



December 30th, 2016

**AFSC's Recommendation regarding the implementation of Human Rights Council
Resolution 31/36**

We are pleased to submit our recommendations to Office of the High Commissioner for Human Rights following its Call for Submissions for the implementation of [Resolution 31/36](#) of the Human Rights Council of March 24th, 2016.

The following submission includes four parts: the first introduces our approach and our policies regarding corporate involvement in human rights violations and violations of international law as part of the Israeli occupation; the second introduces our Investigate database of companies and its methodology; the third is an index of all companies listed by our database, organized by the types of relevant activities, and the fourth is an addition to the database of four new companies.

1. The AFSC: who we are

The American Friends Service Committee (AFSC) is a non-profit Quaker organization that promotes lasting peace with justice, as a practical expression of faith in action. Drawing on continuing spiritual insights and working with people of many backgrounds, we nurture the seeds of change and respect for human life that transform social relations and systems.

We have nearly a century of experience building peace in communities worldwide. Founded in the crucible of World War I by Quakers who aimed to serve both humanity and country while being faithful to their commitment to nonviolence, AFSC has worked throughout the world in conflict zones, in areas affected by natural disasters, and in oppressed communities to address the root causes of war and violence. Today we work in sixteen countries around the world and have offices in 37 cities around the United States. AFSC's offices work to transform and end conflict, build just economies, facilitate restorative justice processes, challenge racism and prejudice, achieve just immigration policies, and otherwise support efforts to realize peace with justice.

AFSC has worked in Israel, the West Bank, and Gaza since 1949. In 1948 AFSC was asked by the United Nations to provide assistance to those displaced as a result of the 1948 War that established the State of Israel. AFSC began providing assistance in response to this request in early 1949. After the end of the 1948 War, AFSC continued programmatic work with the aim of meeting people's needs, reducing suffering, and helping to resolve conflicts in Israel, the West Bank, and Gaza. Since 1970 we have had a continuous presence through offices and programs in Israel, Gaza and the West Bank (including East Jerusalem). We currently maintain offices in Jerusalem and Gaza and works in direct partnership with both Israelis and Palestinians who are seeking a future free from conflict.

The principles that guide AFSC's work in this area are outlined in the document "Principles for a Just and Lasting Peace between Palestinians and Israelis" which was first approved by AFSC's board of directors in 1999 and updated in 2011. That document, which is available at <http://afsc.org/document/principles-just-and-lasting-peace-between-palestinians-and-israelis>, starts:

"From its beginnings in 1917, the American Friends Service Committee has sought to repair the destruction caused by war and violence by relieving and healing its victims. The AFSC has sought to respond to suffering whether it is caused by direct human actions or by oppressive structures that human beings have created. When peacebuilding through humanitarian aid has led the AFSC to enter the political arena, the AFSC, in its support for peacemaking, has sought reconciliation between antagonists, endeavoring to help create the conditions of genuine peace that are based upon the preservation of basic human rights and the restoration of justice. In its role as peacemaker as well as peacebuilder, the AFSC has operated from a nonviolent ethic of care that acknowledges and embraces the humanity on all sides of those in conflict.

The AFSC has approached its work from a spirit of love, but an equally strong motivation for its work has been its commitment to truth. Indeed, only after there is truth can we begin the task of serving justice as well as love. Only after parties in conflict can believe in the possibilities of justice can there be hope for reconciliation. The AFSC believes that in speaking truth, in struggling for justice, and in exhibiting compassion, the organization may help reshape the ways human beings speak about and think about peace and how they act upon those words and thoughts.

The AFSC's long experience in the Middle East, reaching back to the end of World War II, convinces us that looking at issues of war and peace from an ethical and religious perspective can be useful and timely. The AFSC believes that focusing on the precious humanity of those in conflict with one another will open new ways for considering how peace might be achieved and sustained. The Middle East policy of the United States and most of the rest of the Western world, as well as the policy of the Israelis and Palestinians, has for too long accepted the myth that only violence and the threat of violence can produce stability and create peace. The reality is that violence has not brought peace, and the threat of violence has only exacerbated the conflicts.

By definition, the peace for which the AFSC is working will be not merely the absence of war, but the presence of justice - justice between nations, and within nations as well."

It is within the context of AFSC's long work in Israel and the occupied Palestinian territory that the organization began considering its response to the 2006 request by AFSC staff in Israel, Palestine, and the United States to align our investments with our

commitment to peace and justice in Israel and Palestine by ensuring that no AFSC funds were invested in “companies that profit from the violence occurring daily in Israel and Palestine.” The AFSC Board spent two years considering this request until in 2008 consensus was reached regarding the adoption of an Israel-Palestine screen.

That screen states:

“Investments should not be made in any company that provides products or services, including financial services, to Israeli government or military bodies that are used to facilitate or undertake violent acts against civilians or violations of international law, or to Israeli or Palestinian organizations or groups that are used to facilitate or undertake violent acts against civilians or violations of international law. For the purposes of this investment screen this would include companies that:

1. Provide products or services that contribute to violent acts that target either Israeli or Palestinian civilians;
2. Provide products or services that contribute to the maintenance of the Israeli military occupation of Gaza and the West Bank, including East Jerusalem;
3. Provide products or services that contribute to the maintenance and expansion of Israeli settlements in the occupied Palestinian territories;
4. Establish facilities or operations in Israeli settlements in the occupied Palestinian territories;
5. Provide products or services that contribute to the maintenance and construction of the Separation Wall.”

This investment screen complimented existing AFSC investment screens that prohibit investment in arms manufacturers, tobacco companies, alcohol companies, the prison industry, and nuclear power providers among others.

As a result of the adoption of this Israel-Palestine investment screen, AFSC divested from Hewlett Packard because of its involvement in the Israeli occupation and excluded other companies from future investment.

In 2014, AFSC started the Economic Activism Program, which promotes corporate social responsibility initiatives on human rights issues such as war and occupation, incarceration and deportations through strategic support, education and training, the sharing of information and the development of tools. In the same year we launched the Investigate database (www.afsc.org/investigate) as a tool for responsible investors on these issues, based on in-house research and expertise.

2. The Investigate Database

The Investigate database and investment screening tool (www.afsc.org/investigate) focuses on corporate involvement in two main sections: The Israeli occupation of the West Bank (including East Jerusalem), the Golan Heights and the Gaza strip; and incarceration industry of the United States. We plan to further expand this database to more issues of AFSC's concerns such as the businesses involved in the detention of migrants and weaponry. The section about the Israeli occupation is also divided into two screens, or categories: 'Military' and 'Occupation.' The Military screen lists the main publicly-traded providers of weapons systems systematically used in war crimes against civilians in Israel/ Palestine. The Occupation screen lists publicly-traded companies involved in violations of human rights and international humanitarian law as part of the Israeli occupation.

In section 3 below, we provide an index of companies on our Occupation screen that are involved, to the best of our knowledge, in one or more of the explicit activities listed in paragraph 96 of [the report](#) of the independent international fact-finding mission to investigate the implications of the Israeli settlements. For each of these we provide the list of such explicit activities.

Some methodological considerations:

2.1 The Investigate Occupation Screen vis-à-vis Who Profits

The main source of information for our Occupation screen is the Who Profits database (www.whoprofits.org). Who Profits is an independent Israeli research center, located in Tel Aviv, which has been documenting corporate involvement in specific Israeli occupation projects and in the settlements since 2007. Despite AFSC's reliance on that database, all information is incorporated into the Investigate database after a careful examination of the evidence. Furthermore, there are some differences between the two databases:

- 2.1.1 Investigate is an investment tool, written for investors, so it only lists publicly traded companies. Companies listed on any stock exchange may be listed. If Who Profits lists a subsidiary of a publicly traded company, Investigate would list the parent company alone.
- 2.1.2 Investigate quotes and at times modifies the "involvement" field from Who Profits, but refers back to Who Profits for more information about ownership or sales.
- 2.1.3 Investigate has expanded the Who Profits database to include the main suppliers of weaponry routinely used in attacks on civilians of both sides (the 'Military' screen). As a result, some of the profiles of Who Profits companies were expanded to include information about military suppliers.
- 2.1.4 Similarly, some of the profiles of Who Profits companies were expanded to include information about their involvement in other violations of human rights

- around the world or other forms of violence and repression such as involvement in the prison industry, electronic monitoring and migrant detention.
- 2.1.5 Each company profile on Investigate includes a section on “Economic Activism Highlights,” listing major investor and consumer actions targeting that company on these issues, ranging from investor engagement to divestment or boycotts.
- 2.1.6 Because AFSC and Who Profits have different schedules for updates, the two databases might have other discrepancies. The Investigate database is current with Who Profits up to and including September 2016, with several of the profiles updated independently by Investigate.
- 2.1.7 Investigate keeps a record of the sources for our independent additions and updates to the Who Profits database, but does not duplicate the archive of sources for the Who Profits information on Investigate.

2.2 Availability of primary sources

- 2.2.1 The main available primary sources are:
- (i) Site visits: Who Profits and other researchers on the ground have conducted regular visits to settlement industrial zones, settlements, military checkpoints, Palestinian towns and villages and other sites. The business activity is recorded and then interpreted using other sources. Notably, this is the best way to track production sites and factories in the settlement industrial zones. Site visits are not as effective in identifying businesses involved in settlement construction projects, and even less so in tracking other services to settlements and checkpoints.
 - (ii) Official documents, ranging from companies’ registration records to stock exchange reports, from documented public transactions to state responses to Freedom of Information Act requests.
 - (iii) The companies’ own publications and notifications, including through the financial press.
- 2.2.2 Almost all of the information about business with the Israeli military (which manages the civil administration in the West Bank) is unavailable to the public. Moreover, entire projects and types of corporate activities remain hidden from the public view for years. As a rule, companies do not report on their business activities with settlements. The information on our database reflects the exception to this rule, and should be viewed therefore as incomplete and sometimes non-indicative.
- 2.2.3 For the creation of the UNHCHR database, it is crucial to take into account, from the onset, the difficulties that we as civil society face in obtaining information about corporate activities in the occupied territories. The information submitted here and by other civil society organizations should be treated as the first step only, and used by the UNHCHR to engage with the companies mentioned to demand full public transparency about the full range of their operations that might fall under one or more of the activities listed in paragraph 96 of the fact-finding mission report.

2.3 Considerations in Rating the Severity of Corporate Involvement

The Investigate database lists the specifics of corporate involvement in violations of human rights and international law in the hope of exposing these to wider public scrutiny and creating a change in corporate behavior. Of the listed securities, some are further highlighted as targets for divestment. This makes the database two-tiered: companies are first assessed for inclusion in the database, and then assessed a second time for inclusion in the divestment list. This rating of corporate involvement is based on an assessment of three aspects: *significance*, *continuity*, and *responsiveness*:

2.3.1 *Significance* relates both to the severity of the violation and to the nature of the corporate contribution. Significant contribution is assessed on a case by case basis, and would include, for example, the supply of specifically designed equipment and services crucial for those violations. For example, even though an internet service is not as crucial for the continuation and expansion of a settlement as the supply of food, usually food providers have distribution contracts with supermarkets chains across the country, and not with specific settlements. Building an internet network for a settlement, on the other hand, is a localized infrastructure project, contracted with the settlements and making use of illegally-obtained settlement land and resources.

2.3.2 When measuring *significance*, there should not be any materiality threshold. In other words, large companies whose exposure to the violation is comparatively small would be still included. To begin with, Israel/ Palestine is a very small market, and the companies targeted are usually mid- to large cap multinationals. We consider the severity and controversy around these violations to far exceed their monetary value to the companies involved. A materiality threshold is relevant in determining the limits of divestment from entire industries, such as tobacco or fossil fuels, but it is counter-productive in human rights screens designed to influence corporate behavior, since companies with a smaller exposure to these violations should be expected to drop them sooner.

2.3.3 *Continuity*: How long has the company been involved in these activities? Was this involvement sporadic or regular? Has it been more than one contract? Is it current? The AFSC closely monitors changes in corporate involvement, including planned changes in corporate structure, new and expired contracts, products and services, and even changes in the code of conduct or ethical policy, and the companies' statements.

2.3.4 *Responsiveness*: The company's responsiveness to multi-stakeholder engagement is measured on a case by case basis. All companies listed on the Investigate website have a full knowledge of the impact of their actions, and their responsiveness is assessed by monitoring dialogue efforts of the human rights community, U.N. bodies and Business and Human Rights mechanisms, Palestinian and Israeli civil society as well as sister faith and ethical investors and by tracking any changes in corporate policies and behavior on the ground.

2.3.5 When measuring responsiveness, the AFSC rarely engage with the companies directly. As a United States-based organization, and in line with the AFSC values and the U.N. Guiding Principles on Business and Human Rights, we want to center the voices of the communities most impacted by these human rights violations, as represented by civil society in Israel/ Palestine, our allies and staff in the region, and human rights organizations in the region and internationally. We would engage with companies whenever feasible and useful, and participate in other dialogue initiatives through our networks, but we see ourselves as part of a global effort to create new human rights standards for corporations in such conflict areas, where our role is more about collecting information and educating the public.

2.3.6 AFSC's policy responds to violations by both sides: we refrain from investment in any company that provides products or services to Israeli or Palestinian military bodies, organizations or groups that are used to facilitate or undertake violent acts against civilians or violations of international humanitarian law. However, Investigate focuses only on corporate involvement in Israeli violations. This evident asymmetry is a consequence of the asymmetry of this conflict. The provision of any form of support to a Palestinian armed group or political party is illegal under U.S. anti-terrorism laws. In other words, existing legal structures enforce strict sanctions and prevent meaningful involvement of public corporations in Palestinian violations.

2.3.7 Several providers of corporate information and ratings are routinely used by the socially responsible investment industry to assess business exposure to human rights risks around the world. Conspicuously, almost all of these providers have completely ignored or downplayed risks associated with Israeli settlements and the occupied Palestinian territory. This should be taken into consideration when assessing publicly available information as well as corporate responsiveness. Our own research and screening tool project is meant to try and bridge this gap, on Israel-Palestine as well as other issues of our concern.

2.4 Our Divestment Recommendation

2.4.1 Of about 100 publicly-traded companies we list on our Investigate occupation screen, only about 19 are listed as targets for divestment based on their business activities with settlements or in the construction of the separation barrier on the West Bank. (See: <http://investigate.afsc.org/screens/afscdivestment>). This short list is not a "black list" or even a boycott list, it is merely the companies with a significant continuous involvement in these violations of international law, which have proven to be unresponsive so far to investor engagement. Responsible investors are asked to step away from investment in these companies using normal ESG integration criteria.

2.4.2 Over the course of the last several years, a host of large corporations were taken off the AFSC divestment list or altogether from the Investigate database, after these have changed their activities on the ground (See for example: [CRH](#), [SodaStream](#), [Veolia Environnement](#), preceded by [Unilever](#), [Assa Abloy](#), and the privately owned companies

[Keter Plastic](#) and [Barkan Wineries](#)). Other companies which have changed or announced an upcoming change in their West Bank business operations, remain under close observation: [HP Inc.](#), [G4S](#), [Orange](#), [Caterpillar](#), [Cemex](#) and [Ahava](#).

2.4.3 Once exposed and confronted with the potential controversy and reputational and regulatory risks, most companies try to step away from all business involvement in the settlement industry. The AFSC divestment list is not designed to grow, but to dissipate: our hope is for all publicly-traded non-military suppliers to leave this controversial business activity, and for companies and investors to establish a new standard for business respect for human rights in Israel/ Palestine.

3. An Index for the Investigate Database

The following is an index for the Investigate Occupation Screen, listing for each company the specific activities as mentioned in paragraph 96 of the report of the independent international fact-finding mission to investigate the implications of the Israeli settlements on the civil, political, economic, social and cultural rights of the Palestinian people throughout the occupied Palestinian territory, including East Jerusalem [[A/HRC/22/63](#)]. Here are the specific activities listed in the report, numbered:

- 1** The supply of equipment and materials facilitating the construction and the expansion of settlements and the wall, and associated infrastructures
- 2** The supply of surveillance and identification equipment for settlements, the wall and checkpoints directly linked with settlements
- 3** The supply of equipment for the demolition of housing and property, the destruction of agricultural farms, greenhouses, olives groves and crops
- 4** The supply of security services, equipment and materials to enterprises operating in settlements
- 5** The provision of services and utilities supporting the maintenance and existence of settlements, including transport
- 6** Banking and financial operations helping to develop, expand or maintain settlements and their activities, including loans for housing and the development of businesses
- 7** The use of natural resources, in particular water and land, for business purposes
- 8** Pollution, and the dumping of waste in or its transfer to Palestinian villages
- 9** Captivity of the Palestinian financial and economic markets, as well as practices that disadvantage Palestinian enterprises, including through restrictions on movement, administrative and legal constraints
- 10** Use of benefits and reinvestments of enterprises owned totally or partially by settlers for developing, expanding and maintaining the settlements

<u>Company Name</u>	<u>Description of Involvement</u>	<u>Activities</u>	<u>Recommendation</u>
Ace AutoDepot Ltd.	http://investigate.afsc.org/company/ace-autodepot-ltd	7, 10	
Afcon Holdings Ltd.	http://investigate.afsc.org/company/afcon-holdings-ltd	2	
Africa Israel Group	http://investigate.afsc.org/company/africa-israel-group	1, 2, 7, 9, 10	divestment
Albar	http://investigate.afsc.org/company/albar	7, 10	
Alon Group	http://investigate.afsc.org/company/alon-group	5, 7, 9, 10	
Alstom SA	http://investigate.afsc.org/company/alstom-sa	5	
American Science & Engineering, Inc.	http://investigate.afsc.org/company/american-science-engineering-inc	2	
Amir Marketing and Investment in Agriculture Ltd.	http://investigate.afsc.org/company/amir-marketing-and-investment-agriculture-ltd	5,7	
Amos Hadar Properties and Investments Ltd.	http://investigate.afsc.org/company/amos-hadar-properties-and-investments-ltd	1, 7, 10	
Angel Bakeries	http://investigate.afsc.org/company/angel-bakeries	7, 10	
Arotech Corporation	http://investigate.afsc.org/company/arotech-corporation	2	
Artivision Technologies Ltd.	http://investigate.afsc.org/company/artivision-technologies-ltd	2	
Ashdar Building Company Ltd.	http://investigate.afsc.org/company/ashdar-building-company-ltd	1	
Ashlad Ltd.	http://investigate.afsc.org/company/ashlad-ltd	5, 10	
Ashtrom Group	http://investigate.afsc.org/company/ashtrom-group	1, 2, 5, 7, 10	
Atlas Copco	http://investigate.afsc.org/company/atlas-copco	5	
Avgol Industries Ltd.	http://investigate.afsc.org/company/avgol-industries-ltd	7, 8, 10	
B. Gaon Holdings Ltd.	http://investigate.afsc.org/company/b-gaon-holdings-ltd	5, 7, 10	
B. Yair Building Corporation Ltd.	http://investigate.afsc.org/company/b-yair-building-corporation-ltd	1	
Bank Hapoalim B.M.	http://investigate.afsc.org/company/bank-hapoalim-bm	6, 7, 10	divestment
Bank Leumi	http://investigate.afsc.org/company/bank-leumi	6, 7, 10	divestment
Bank of Jerusalem, Ltd.	http://investigate.afsc.org/company/bank-jerusalem-ltd	6, 7, 10	
Baran Group Ltd.	http://investigate.afsc.org/company/baran-group-ltd	1	

<u>Company Name</u>	<u>Description of Involvement</u>	<u>Activities</u>	<u>Recommendation</u>
Bezeq The Israeli Telecommunication Corporation Ltd.	http://investigate.afsc.org/company/bezeq-israeli-telecommunication-corporation-ltd	2, 5, 7, 9	
Brand Industries Ltd.	http://investigate.afsc.org/company/brand-group-ltd	2, 7, 10	
C Mer Industries Ltd	http://investigate.afsc.org/company/c-mer-industries-ltd	2, 4	
Cambridge Capital Acquisition Corporation	http://investigate.afsc.org/company/cambridge-capital-acquisition-corporation	7, 10	divestment
Capital Point Ltd	http://investigate.afsc.org/company/capital-point-ltd	7, 10	
Carmel Holdings (I.L.) Ltd.	http://investigate.afsc.org/company/carmel-holdings-il-ltd	7, 8, 10	
Castro Model Ltd.	http://investigate.afsc.org/company/castro-model-ltd	7, 10	
Caterpillar Inc.	http://investigate.afsc.org/company/caterpillar-inc ; http://investigate.afsc.org/sites/default/files/attachment/Updates%20for%20UCC-2.pdf	1, 3	divestment
Cellcom Israel Ltd.	http://investigate.afsc.org/company/cellcom-israel-ltd	5, 7, 9, 10	divestment
Cemex SAB de CV	http://investigate.afsc.org/company/cemex-sab-de-cv	1, 7, 10	divestment
Clal Industries and Investments Ltd.	http://investigate.afsc.org/company/clal-industries-and-investments-ltd	1, 7, 10	
CNH Industrial N.V.	http://investigate.afsc.org/company/cnh-industrial-nv	1, 3	
Commax Co., Ltd.	http://investigate.afsc.org/company/commax-co-ltd	2, 4	
D. Rotshtein Real Estate Ltd.	http://investigate.afsc.org/company/d-rotshtein-real-estate-ltd	1	
Danya Cebus Ltd.	http://investigate.afsc.org/company/danya-cebus-ltd	1	divestment
Delek Group Ltd.	http://investigate.afsc.org/company/delek-group-ltd	1, 5, 7, 9, 10	
Delta Galil Industries Ltd.	http://investigate.afsc.org/company/delta-galil-industries-ltd	7, 10	
Dexia Group	http://investigate.afsc.org/company/dexia-group	6	divestment
Digal Investments and Holdings Ltd	http://investigate.afsc.org/company/digal-investments-and-holdings-ltd	1	
Doosan Infracore Co Ltd	http://investigate.afsc.org/company/doosan-infracore-co-ltd	1, 3	

<u>Company Name</u>	<u>Description of Involvement</u>	<u>Activities</u>	<u>Recommendation</u>
Dor Alon Energy in Israel Ltd.	http://investigate.afsc.org/company/dor-alon-energy-israel-ltd	5, 7, 9, 10	
Eden Springs	http://investigate.afsc.org/company/eden-springs	7, 10	
Elbit Systems Ltd.	http://investigate.afsc.org/company/elbit-systems-ltd	2	divestment
Electra Ltd.	http://investigate.afsc.org/company/electra-ltd	1, 5, 7, 10	
Export Investment Company Ltd.	http://investigate.afsc.org/company/export-investment-company-ltd	6, 7, 10	
First International Bank of Israel Ltd.	http://investigate.afsc.org/company/first-international-bank-israel-ltd	6, 7, 10	divestment
Formula Systems (1985) Ltd.	http://investigate.afsc.org/company/formula-systems-1985-ltd	7, 10	
Ahava Dead Sea Laboratories, owned by Fosun International Ltd.	http://www.whoprofits.org/content/israeli-exploitation-palestinian-natural-resources-part-iv-ahava ; http://investigate.afsc.org/sites/default/files/attachment/Updates%20for%20UCC-2.pdf ; http://www.wsj.com/articles/fosun-to-buy-israeli-skin-care-company-ahava-1460101895 ;	7, 10	(New addition since the purchase of Ahava)
G4S plc, FIMI Opportunity Funds	http://investigate.afsc.org/company/g4s-plc ; http://investigate.afsc.org/sites/default/files/attachment/Updates%20for%20UCC-2.pdf ; http://www.g4s.com/en/Investors/News%20and%20Presentations/Regulatory%20Announcements/2016/12/02/Agreement%20reached%20on%20sale%20of%20G4S%20Israel/	2, 4	divestment
General Mills, Inc.	http://investigate.afsc.org/company/general-mills-inc	7, 10	
Genie Energy Ltd.	http://investigate.afsc.org/company/genie-energy-ltd	7	
Gilat Satellite Networks Ltd.	http://investigate.afsc.org/company/gilat-satellite-networks-ltd	2	
Hadiklaim Israel Date Growers Cooperative Ltd (a cooperative).	http://investigate.afsc.org/sites/default/files/attachment/Updates%20for%20UCC-2.pdf	5, 7, 9, 10	

<u>Company Name</u>	<u>Description of Involvement</u>	<u>Activities</u>	<u>Recommendation</u>
Hamat Group Ltd.	http://investigate.afsc.org/company/hamat-group-ltd	7, 10	
Hertz Global Holdings, Inc.	http://investigate.afsc.org/company/hertz-global-holdings-inc	7, 10	
Hitachi Ltd	http://investigate.afsc.org/company/hitachi-ltd ; http://investigate.afsc.org/sites/default/files/attachment/Updates%20for%20UCC-2.pdf	3	
Hot Telecommunication Systems Ltd.	http://investigate.afsc.org/company/hot-telecommunication-systems-ltd	2, 5, 7, 9, 10	
Hyundai Heavy Industries	http://investigate.afsc.org/company/hyundai-heavy-industries	1, 3	
Industrial Building Corporation Ltd.	http://investigate.afsc.org/company/industrial-building-corporation-ltd	7, 10	
Israel Discount Bank Ltd.	http://investigate.afsc.org/company/israel-discount-bank-ltd	6, 7, 10	divestment
Jerusalem Economy Ltd.	http://investigate.afsc.org/company/jerusalem-economy-ltd	7, 10	
Kardan NV	http://investigate.afsc.org/company/kardan-nv	5, 7, 8	
L-3 Communications Holdings, Inc.	http://investigate.afsc.org/company/l-3-communications-holdings-inc	2	
LRAD Corp	http://investigate.afsc.org/company/lrad-corp	2	
Magal Security Systems Ltd.	http://investigate.afsc.org/company/magal-security-systems-ltd	2, 4	divestment
Malam-Team Ltd.	http://investigate.afsc.org/company/malam-team-ltd	2, 7, 10	
Man Group	http://investigate.afsc.org/company/man-group	2	
Manitou BF SA	http://investigate.afsc.org/company/manitou-bf-sa	1	
Matrix IT Ltd.	http://investigate.afsc.org/company/matrix-it-ltd	7, 10	
Mehadrin Ltd.	http://investigate.afsc.org/company/mehadrin-ltd	5, 7, 9, 10	
Meshulam Levinstein Group Contracting and Engineering Ltd.	http://investigate.afsc.org/company/meshulam-levinstein-group-contracting-and-engineering-ltd	1	
Minrav Holdings Ltd.	http://investigate.afsc.org/company/minrav-holdings-ltd	1, 5, 7, 8	

<u>Company Name</u>	<u>Description of Involvement</u>	<u>Activities</u>	<u>Recommendation</u>
Mizrahi Tefahot Bank Ltd.	http://investigate.afsc.org/company/mizrahi-tefahot-bank-ltd	6, 7, 10	divestment
Mordechai Aviv Taasiot Beniyah Ltd.	http://investigate.afsc.org/company/mordechai-aviv-taasiot-beniyah-ltd	1, 7, 10	
Motorola Solutions Inc.	http://investigate.afsc.org/company/motorola-solutions-inc ; http://investigate.afsc.org/sites/default/files/attachment/Updates%20for%20UCC-2.pdf	2, 4, 5	divestment
One Software Technologies Ltd	http://investigate.afsc.org/company/one-software-technologies-ltd	7, 10	
Orad Ltd.	http://investigate.afsc.org/company/orad-ltd	1, 2, 4	
OSI Systems, Ltd.	http://investigate.afsc.org/company/osi-systems-ltd	2	
Partner Communications Company Ltd.	http://investigate.afsc.org/company/partner-communications-company-ltd	1, 5, 7, 9	
Paz Oil Company Ltd.	http://investigate.afsc.org/company/paz-oil-company-ltd	5, 9	
Rami Levy Chain Stores Hashikma Marketing 2006	http://investigate.afsc.org/company/rami-levy-chain-stores-hashikma-marketing-2006	1, 5, 7, 10	
RE/MAX Holdings Inc	http://investigate.afsc.org/company/remax-holdings-inc	5	
Shikun uBinui Ltd.	http://investigate.afsc.org/company/shikun-ubinui-ltd	1, 7, 10	divestment
Shufersal Ltd.	http://investigate.afsc.org/company/shufersal-ltd	5, 7, 10	
Siemens AG	http://investigate.afsc.org/company/siemens-ag	1	
Sonol Israel Ltd	http://investigate.afsc.org/company/sonol-israel-ltd	5, 7, 10	
Terex Corporation	http://investigate.afsc.org/company/terex-corporation	1, 3	
Villar International Ltd.	http://investigate.afsc.org/company/villar-international-ltd	7, 10	
Volvo Group	http://investigate.afsc.org/company/volvo-group	1, 3, 10	
Y.H. Dimri Building and Development Ltd.	http://investigate.afsc.org/company/yh-dimri-building-and-development-ltd	1	
ZMH Hammerman Ltd.	http://investigate.afsc.org/company/zmh-hammerman-ltd	1	

4. Four New Companies: Hewlett Packard Enterprise, HP Inc., Computer Sciences Corporation and Micro Focus

As the four companies described below are the result of current and upcoming structural changes of Hewlett-Packard Co., they do not appear yet on our database as separate entries. Hewlett-Packard Co. has been shown to be participating for over a decade now in several of the settlement-related activities as listed in paragraph 96 of the fact finding mission report [[A/HRC/22/63](#)]:

4.1 Hewlett-Packard Co. (HP):

4.1.1 Activities type 2: The supply of surveillance and identification equipment for settlements, the wall and checkpoints directly linked with settlements; Activities type 9: Captivity of the Palestinian financial and economic markets, as well as practices that disadvantage Palestinian enterprises, including through restrictions on movement, administrative and legal constraints.

Starting in 2004, Israeli authorities has implemented the first phase of “the Basel System” (Hebrew acronym for “Biometric Identification for Checkpoints”) in West Bank checkpoints, by issuing a biometric “magnetic card” to Palestinian West Bank residents, which includes back of the hand scans. Military checkpoints were equipped with very distinctive associated technologies. The system was first planned as a work permit system, but starting at 2007 it was gradually expanded to all checkpoints and to all Palestinian residents to help centralize the monitoring of all civilian movements (excluding Israeli settlers) throughout the West Bank. In 2012 a new centralized information system was set in place, called “Rolling Stone,” which combined information from Basel as well as other detection systems. One of the explicit goals of this system was to restrict all Palestinian movement, to differentiate between Palestinian residents and Israeli settlers and divert Palestinians from settlement areas.

HP Enterprise Services, formerly EDS Israel, has provided the Israeli ministry of defense with the Basel System. The original contract with EDS has included the development, installation, maintenance and on-going field support for the system, and maintenance for the system is on-going by HP Enterprise Services to this day.

Who Profits publications: In 2012, Who Profits has published a comprehensive report about the Basel system and the different contracts with HP, listing official documents tracking these contracts (see [here](#)). Since then, Who Profits has collected responses by the Israeli Ministry of Defense to annual Freedom of Information Requests showing that the company’s involvement in maintaining the Basel system is ongoing.

Additional Information sources: The development and contracting of this system with EDS were reported in dozens of Israeli news reports over the years (see for example: [Globes article from 2004](#), or [Ha’aretz article from 2007](#)). Many of these depend on the official statements by the IDF Spokesperson Unit (see for example - <http://www.idf.il/1133-16835-he/Dover.aspx>). AFSC staff has conducted several tours to military checkpoints and took pictures of the distinctive Basel scanners, as have

volunteers with the group MachsomWatch (also known as CheckpointWatch) who have filed reports over the years describing this system's operation (see for example: <https://machsomwatch.org/he/node/25999>). At times, a revealing interview would pop up, like one with Col. Benny Shick of the IDF, in which he described the development of the biometric systems specifically as dealing with the challenge of "separating the populations" in areas cohabited by Palestinians and Israeli settlers. (See this interview in [a paper](#) submitted to the National Security Academy in Israel in 2010).

4.1.2 Activities of type 2: The supply of surveillance and identification equipment for settlements, the wall and checkpoints directly linked with settlements; Activities of type 5: The provision of services and utilities supporting the maintenance and existence of settlements, including transport

In 2002, the State of Israel announced the new "Smart City" project, connecting cities to the internet and computerizing all municipal data and services. The settlement city of Ariel was selected as the first city for a "Smart City" or "Safe City" pilot project, with implementation starting in 2006. The project started with a wireless internet system, consolidating information from surveillance cameras, sensors and gates, as well as new GIS and ERP systems, offering residents free Wi-Fi and online municipal services. In 2008, HP was contracted to design a solution for the consolidation, storage and management of this data, and supply the city of Ariel with servers and maintenance.

It is most revealing to see how in a brochure about this project, produced by the company itself as a case study (see [here](#)), the settlement city of Ariel is described as "the capital of Samaria...located in the heart of Israel, 40 km (25 miles) east of Tel Aviv, 40 km west of the Jordan River and 60 km north of Jerusalem" (a map of greater Israel is added as illustration). In another place on the same brochure, the city is said to be a "long-time HP costumer," and the solution to the city's needs as crucial for fast "disaster recovery".

4.1.3 Activities type 7: The use of natural resources, in particular water and land, for business purposes; type 10: Use of benefits and reinvestments of enterprises owned totally or partially by settlers for developing, expanding and maintaining the settlements.

The Enterprise Services unit of HP Israel has operated a software development center in the settlement city of Beitar Illit since 2006 (when it was still EDS). The center used to be in a facility belonging to the Beitar Illit municipality and in January 2012 [HP expanded it](#) and using a three-year grant from the Ministry of Trade and Industry for hundreds of thousands of NIS a year, built a new structure [in the new "Arava" industrial center](#) in the settlement.

The Israeli IT company Matrix IT has two subsidiaries, Matrix Testing and Automation (formerly Tact Testware) and Matrix Global with [a large presence](#) in the settlement city of Modi'in Illit, employing hundreds of settlers as software testers, and, according to company officials, "revolutionizing the welfare of the city". HP is listed as one of the

main partners for both subsidiaries, and [one of the main clients](#) for this outsourcing (near-shoring) solution. According to Matrix IT's [website](#), The Matrix integration and infrastructures division has been a partner and distributor of Compaq HP equipment since 1992 and is now prominent as one of the biggest partners in hardware and services. The division's technicians and sales people have been certified by HP in order to supply professional services all over Israel. The Matrix training division is the official training supplier of HP Software in Israel and a leading training supplier of the HP infrastructures division.

Additionally, Tact has a strategic cooperation with HP Software for selling licenses and additional value services for HP Software tools in testing and automation.

4.1.4 Activities of type 5: The provision of services and utilities supporting the maintenance and existence of settlements, including transport; Activities type 9: Captivity of the Palestinian financial and economic markets, as well as practices that disadvantage Palestinian enterprises, including through restrictions on movement, administrative and legal constraints

The operations and management of the Israeli population registry and national ID system (Aviv) system has been outsourced to HP Israel by the Israeli Ministry of Interior Affairs since 1993. This is the population registry for Israeli citizens, as well as the immigration and border control authority. The database is used to produce compulsory IDs for all residents, clearly marked by ethnicity and religion. The same system also includes the "Yesha database" registry of Israeli citizens in the settlements.

In 2008, HP was contracted to produce and implement biometric ID cards for Israeli citizens and residents, including West Bank settlers. In 2011 HP was contracted to install a portal for the population registry, and facilitate the Arbel project, replacing existing Israeli passports with biometric passports. The Arbel project includes creating a biometric database of Israeli citizens. In 2013, state employees of the project were replaced by HP employees. In the same year, HP's involvement was expanded to the supply of hardware to the issuing machines. In 2014 the company was contracted to assimilate the foreign workers' registry into the same Aviv database.

The Israeli ID system and registry is stratified by ethnicity and religion and is the primary tool used by state authorities for the discrimination between Israeli and Palestinian residents in the West Bank as well as inside Israel. This system similarly facilitates the formal and informal annexation of Israeli settlements into Israel.

Multiple sources for the information about this system are available on the internet, as HP was exempted from public tenders for each of these contracts, and the exemption requests are public documents (see for [example](#), and see more in the Who Profits HP report of 2012). Especially indicative sources include: the [price list](#) for outside clients interested in purchasing information from the Aviv database, requiring all clients to sign an independent contract with HP; and [a PowerPoint presentation](#) prepared by an

employee of HP about the Aviv system, clearly showing (slide 16) how the system is designed to record a person's religion and ethnicity.

4.2 HP's Restructuring:

4.2.1 Hewlett-Packard Co. split in November 2015 into two separate companies: HP Inc. and Hewlett Packard Enterprise (HPE). HP shareholders received one share in each of these companies. According to a press release by Meg Whitman (CEO of one of the companies, president of the other), for the first two years they would continue sharing contracting and bidding, to enjoy the competitive benefit of size.

Prior to the corporate separation, Hewlett Packard Company was organized into seven business segments: Personal Systems; Printing; the Enterprise Group ("EG"); Enterprise Services ("ES"); Software; HP Financial Services ("HPFS"); and Corporate Investments. As a result of the separation, Enterprise Group, Enterprise Services, Software, HPFS and certain parts of Corporate Investments make up Hewlett Packard Enterprise. Personal Systems, Printing and the remaining parts of Corporate Investments segments are now HP Inc. As a result, Hewlett Packard Enterprise focuses on servers, storage, networking, converged systems, and services and software. Hewlett Packard Enterprise's portfolio also includes big data analytics and applications, enterprise security, application testing, delivery management and IT operations management solutions. HP Inc.'s business focus is on personal systems (PC's, laptops, tablets) and printing (printers, scanners, copiers).

4.2.2 In May 2016, HPE has announced a planned upcoming spinoff, which is scheduled for March 2017. According to that announcement, The Enterprise Services ("ES") division of the newly formed Hewlett Packard Enterprise (HPE) will become a new company (name yet unknown) merged with a company named Computer Sciences Corporation (CSC). The new company, when formed, will have half of its board assigned by HPE, and will maintain the relationships with other HPE and HP Inc. divisions on existing contracts. HPE shareholders will have 50% shares of the new company, making it another member of the "HP family".

4.2.3 In September 2016 HPE made another announcement about an upcoming spinoff, planned for the second half of 2017, this time cutting its Software division and merging it with the British company Micro Focus. HPE shareholders will have 50.1% of the shares of the new Micro Focus, an HPE senior executive will serve on the board of directors of the combined company, and HPE will nominate 50% of the independent directors to the combined company's board. Additionally, the new company will have to contract with HPE for some technologies for the first two years, and the two companies announced a new commercial partnership for the future use of programming platforms.

4.3 What we know about these companies' business in Israel/Palestine:

4.3.1 There are several HP subsidiaries in Israel, with 6000 employees, in 7 locations and 4 production sites. With the split to HP Inc. and HPE, these have split accordingly: Hewlett-Packard (Israel) has split into two companies, sitting on different floors in the same offices. HP Indigo and HP Industrial Large Format, both dealing with printing, are probably under HP Inc. HP Labs, one of the main three R&D centers globally, is now part of HPE. So are HP Software R&D and HP Enterprise Services. With the upcoming spinoffs, HP Enterprise Services (formerly EDS), would become a part of the new company established with CSC, and HP Software R&D (formerly part of Mercury) will become part of the new Micro Focus.

4.3.2 HP has [a long list of contracts](#) with the Israeli Ministry of Defense, Ministry of the Interior, the Israeli military and prison service. As these are government contracts, it is safe to assume they all moved to HPE. The extent of HP Inc.'s connections to these contracts is yet unclear. With the first spinoff, we assume that the maintenance of the Basel System, along with other old EDS projects such as the Beitar Illit R&D center, would go to the new company. Software checks in settlements would probably go to the new Micro Focus. We do not know what is planned for the contracts for the army and navy servers, the ID contracts and population registry contracts.

4.4 These Companies' Obligations:

4.4.1 Hewlett-Packard Co. has been repeatedly asked to respond publicly to these concerns, both through appeals from diverse civil society organizations and by its own investors in a proposed shareholder resolution. For more information see reports about long term effort to try and engage with the company by [members of the United Methodist Church](#) and by the [Mission Responsibility Through Investment of the Presbyterian Church USA](#). This engagement started in 2008, making it now almost 9 years long.

4.4.2 Despite this almost 9-year long engagement with the company, it has failed to provide any public information or clarifications about its involvement in settlements, checkpoints or with discriminatory IDs. It has also declined to meet with concerned parties to discuss any of these issues.

4.4.3 Similarly, the information about the implications of the above-mentioned structural changes to HP's services in Israel/ Palestine is not available to the public. It is safe to assume that these companies will draw on HP's long history of close connections with the Israeli military and the Israeli occupation to expand their already-extensive business in the area.

4.4.4 Some of these HP companies refer to the UN Guiding Principles for Business and Human Rights on their websites and present themselves as leaders on corporate respect to human rights. Even if they didn't, it is their responsibility to respond to these

severe concerns with full public disclosure and clarification. They should identify and mitigate the harm done by prior business operations and provide remedy to the communities most harmed by their actions.

5. In Conclusion

The AFSC congratulates the U.N. Office of the High Commissioner for Human Rights on taking the necessary steps to produce a database of all business enterprises involved in settlement-related activities in the occupied Palestinian territory and in the occupied Syrian Golan. This information is important for all stakeholders, including the companies themselves, in helping them understand the specific requirements of International Humanitarian Law in these parts of the world and follow the due diligence process ascribed by the U.N. Guiding Principles on Business and Human Rights. We are pleased to submit our recommendations and methodological remarks in this document, and to offer our help with the future development of this valuable resource.