

PRESBYTERIAN CHURCH (U.S.A.)

2013 General Assembly Divestment List

Confirmed By
The Committee on Mission Responsibility Through Investment
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.	Aselsan	iMKB:ASELS	(MR)	
4.	ATK (formerly Alliant Techsystems)	ATK	(MR)	
5.	BAE Systems	BAESY (ADR)	(MR)	
6.	Babcock International	BAB (London)	(MR)	
7.	Boeing	BA	(MR)	
8.	British American Tobacco Industries	BTI (ADR)	(TO)	
9.	CACI	CAI	(MR)	
10.	Chemring Group, PLC	CHG (London)	(MR)	
11.	Cobham	COB (London)	(MR)	
12.	Cubic Corporation	CUB	(MR)	
13.	Elbit Systems	ESLT	(MR)	
14.	Finmeccania	FNC (BIT)	(MR)	
15.	FLIR Systems	FLIR	(MR)	
16.	General Dynamics	GD	(MR)	
17.	Hanwah	Korea:00880	(MR)	
18.	Harris	HRS	(MR)	
19.	Imperial Tobacco PLC	ITY (NYSE ADR)	(TO)	
20.	ITT Exelis	XLS	(MR)	
21.	Japan Tobacco	Tokyo Exchange	(TO)	
22.	K.T.& G.	“033780”	(TO)	
23.	L-3 Communications	LLL	(MR)	
24.	Lockheed Martin	LMT	(MR)	
25.	Lorillard	LO	(TO)	
26.	Man Tech International	MANT	(MR)	
27.	Norinco	000065Shenzhen	(MR)	(MR)
28.	Northrop Grumman	NOC	(MR)	
29.	Philip Morris International Group	PMI	(TO)	
30.	Poongsan	Korea:103140	(MR)	
31.	Qineti: Q Group	LSE:QQ	(MR)	(MR)
32.	Raytheon	RTN	(MR)	
33.	Reynolds American Inc.	RAI	(TO)	
34.	Rheinmetal	FWB:RHM	(MR)	

35.	Rockwell Collins	COL	(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 \$2,123 million.
2. **Altria Group** has the fourth largest average revenues from tobacco: \$16,526 million.
3. **Aselsan** is the 76th largest military contractor, and derives 95.63% of its revenues from Department of Defense (DOD) contracts.
4. **ATK** (formerly Alliant Techsystems) is the 28th largest military contractor, and derives 61.27% of its revenues from Department of Defense (DOD) contracts for weapons including land mines.
5. **BAE Systems** is the third largest military contractor, and receives 95.23% of its revenues from military contracts.
Babcock International, the 41st largest military contractor, receives 68.9% of its revenues from military contracts.
6. **Babcock International**, the 32nd largest military contractor, receives 66.57% of its revenues from military contracts.
7. **Boeing**, the second largest military contractor, makes weapons such as the F-22, V-22 Osprey and the RAH-66 Comanche.
8. **British American Tobacco** is the second largest tobacco company with average revenues from tobacco of \$23,408 million.
9. **CACI**, the 31st largest military contractor, derives 77.94% of its revenues from military contracts for products and services such as advanced computer technology for battlefield information, integrated logistics and systems engineering.
10. **Chemring Group, PLC**, the 62nd largest military contractor, derives 99% of its revenues from military contracts.
Cobham, the 42nd largest military contractor, derives 72% of its revenues from military contracts.
11. **Cobham**, the 51st largest military contractor, derives 69.57% of its revenues from military contracts.
12. **Cubic Corporation**, the 73rd largest military contractor, derives 68.27% of its revenues from military contracts.

13. **Elbit Systems**, the 38th largest military contractor, derives 95% of its revenues from military contracts.
14. **Finmeccania**, the 8th largest military contractor, receives 57.10% of its revenues from military contracts.
15. **FLIR Systems**, the 88th largest military contractor, derives 51.40% of its revenue from military contracts.
16. **General Dynamics** is the fourth largest military contractor making weapons such as nuclear submarines and M-1 tanks, and receives 80.37% of its revenues from military contracts.
17. **Hanwah** is involved in the manufacture of anti-personnel cluster munitions.
18. **Harris**, the 29th largest military contractor, derives 51.50% of its revenues from DOD contracts.
19. **Imperial Tobacco PLC** is the fifth largest tobacco company with average revenues from tobacco of \$11,232 million.
20. **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 21st largest military contractor, and received 58.60% of its revenues from military contracts.
21. **Japan Tobacco** is the third largest tobacco company with average revenue from tobacco of \$21,987 million.
22. **K.T. & G.** is the ninth largest tobacco company with average revenues of \$2,151 million.
23. **L-3 Communications**, the ninth largest military contractor, derives 83.01% of its revenue from military contracts.
24. **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 93.67% of its revenues from military contracts.
25. **Lorillard** is the seventh largest tobacco company with revenues from tobacco of \$4,253 million.
26. **Man Tech International**, the 35th largest military contractor, derived 95.80% of its revenues from military contracts.
27. **Norinco** is involved in manufacturing anti-personnel cluster munitions.
28. **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 87.20% of its revenues from military contracts.
29. **Philip Morris International Group** is the largest tobacco company with revenues from tobacco of \$29,153 million.

30. **Poongsan** is involved in manufacturing anti-personnel cluster munitions.
31. **Qineti: Q Group**, the 52nd largest military contractor, derives 69.77% of its revenue from military contracts.
32. **Raytheon** is the fifth 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 \$8,546 million. RJ Reynolds Tobacco Holdings is a wholly owned subsidiary.
34. **Rheinmetal**, the 30th largest military contractor, derives 51.30% of its revenue from military contracts.
35. **Rockwell Collins**, the 14th largest military contractor, derives 59.30% of its revenues from military contracts.
36. **SAIC**, the 12th largest military contractor, derives 78.67% of its revenues from military contracts.
37. **Singapore Technologies Engineering** is involved in manufacturing anti-personnel cluster munitions.
38. **Textron** is involved in manufacturing anti-personnel cluster munitions.
39. **Ultra Electronics Holding**, the 67th 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 \$2,510 million.
41. **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>2011 AWARDS (in billions)</u>
Lockheed-Martin	1	\$43.978
Boeing	4	30.700
BAE Systems	2	29.130
General Dynamics	5	25.506
Raytheon	6	23.056

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. Aselsan	95.63
2. ATK	61.27
3. BAE Systems	95.23
4. Babcock International	66.57
5. CACI	77.94
6. Chemring Group PLC	99.00
7. Cobham	69.57
8. Cubic Corp.	68.27
9. Elbit Systems	95.00
10. Finmeccanica	57.10
11. FLIR Systems	51.40
12. General Dynamics	80.37
13. Harris	51.50
14. ITT Exelis	58.60
15. L-3 Communications	83.01
16. Lockheed Martin	93.67
17. Man Tech International	95.80
18. Northrop Grumman	87.20
19. Qineti	69.77
20. Raytheon	93.00
21. Rheinmetal	51.30
22. Rockwell Collins	59.30
23. SAIC	78.67
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 95.23%. Five companies are new to the list this year. All have the required dependency percentage, and were on the waiting list last year. They are Aselsan, FLIR Systems, Harris, Qineti, and Rheinmetal. Sixteen 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
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.

d) “assault-type” automatic and semi-automatic weapons

Note: The current “assault weapons” ban has been lifted by Congress. MRTI is now researching any companies affected by the criteria.

SOURCES: Government Executive
 Human Rights Watch
 U.S. Department of Defense
 IRRC Portfolio Screener
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. Anselan	2
2. ATK	2, 4
3. BAE Systems	1, 2
4. Babcock International	2
5. Boeing	1
6. CACI	2
7. Chemring Group PLC	2
8. Cobham	2
9. Cubic Corporation	2
10. Elbit Systems	2
11. Finmeccania	2
12. FLIR Systems	2
13. General Dynamics	1, 2
14. Hanwah	4

15. Harris Corporation	2	
16. ITT Exelis	2	
17. L-3 Communications	2	
18. Lockheed Martin	1, 2, 4	
19. ManTech International	2	
20. Norinco		4
21. Northrop Grumman	2	
22. Poongsan	4	
23. Qineti: Q Group		2
24. Raytheon	2, 4	
25. Rheinmetal	2	
26. Rockwell Collins	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)	\$ 29,153
2. British American Tobacco (BTI)	23,408
3. Japan Tobacco (2914)	21,987
4. Altria Group (MO)	16,526
5. Imperial Tobacco (ITY)	11,232
6. Reynolds American Inc. (RAI)	8,546
7. Lorillard (LO)	4,253
8. Universal Corp. (UVV)	2,510
9. K.T. & G. ("033780")	2,151
10. Alliance One International (AOI)	2,123

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.

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

International.

Japan Tobacco acquired Gallaher Group in April 2007. Previously in 1999, it had acquired RJR International, the non-U.S. tobacco operations of RJR Nabisco.

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 502-569-8115. E-mail is Bill.Somplatsky-Jarmant@pcusa.org.