

EMC Corp.

**Canada Pension Plan
2011 Investment**

\$18 million

EMC is a US-based information technology (IT) company with total assets of about US\$31 billion (2010). Referred to by Israel's business newspaper, *Globes*, as "the world's largest data storage systems company," EMC helps governments and corporations to store, manage, protect and analyse their information.

The company supplied US\$188 million worth of products and services to various US military departments and agencies between 2000 and 2009.

EMC's global partners include such IT giants as Cisco, Dell and Hewlett-Packard. (See p.19, p.24, and pp.36-37.) Like these partners, EMC counts Israel's Ministry of Defense among its valued customers, and supplies it with products used to store "mission-critical data."

EMC has had a base of operations in Israel since at least 1997. The American-Israeli Cooperative Enterprise explains that EMC still "does so much business in Israel that it is able to maintain an R&D plant there, and also has its own sales office to handle customers." EMC's Israeli clients include Bezeq, the Israel Discount Bank (IDB) and El Al which – fuelled largely by Paz Oil – is the Israeli airline whose cargo operations have transported millions of rounds of US munitions to Israel for decades. (See Bezeq, pp.11-12, and table "CPP Investments," p.53, for IDB and Paz Oil.)

A seven-year corruption probe by the Israeli police and Israel's Ministry of Defense was sparked in 2002 when EMC suspiciously received a digital storage contract from the Israel Defense Forces (IDF). Investigators suspected that Defense Ministry officials had leaked secret information to EMC from the closed tenders of other companies. EMC's use of this "insider" information is alleged to have allowed it to beat rival bids from Hitachi Data



EMC STORAGE SOLUTIONS FOR TACTICAL DEPLOYMENT

Information is critical to the fight

Image/text: www.emc.com/collateral/emc-perspective/h4946-vnxe-tactical-storage-fedgov-ep.pdf

Systems and Hewlett-Packard. (See Hitachi, p.38, and HP, pp.36-37.)

Yehuda Cohen, who was then in charge of procurement at Hewlett Packard, told Israel's *Haaretz* newspaper, "As early as the next day [after EMC won], I knew that our competitors had known everything about our price bid." The Israeli military's US procurement office was then led by Haim Adar. *Haaretz* revealed that when Adar later retired, he was hired as an "external adviser to EMC and other firms who do business with the Defense Ministry." Unfortunately, Israeli's Defense Ministry stopped its corruption investigation "due to fears it would harm Israel-U.S. ties."

The *Haaretz* report also revealed that the IDF had "various problems" with the EMC system it purchased in 2002. These "technical problems made it difficult to analyze intelligence" during what the IDF called "Operation Defensive Shield," which was Israel's largest military operation in the West Bank since the Six-Day War of 1967. "It took 24 hours," *Haaretz* reported, "to correct the problems and restore the intelligence systems to working order." Despite this, "the IDF continued to work with EMC, and over the next few years the firm won several other contracts for data storage systems worth tens of millions of dollars."

One such EMC contract with the IDF began in 2006, the year of Israel's bombardment of Lebanon. Israel's *Globes* business paper said that this

three-year, US\$30-million contract was "the largest [data] storage systems contract in Israel." Then, in 2010, the IDF awarded a storage-system contract to EMC and its competitor-cum-partner, NetApp. (See table, "CPP Investments, p.53.") This five-year contract was worth between US\$100-\$120 million.

In December 2011, EMC won a contract to provide a "unified infrastructure to serve the diverse document management and archiving requirements" of "all ministries and offices" of the Israeli government. EMC says this "project is considered to be one of the most strategic cross government tenders issued by the government in Israel in recent years."

EMC also services Israel's military through its subsidiary, VMware, which produces virtualization software. (See table, "CPP Investments, p.53.")

EMC's "Security Division," RSA Security, provides an "advanced access control system" called SecurID. It "is the top and most popular Strong Authentication system in Israel" for "verifying user identity." SecurID is used by the Israeli Police. Other Israeli clients using this EMC product are Am-docs, Comverse and Cellcom. (See pp.5-6, pp.43-47 and pp.17-18.) Other EMC clients include Israel Discount Bank, MIRS (Motorola), Nice Systems and Pelephone. (See table, "CPP Investments," p.53.)

Business Week's online "Executive Profiles" reveals the Israeli military and intelligence backgrounds of

some EMC executives. For example, Doron Kempel, the former Vice President and General Manager for EMC's Media Solutions Group, had previously "served in multiple command roles as an officer in the Israel Defense Forces."

And then there's Gili Raanan, who "spent nine years at the Israeli Intelligent Corps" and "recently served as a Vice President of Strategy at EMC Corp." During his more than 10 years with the "Israeli government in several key innovative software projects, ... he was awarded the Israel Security Presidential Award in 1996 and the Israeli Defense Forces Innovation award in 1992." Raanan was also a Senior Product Manager at Amdocs. (See pp.5-6.)

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Evraz Group

Canada Pension Plan 2011 Investment

\$1 million

Largely owned by Russian plutarch Roman Abramovich, and with assets of about US\$18 billion, this Russian company – headquartered in Luxembourg – is one of the largest steel production and mining businesses in the world.

In 2007, with major operations already established in Russia, Ukraine, Canada, Italy, South Africa and elsewhere, Evraz bought Oregon Steel Mills (OSM) for US\$2.3 billion. The acquisition of OSM's facilities in Oregon, Colorado and Alberta, made Evraz USA "the largest producer of armor plate" in the US. In fact, OSM is one of "only two steel mills in the United States...qualified to produce armored steel for the Defense Department." The US Army purchased US\$46 million worth of Evraz products in 2008 alone.

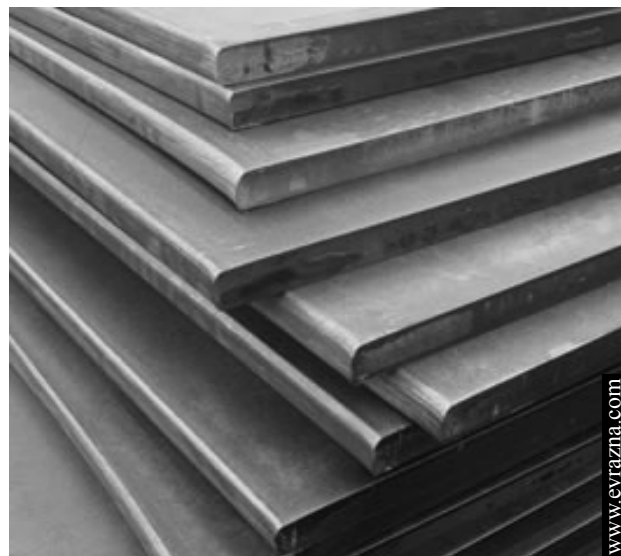
The US is not the only country using OSM steel for military vehicles. The American-Israeli Cooperative Enterprise says firms "that received contracts with Israel through the [Foreign Military Financing] FMF program include ...Evraz Oregon Steel Mills."

The FMF program "provides grants for the acquisition of U.S. defense equipment" that is sold to select US allies, almost exclusively in the Middle East. While FMF grants in 2011 totalled US\$5.47 billion, US\$3 billion of that was used to pay for US military transfers to one country, Israel.

Unfortunately, the JVL report does not mention the year, or years, during which Evraz OSM received FMF funding for its sales to Israel. Nor does the JVL note what products the company exported. However, we do

know that the export was military-related and that it must have occurred after Evraz acquired OSM in 2007. We can reasonably assume that the FMF grant covered the sale of Evraz armour destined for Israeli military vehicles because this is the main military application of the company's products.

When it bought OSM in 2007, over 40% of Evraz was owned by Roman Abramovich, who was the richest of Russia's 52 billionaires at that time. An Israeli newspaper, *The Jerusalem Post*, noted in 2010 that Abramovich was the wealthiest Jewish businessman "in the oil and commodities" sector. This "one-time confidant of the Yeltsin family" made his riches by acquiring highly-profitable, publicly-owned Soviet assets when the country's wealth was sold off in the privatization programs of the 1990s. With a net worth



Evraz owns Oregon Steel Mills (OSM) which has received contracts with Israel through the US Foreign Military Financing Program. OSM is the largest producer of armoured steel plate in the US.

of \$13.4 billion, the Russian tycoon is now the world's 53rd richest man. He is alleged by countless sources to have been involved in crimes including blackmail, bribery, share-dilution, theft, loan-fraud and antitrust law violations.

Abramovich is not likely to oppose future Evraz exports to Israel's military. Israel's *Haaretz* newspaper has pointed out that Abramovich was a "guest of honor" at a major event of the Elad Association. *Haaretz*, which calls Elad a "rightist" or "right-wing"