

HEWLETT PACKARD PENSION ASSOCIATION

UK PENSIONERS - UNFAIR TREATMENT

THE FACTS

- **Nearly 4,000 pensioners, being former employees of Digital Equipment Co Ltd in the UK, have not received an increase in their pensions for 12 years.**
- **The terms of the Digital UK scheme are that increases in pension are at the discretion of the company, based on affordability.**
- **Digital employees trusted their employer "to do the right thing", and many members contributed additional voluntary contributions (AVCs) to the scheme in order to provide financial security in their retirement.**
- **Pensioners with service prior to 1997 have no guarantee of cost of living protection under UK law, although those employees with service after this date are covered.**
- **In order to keep pace with UK inflation, these pensions would need to have increased by 50% during this period.**
- **The value of these lost amounts of pension is calculated to total over £160 million (\$206 million)**
- **It was always the "custom and practice" of Digital Equipment Co Ltd, and subsequently Compaq Computers, to pay increases in pensions to keep pace with inflation. At the time of takeover by HP, the pension plan members group were given to understand by both the company and the pension plan administrators that this practice would continue.**
- **An increasing number of the pensioners (or their spouses) who are members of this group are facing increasing financial pressures / poverty in retirement, and this predicament is likely to become greater with every passing year.**
- **When the present period of benign inflation comes to an end, as seems shortly to be likely in the UK, this group of pensioners will be particularly vulnerable to cost pressures, and many might have to rely on support from the state welfare system.**
- **HPE has not broken the UK law, but have taken advantage of a "loophole" in the law.**

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- **HPE has been a major supplier of equipment and services to the UK government and corporate sector throughout this period, its revenues amounting to several billion dollars per annum.**

THE ACTIONS AND REACTIONS OF HPE

- **Shortly following the takeover of Compaq by HP, after two nominal increases, the practice of paying increases in pension to keep pace with inflation was ceased without warning or explanation.**
- **Numerous approaches to HPE for fair treatment have been ignored by management in both the UK and the USA.**
- **HPE have been asked to explain the criteria used in deciding that an increase in pension was "unaffordable" each year, but have only advised that " it varies from year to year".**
- **HPE have been asked to explain what circumstances would have to exist in order for an increase in pensions to be awarded, but have declined to provide an answer.**
- **Whilst HPE have not paid increases to this group of pensioners, they have paid regular increases to other groups of pensioners - where required to do so by scheme rules or local laws.**
- **During this period HPE has awarded multi million dollar bonuses and stock options to senior executives and increased dividends to shareholders.**

THE CHARGE SHEET

- **HPE has not broken the UK law, but has taken unfair advantage of a "loophole" in UK pensions legislation.**
- **HPE has benefitted hugely from it's presence in the UK market, but seems unprepared to share the benefits with those former employees who have helped to lay the foundation to its long term success.**
- **HPE has, during this period, used the additional cash flow to enhance the rewards for directors, senior executives and shareholders. Dividends to shareholders have more than doubled.**

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- **HPE has not acted as a good corporate citizen, and has not acted in the manner expected of a major international corporation . It is guilty of unethical and uncaring behaviour. This is in sharp contrast to the traditional and highly principled maxim of "the HP way".**
- **HPE HAS UNFAIRLY DISCRIMINATED AGAINST ITS FORMER EMPLOYEES . IT HAS KNOWINGLY AND CYNICALLY SINGLED OUT THIS GROUP OF PENSIONERS FOR COST SAVING, WHICH HAS DIRECTLY LED TO PROGRESSIVE LEVELS OF POVERTY IN RETIREMENT.**

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