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Rev. Stephen Choi  
Moderator, Committee on Middle East Issues  
221st General Assembly

June 15, 2014

Dear Reverend Choi,

HP has been made aware that the Presbyterian Church of the United States of America ("PC(USA)"), in connection with its upcoming 221st General Assembly, is considering a variety of resolutions relating to the potential divestment of PC(USA)'s holdings in several companies, including the Hewlett-Packard Company (HP), arising out of those companies' business relationships with the government of Israel. While HP recognizes and supports the rights of its shareholders to use a broad range of criteria in determining their investment strategy, HP is also a company where an uncompromising commitment to human rights has been integral to its business strategy for more than 75 years. As such, it is important to HP that PC(USA)'s deliberations be premised upon an accurate and factual view of the matters at hand, as well as HP's engagement with PC(USA) on these issues over the years.

HP has repeatedly and consistently been recognized as one of the world's most innovative and engaged corporate citizens, frequently ranking among the top companies globally for its leadership on human rights and sustainability issues—not only for its own operations, but also for its leadership in developing and promoting best practices with its supply chain, business partners, industry groups, NGO's and others.

With specific regard to the divestment and boycott proposals that will be considered by the 221st General Assembly, including the Report and Recommendation of the Committee on Mission Responsibility Through Investment ("MRTI") (the "MRTI Report and Recommendation"), HP would like to take this opportunity to provide additional facts and correct the record. The MRTI Report and Recommendation characterizes HP's responsiveness to PC(USA) and MRTI as "spotty" and in some cases "non-existent[?]." However, HP has repeatedly engaged with members of PC(USA) and other faith based investors on the issue of HP's Global Human Rights Policy since 2008.

Over the years, HP has responded to PC(USA)'s inquiries and related shareholder resolutions in good faith, and has reexamined and redefined its human rights policies in response to PC(USA)'s concerns. HP's responsiveness to PC(USA)'s concerns is reflected in the "no-action" letter provided by the SEC in response to PC(USA)'s 2013 shareholder resolution calling for a review of HP's human rights policies, which is identical to the shareholder resolutions proposed by PC(USA) in 2009 and 2012. In its no-action letter, the SEC specifically found that "HP's policies, practices, and procedures compare favorably with the guidelines of" PC(USA)'s shareholder resolution and that therefore the PC(USA) proposal had already been "substantially implemented," making a shareholder resolution unnecessary. The MRTI Report and Recommendation ignores the fact that HP sought the no-action letter on the basis that it had already implemented the changes requested by PC(USA)'s shareholder resolution by stating only that "the company sought to challenge the resolution at the SEC." A summary of HP's engagement with PC(USA) and MRTI is as follows:

- In late 2008, HP responded to a letter signed by members of PC(USA) inquiring about HP's business operations in Israel and the Middle East by outlining HP's commitment to human rights, summarizing HP's social initiatives in the Middle East, and offering to meet face-to-face with PC(USA) and related groups to provide additional information. In March 2009, HP provided detailed written responses to agenda topics prepared by representatives of faith-based investor groups (including PC(USA)), outlining its initiatives and programs in the Middle East and reiterating its commitment to diversity and inclusion in the Middle East and worldwide.
- In September 2009, PC(USA) co-sponsored a shareholder resolution calling on HP to "review and amend, where applicable, HP's policies related to human rights that guide its international and US operations" within 10 months of HP's next annual meeting. In connection with the shareholder proposal, HP representatives met with PC(USA) representatives in October 2009. At the meeting, where HP committed to conducting a human rights policy review, representatives of HP and PC(USA) discussed: (i) biometric scanners at Israel/Palestine checkpoints, (ii) participation of minority populations in the Israeli technology industry, (iii) HP human rights standards relating to engagements with military customers, and (iv) HP's company presence in the West Bank. PC(USA) withdrew the shareholder resolution after this meeting.
- Consistent with HP's representation to PC(USA), HP conducted a thorough human rights policy review in consultation with the Danish Institute for Human Rights throughout 2010. The findings of the human rights policy

review were presented to HP's Board of Directors in January 2011 and resulted in updates to HP's Global Human Rights Policy and several other policies as well as the creation of a company-wide human rights program. HP provided further updates to the company's Board of Directors on its global citizenship programs, including its human rights program, in March 2012, March 2013, November 2013, February 2014, and May 2014.

- In March 2010, HP representatives held a conference call with faith-based investors, including PC(USA) representatives. At that meeting, HP outlined enhancements that were being made to public transparency on HP's human rights programs, explained how HP's supply chain is held accountable for the company's human rights policies and standards, detailed recruiting practices that HP put in place to ensure equal employment opportunities, and demonstrated how HP's human rights policies shape its interaction with government officials. This meeting is not reflected in the MRTI Report and Recommendation. HP held additional meetings, which included representatives from PC(USA), in April 2011 and January 2013 on similar topics.
- Despite HP's efforts in reexamining its human rights program in response to PC(USA)'s concerns, PC(USA) sponsored shareholder resolutions in 2012 and 2013 that were identical to the 2009 shareholder resolution. The 2012 shareholder resolution was included in HP's proxy materials for the 2013 Annual Meeting. As described above, after HP received the 2013 shareholder resolution it followed the SEC's formal process and received a no-action letter on the basis that HP had "substantially implemented" PC(USA)'s shareholder resolution.
- At the 2014 Annual Meeting, representatives from PC(USA) and others pressed Meg Whitman on HP's business practices in Israel and Palestine. In response Meg Whitman reiterated HP's commitment to respecting human rights and to taking another look at the issue, including a willingness to having senior representatives from HP meet with interested groups.

HP has not received any communications from PC(USA) since the 2013 shareholder resolution, and was not informed by PC(USA) or MRTI of MRTI's Report and Recommendation and the related overtures calling for divestment from HP and/or boycott of HP products.

*In addition to mischaracterizing HP's engagement with PC(USA) on these issues over the years, the MRTI Report and Recommendation misleadingly characterizes HP's business practices in Israel and specifically the West Bank. HP, like other multi-national information technology companies operating in Israel, provides information technology products and services to the Israeli Ministry of Defense, including providing back-office applications and systems to the Israeli Navy. Contrary to the information provided in the MRTI Report and Recommendation, HP does not provide unique support or services to the Israeli Navy in support of its blockade efforts in Gaza or otherwise—its involvement with the Navy is limited to maintaining back-office equipment and software.*

*HP also supplies maintenance and smart cards for the BASEL System, which is aimed at reducing friction between Palestinians and Israeli soldiers at barrier checkpoints while expediting the passage process and was developed and installed with support from the United States and the European Union pursuant to a 1998 agreement between Israel and Palestine. HP is not in a position to influence the location of the barrier or the manner in which the barrier and checkpoint operate—HP employees are not involved with the security screening process and are not present at the checkpoint. We understand that the BASEL System has shortened the length of time required to pass through the identification portion of the checkpoints.*

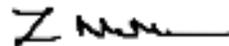
*Furthermore and contrary to the MRTI Report and Recommendation, HP does not own any buildings or operations in cities in the West Bank. As part of a diversity program targeting ultra-orthodox women, a subsidiary of HP Israel has engaged between 10 and 15 ultra-orthodox Jewish women to perform software development services in leased office space in Beitar Illit in the West Bank. Consistent with Israeli law, which prohibits discrimination based on an individual or entity's presence in the West Bank, HP Israel does business with customers located in municipalities in the West Bank through commercial partners and general governmental tenders.*

*Finally, as part of its commitment to human rights, HP is committed to improving diversity in Israel—which is widely recognized as a challenge in the information technology industry. HP's local management strongly supports such efforts by, among other things, participating in Ma'antech, an initiative to increase participation of Israeli Arabs in the hi-tech industry. As a global company with significant presence in Israel, HP shares the PC(USA)'s concern for all those affected by the conflict in the Middle East and support its peaceful resolution.*

While the ongoing conflict in this region is complex, HP believes its business practices in Israel are consistent with our human rights policy (and, in the case of the BASEL system, implementation actually serves to improve what is quite a difficult situation).

HP has acted in good faith in its interactions with PC(USA), MRTI, and other investors expressing interest in HP's human rights policies over the years. HP has responded to requests for both in-person and telephone meetings and has reacted appropriately to the submitted shareholder resolutions by engaging in independent evaluation and refining of its policies, as well as by implementing improved risk analysis and due diligence measures to address human rights concerns. The PC(USA) should not lose sight of the fact that HP is consistently considered a leader on human rights and other global citizenship issues. HP stands ready to provide further information and to engage in constructive dialogue in an effort to resolve any remaining questions PC(USA) may have.

Yours sincerely,



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