

PRESBYTERIAN CHURCH (U.S.A.)

2014 General Assembly Divestment List

Confirmed on September 6, 2013
By the Committee on Mission Responsibility Through Investment (MRTI)
Compassion, Peace and Justice Ministries
Presbyterian Mission Agency

The General Assembly of the Presbyterian Church (U.S.A.) urges divestment and/or proscription of some corporations due to their involvement in military-related production (MR), tobacco (TO) or human rights violations (HR). The following is a comprehensive list of corporations or securities affected by those General Assembly policies:

1.	Alliance One International	AOI	(TO)
2.	Altria Group (Philip Morris)	MO	(TO)
3.	ATK (formerly Alliant Techsystems)	ATK	(MR)
4.	BAE Systems	BAESY (ADR)	(MR)
5.	Babcock International	BAB (London)	(MR)
6.	Boeing	BA	(MR)
7.	British American Tobacco Industries	BTI (ADR)	(TO)
8.	CACI	CAI	(MR)
9.	Chemring Group, PLC	CHG (London)	(MR)
10.	Cobham	COB (London)	(MR)
11.	Cubic Corporation	CUB	(MR)
12.	Elbit Systems	ESLT	(MR)
13.	Finmeccania	FNC (BIT)	(MR)
14.	General Dynamics	GD	(MR)
15.	Hanwah	Korea:00880	(MR)
16.	Harris	HRS	(MR)
17.	Imperial Tobacco PLC	ITY (NYSE ADR)	(TO)
18.	Israel Aerospace	ARSP.81 (Tel Aviv)	(MR)
19.	ITT Exelis	XLS	(MR)
20.	Japan Tobacco	Tokyo Exchange	(TO)
21.	K.T.& G.	"033780"	(TO)
22.	L-3 Communications	LLL	(MR)
23.	Lockheed Martin	LMT	(MR)
24.	Lorillard	LO	(TO)
25.	Man Tech International	MANT	(MR)
26.	Norinco	000065Shenzhen	(MR)
27.	Northrop Grumman	NOC	(MR)
28.	Oshkosh Corporation	OSK	(MR)
29.	Philip Morris International Group	PMI	(TO)
30.	Poongsan	Korea:103140	(MR)
31.	Qineti: Q Group	LSE:QQ	(MR)
32.	Raytheon	RTN	(MR)

33.	Reynolds American Inc.	RAI	(TO)
34.	Rockwell Collins	COL	(MR)
35.	Saab	Saab B (OMX)	(MR)
36.	SAIC	SAI	(MR)
37.	Singapore Technologies Engineering	SGX:S63	(MR)
38.	Textron	TXT	(MR)
39.	Ultra Electronics Holding	ULE (London)	(MR)
40.	Universal Corp.	UVV	(TO)
41.	Vishay Technology	VSH	(MR)

NOTES

1. **Alliance One International** was formed in May 2005 when DIMON Inc. and Standard Commercial merged. It is the tenth largest tobacco company with average revenues from tobacco of \$2,151 million.
2. **Altria Group** has the fourth largest average revenues from tobacco: \$17,060 million.
3. **ATK** (formerly Alliant Techsystems) is the 29th largest military contractor, and derives 65.57% of its revenues from Department of Defense (DOD) contracts for weapons including land mines.
4. **BAE Systems** is the third largest military contractor, and receives 95.07% of its revenues from military contracts.
5. **Babcock International**, the 27th largest military contractor, receives 66.57% of its revenues from military contracts.
6. **Boeing**, the second largest military contractor, makes weapons such as the F-22, V-22 Osprey and the RAH-66 Comanche.
7. **British American Tobacco** is the second largest tobacco company with average revenues from tobacco of \$24,167 million.
8. **CACI**, the 32nd largest military contractor, derives 78.56% of its revenues from military contracts for products and services such as advanced computer technology for battlefield information, integrated logistics and systems engineering.
9. **Chemring Group, PLC**, the 60th largest military contractor, derives 97.87% of its revenues from military contracts.
10. **Cobham**, the 45th largest military contractor, derives 66.63% of its revenues from military contracts.
11. **Cubic Corporation**, the 73rd largest military contractor, derives 65.90% of its revenues from military contracts.
12. **Elbit Systems**, the 35th largest military contractor, derives 95% of its revenues from military contracts.

13. **Finmeccania**, the 8th largest military contractor, receives 58.43% of its revenues from military contracts.
14. **General Dynamics** is the fifth largest military contractor making weapons such as nuclear submarines and M-1 tanks, and receives 75.60% of its revenues from military contracts.
15. **Hanwah** is involved in the manufacture of anti-personnel cluster munitions.
16. **Harris**, the 34th largest military contractor, derives 50.70% of its revenues from DOD contracts.
17. **Imperial Tobacco PLC** is the fifth largest tobacco company with average revenues from tobacco of \$11,318 million.
18. **Israel Aerospace**, the 39th largest military contractor, derives 75.03% of its revenues from DOD contracts.
19. **ITT Exelis** was created in late 2011 when ITT Industries divided into three separate companies. ITT Exelis was formed by the military and aerospace divisions. ITT Exelis is the 19th largest military contractor, and received 65.63% of its revenues from military contracts.
20. **Japan Tobacco** is the third largest tobacco company with average revenue from tobacco of \$21,853 million.
21. **K.T. & G.** is the ninth largest tobacco company with average revenues of \$2,428 million.
22. **L-3 Communications**, the 10th largest military contractor, derives 82.80% of its revenue from military contracts.
23. **Lockheed Martin** is the largest military contractor making weapons such as the F-16, Hellfire missiles, AH-64 Apache and Trident ballistic missiles. It has no policy prohibiting work on anti-personnel land mines or cluster munitions, and derives an average of 94.37% of its revenues from military contracts.
24. **Lorillard** is the seventh largest tobacco company with revenues from tobacco of \$4,544 million.
25. **Man Tech International**, the 41st largest military contractor, derived 95.93% of its revenues from military contracts.
26. **Norinco** is involved in manufacturing anti-personnel cluster munitions.
27. **Northrop-Grumman** is the sixth largest military contractor making weapons such as the B-2 bomber, surveillance systems and the C-17 transport, and derives an average of 87.17% of its revenues from military contracts.
28. **Oshkosh Corporation**, the 21st largest military contractor, derives an average of 59.57% of its revenues from DOD contracts.

29. **Philip Morris International Group** is the largest tobacco company with revenues from tobacco of \$31,237 million.
30. **Poongsan** is involved in manufacturing anti-personnel cluster munitions.
31. **Qineti: Q Group**, the 57th largest military contractor, derives 69.00% of its revenue from military contracts.
32. **Raytheon** is the fourth largest military contractor making weapons such as the Patriot and Hawk missiles. It receives 93% of its revenue from military contracts, and has no policy prohibiting work on anti-personnel land mines.
33. **Reynolds American Inc.** is the sixth largest company with average tobacco revenue of \$8,423 million. RJ Reynolds Tobacco Holdings is a wholly owned subsidiary.
34. **Rockwell Collins**, the 38th largest military contractor, derives 58.33% of its revenues from military contracts.
35. **Saab**, the 30th largest military contractor, derives an average of 86.64% of its revenues from military contracts.
36. **SAIC**, the 12th largest military contractor, derives 77.57% of its revenues from military contracts.
37. **Singapore Technologies Engineering** is involved in manufacturing anti-personnel cluster munitions.
38. **Textron**, the 18th largest military contractor, is involved in manufacturing anti-personnel cluster munitions.
39. **Ultra Electronics Holding**, the 68th largest military contractor, derives 80.67% of its revenues from military contracts.
40. **Universal Corporation** is the eighth largest tobacco company with average tobacco revenue of \$2,455 million.
42. **Vishay Intertechnology** is affected by the criteria on anti-personnel land mines.

Military-Related Investment Policy

The General Assembly military-related divestment policy was first adopted in 1982, and has been revised three times since then. The most recent revision was made by the 1998 General Assembly. This policy is an outgrowth of the General Assembly's adoption of *Peacemaking: A Believer's Calling*, which asked the entire church to review its witness and seek additional ways to promote peacemaking. MRTI conducted a review of its engagements with military-related companies, and developed guidelines consistent with the historic concerns of the General

Assembly. These included concern about the overall spending on the military, over-dependence on military contracts by a company, and weapons that do not distinguish between combatants and non-combatants. Later amendments stemmed from General Assembly actions on foreign military sales and land mines. The General Assembly's guidelines, which identify affected companies, are:

1) Corporations that are among the five leading military contractors (measured as dollar volume of military contracts in the most recent year) until such time as the United States is no longer among the top ten nations ranked according to per capita military expenditures.

<u>COMPANY</u>	<u>PREVIOUS RANK</u>	<u>2012 AWARDS (in billions)</u>
Lockheed-Martin	1	\$44,883
Boeing	2	31,378
BAE Systems	3	26,813
Raytheon	5	22,705
General Dynamics	4	21,023

2) Corporations that are among the 100 leading military contractors and in addition are dependent on military contracts (domestic and/or foreign) for more than 50 percent of their sales (measured as the average ratio of military contracts to sales in the most recent three-year period). Insofar as sales to the military can be shown by the corporation to be merely general supplies readily available to civilians, rather than weapons production, such general supplies sales shall be excluded from the percentage of sales to the military for purposes of these criteria.

<u>COMPANY</u>	<u>DEPENDENCY PERCENTAGE</u>
1. ATK (formerly Alliant Techsystems)	65.57
2. BAE Systems	95.07
3. Babcock International	64.60
4. CACI	78.56
5. Chemring Group PLC	97.87
6. Cobham	66.63
7. Cubic Corp.	65.90
8. Elbit Systems	95.00
9. Finmeccanica	58.43
10. General Dynamics	75.60
11. Harris	50.70
12. Israel Aerospace	75.03
13. ITT Exelis	65.63
14. L-3 Communications	82.80
15. Lockheed Martin	94.37
16. Man Tech International	95.93
17. Northrop Grumman	84.17
18. Oshkosh Corporation	59.57
19. Qineti	69.00
20. Raytheon	93.00
21. Rockwell Collins	58.33

22. Saab	86.64
23. SAIC	77.57
24. Ultra Electronics Holding	80.67

Note: The source for these calculations is Defense News, which annually issues a ranking of the top 100 military contractors worldwide, and includes the percentage of company revenue derived from military contracts.

In tracking the statistics from Defense News over the last four years, the nature of the top 100 corporations has been shifting significantly toward including numerous non-U.S. companies. For example, BAE Systems (a UK company) is now the third largest military contractor, and has a dependency ratio of 95.07%. Three companies are new to the list this year. All have the required dependency percentage, and were on the waiting list last year. They are Israel Aerospace, Oshkosjh Corporation, and Saab. Three corporations have been removed: Anselsan, FLIR Systems and Rheinmetal. Four additional companies saw their three-year average dependency percentage exceed 50%, and have been placed on the waiting list. MRTI will verify that all are publicly traded.

3) Corporations that are among the top five firms engaged in foreign military sales during the most recent fiscal year for which statistics are available.

Note: Until this year, these statistics were compiled for and published by *Government Executive* magazine. This is no longer the case. However, the Stockholm International Peace Research Institute collects data on arms sales. Initial research confirms that the largest military contractors are also the largest in terms of foreign military sales. With the growing presence of non-US companies among the top 100 DOD contractors, it is not surprising that BAE Systems, a UK company, is the largest seller of military equipment to foreign countries. Its largest customer is the United States. At the same time, the United States remains its number one position as the world's leading arms seller.

4) Corporations that produce weapons whose use can lead to mass or indiscriminate injury and/or death to civilians. Such products would include the key components of nuclear warheads, chemical and biological weapons, anti-personnel weapons such as landmines, and "assault-type" automatic and semi-automatic weapons, rifles, shotguns, handguns and ammunition sold to the civilian market for purposes counter to General Assembly policy.

a) key components of nuclear warheads

None found. At present, there is no warhead production. Maintenance of existing stockpile goes continues through the ICBM Prime Integration Team involving the weapons and the missile delivery systems. The major companies involved are already on the GA divestment list. Interestingly, the Norway Oil Fund (Government Pension Fund of Norway) includes in its screen companies that make missiles used for no other purpose than to carry nuclear weapons, companies that maintain the weapons, and companies that do the nuclear explosion simulations essential to maintaining the readiness of the nuclear weapon (the Fund excludes Honeywell for this reason). Excluded companies for the first two reasons include GenCorp., BAE Systems and EADS NV, Finmeccania, SAFRAN SA, and Serco Group PLC.

b) chemical and biological weapons

None found.

c) anti-personnel weapons such as landmines and cluster munitions (New policy states that "companies which manufacture components used in landmines will be affected by the criteria unless they have adopted a policy prohibiting such work and are making an active effort to knowingly sell any of their products that are intended for use in anti-personnel landmines.")

Company

ATK (formerly Alliant Techsystems)
Hanwah
Lockheed Martin
Norinco
Poongsan
Raytheon
Singapore Technologies Engineering
Textron
Vishay Intertechnology, Inc.

Note: The Convention on Cluster Munitions (CCM) categorically bans the use, production, stockpiling and transfer of cluster munitions. 97 countries have signed the CCM, and 57 have ratified it so it entered into force on August 1, 2010. The United States has not signed.

Pax Christi Netherlands has done extensive studies of investments in companies producing cluster munitions as defined in the CCM. This research identified publicly traded companies involved: ATK (U.S.), Hanwah (South Korea), Lockheed Martin (U.S.), Norinco (China), Poongsan (South Korea), Singapore Technologies Engineering (Singapore), and Textron (U.S.). ATK and Lockheed Martin were already on the GA divestment list. Several countries that have signed the Convention on Cluster Munitions have banned investments in companies producing cluster munitions. Research into other possible manufacturers continues.

d) "assault-type" automatic and semi-automatic weapons

Note: The current "assault weapons" ban has been lifted by Congress. MRTI is now researching any publicly-traded companies affected by the criteria.

SOURCES: Government Executive
 Human Rights Watch
 U.S. Department of Defense
 Defense News
 USASpending.gov
 Stockholm International Peace Research Institute
 Pax Christi Netherlands

Comprehensive List of Affected Military-Related Corporations

<u>COMPANY</u>	<u>CRITERIA</u>
1. ATK (formerly Alliant Techsystems)	2, 4
2. BAE Systems	1, 2
3. Babcock International	2
4. Boeing	1
5. CACI	2
6. Chemring Group PLC	2
7. Cobham	2
8. Cubic Corporation	2
9. Elbit Systems	2
10. Finmeccania	2
11. General Dynamics	1, 2
12. Hanwah	4
13. Harris Corporation	2
14. Israel Aerospace	2
15. ITT Exelis	2
16. L-3 Communications	2
17. Lockheed Martin	1, 2, 4
18. Man Tech International	2
19. Norinco	4
20. Northrop Grumman	2
21. Oshkosh Corporation	2
22. Poongsan	4
23. Qineti: Q Group	2
24. Raytheon	2, 4
25. Rockwell Collins	2
26. Saab	2
27. SAIC	2
28. Singapore Technologies Engineering	4
29. Textron	4
30. Ultra Electronics Holding	2
31. Vishay Technology	4

Tobacco Policy

The General Assembly's policy on tobacco-related investments recommends divestment and/or proscription of the top ten tobacco companies according to revenues averaged over two years. The most recent data revealed the following top ten companies:

Company	Average Revenue in millions of US dollars
1. Philip Morris International Group (PMI)	\$31,237
2. British American Tobacco (BTI)	24,167

3. Japan Tobacco (2914)	21,853
4. Altria Group (MO)	17,060
5. Imperial Tobacco (ITY)	11,318
6. Reynolds American Inc. (RAI)	8,423
7. Lorillard (LO)	4,544
8. Universal Corp. (UVV)	2,455
9. K.T. & G. ("033780")	2,428
10. Alliance One International (AOI)	2,151

Notes:

Reynolds American is the holding company for R.J. Reynolds Tobacco following its merger with the U.S. operations of British American Tobacco (known as Brown & Williamson Tobacco).

In June 2008, Lorillard was spun off by Loews Corp. and now trades under its own name.

Imperial Tobacco acquired Altadis in early 2008.

In March 2008 Altria completed a spinoff of its non-U.S. operations into Philip Morris International. In January 2009 Altria acquired UST Inc. The revenues for Altria exclude those for wine.

Japan Tobacco acquired Gallaher Group in April 2007. Its tobacco revenues for the last fiscal year were down substantially.

In May 2005, DIMON Inc. and Standard Commercial Corp. merged to form Alliance One International.

Human Rights

As human rights issues arise, as in the case of South Africa and apartheid, or the Sudan crisis, the General Assembly may place a company on the divestment and/or proscription list. The 2000 General Assembly took such action regarding Talisman after a review of the company's role in Sudan. With the company's withdrawal, the 2004 General Assembly removed it from the list. There are currently no companies on the General Assembly divestment list for human rights concerns, although the church is engaged with several corporations on such issues through correspondence, proxy voting and dialogues.

MRTI is currently working on a phased, selective divestment process related to companies operating in Sudan, and to determine that investments in companies doing business in Israel, Gaza, East Jerusalem and the West Bank are only in companies engaged in peaceful pursuits.

For more information about these policies, and other MRTI activities including Corporate Achievement Awards, proxy voting recommendations, dialogues with corporations and socially responsible investing, please contact Rev. William Somplatsky-Jarman, Associate for Mission Responsibility Through Investment, at 888-728-7228, ext. 5809. Fax is 502-569-8963. E-mail is Bill.Somplatsky-Jarman@pcusa.org.