing depleted uranium. Santander Group checks that all clients and transactions comply with our defence sector policy, as well as with the most stringent international conventions and non-proliferation treaties. Our policy framework is approved by our Board of Directors and reviewed annually. You can find more details about our Defence Sector policy ([Link](#)).

Standard Chartered Bank

Due to client confidentiality, Standard Chartered ('we', 'us' or 'our') does not comment on details of specific relationships whether we do or do not bank those companies. We do, however, recognise the risks associated with the manufacturing, purchasing, selling or otherwise using of defence equipment or other similar types of goods or technologies. Our approach for this sector is articulated within our Defence Position Statement which can be found [here](#).

In particular, we will not knowingly provide financial services to clients in support of their manufacturing, purchasing, selling of, or otherwise using Prohibited Goods. Prohibited Goods include defence equipment or other similar types of goods or technologies that are: (i) Banned by relevant international conventions (including, but not limited to, nuclear, chemical or biological weapons, anti-personnel mines and cluster munitions); or (ii) primarily designed to kill, maim or torture human beings, including items used for internal repression, which are contrary to our internal policy.

UniCredit

Provided that we never comment data related to our clients, the categories mentioned in your table – which are not reconciled with ours - refer to general financing and bond issuance and they don't refer at all to single deal supports granted to our clients to export to Israel.

From our evidence and checks, UniCredit didn't provide support dedicated at exporting to Israel in 2021, 2022 and 2023.

As stated in our Defence sector Policy - available on Group website at the following link [Defence-Sector-statement\(1\).pdf \(unicreditgroup.eu\)](#) - UniCredit does not provide any support directly aimed (i) at Nuclear or Controversial Defence-related activities (ii) at exporting Defence devices (including conventional ones), their key components, their key infrastructures, and their key services into forbidden countries regardless of the fact that the customer is a Defence-related subject or not.

Israel is included in the list of the forbidden countries where support is not allowed since the last events occurred at the end of 2023, so if the customers mentioned in your report – as all our Defence clients - asked us for support to export to the country, our answer would be negative.

For these reasons we believe that there is no real connection between the numbers listed in the table and the purpose of your study which is focused on investments in arms sales to Israel; we also ask you to clearly include the above-mentioned considerations in your report in order to clarify UniCredit's position.

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²⁴ Idem.

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