

## Human Rights Impact Assessment

**Resolved:** Shareholders request the Board of Directors publish a report, at reasonable cost and omitting proprietary information, with the results of a Human Rights Impact Assessment, examining General Dynamics' actual and potential human rights impacts associated with high-risk products and services, including those in conflict-affected areas and/or those violating international law.

**Whereas:** General Dynamics (GD) is exposed to significant actual and potential human rights risks. The use of its defense products and services may violate the rights to life, liberty, personal security, and privacy.

The UN Guiding Principles on Business and Human Rights (UNGPs) constitute the global authoritative framework outlining human rights responsibilities of states and businesses, and expectations are heightened for companies with business activities in conflict-affected and high-risk areas.<sup>1</sup> Companies' human rights responsibilities are independent of the state's export licensing determinations, as reiterated in a recent United Nations note.<sup>2</sup> GD's Human Rights policy is not aligned with the UNGPs, and investors lack evidence it is effectively implemented across business functions. Disclosure on human rights impact assessments and remedy is absent. An Amnesty International report found that GD is not meeting its human rights responsibilities.<sup>3</sup>

Insufficient human rights monitoring exposes GD and its investors to legal, financial, and reputational risks. A GD component was linked to a 2018 school bus bombing in Yemen, carried out by Saudi Arabia, which killed dozens of children and has been recognized as a war crime.<sup>4</sup> The company supplied weapons and munitions to Israel, which were reportedly used in attacks on Palestinian civilians that constitute human rights violations and war crimes.<sup>5</sup> Furthermore, GD has \$20.5 billion in nuclear weapons contracts,<sup>6</sup> which are illegal under international law.<sup>7</sup>

GD sells its products to authoritarian regimes through exports from countries such as Canada. In 2014, Canada awarded GD a \$13 billion fourteen-year contract to provide Saudi Arabia with military vehicles,<sup>8</sup> which has been heavily criticized for Canada's "flawed analysis of arm exports" and violation of the Arms Trade Treaty.<sup>9</sup> When Trudeau hinted at canceling the deal in 2018, GD warned "billions of dollars of liability" associated with cancellation of its contract.<sup>10</sup>

Failure to meet its human rights responsibilities exposes GD to divestment risk, as investments increase in Environmental, Social, and Governance funds, which may control one-third of global assets by 2025.<sup>11</sup> The Company additionally faces increasing regulatory and continuity risk as limits

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<sup>1</sup> [https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr\\_en.pdf](https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf)

<sup>2</sup> <https://www.ohchr.org/sites/default/files/2022-08/BHR-Arms-sector-info-note.pdf>

<sup>3</sup> <https://www.amnesty.org/en/documents/act30/0893/2019/en/>

<sup>4</sup> <https://www.hrw.org/news/2018/09/02/yemen-coalition-bus-bombing-apparent-war-crime#>

<sup>5</sup> <https://investigate.afsc.org/company/general-dynamics>

<sup>6</sup> <https://www.dontbankonthebomb.com/general-dynamics/#easy-footnote-bottom-4-738>

<sup>7</sup> [https://treaties.un.org/doc/Treaties/2017/07/20170707%2003-42%20PM/Ch\\_XXVI\\_9.pdf](https://treaties.un.org/doc/Treaties/2017/07/20170707%2003-42%20PM/Ch_XXVI_9.pdf)

<sup>8</sup> <https://www.reuters.com/article/us-general-dynamics-canada-saudi/general-dynamics-canada-wins-saudi-deal-worth-up-to-13-billion-idUSBREA1D1EF20140214>; <https://www.cbc.ca/news/politics/general-dynamics-canada-wins-10b-deal-with-saudi-arabia-1.2537934>

<sup>9</sup> [https://ploughshares.ca/wp-content/uploads/2021/08/NoCredibleEvidence\\_EN.pdf](https://ploughshares.ca/wp-content/uploads/2021/08/NoCredibleEvidence_EN.pdf)

<sup>10</sup> <https://www.reuters.com/article/us-saudi-khashoggi-canada/general-dynamics-warns-canada-canceling-saudi-deal-would-cost-billions-idUSKBN1OG28B>

<sup>11</sup> <https://www.bloomberg.com/company/press/esg-may-surpass-41-trillion-assets-in-2022-but-not-without-challenges-finds-bloomberg-intelligence/>; <https://www.bloomberg.com/opinion/articles/2022-03->

and bans to countries with poor human rights records are increasing, and expanded governmental oversight on customer end-use may limit or cancel existing or future contracts.<sup>12</sup> Additionally, exporting countries' human rights impacts determinations vary and may change over time. New guidance from the American Bar Association explains how a company's human rights risk assessment can reduce risks, including divestment, export bans, and civil liability.<sup>13</sup>

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[25/industrial-strength-defense-stocks-search-for-their-place-in-the-esg-universe-116s9bcq;](#)  
<https://weaponfreefunds.org/>

<sup>12</sup> <https://www.congress.gov/117/bills/hr7900/BILLS-117hr7900pcs.pdf>; <https://www.aa.com.tr/en/europe/eu-parliament-calls-for-ban-on-arms-sale-to-saudi-uae/2142020>;

<https://www.nytimes.com/2022/09/07/us/politics/biden-aid-yemen-saudi-arabia.html>

<sup>13</sup> [https://www.americanbar.org/content/dam/aba/administrative/human\\_rights/justice-defenders/chr-due-diligence-guidance-2022.pdf](https://www.americanbar.org/content/dam/aba/administrative/human_rights/justice-defenders/chr-due-diligence-guidance-2022.pdf)