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BEYOND THE DEFENCE HEADLINES: Is ESG the Problem?

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Executive Summary

As war returns to Europe's borders and tensions flare up in the Middle East, political voices seek to blame ESG frameworks for obstructing European defence investment. In reality, European sustainable finance regulations, including the Sustainable Finance Disclosure Regulation (SFDR), **do not prohibit defence investments outright**. Instead, they demand clarity, transparency, and alignment with international norms.

There are very few regulatory red lines that explicitly restrict defence investments. Cluster munitions and landmines are among those, remaining banned under international law, while nuclear weapons sit in a regulatory grey zone.

Italy's 2024 update to Law 220/2021 marks the first legal move in Europe to extend weapons exclusions to passive funds, closing the gap that left Article 6 and index-tracking funds outside regulatory scrutiny. Many asset managers and index providers are not yet fully addressing these changes.

Unlike cluster munitions and landmines, nuclear weapons are not explicitly prohibited under Europe's sustainable finance regulations. They remain legally permissible, but subject to heightened reputational scrutiny.

The real barrier to defence industry finance is not ESG ideology, but the need for transparency, disclosure, and trust. Using ESG filters is not about banning defence investment. But as the defence sector grapples with these pressures, it must ask itself whether it is truly prepared for the ESG transparency demands – and what it might reveal.

Key Questions for Investors:

- Do we have a clearly articulated philosophy about how defence fits into our ESG framework?
- How flexible and proactive is our ESG approach in monitoring and responding to evolving geopolitical or regulatory changes?
- Are we prepared to comply with Italy's law 220/2021, and its implications for passive funds?
- Do any of our funds, including passive and Article 6 products, have exposure to companies involved in prohibited weapons, such as cluster munitions and anti-personnel landmines?
- How do we ensure consistency between our ESG policies and our exposure to defence companies operating in conflict zones?
- How do we balance legal permissibility with reputational risk in our defence investments?

Beyond the Defence Headlines: Is ESG the Problem?

Are ESG rules really the reason Europe lacks defence investment? As Europe re-arms, the pressure to define ESG's role in defence finance has never been higher.

Do Political Narratives Stand Up to Regulatory Reality?

As European defence budgets soar, NATO prepares for the possibility of long-term confrontation with Russia, and new regional armed conflicts arise on a near-monthly basis, a new scapegoat has emerged in political circles: ESG. The recent escalation between Israel and Iran – drawing in the US and raising fears over nuclear escalation – has only reinforced European concerns about security vulnerabilities and the need to rearm. Once championed as a cornerstone of responsible finance, sustainability frameworks are now blamed for obstructing capital flows to the defence sector and weakening European strategic security.

Across the continent, political momentum is building to weaken or bypass ESG constraints. In the UK, over 100 MPs called on banks to abandon 'anti-defence ESG rules'.¹ In France, government officials have proposed amending ESG lending criteria to facilitate defence financing². At the EU level, member states have agreed to scale back core sustainability regulations – including corporate reporting and due diligence rules – in the name of competitiveness. The June 2025 Council of the European Union agreement explicitly calls for 'streamlined' due diligence requirements and greater flexibility for sectors deemed strategically important, including defence³.

Together, these moves signal an emerging political narrative that recasts ESG not as a tool for accountability, but as an obstacle to strategic autonomy.

It should not be.

The reality is that Europe's sustainable finance rules, particularly the EU's Sustainable Finance Disclosure Regulation (SFDR), do not prohibit investment in defence companies.

Conventional weapons, which are not explicitly prohibited under SFDR, can be held within Article 8 funds. What the regulation demands is not disengagement, but

¹ [Topham, G. \(2025\) Treat weapons investments as 'ethical' to help arm Ukraine and UK, MPs urge. The Guardian, 6 March.](#)

² [Blaise, L. \(2025\) France weighs lifting ESG exclusion rules on defense lending. Bloomberg, 10 March.](#)

³ [European Commission \(2025\) New simplification proposal will speed defence investments in EU. European Commission, 17 June.](#)

disclosure. It does not restrict investors from supporting national defence, rather it asks them to explain how that exposure fits into a sustainable strategy.

This distinction matters. Article 9 funds, which are subject to strict sustainability objectives, account for just 2% of total UCITS assets. Most European funds fall under Article 6 or 8, and the latter, representing over half of all SFDR-classified funds, have wide discretion in how they define ESG alignment.⁴

There are, of course, red lines. While some defence-related activities, such as nuclear deterrence, remain legally permissible and politically defensible, others, like cluster munitions and anti-personnel landmines, remain unequivocally off-limits. Not because of ESG demands, but because international treaties and national laws require it. The ESG rules reflect that consensus, they do not create it.

What is often mistaken for inflexibility is, in fact, a call for clarity. Investors can, and do, allocate to defence. But if the defence industry wants capital, it needs to be prepared to explain how its activities align with the values and legal frameworks underpinning the financial system itself. Again, ESG rules do not prohibit defence investment – they require transparency and consistency with international norms, as well as a clearly defined role within a sustainable strategy.

Cluster Munitions and Landmines: Europe's Legal Red Line

While conventional weapons and nuclear deterrence are hotly debated, some armaments are beyond the pale. Cluster munitions and anti-personnel landmines are not ESG grey areas – they are legal red lines.

In early 2025, five European governments – Estonia, Finland, Latvia, Lithuania and Poland – announced plans to withdraw from international conventions banning cluster munitions and landmines⁵. Since then, the shift has moved from rhetoric to reality: on 19 June, Finnish parliament formally voted to withdraw from Ottawa Treaty, citing security threats from Russia⁶. Around the same time, Lithuania publicly confirmed it was considering reintroducing anti-personnel landmines along its eastern border, as part of what officials described as a 'new Iron Curtain' strategy aimed at deterring invasion⁷.

⁴ [EFAMA \(2025\) Market Insights 21: The SFDR Fund Market – Where Do We Stand? European Fund and Asset Management Association.](#)

⁵ [Winchester, N. \(2025\) Ottawa Treaty and the Convention on Cluster Munitions: Recent developments - house of lords library.](#) For further details about Ottawa Treaty and Convention on Cluster Munitions, see [Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction \(Ottawa Convention\)](#), and [Convention on Cluster Munitions](#).

⁶ [Reuters \(2025\) Finnish parliament votes to exit landmines treaty due to Russia threat. Reuters, 19 June.](#)

⁷ [Foster, P. \(2025\) Lithuania plots Iron Curtain of landmines along border with Russia. The Telegraph, 24 June.](#)

While such moves may signal a political shift, they do not rewrite the legal landscape. These weapons remain banned under the Ottawa Treaty and Conventions on Cluster Munitions (CCM), which have near-universal support and are embedded in national law across much of the EU. In countries like Italy and Belgium, financial institutions face explicit legal bans on investing in their producers. In others, such as Ireland, prohibitions apply only to public money, with voluntary exclusions remaining the norm for private investors. For investors, the takeaway is clear: political rhetoric should not be mistaken for regulatory permission.

In Italy, Law No. 220/2021 formally banned the financing of companies involved, directly or indirectly, in the production or sale of anti-personnel mines and cluster munitions. Although the law has always applied to all financial intermediaries, from asset managers to insurers and pension funds, its enforcement, in practice, was limited. Lacking clear guidance, internal controls, or audit mechanisms, many institutions treated the rule as relevant only to ESG-labelled strategies under Articles 8 and 9. As a result, conventional portfolios, especially Article 6 funds, which carry no sustainability obligations, remained in a legal grey zone. Products tracking indexes without explicit controversial weapons exclusions often escaped scrutiny altogether.

The 2024 update removes this ambiguity⁸. It standardises compliance expectations across all financial products, mandates internal controls to flag and exclude exposure, and grants supervisory powers to the Bank of Italy, IVASS, and COVIP⁹. A six-month implementation window followed its publication in the *Gazzetta Ufficiale* from 7 August 2024. Even funds not explicitly marketed in Italy may still trigger compliance risks if accessible via pan-European platforms like Xetra or Euronext and lacking appropriate exclusion filters. National bans apply regardless of marketing intent.

But perhaps more critically, institutional investors, such as Italian pension funds and insurance providers, remain legally barred from holding such exposure. With enhanced supervisory oversight and formal auditing now in place, scrutiny over compliance is expected to increase. Even Article 6 funds that previously flew under the radar, particularly those tracking indexes without clear controversial weapons exclusions, are now unlikely to be onboarded or retained. As a result, products that remain technically available may still be screened out in practice, leading to lost sales opportunities and reduced access to one of Europe's most ESG-focussed investor bases.

Italy's Law 220 builds on precedent set by countries like Belgium (2006), Luxembourg (2009), and Switzerland (2012), which restricted financing of cluster munitions by institutional investors, either in response to, or in anticipation of, the adoption of the

⁸ [Result of joint public consultation of the Instructions of IVASS, Bank of Italy, COVIP and MEF \(2024\) IVASS, Istituto per la Vigilanza sulle Assicurazioni.](#)

⁹ The Bank of Italy supervises financial intermediaries and asset managers; IVASS (Istituto per la Vigilanza sulle Assicurazioni) oversees insurance companies; and COVIP (Commissione di Vigilanza sui Fondi Pensione) is responsible for pension fund supervision.

CCM – Belgium being an early example of the latter. However, those earlier laws primarily focused on actively managed portfolios and public funds. Italy’s approach is the first in Europe to impose regulatory oversight on passive strategies, including index-tracking funds¹⁰. It also extends these restrictions to foreign funds marketed in Italy. As a result, fund managers risk losing access to one of Europe’s largest institutional markets with a strong emphasis on ESG alignment, a loss that is not just regulatory but also commercially significant.

For asset managers, applying a controversial weapons exclusion, even in funds not classified under Article 8 or 9, offers a scalable route to retain market access. It reduces legal and reputational risk without the need for a formal sustainability label, while keeping products accessible to a wide range of investors.

The investment restrictions on cluster munitions and landmines are strict, but are they really weakening European defence?

Over the course of the 21st century, cluster munitions and landmines have increasingly been seen as outdated and operationally limited in modern warfare¹¹. Modern conflicts favour precision strikes over wide-area saturation, dispersed formations and mobile units reduce the tactical value of indiscriminate area-effect weapons. The enduring harm these weapons inflict on civilians, and the political and reputational costs associated with their use, often outweigh any immediate military benefits.

Yet, the war in Ukraine has demonstrated that cluster munitions can retain some tactical relevance in large-scale conventional warfare. Ukraine and the US, which agreed to supply these weapons to Ukrainian forces, indicated that one of the primary reasons for their use was critical shortages of standard artillery ammunition¹². The United States has implied that once the supply of conventional munition is restored, cluster munitions may no longer be necessary¹³.

¹⁰ Earlier European legislation, such as Belgium’s 2007 law, explicitly exempted index-tracking funds: “Cette interdiction ne s’applique pas aux organismes de placement [...] dont la politique d’investissement [...] a pour objet de suivre la composition d’un indice” (Belgium, 2007). The [Netherlands’ 2012 law](#) similarly excluded index-based transactions where controversial weapons producers made up less than 5% of the index (Art. 21a(3)(a)). These carve-outs reflected the prevailing assumption that passive exposure did not constitute intentional financing. A later example, [Spain’s 27/2015 law](#), formally prohibited both direct and indirect financing. However, in practice it lacked supervisory tools or enforcement guidance, and given that passive investments made up just 4–5% of fund assets across Europe at the time - and even less in Spain - the provision was not applied to passive strategies. Italy’s 2024 update is the first in Europe to close this regulatory gap, applying uniform restrictions to both active and passive funds, including foreign UCITS marketed domestically.

¹¹ [Smyth, P. \(2008\) Goodbye cluster munitions – will we regret it? Royal United Services Institute; Human Rights Watch \(2023\) Myths and realities about cluster munitions.](#)

¹² Neither Ukraine nor the United States is a signatory to the Convention on Cluster Munitions (CCM). Although the U.S. has not ratified the treaty, it halted new production of cluster munitions in 2008 and has maintained export restrictions, with certain exceptions in recent years due to operational needs in Ukraine.

¹³ [Cancian, M. F. \(2023\) Cluster munitions: what are they, and why is the United States sending them to Ukraine? Center for Strategic and International Studies.](#)

Recent political moves – including decisions by some Baltic states to withdraw from the CCM and the Ottawa Treaty – may suggest that loosening these restrictions would enhance Europe’s defence capabilities.

However, for European NATO members, particularly the Baltic states, the strategic benefits of reintroducing cluster munitions are marginal at best. Europe is still reaping the legacy of such weapons: in Bosnia and Herzegovina, more than 30 years after the Bosnian war, 838 square kilometres remain contaminated by landmines and unexploded ordnance¹⁴ – a burden unlikely to be cleared before the 2050s. While these weapons could theoretically provide advantages in a large-scale border conflict, their military utility must be carefully weighed against significant political and reputational costs. These include the risk of losing critical support from European allies committed to the CCM and the Ottawa Treaty¹⁵. In a geopolitical climate where the US is reassessing its role in European security, maintaining unity in Europe may ultimately prove to be the more effective defence strategy.

For investors, this matters too. Challenging long-standing humanitarian norms does little to strengthen European security, but it does invite legal exposure, reputational risk, and misalignment with international frameworks. The strategic case is weak; the ESG risk is not.

The Nuclear Question: Defence, Deterrence, and ESG

While cluster munitions and landmines are subject to clear bans, nuclear weapons occupy a more ambiguous space, both political and within ESG. As defence exposure becomes more politically acceptable, a subtle but significant shift is unfolding within ESG-labelled strategies: the treatment of nuclear weapons. Several asset managers have begun to ease exclusion policies, particularly within Article 8 funds. This evolution mirrors political sentiment around national security, among Non-Proliferation Treaty (NPT) and non-NPT states.

In the UK, a major £15 billion investment was announced, as a part of the new defence budget in June this year, to expand its nuclear deterrent, including air-launched systems and new warhead development – representing Britain’s most significant nuclear shift since the Cold War¹⁶. Meanwhile, non-NPT states such as India and Pakistan continue to modernise their arsenals, and NATO allies have reaffirmed their nuclear-sharing arrangements¹⁷.

¹⁴ [MAG \(Mines Advisory Group\). \(2024\). Bosnia and Herzegovina.](#)

¹⁵ [UK Parliament \(2025\) Landmines and cluster munitions. Hansard, House of Lords, 3 April.](#)

¹⁶ [HM Government \(2025\) UK to expand submarine programme in response to Strategic Defence Review. GOV.UK, 20 June.](#)

¹⁷ [Haynes, D. \(2025\) UK to expand nuclear deterrent with jets carrying tactical weapons. The Times, 24 June.](#)

These political and strategic shifts are beginning to challenge how traditional ESG frameworks classify nuclear exposure. Nuclear weapons are not explicitly prohibited under the EU's SFDR, the EU Taxonomy, or the Paris-Aligned Benchmark (PAB) regulations meaning they inhabit a grey zone under sustainable finance rules. These frameworks avoid directly classifying nuclear weapons as "controversial."

Instead, regulatory definitions focus on weapons covered by international treaties – primarily anti-personnel mines, cluster munitions, chemical, and biological weapons, in line with international agreements, United Nations principles, or, where applicable, national laws. Nuclear weapons, absent from these lists, are treated as a matter of investor discretion.

For some, this means adopting an NPT-aligned approach, permitting exposure to companies in jurisdictions compliant with the Treaty. This allows for partial defence exposure without breaching international law, aligning with the evolving industry stance.

Indeed, market norms are shifting. Until recently, many institutional investors treated nuclear weapons as a *de facto* exclusion, but describing this as a blanket ban across ESG funds would be misleading. Most investment policies were guided by humanitarian principles – particularly concerns over international law – including the Non-Proliferation Treaty, which advocates for long-term disarmament, and the International Court of Justice's (ICJ) advisory opinion that the use of nuclear weapons would generally violate international humanitarian law, even if not explicitly illegal¹⁸.

Rather than enforcing outright bans, many investors opted for policies that aligned with international norms, choosing to exclude companies involved in nuclear weapons production only when they were deemed to breach international law or humanitarian principles. For some, this meant avoiding companies involved in development, testing, or deployment of nuclear weapons. For others, it meant maintaining exposure to companies operating in NPT-compliant jurisdictions.

Where regulations do impose clear limits is within Article 9 funds. Under SFDR's Do No Significant Harm (DNSH) principle, exposure to nuclear weapons is effectively incompatible with sustainability objectives. Yet Article 9 funds, or so-called 'dark green' funds, represent just 2% of total UCITS assets¹⁹. They are designed for investors seeking strict sustainability commitments, not for those prioritising defence exposure.

For those aiming to maintain ESG alignment without excluding defence entirely, Article 6 funds, those without specific sustainability goals, are the most straightforward option.

¹⁸ [International Court of Justice \(1996\) *Legality of the threat or use of nuclear weapons \(Advisory Opinion\)*, ICJ Case No. 95.](#)

¹⁹ [EFAMA \(2025\) Market Insights 21: The SFDR Fund Market – Where Do We Stand? European Fund and Asset Management Association.](#)

Meanwhile, Article 8 funds, which offer flexibility in screening, can accommodate defence exposure with the right risk management.

The real barrier is not regulatory therefore, rather it is reputational. Markets like France, Germany, and the Nordics remain sensitive to any defence exposure linked to nuclear arms, and investors who ignore these sensitivities risk backlash²⁰. This is not just about regulatory compliance, but maintaining credibility and license to operate. As ESG norms evolve, investors are under increasing pressure to justify and disclose their exposure to sensitive sectors like nuclear weapons.

Without clear policies and transparent disclosures, even partial exposure can become a liability.

Risk Without Clarity: The Real Barrier to Defence Investment

As the defence sector evolves amid geopolitical uncertainty, investors face a complex challenge: balancing strategic exposure with sustainability commitments. The treatment of controversial weapons has become a litmus test for how ESG frameworks can remain credible under pressure.

For cluster munitions and landmines, the line is clear: they are banned under international law, and most European markets treat them as non-negotiable exclusions.

For nuclear weapons, flexibility exists, but it comes at a cost. While they are not explicitly classified as 'controversial' by European regulations, their inclusion within ESG portfolios is a subject to reputational scrutiny.

The real barrier is not regulation but trust. Defence companies, by their nature, operate in a politically and ethically-charged space. They are often associated with arms sales to conflict zones or regimes with poor human rights records. Investors who choose to engage with the sector need clear answers:

- How do these companies ensure ethical sales?
- How do they avoid illegal arms trade or complicity in human rights abuses?
- How is their defence exposure consistent with sustainable investment objectives?

²⁰ In recent months, Danish pension funds PFA and AkademikerPension have reversed self-imposed exclusions on defence stock investments. PFA has announced it will no longer blacklist companies involved in producing nuclear weapons but will still exclude defence firms involved in manufacturing controversial weapons, including cluster munitions. AkademikerPension has reversed an internal ban on investment in six of Europe's largest arms makers and some smaller groups, citing the need to bolster European defence. Denmark also recently became the first country to enter into a joint defence production agreement with Ukraine ([PFA, 2025](#); [Reuters, 2025](#); [Ukrinform, 2025](#)).

Flexibility without accountability is a risk. And accountability begins with transparency – not just in disclosures, but in corporate conduct and ethical intent.

ESG is not a reflection of personal values. It is not about whether one would invest in defence. But ESG does require that investment decision to be rooted in legal obligations, international norms, and market expectations of ethical conduct. That is not ideology, that is governance.

Ultimately, ESG is not the problem. But it might be a mirror that reflects what the industry would rather not see.

How Minerva Can Help Investors Navigate ESG and Defence

As geopolitical tensions and evolving regulation reshape Europe's defence landscape, investors face complex challenges in aligning portfolios with legal obligations, ESG frameworks, and stakeholder expectations. Navigating decisions around controversial weapons, reputational risks, and national legislation demands precise tools and expert guidance.

Minerva Analytics supports investors through its Minerva Nexus platform, offering:

- **ESG Norms Screening:** Evaluates company alignment with global standards like the UN Global Compact (UNGC) and OECD Guidelines, identifying serious or systemic ESG risks.
- **Controversial Products Framework:** Flags corporate involvement in sensitive areas such as cluster munitions and landmines, enabling tailored exclusions aligned with regulation and client values.
- **Advisory Services:** Customised support for regulatory compliance and thematic investment goals.

In light of the complex investment and political climate in 2025 Minerva leveraged its expertise to craft custom solutions aligned with clients' specific regulatory obligations and investment objectives. The following case studies illustrate this work:

ESG Screening for a European Defence-Themed Fund

A leading asset manager sought to launch an Article 6 fund focused on European defence, excluding controversial weapons while remaining aligned with the Nuclear Non-Proliferation Treaty (NPT). Minerva delivered a dual-layered screening solution combining NPT compliance and ESG norms, enabling the client to differentiate between compliant and non-compliant defence activities. The fund launched with confidence in its ESG integrity and Treaty alignment.

Supporting Italian Clients with Law 220/2021

Following the entry into force of the updated provisions of Italy's Law 220/2021 in January 2025, a leading asset manager approached Minerva to align their Article 6 portfolio with the new legal requirements. Rather than relying solely on publicly available lists of prohibited companies published by the Italian Ministry of Economy and Finance (MEF), the client sought comprehensive screening to identify potential exposure beyond those lists. Minerva provided tailored solutions to ensure investments complied with both the letter and the spirit of the legislation.

Appendix I: European Legislative Approaches to Banning Investment in Cluster Munitions (Selected Jurisdictions)

Country	Regulatory Stance on Cluster Munitions Financing	Scope of Prohibition	Entities Subject to Prohibition	Application Scope
Belgium	Prohibited (since 2007), under Law of 20 March 2007	Prohibition on direct and indirect financing of companies involved in cluster munitions through active management	All natural persons and legal entities under Belgian jurisdiction, including banks, investment funds, and financial institutions	Applies to active funds: Yes; Passive funds: No (index-tracking funds exempted)
Italy	Prohibited under Law 220/2021	Financing of companies involved in the production, trade, or support of cluster munitions. The prohibition applies to active and passive investments, with no explicit exception for index-tracking funds	Qualified intermediaries operating in the Italian market, including foreign funds	Applies to active funds: Yes; Passive funds: Yes
Ireland	Prohibited (since 2008), under Cluster Munitions and Anti-Personnel Mines Act 2008	Investment of public money in companies involved in cluster munitions	Public bodies, state agencies, and any entity managing government funds	Applies to active funds: Limited to public funds; Passive funds: No
Liechtenstein	Prohibited (since 2013), under Law amending the War Material Act, 2013	Direct and indirect financing of the development, production, or acquisition of prohibited war material	All financial intermediaries operating in Liechtenstein, including banks, asset managers, insurance companies, and pension funds	Applies to active funds: Yes; Passive funds: Not specifically defined in law or clarified by regulators

Country	Regulatory Stance on Cluster Munitions Financing	Scope of Prohibition	Entities Subject to Prohibition	Application Scope
Luxembourg	Prohibited (since 2009), under 'Bill approving the Convention on Cluster Munitions' of 7 May 2009	Direct and indirect financing of companies involved in the production, sale, or distribution of cluster munitions or explosive submunitions	All financial intermediaries, including banks, insurance companies, pension funds, and other financial actors operating in Luxembourg	Applies to active funds: Broadly yes; Passive funds: Not explicitly addressed in legislation or regulatory guidance
Netherlands	Prohibited (since 2013), under Article 21a of the Market Conduct Supervision (Financial Enterprises) Decree	Direct and indirect financing of cluster munitions manufacturers	All financial enterprises established in the Netherlands	Applies to active funds: Yes (with <5% index carve-out); Passive funds: Partially (carve-out if <5% of index)
Spain	Prohibited (since 2015), under Law 27/2015 on international cooperation and humanitarian law	Prohibition on direct and indirect financing of cluster munitions producers; law includes language broad enough to apply to passive strategies, but lacks implementation mechanisms	All financial institutions and intermediaries, though enforcement is limited	Applies to active funds: Yes (in principle); Passive funds: Theoretically yes, but not enforced

Appendix II: Summary of Relevant International Treaties

Ottawa Treaty

The Ottawa Treaty, formally known as the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction, bans anti-personnel landmines. Under the treaty, anti-personnel mines are defined as those “designed to be exploded by the presence, proximity or contact of a person and that will incapacitate, injure or kill one or more persons.”

The treaty was adopted in 1997 and entered into force in March 1999. As of early 2025, 165 countries have signed, ratified, or acceded to the Ottawa Treaty.

However, in response to the ongoing conflict between Russia and Ukraine, five countries – Estonia, Finland, Latvia, Lithuania and Poland – have announced their intention to withdraw from the treaty. All share land borders with Russia.

Countries that have not signed or acceded to the Ottawa Treaty include China, India, Israel, Iran, North and South Korea, Pakistan, Russia, Saudi Arabia, and the United States.

Convention on Cluster Munitions (CCM)

The Convention on Cluster Munitions (CCM) prohibits the use, stockpiling, production, and transfer of cluster munitions. The CCM was adopted in 2008 and entered into force in 2010.

Beyond prohibiting cluster munitions, the CCM requires destruction of stockpiles of mines, clearance of contaminated areas, assistance to victims, submission of transparency reports, and adoption of domestic legislation.

As of 2025, 111 states have ratified or acceded to the convention, with an additional 12 countries having signed but not ratified it. Lithuania remains the only country to have withdrawn from the CCM to date.

The same countries that have not signed the Ottawa Treaty also have not joined the CCM. Additionally, countries such as Argentina, Brazil, Greece, Poland, Thailand, and Türkiye have not ratified or acceded to the CCM.

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

The Treaty on the Non-Proliferation of Nuclear Weapons, often simply referred to as the NPT, is a global agreement aimed at preventing the spread of nuclear weapons and promoting peaceful uses of nuclear energy. It opened for signature in 1968 and entered into force in 1970. In 1995, the treaty was extended indefinitely.

As of 2025, the NPT has 189 states parties plus two observer states. Five nuclear-weapon states—China, France, Russia, the United Kingdom, and the United States—are recognized under the treaty.

Nuclear-armed states that are not parties to the NPT include India, Israel, and Pakistan. North Korea withdrew from the treaty in 2003 and has since declared and tested nuclear weapons. South Sudan has not joined the NPT but does not possess nuclear weapons.

In the context of the ongoing Israel-Iran tensions, Iran has indicated that its Parliament is considering legislation to withdraw from the NPT.

ABOUT SOLACTIVE



Solactive is a Germany-based index provider operating globally and growing at a fast pace. Since 2007, Solactive have been developing tailor-made and multi-asset class index solutions for

global investors. Currently, Solactive is present in Frankfurt, Dresden, Berlin, Toronto and Hong Kong to provide 24/6 coverage.

Solactive principles

“We take our cue from our clients when deciding what’s important to us. So, it will come as no surprise that security, technical infrastructure and regulatory compliance are high on the list. However, it’s just as important to us to ensure that we truly deliver the products and services that our clients are looking for.”

Reliable and service-oriented

- **Security:** Highest standards for data protection and continuity. Solactive employs a number of industry-standard layers of technology to protect and secure data.
- **Regulation:** Compliance with the applicable regulations and regulatory developments.
- **Proactivity:** True partnership – developing products with clients that matter to them.

For more information about Solactive’s tailor-made and multi-asset class index solutions, please visit <https://www.solactive.com/indices/>.

ABOUT MINERVA



Minerva, a Solactive company, helps investors and other stakeholders to overcome data disclosure complexity with robust, objective research and voting policy tools. Users can quickly and easily identify departures from

good practice based on their own individual preferences, local market requirements or apply a universal good practice standard across all markets.

Minerva’s Core Services

- **ESG Screening:** ESG norms-based analysis that identifies controversial products and breaches of global standards.
- **Sustainability consulting:** TCFD reporting, RI policy creation, IS reporting, sustainability reporting, carbon foot printing, Governance Watch and asset owner/manager ESG audits.
- **SDG mapping:** assessing potential alignment/impact of client investments on the delivery of the UN Sustainable Development Goals.
- **Global vote agency:** core competence covering bespoke policy, data, research, execution, vote analytics and reporting.

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