



American Friends Service Committee

June 22nd, 2015

Dear Friends and Colleagues at the UCC General Synod;

To support your upcoming discussion of corporate complicity in the Israeli occupation at the UCC General Synod, we wanted to share with you some of the considerations used in developing our divestment list.

The American Friends Service Committee has recently put together an investment screening tool to help people of conscience scan their investments for specific corporate complicity, learn more about actions taken by other socially responsible investors around the world, and decide on their own ethical actions as shareholders. The tool can be accessed at www.afsc.org/investigate. We put a lot of effort in trying to make the information there as up to date as possible, and we welcome any corrections or suggestions.

We see our ethical investment work as a support for actions that appeal to conscience; actions that seek to raise awareness in those engaged or complicit in harmful practices of the impact of their actions. We view it as a way to keep us accountable to our values and actions that affirm our common humanity and that can bring change to improve respect for human rights.

Only a limited number of the companies mentioned on that database as complicit in human rights violations as part of the Israeli occupation are highlighted as recommended for divestment. They were identified through a process that considered the gravity of their direct and ongoing complicity, past and ongoing communication with these companies regarding concerns about their business practices, and the status of ongoing efforts to change these practices through shareholder activism and public campaigns. The list of companies we recommend for divestment can be viewed here:

<http://investigate.afsc.org/screens/afscdivestment>.

We try to track all information from the business media about these companies and carefully read these companies' own reports about their actions in Israel/ Palestine. Companies issue statements about future actions that may change based on changing business conditions, so we treat such statements as indications not facts. Once a company has actually stepped away fully from its complicity in these severe human rights violation, even if it has not acknowledged it publicly, we remove it from the divestment list. We check this with researchers on the ground, who sometimes conduct site visits as well as check the local subsidiaries' announcements in Hebrew.

The following includes some clarifications and updates about companies mentioned in the proposed resolution: "A CALL FOR THE UNITED CHURCH OF CHRIST TO TAKE ACTIONS TOWARD A JUST PEACE IN THE ISRAELI-PALESTINIAN CONFLICT." It is our hope that you would find these helpful in your discussion, promoting us all in the journey for truth, peace and justice.

Yours,

Dalit Baum
Director, Economic Activism



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Corporate involvement in human rights violations in Palestine/ Israel:

Updates from the 'Investigate' research project

Caterpillar Inc.

Read about the company's role in the occupation: <http://investigate.afsc.org/company/caterpillar-inc>. We recommend divestment from this company.

The Presbyterian Church (USA) and the United Methodist Church have engaged with Caterpillar for a decade now over its supply of tools to the Israeli military which have been consistently and systematically used in violations of human rights and in war crimes. From these [engagement reports](#) (as well as [j](#), [ii](#)) we can see that the company is fully aware of the extent of these violations and has been aware of them for a decade now. Human Rights Watch, Amnesty International and two UN Special Rapporteurs have appealed to the company to halt those sales. The company refuses to provide any information, take any responsibility or any mitigating action. Most recently, the company has refused to incorporate in its Human Rights policy any mention of the UN Guiding Principles on Business and Human Rights, which explicitly require companies to mitigate harm done by their products.

Caterpillar has been providing bulldozers and other tools directly to the Israeli military through the Foreign Military Sales program. This program allows companies to step away and not bid for some contracts.

Caterpillar Israel/ ITE of Zoko Enterprises is the sole representative of Caterpillar in Israel, and it is responsible for the maintenance and support for the military bulldozers even during military operations. According to the Israeli press (<http://www.haaretz.com/print-edition/news/idf-to-draft-civilians-to-maintain-bulldozers-in-battle-1.271852>), ITE staff is drafted to accompany Israeli soldiers to the battleground. The bulldozers are retrofitted and militarized in Israel by ITE in association with the Israeli Aerospace Industries. The same partnership also developed a new remote-controlled military Caterpillar D9, on top of a special D9 imported for this project. Unmanned D9 bulldozers were used by the Israeli military in the invasions of Lebanon and Gaza in the razing of entire civilian neighborhoods.

Most recently, numerous reports from last summer's invasion of Gaza, Operation Protective Edge, highlight the central role of Caterpillar D9 bulldozers in systematic attacks on civilians and civilian property. Dozens of Israeli soldiers' testimonies describe the same scenes of arbitrary destruction, flattening down whole neighborhoods, destroying farms and infrastructure. These attacks are conducted by a special unit of armored Caterpillar D9 and their operators.

<http://www.breakingthesilence.org.il/testimonies/database?tzuk=1&is=1&as1=bulldozer>



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Some quotes:

“By the time we got out of there, it was all like a sandbox. Every house we left – and we went through three or four houses – a D9 (armored bulldozer) came over and flattened it.”

*“Before we entered we saw orchards on a slope ... it’s very green. When we left after the operation, it was just a barren stretch of desert. Incredible... **What caused all the destruction?** Most of it was D9s (armored bulldozers). They just took down all the orchards. Not a single tree left. They worked on it for three weeks. When they didn’t have a specific job, they just went and flattened things. I don’t know what their specific order was, but they were on a deliberate mission to leave the area razed, flattened. **Houses, too?** Lots of houses. The D9s destroyed lots of houses.”*

“...And we knew that when we leave the neighborhood, it was clear to us that that the neighborhood was going to be flattened, because of its geographic location. We knew that we were entering a house and that we could be good kids, on our best behavior, but even then a D9 (armored bulldozer) would show up and flatten the house. We figured out pretty quick that every house we leave, a D9 shows up and razes it.

“...the D9 operators didn’t rest for a second. Nonstop, as if they were playing in a sandbox. Driving back and forth, back and forth, razing another house, another street. And at some point there was no trace left of that street. It was hard to imagine there even used to be a street there at all. It was like a sandbox, everything turned upside down. And they didn’t stop moving. Day and night, 24/7, they went back and forth, gathering up mounds, making embankments, flattening house after house.”

The same testimonies are celebrated in the Hebrew press: “We turned neighborhoods into sandboxes”, by Omri Ephraim, YNET July 29, 2014 (<http://www.ynet.co.il/articles/0,7340,L-4551533,00.html>).

We have no access to direct reports of Caterpillar or ITE contracts for the sale or maintenance of tools for the Israeli military. We have seen no public or private company announcements denouncing the use of these tools by the Israeli military, or announcing an end to these sales.

Motorola Solutions

Read about the company’s role in the occupation: <http://investigate.afsc.org/company/motorola-solutions-inc>. We recommend divestment from this company.

Faith investors have reached out to Motorola Solutions for several years now, receiving no information or indication that company might listen to their concerns (see the same engagement reports quoted above).



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Note that just last year, Motorola Solutions was awarded a 15-year contract to supply all of the Israeli security forces with a new encrypted smartphone which will be used as the primary combat communications and coordination tool, including features described in the military press such as “apps for air strikes” etc.

The area surveillance and control system, MotoEagle, is still being promoted by the company and sold specifically to illegal Israeli settlements across the occupied West Bank.

Hewlett-Packard Company

Read about the company’s role in the occupation: <http://investigate.afsc.org/company/hewlett-packard-company>. We recommend divestment from this company.

Remark: The company’s name is Hewlett-Packard Company and its ticker symbol is HPQ. “Hewlett Packard Development Company L.P.” is a subsidiary in the U.S. which does large printing and website IT, including HP’s own website, which might be a source of confusion.

Hewlett-Packard Company (HP) is a major contractor with all branches of the Israeli government, with many new contracts in the last 3 years, mostly awarded without a public tender. It is the main supplier of all computer hardware and specialized IT services to the Israeli military in all its branches and to the Israel Prison Service.

HP continues its activity in illegal Israeli settlements and its maintenance of the Basel system, specifically designed for Israeli military checkpoints. It manages the Israeli national population registry and most recently it was contracted to manage all aspects of the biometric ID project nation-wide. Just to clarify: that means that HP employees operate key parts of the system, contracts for information from this database are signed directly with HP, etc. This makes HP directly responsible for this ID system, which is organized by ethnicity and religion, restricts Palestinian movement and marks them for discriminatory treatment.

Like Caterpillar and Motorola Solutions, ethical investors have tried appealing to HP for some years now (see the same reports quoted above), without any positive result. For the third year in row now, the AFSC and a wide coalition [have approached the company](#) in its annual shareholder meeting asking CEO Meg Whitman to align corporate policies in Palestine with HP’s very commendable public commitment to human rights. We were not even granted a meeting.

Hewlett-Packard Company is to be split this year into two, fairly equal sized companies, **Hewlett-Packard Enterprise** and **HP Inc.**

HP Inc. is to be focused on the PC and printers business, including 3D printing. Hewlett-Packard Enterprise will focus on corporate computing, software, infrastructure and services as well as its finance division.



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The two companies will share the HP brand, and the leadership of the two companies will remain the same: CEO Meg Whitman will run the enterprise company and will be the chairperson of HP Inc, the PC and printing company. CFO Cathie Lesjak will remain with the enterprise company. Dion Weisler, the current head of the printing and personal systems group, will head up HP Inc.

Such a corporate split is a complex and slow process, and it is still unclear which of the two companies will be responsible for the different corporate subsidiaries, divisions and projects in Israel. We intend to continue following this process closely, update our database and assess our recommendations accordingly.

At the moment, is it reasonable to assume that all the ID and database projects as well as the military data virtualization projects would be the responsibility of Hewlett Packard Enterprise, while the supply of all PCs and laptops, printers and perhaps even servers to the Israeli army and Prison Authority will involve HP Inc. We assume that for the next 3-5 years, the two companies will coordinate closely on many of these projects, especially since the management and supply chains of the two companies are intertwined. In the future, as both companies continue to share the HP brand, we would expect each to take steps to mitigate the use of this brand in systematic human rights violations as part of the Israeli occupation.

G4S

Read about the company's role in the occupation: <http://investigate.afsc.org/company/g4s-plc>. We recommend divestment from this company.

Note that despite [the company's statements](#) following the public outcry at its shareholder meeting last year, we have seen no change on the ground in the presence of G4S technologies in Israeli military checkpoints and prisons. We are monitoring developments and if indeed within the next two years all of these contracts will come to an end, G4S will be removed from our lists.

Just this last March, the British Government-sponsored National Contact Point (NCP) for the OECD has published [its findings](#) about this British security firm, stating that G4S is currently violating three human rights obligations under the OECD Guidelines for Multinational Enterprises, arising from its involvement with Israel's human rights violations against Palestinians. It has found significant failures by G4S in its overarching obligations to 'respect human rights'; as well as the obligation to 'prevent or mitigate adverse human rights impacts that are directly linked to its business operations' in the region. This is a serious indictment of the human rights record of G4S.

The NCP has recommended G4S take the following actions to bring the British company into compliance with its human rights obligations under the OECD Guidelines:

1. Consider how to work with business partners in Israel to address the human rights violations referred to in the complaint;
2. Communicate to shareholders and business partners in Israel the actions it is taking;



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3. Implement a contract approvals process that includes assessment of human rights risks and application of mitigations.

Finally, we at the AFSC are working now on another screen for our "Investigate" investment screening tool, focusing on the main corporate culprits in the privatized prison industry in the U.S., and G4S is going to be on it as well: G4S is operating private prisons all around the world, including 27 private youth detention facilities across the U.S. It works alongside Homeland Security's Customs and Border Protection to detain and deport people across the U.S./Mexico border and transport ICE detainees to detention facilities throughout the country. This company is also the world's largest provider of "electronic monitoring services," including some of the infrastructure used to track and confine formerly incarcerated individuals in the United States.

Veolia Environnement

Read about the company's role in the occupation: <http://investigate.afsc.org/company/veolia-environnement>. We recommend divestment from this company.

The global campaign against the French multinational Veolia Environnement was launched in 2007, after the company was awarded the contract to operate the Jerusalem Light Rail project, an infrastructure project that connects Jerusalem with illegal Israeli settlements. The company also became a partner in the CityPass Consortium, which owns this project.

Veolia Environnement has since transferred all of its transportation business to a subsidiary company, [Transdev](#), which is an equal partnership with CDC, a French governmental financial organization. In this configuration, Veolia is still the operating partner and it continues to profit from the ongoing operation of this settlement project.

Following dozens of public campaigns all around the world, costing this company billions in lost contracts (see a partial list, leading up only to January 2014: <http://www.globalexchange.org/economicactivism/veolia/victories>), the company has announced its intent to sell its shares in CityPass and step out of the light rail operation contract. Its first announcement was in October 2010, and its most recent just this last September, but no such sale was ever completed and the company is still the sole operator of the Jerusalem Light Rail and a partner in the company that owned it.

As with the other companies, we are following developments closely, and if the company does indeed step out of this crucial settlement project, we will update our lists accordingly.

SodaStream International

Read about the company's role in the occupation: <http://investigate.afsc.org/company/sodastream-international-ltd>. We recommend divestment from this company.



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Last year, the company announced its plans to relocate its main production facility from the occupied Palestinian territories to a new factory in Lehavim, Israel. Reports on the ground verify that this move is indeed underway. However, the company still leases and uses the site in the settlement industrial zone of Mishor Edomim until the end of 2015. Once the company moves out completely, we will update our lists accordingly.

Ahava Dead Sea laboratories

Note that Ahava Dead Sea Laboratories is not publicly traded, so it is not included in our investment screening tool. Read about the company's role in the occupation:

<http://www.whoprofits.org/company/ahava-dead-sea-laboratories>

Earlier this month, [the company told reporters](#) it was "considering" moving its settlement-based production site into Israel, probably due to the expected change in EU regulations, requiring a clear labeling of all settlement products. Such a relocation, if indeed decided upon, would require a construction of an alternative factory, in a location yet unknown, and would take years.

It is important to note that beyond the clear violation of using Palestinian land appropriated by force to derive profits, Ahava also excavates Dead Sea mud from the occupied area for use in its products, in direct violation of the prohibition against pillage in international law. Finally, this company is controlled and 45% owned by Israeli settlements in the West Bank, and even if it moved its manufacturing line into Israel, any business dealing with this company would still directly benefit the economy of these illegal settlements.

Hadiklaim – Israel Date Growers Cooperative

Note that Hadiklaim is not publicly traded, so it is not included in our investment screening tool. Read about the company's role in the occupation: <http://www.whoprofits.org/company/hadiklaim-israel-date-growers-cooperative> and see also UK Corporate Watch:

<https://corporateoccupation.wordpress.com/2010/08/12/hadiklaim-in-the-jordan-valley/>

Hadiklaim is the largest exporter of dates from Israel, and it has been shown to export dates from Israeli settlements in the occupied Jordan Valley. Using the captured Palestinian resources of land and water, some of the date orchards in these settlements have been reported for exploiting Palestinian child labor, and not providing Palestinian workers with minimal wages or basic protections while working on their trees.

Note that the Who Profits page about this company was last updated in April 2014. We have no cause to think that Hadiklaim stopped exporting settlement dates, and consumers have no way of knowing where the dates have originated from, unless clear labeling would be imposed. In such cases that involve sourcing issues, especially when it pertains to food products, it is the obligation of the company to provide clear and precise information.