

# HP 2013 Living Progress Report

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# Governance

What we do and how we do it matters

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## Letter from CEO Meg Whitman

This year, as HP celebrates its 75th anniversary, we launched a framework for thinking about how we do business called HP Living Progress. This new framework builds on our commitment to global citizenship, which has been one of our corporate objectives for nearly six decades.

Here at HP, we are committed to advancing the overall health and well-being of people, helping businesses and economies thrive, and strengthening the environment. It's this focus on balancing all three elements of human, economic, and environmental progress that enables us to create true Living Progress.

### Highlights in 2013

HP is at the forefront of innovation to limit the carbon impact of the information and communications technology industry, which is currently projected to increase from 1.9% of total greenhouse gas emissions in 2011 to 2.3% in 2020.<sup>1</sup> As of December 2013, more than 50% of all LEED® Platinum- and LEED Gold-certified new construction data centers worldwide were designed by HP,<sup>2</sup> and our current generation of ProLiant Gen8 and Moonshot servers offers increased processing power while using significantly less energy and space. And after publishing our comprehensive carbon footprint analysis last year, we've raised the bar again by sharing our comprehensive water footprint this year.

In our supply chain, we announced guidance for the fair treatment of student and dispatch workers and followed up with targeted supplier training and assessments. We also continued to push hard on responsible mineral sourcing, driving smelters in our supply chain towards conflict free certification and supporting initiatives to establish viable sources of conflict free minerals in the Democratic Republic of Congo and neighboring countries.

Working in collaboration with Conservation International, we created HP Earth Insights, a unique early warning system for threatened species using the power of our big data solutions. And in India, more than 28,000 people have already received access to quality medical care through eHealth Centers, powerful cloud-enabled healthcare solutions that serve residents in remote areas.

### Our promise

Together with our customers and partners, and with Living Progress as our framework, we promise to bring together our people and technology to help solve society's toughest challenges. And we promise to consider human, economic, and environmental impact as we develop our products, services, and solutions, manage our operations and supply chain, and drive interactions with our customers, partners, and communities.

We look forward to updating you on our progress throughout the year.

Regards,

Meg Whitman

<sup>1</sup> According to GeSI SMARTer 2020: The Role of ICT in Driving a Sustainable Future, pages 11, 18.

<sup>2</sup> Based on U.S. Green Building Council and HP data.

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# Executive summary

The power of creative thinking and technology can transform lives, energize businesses, and empower communities. With that in mind, we have launched a framework for thinking about how we do business called HP Living Progress. To HP, it means creating a better future for everyone through our actions and innovations.

Living Progress is a wholly integrated approach to business that simultaneously drives human, economic, and environmental progress. It's how we advance the overall health and well-being of people, help businesses and economies thrive, and work to strengthen the environment as we grow. It's how we create a vibrant and sustainable business model by solving some of the world's biggest problems.

We are proud of HP Living Progress, and we are also proud of HP's many accomplishments in carrying out this most important initiative in 2013, including the following:

## Governance

### Living Progress strategy

The year 2013 saw the adoption of HP Living Progress as a framework for thinking about how we do business. We believe it is essential that our efforts as global corporate citizens do not stand to the side of our business activities. Indeed, it is not enough for them to be merely aligned with our business. To have full impact, our business and our citizenship must become one. Living Progress has

oriented us decidedly in that direction, with the ultimate goal of making our work on global citizenship inextricably intertwined with our corporate strategy.

- Launched our Living Progress framework and have begun to communicate our holistic approach via internal and external forums
- Appointed a Chief Progress Officer to ensure Living Progress is embodied throughout the company and applied to our actions

### Corporate ethics

We adhere to the highest ethical standards. Our Ethics and Compliance program requires employees, business partners and suppliers worldwide to use only lawful and ethical business practices.

- Launched an Ethics Champion program, recognizing ethical leadership decisions made by our employees, especially in challenging situations

### Public policy

We advocate with transparency and integrity to promote laws and regulations that encourage economic growth and innovation in a socially and environmentally responsible manner.

- Engaged with governments and multilateral organizations such as the Organisation for Economic Co-operation and Development (OECD) to provide our expertise and perspective on a range of public policy issues including technology policy, trade policy, and tax reform

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## Human Progress

Advancing the overall health and well-being of people

### Human rights

HP enjoys a well-earned and long-standing reputation as a global leader in corporate respect for human rights, advancing human progress in our own operations and influencing others in our value chain to do the same.

- Further integrated respect for human rights into our business operations by conducting a comprehensive company-wide risk assessment
- Provided leadership in multi-stakeholder forums in the United States and Abu Dhabi to advance greater respect for human rights in business around the world
- Spearheaded HP's first company-wide celebration of International Human Rights Day to drive greater awareness of human trafficking and other human rights concerns among employees

### Supply chain responsibility

We work with suppliers and other stakeholders to enhance labor conditions, support human rights, and improve environmental performance at supplier production facilities.

- Advanced responsible mineral sourcing, driving smelters in our supply chain toward conflict free certification, and supported initiatives to establish viable sources of conflict free minerals
- Developed a more robust procurement scorecard with stronger incentives tied to social and environmental performance

### Privacy

We implement rigorous policies and procedures to safeguard personal data that we hold or process. Employee privacy training and external engagement supplement our privacy standards.

- Responded to more than 7,000 inquiries to our Privacy Office
- More than 99% of employees completed privacy training
- Played a leadership role in the global dialogue on privacy by presenting our positions on data and privacy regulations to 22 countries and regional blocs

### HP people

We hire and develop talented people who allow us to lead in the fast-moving information technology (IT) industry. We offer them career development opportunities, a supportive work environment, recognition, and rewards in return for their contributions.

- 54,000 employees across 84 countries took part in our wellness challenges, up 37% compared to 2012
- Nearly 42,000 HP employees volunteered 1.6 million hours, and their workplace skills, to help take on tough global challenges

### Living Example: eHealth Center

- Five cloud-enabled eHealth Centers, which provide access to high-quality medical care in rural India, have received more than 28,000 patient visits as of April 2014

## Economic Progress

Helping businesses and economies thrive

### Contributions to the economy

As one of the world's largest companies, HP contributes to economies globally through the value we create for our customers and our direct financial transactions.

- HP products and solutions continued to make our customers more efficient and profitable worldwide
- Our direct economic transactions during the year included \$112 billion net revenue, purchases from suppliers worldwide, compensation and benefits to approximately 317,500 employees globally<sup>1</sup>, \$1.391 billion net cash income taxes paid, and \$2.6 billion returned to shareholders in the form of dividends and share repurchases, among others

### Social investment

We promote long-term positive impact and collaborative partnerships by investing in opportunities that help businesses and economies thrive.

- Contributed \$135.3 million to social investment initiatives
- Established a five-year global partnership between Kiva and the Hewlett-Packard Company Foundation to provide every HP employee worldwide with a \$25 credit to make a loan to a Kiva borrower

### Living Example: HP LIFE e-Learning

- More than one million people have gained access to essential business and IT skills training through HP LIFE e-Learning, a free cloud-based platform providing high-quality educational resources for entrepreneurs

<sup>1</sup> As of October 31, 2013.

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## Environmental Progress

Making the environment stronger as we grow

### Environmental sustainability

By combining the expertise of our people, our innovative technology portfolio, and collaborative partnerships, we are working to create solutions that reduce environmental impact and expand opportunities.

- Published our complete water footprint for the first time in 2014
- Reduced our carbon footprint by 16% from 2012

### Products and solutions

We have routinely worked to reduce the environmental footprint of products and solutions across our portfolio—from single-user personal computing devices and printers to enterprise servers, storage equipment, and data centers. With the arrival of Living Progress, we are placing even greater emphasis on the development of technologies that are themselves the solutions to some of society's most vexing environmental challenges.

- Designed more than 50% of total LEED® Platinum- and LEED Gold-certified new construction data centers worldwide, as of December 2013<sup>2</sup>
- Continued to offer customers innovations such as the HP Moonshot system, which consumes up to 89% less energy, uses 80% less space, and costs 77% less<sup>3</sup> than a traditional server environment
- Conducted research on new silicon photonic interconnects that use light to transmit information instead of electrons, which promises to reduce the energy needed to process data by one to two orders of magnitude, while improving the speed and economics of high-performance computing
- HP Managed Print Services helps businesses optimize their imaging and printing infrastructure, with typical savings of 10–30% in printing costs, millions of pages in reduced paper waste, and typical reductions in energy usage of 20–40%<sup>4</sup>

### Product return and recycling

We provide product take-back programs in 70 countries and territories and collaborate with partners to support responsible movement and disposal of electronic waste.

- Recovered a total of 134,500 tonnes of hardware and supplies
- Opened the first large-scale recycling facility in East Africa and the first take-back system for electronic waste in Kenya

### HP operations

We work to reduce greenhouse gas (GHG) emissions, waste, paper and water consumption, and use of ozone-depleting substances in our worldwide operations.

- Decreased total energy use from HP operations by 95 million kWh, compared with 2012
- Reduced GHG emissions from HP operations by 79,700 tonnes carbon dioxide equivalent (CO<sub>2</sub>e), compared with 2012
- Decreased total waste generated from HP operations by 37%, compared with 2012
- Reduced total water consumed in HP operations by 10%, compared with 2012

### Supply chain environmental impact

We work to reduce GHG emissions, waste, and water withdrawal in our supply chain.

- Set the industry's first supply chain GHG emissions intensity reduction goal—a 20% decrease in first-tier manufacturing and product transportation-related GHG emissions intensity<sup>5</sup> by 2020, compared to 2010
- Piloted a program to assist suppliers to understand risks in water-stressed regions

### Living Example: HP Earth Insights

- Created a unique early warning system for threatened species using the power of big data solutions, in collaboration with Conservation International

<sup>2</sup> Based on U.S. Green Building Council and HP data.

<sup>3</sup> When HP DL360p servers deployed for Dedicated Hosting are replaced by HP ProLiant Moonshot servers. Cost estimates include acquisition costs for server and networking, power costs, power distribution and cooling costs, and infrastructure costs for the data center floor space over three years.

<sup>4</sup> Estimated energy and paper savings based on analysis of select HP Managed Print Services customers' imaging and printing operations using data gathered on devices and paper consumption and comparing with post-MPS actuals or projections. Results depend on unique business environments, the way HP products and services are used, and other factors. Overall printing costs are unique to each company and should not be relied on for savings you may achieve.

<sup>5</sup> HP calculates intensity as its suppliers' GHG emissions attributable to their business with HP divided by HP's annual revenue. This method normalizes performance based on business productivity.

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# HP profile

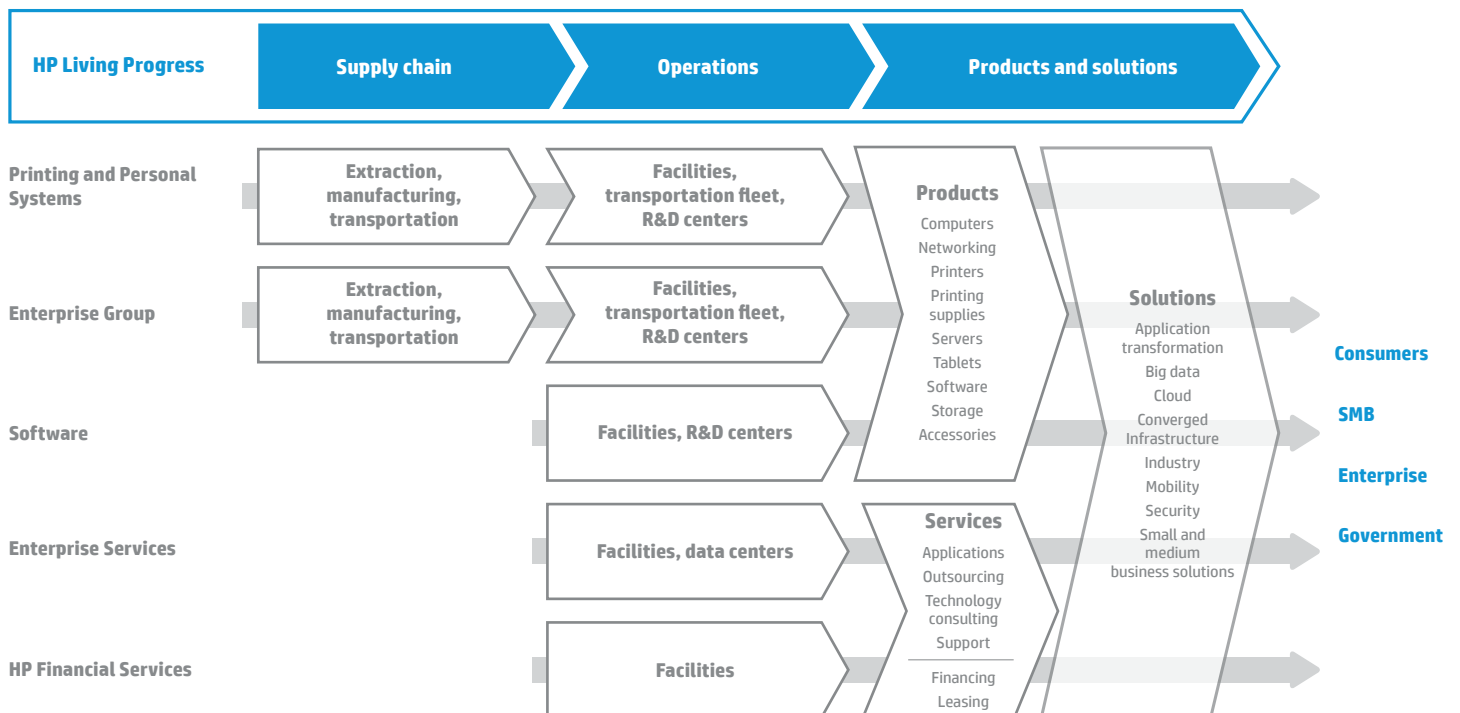
HP creates new possibilities for technology to have a meaningful impact on people, businesses, governments, and society. With the broadest technology portfolio spanning printing, personal systems, software, services, and information technology (IT) infrastructure, HP delivers solutions for customers' most complex challenges in every region of the world.

Cloud services, security, big data, and mobility are our strategic pillars and a focus of the company. With the depth and breadth of our portfolio, HP is uniquely positioned to

provide end-to-end solutions from the device to the data center—from infrastructure to software to services—to help satisfy our customers' unique needs.

HP Living Progress is how we do business. It is the way our people and technology come together to solve society's toughest challenges. By applying Living Progress to our every action across the value chain, we create a stronger, more resilient company and a sustainable world.

**HP business model**





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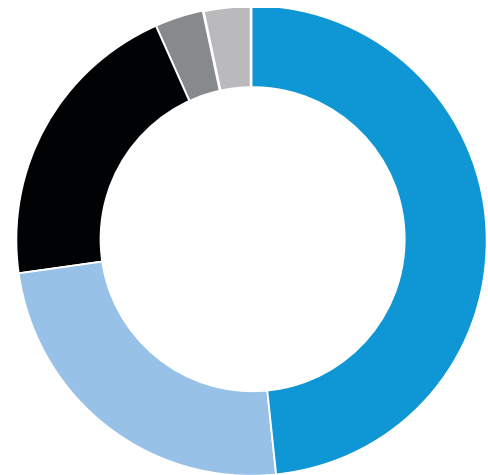
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**HP corporate summary**

- # 15 on *Fortune* 500 US
- # 43 on *Fortune* 500 Global
- President and Chief Executive Officer: Meg Whitman
- Employees: Approximately 317,500 worldwide<sup>1</sup>
- Incorporated in Delaware, United States
- Ticker symbol: HPQ on New York Stock Exchange
- Corporate and regional headquarters
- FY13 net revenue: \$112 billion

**Net revenue by segment, fiscal year 2013\***

[\$million]



■ Printing and Personal Systems	\$55,925	48.5%
■ Enterprise Group	\$28,183	24.5%
■ Enterprise Services	\$23,520	20.4%
■ Software	\$3,913	3.4%
■ HP Financial Services	\$3,629	3.2%
■ Corporate Investments	\$24	0.0%

\* The total of segment revenue, \$115,194 million, includes intersegment net revenue and other of (\$2,896 million). Total HP consolidated net revenue in FY13 equaled \$112,298 million.

<sup>1</sup> As of October 31, 2013.

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# Living Progress strategy

Citizenship has been one of HP’s seven corporate objectives since 1957, and we’re proud of our legacy as a global citizen. As a company, we have been steadfast in our commitment to conduct our business in a way that also contributes to the betterment of society.

But we believe there’s more we can and must do. It’s not enough that our citizenship activities simply align with our business. The two must become one.

## Introducing Living Progress

In 2013, we adopted HP Living Progress as our framework for thinking about how we do business. To us, it means creating a better future for everyone through our actions and innovations.

Living Progress orients what we do and how we do it, so that our work on global citizenship is inextricably intertwined with our corporate strategy. It’s how we advance the overall health and well-being of people, help businesses and economies thrive, and work to strengthen the environment as we grow. It’s how we create a vibrant and sustainable business model by solving some of the world’s biggest problems.

Living Progress is a wholly integrated approach to business that simultaneously drives human, economic, and environmental progress. It means we consider human, economic, and environmental impact as we develop our products, services, and solutions, manage our operations, and drive interactions with our customers, partners, and communities.

When we balance all three, we create true Living Progress.

### Living Progress

Creating a better future for everyone through our actions and innovations



**Human Progress**  
 Advancing the overall health and well-being of people



**Economic Progress**  
 Helping businesses and economies thrive



**Environmental Progress**  
 Making the environment stronger as we grow

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# Creating business value

Over the last 40 years, information technology (IT) has redefined our world. Driven by trends in mobility, cloud, security, and big data, IT is changing business processes, personal productivity, and much of the way we live, work, and connect. It also has the potential to advance societies globally, providing new and exciting opportunities to people everywhere. Living Progress brings together HP people and the industry's broadest technology portfolio in innovative new ways to meet society's emerging social, commercial, and environmental needs while strengthening our business.

Our Living Progress efforts create value for our business by contributing to sales growth, helping us achieve cost savings, and enhancing our reputation.

## Sales growth

- **New and expanded business opportunities** in the short and long term can result from HP's ability to meet customers' increasing expectations for high-performance products that contribute to sustainable development. For example, HP created game-changing server architecture that helps reduce the carbon footprint of the cloud and responds to ever-increasing computing demands. [See page 96 for more information on our Moonshot servers.](#)
- **Demonstrated solutions** that help solve society's toughest challenges can also be applied to business applications. For example, HP Earth Insights uses the power of big data to help scientists collect, manage, and analyze information at unprecedented speed, accelerating the understanding of biodiversity globally. This same technology can be applied to companies, helping them gain critical insights that fuel business growth. [See page 75 for more information on HP Earth Insights.](#)
- **Improved market access** results from our ability to better anticipate legislation, participate in public policy discussions, meet customer requirements, maintain legal compliance, and innovate and collaborate to meet societal needs.

- **Long-term contracts** with our enterprise customers and government agencies worldwide include environment, privacy, supply chain responsibility, and other global citizenship factors in their procurement criteria.
- **Access to capital** is supported by our relationship with major investors, which are increasingly assessing global citizenship-related performance and risk.

## Cost savings

- **Energy and resource efficiency** in HP's operations and those of our suppliers reduces costs and increases productivity. [See page 98 for more information about making our data centers more efficient.](#)
- **Risk management** related to global citizenship issues helps HP to avoid expenses associated with crisis management. For example, our Go West strategy in China helped us build a more resilient supply chain, mitigating possible risks while improving our operating margin. It also reduced our environmental impact and improved workers' lives. [See page 130 for more information.](#)

## Reputation enhancement

- **Strengthened relationships** with customers, governments, nongovernmental organizations, investors (see [Awards](#)), and others improve our ability to conduct business effectively.
- **Increased employee engagement** enables us to attract and retain a talented workforce.
- **Enhanced credibility** with policy makers and thought leaders helps us promote issues important to our industry, our customers, and the world.

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# Materiality

In 2012, we commissioned a formal materiality assessment, conducted by BSR and GlobeScan. The assessment gathered insights through interviews and surveys of internal and external stakeholders and through review of HP documents. The results reconfirmed long-standing areas of focus, highlighted gaps, and identified emerging issues and leadership opportunities for our business.

Key findings included:

- Product-related opportunities, such as improving product energy efficiency and expanding access to technology, represent the leading areas where HP can create value for society and for our business.
- Managing our operations responsibly—from reducing environmental impacts and protecting customer privacy to promoting diversity and ensuring ethical behavior—remain important areas for HP.

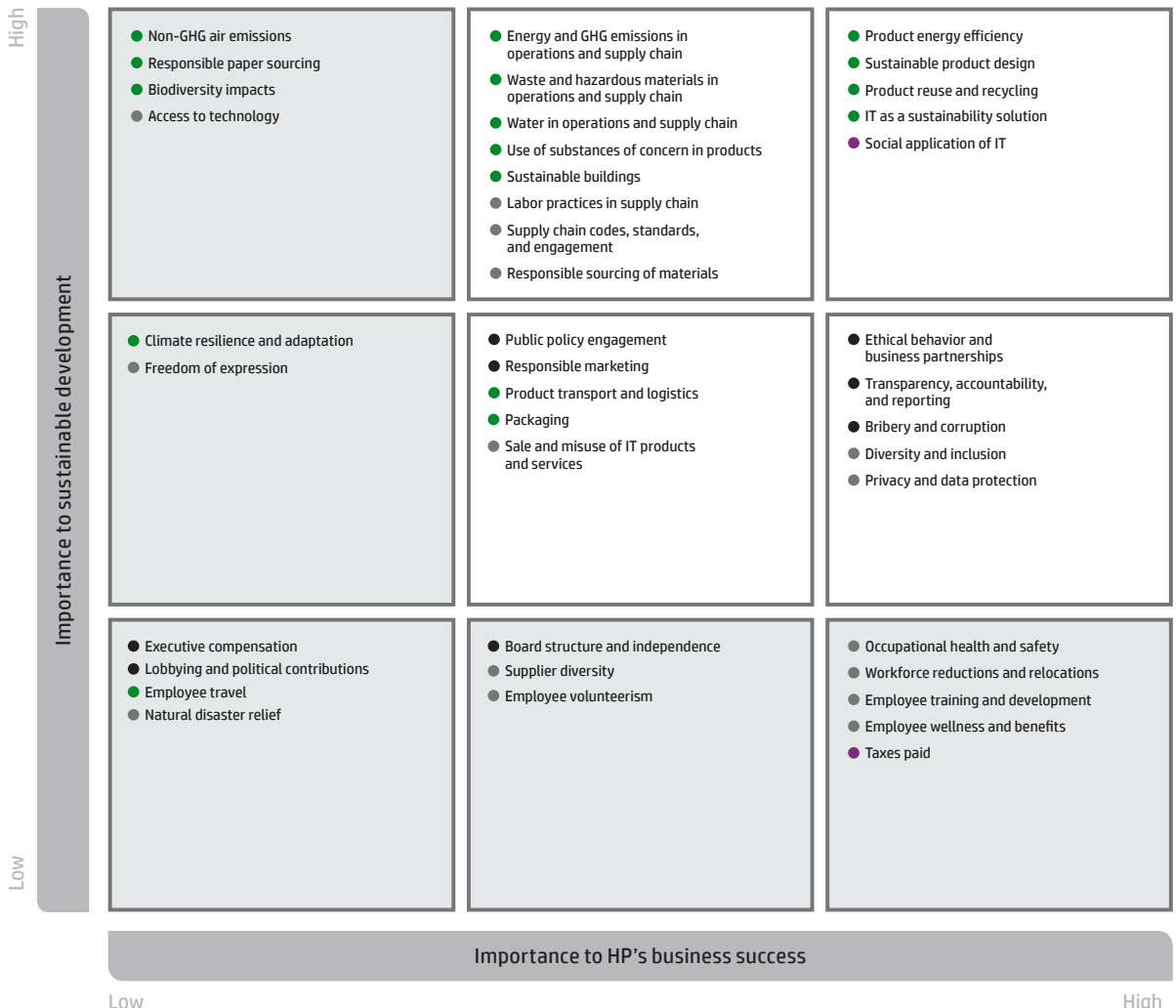
- Enhancing labor conditions in our global supply chain is among the important ways we can drive sustainable development.

In 2013, we took a fresh look at our materiality assessment through the lens of Living Progress. The graphic below categorizes the issues into the Living Progress pillars—human, economic, or environmental—recognizing fully that certain issues naturally cut across several pillars.

The issues in the white boxes meet the materiality threshold for this report. Although those issues are the main focus of this report, we also include information about several of the other issues in gray. The table on the following pages provides additional information about each issue, including a brief description, the corresponding Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines Aspects, the boundary of the Aspect, and links to more information.

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Issue	Description	GRI G4 Aspect(s)	Aspect boundary	Location in report
High importance to sustainable development, high importance to HP's business success				
● <b>Product energy efficiency</b>	Increasing the energy efficiency of HP products and services, and enabling customers to reduce their energy use.	Energy	Products and solutions	<a href="#">Energy, climate, and water</a> <a href="#">Energy efficiency</a>
● <b>Sustainable product design</b>	Designing products for reduced environmental impacts across the life cycle (e.g., energy efficiency, materials reduction, reduced substances of concern, renewable materials, design for recyclability, longevity, etc.).	Materials Energy Products and Services	Supply chain Products and solutions	<a href="#">Energy, climate, and water</a> <a href="#">Design for the Environment</a> <a href="#">Energy efficiency</a>
● <b>Product reuse and recycling</b>	Providing product take-back programs and responsible reuse and recycling to manage product end-of-life and reduce associated social and environmental impacts.	Products and Services	Products and solutions	<a href="#">Product return and recycling</a>
● <b>IT as a sustainability solution</b>	Enabling customers across industries to use IT to reduce their environmental impacts and promoting IT's "enabling effects" to decrease impacts more broadly.	Energy Products and Services	Products and solutions	<a href="#">Products and solutions</a>
● <b>Social application of IT</b>	Providing IT solutions that advance human, economic, and environmental progress.	Indirect Economic Impacts	Projects conducted in numerous locations globally (beyond HP's controlled operations)	<a href="#">Human Progress</a> <a href="#">Economic Progress</a> <a href="#">Environmental Progress</a> <a href="#">Social investment</a> <a href="#">Living Example: Go West</a> <a href="#">Living Example: Earth Insights</a>
Medium importance to sustainable development, high importance to HP's business success				
● <b>Ethical behavior and business partnerships</b>	Promoting high standards of ethics in business behavior with all third parties with whom HP does business, including suppliers and business partners.	Anti-competitive Behavior Compliance	Supply chain (interactions with suppliers, business partners, and contractors) HP operations (sales and marketing)	<a href="#">Corporate ethics</a> HP 2013 10-K (Note 17: Litigation and Contingencies; this information is as of the end of FY13)
● <b>Transparency, accountability, and reporting</b>	Providing clear and comparable information in an accessible manner.	Overall report	Supply chain HP operations Products and solutions	<a href="#">GRI index</a>
● <b>Bribery and corruption</b>	Working against bribery and corruption in all aspects of HP's business.	Anti-corruption	Supply chain HP operations Products and solutions (interactions with partners and customers globally)	<a href="#">Anti-corruption</a> <a href="#">Supply chain responsibility</a>
● <b>Diversity and inclusion</b>	Working to promote diversity and inclusion across HP's global workforce.	Diversity and Equal Opportunity	HP operations	<a href="#">Diversity and inclusion</a>
● <b>Privacy and data protection</b>	Collecting and using information in a manner that upholds the right to privacy.	Customer Privacy	HP operations (employees) Products and solutions (customers, clients, and partners)	<a href="#">Privacy</a>
High importance to sustainable development, medium importance to HP's business success				
● <b>Energy and GHG emissions in operations and supply chain</b>	Improving the energy efficiency of HP's operations and supply chain to reduce energy use and costs as well as GHG emissions, and using renewable energy sources when feasible.	Energy Emissions	Supply chain (first- and second-tier suppliers, Scope 3 emissions) HP operations (Scope 1 and Scope 2 emissions)	<a href="#">Energy, climate, and water</a> <a href="#">Supply chain environmental impact</a> <a href="#">HP operations</a>

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● <b>Waste and hazardous materials in operations and supply chain</b>	Responsibly managing and disposing of hazardous and nonhazardous waste within HP's operations and supply chain.	Effluents and Waste	Supply chain (first-tier suppliers) HP operations	<a href="#">Supply chain environmental impact</a> HP operations
● <b>Water in operations and supply chain</b>	Reducing water use in our operations and supply chain.	Water	Supply chain (first-tier suppliers) HP operations	<a href="#">Energy, climate, and water</a> HP operations <a href="#">Supply chain environmental impact</a>
● <b>Use of substances of concern in products</b>	Managing use of materials and substances of concern, and using alternative materials that reduce the risk of human health and environmental impacts, while meeting performance and cost criteria.	Products and Services Materials	Supply chain Products and solutions	<a href="#">Materials</a>
● <b>Sustainable buildings</b>	Designing HP facilities that reduce energy use and decrease environmental impacts in other areas, such as materials use, waste generation, and water consumption.	Energy Effluents and Waste Water	HP operations	<a href="#">Sustainable building design</a>
● <b>Labor practices in supply chain</b>	Maintaining labor standards in working hours and conditions, wages and benefits, and humane treatment of workers; eliminating all forms of forced and compulsory labor, child labor, and human trafficking; upholding the human right of freedom of association and recognition of the right to collective bargaining.	Nondiscrimination Freedom of Association and Collective Bargaining Child Labor Forced or Compulsory Labor	Supply chain (first- and second-tier suppliers)	<a href="#">Supply chain responsibility</a>
● <b>Supply chain codes, standards, and engagement</b>	Implementing and enforcing codes and standards that set a baseline for supplier social and environmental responsibility (SER), and improving HP suppliers' SER performance through engagement and transparency.	Supplier Environmental Assessment Supplier Assessment for Labor Practices Supplier Human Rights Assessment Supplier Assessment for Impact on Society	Supply chain (first- and second-tier suppliers) We ask that first-tier suppliers communicate our Electronic Industry Citizenship Coalition Code of Conduct to their suppliers, thereby propagating the requirements to our subtier suppliers.	<a href="#">Supply chain responsibility</a>
● <b>Responsible sourcing of materials</b>	Working to ensure the responsible sourcing of materials used in HP products (e.g., conflict minerals from the Democratic Republic of Congo).	No GRI-specific Aspects	Supply chain (subtier suppliers in high-risk areas such as the Democratic Republic of Congo; there are multiple tiers between HP and smelters who trade with exporters)	<a href="#">Conflict minerals</a>
Medium importance to sustainable development, medium importance to HP's business success				
● <b>Public policy engagement</b>	Influencing public policy development through direct engagement and through multi-stakeholder associations or initiatives.	Public Policy	HP operations	<a href="#">Public policy</a>
● <b>Responsible marketing</b>	Working to ensure that marketing and communication of products and services is honest, transparent, and fair.	Marketing Communications	HP operations Products and solutions	<a href="#">GRI index</a>
● <b>Product transport and logistics</b>	Managing and reducing fuel use and environmental impacts from product transportation and logistics.	Transport Emissions	Supply chain Products and solutions	<a href="#">Transportation GHG emissions</a>
● <b>Packaging</b>	Working to decrease the environmental impact of HP packaging by reducing material use, optimizing shipping densities, and utilizing recycled and recyclable materials.	Materials	Products and solutions	<a href="#">Packaging</a>
● <b>Sale and misuse of IT products and services</b>	Avoiding sales of HP products to restricted parties and to individuals, groups, or entities that may misuse those products to violate human rights.	No GRI-specific Aspects	Products and solutions	<a href="#">Human rights</a>

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# Living Progress governance

Effective leadership, sound governance, and active participation throughout the company are essential to strong global citizenship performance. In alignment with the launch of Living Progress this year, we created the role of Vice President and Chief Progress Officer. This new role gives us the platform to further ensure that HP's initiatives as a global actor are not stand-alone efforts. Rather, they continue to be deeply reflected in our products and services, our business practices, our relationships with our employees and supply chain, our advocacy efforts, and our corporate philanthropy.

## HP Board of Directors' Nominating, Governance and Social Responsibility Committee

In 2013, the HP Board of Directors' Nominating and Governance Committee expanded its prior oversight of global citizenship efforts at HP. The committee updated its charter to reflect this enhanced focus and changed its name to the Nominating, Governance, and Social Responsibility Committee to formalize the change.

Among its responsibilities, the Nominating, Governance and Social Responsibility Committee may review, assess, report, and provide guidance to management and the board regarding HP's policies and programs relating to global citizenship (which include, among other things, human rights, privacy, sustainability, and corporate social responsibility) and the impact of HP's operations on employees, customers, suppliers, partners, and communities worldwide, as well as review HP's annual Living Progress Report. In addition, the committee may review, assess, report, and provide guidance to management and

the board relating to activities, policies, and programs with respect to public policy matters. The committee may also identify, evaluate, and monitor social, political, and environmental trends, issues, concerns, legislative proposals, and regulatory developments that could significantly affect the public affairs of HP; and oversees the HP Political Action Committee and the policies relating to, and the manner in which HP conducts, its government affairs activities.

## HP Global Citizenship Council

HP's Executive Council retains overall responsibility for global citizenship as part of our business strategy. Our Global Citizenship Council ensures company-wide commitment to and alignment with HP's global citizenship objectives and is responsible for advancing HP Living Progress company-wide. The council comprises executives and subject matter experts from across HP and seeks input from all of our business groups and functions, as well as from external stakeholders. It meets quarterly to promote and advance global citizenship strategically through risk and opportunity assessment, governance, and policy oversight.

The Global Citizenship Council is sponsored by a member of the HP Executive Council. Cochairs are HP's senior vice president of corporate affairs and the Senior Vice President and Chief Ethics and Compliance Officer.

## Topic-specific councils

HP also maintains separate councils dedicated to areas such as Living Progress strategy, environment, supply chain responsibility, corporate ethics, and privacy. These councils include leaders with relevant expertise from our business units, regions, and functions. Each council meets periodically to evaluate progress in implementing our strategies and to establish performance goals.

### Global citizenship governance



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# Stakeholder engagement

To create a better future for everyone through our actions and innovations, HP must work collaboratively. Pursuing an open dialogue with external stakeholders and experts has informed and will continue to drive our ever-evolving social and environmental strategy, now expressed through HP Living Progress. We always have more to learn from external perspectives. Our business and global citizenship strategies would not be as successful or leading without this critical input and dialogue.

HP focuses its stakeholder engagement on the company’s most material issues. We engage with a diverse group of individuals and organizations to advance shared objectives, to continually improve our management approach, and to gain insights on emerging trends, standards, regulations, and risks and opportunities facing our business. The table below features select examples of stakeholder engagements that are included throughout this report.

Stakeholder group	Types of engagement	Example from 2013
<b>Academics</b>	Collaborations Sponsorships	We partnered with Harvard and Stanford universities to offer an accelerated development curriculum to our managers and directors. See <a href="#">Building careers on page 55</a> .
<b>Customers</b>	Customer surveys Requests for proposal Best practice sharing Participation on customer stakeholder groups Innovation collaborations	We collaborated with customers around the world to help them improve their sustainability performance by leveraging HP’s best practices, as well as our portfolio of energy efficient products, services and solutions. HP participates on numerous customer external stakeholder advisory groups, such as the Sprint Stakeholder Group.
<b>Employees</b>	Employee surveys Volunteer programs	Our most important employee feedback mechanism is the annual, confidential Voice of the Workforce (VoW) survey, available online in 28 languages. In 2013, 80% of all employees worldwide took part, up from 79% in 2012. See <a href="#">Engaging our people on page 54</a> .
<b>Investors</b>	Rankings and indexes	In 2013, HP was again included on the CDP S&P 500 Carbon Disclosure Leadership Indexes (Carbon Performance Leadership Index and Carbon Disclosure Leadership Index). See <a href="#">Energy, climate, and water on page 77</a> .
<b>Legislators and regulators</b>	Lobbying governments Research Responding to public consultation on regulations Participating in working groups	An original partner of the ENERGY STAR® program in 1992, HP continued to work with the U.S. Environmental Protection Agency and other industry partners to ensure that labeling requirements for information and communications technology (ICT) products are relevant, exclusive, and appropriate. See <a href="#">Energy efficiency on page 117</a> .  HP successfully helped lead efforts to include federal data center energy efficiency and cost-savings provisions in the U.S. House of Representatives-passed Energy Efficiency Improvement Act (H.R. 2126).



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Stakeholder group	Types of engagement	Example from 2013
<b>Local communities</b>	Cash and in-kind donations Volunteer programs	We delivered 21st century healthcare to people in remote, resource-poor locations through eHealth Centers, developed in partnership with several public, private, and nonprofit organizations. See <a href="#">Human Progress on page 27</a> .
<b>Nongovernmental organizations (NGOs)</b>	Collaboration on programs and initiatives Collaboration on innovative solutions to social challenges Ranking and reports	Working with Conservation International, we created HP Earth Insights, a unique early warning system for endangered species using the power of big data solutions. See <a href="#">Environmental Progress on page 74</a> .
<b>Peer companies</b>	Collaboration on industry initiatives and working groups	HP and four peer companies launched Green Freight Asia, an NGO focused on decreasing GHG emissions and fuel consumption in freight and shipping in Asia. See <a href="#">Transportation GHG emissions on page 129</a> .
<b>Professional organizations</b>	Participation in and sponsorship of initiatives	In 2013, we cofounded Future of Internet Power, a coalition of leading technology companies that will share energy efficiency best practices and develop a platform for supplying low-carbon, sustainable power to data centers in collaboration with utility companies and policy makers. <a href="#">Learn more</a> .
<b>Social entrepreneurs</b>	Participation at conferences Mentoring	In partnership with educational organizations, we designed HP LIFE e-Learning, an open platform, interactive, online learning curriculum to help entrepreneurs and students learn essential business and IT skills. See <a href="#">Economic Progress on page 67</a> .
<b>Suppliers</b>	Audits Participation at business development events Capability-building programs Mentoring Quarterly business reviews Supplier surveys	We hosted two summits on the issue of student, dispatch, and migrant workers in China, attended by 70 suppliers and 100 government officials, vocational school staff, and NGO representatives. HP procurement professionals participated in more than 50 diverse supplier events around the world. See <a href="#">Supply chain responsibility on page 33</a> .

# Affiliations and memberships

HP belongs to or affiliates with many organizations that address global citizenship issues, including:

[Asia-Pacific Economic Cooperation](#), a forum for facilitating economic growth by championing free and open trade and investment, encouraging economic and technical cooperation, enhancing human security, and facilitating a favorable and sustainable business environment in the Asia-Pacific region

[Australia and New Zealand Recycling Platform \(ANZRP\)](#), a nonprofit industry-run member body with a vision to create a community that collects, processes, and safely recycles electronic waste for responsible environmental outcomes

[Better Business Bureau \(BBB\)](#), an international accreditation organization that helps people find and recommend businesses, brands, and charities they can trust

[BizNGO](#), a collaboration of businesses and environmental groups working together to promote the creation and adoption of safer chemicals and sustainable materials

[BSR](#), a global nonprofit organization that catalyzes change within member companies by integrating sustainability into strategy and operations and encouraging collaboration with stakeholders

[CDP](#), an international, nonprofit organization providing the only global system for companies and cities to measure, disclose, manage, and share vital environmental information

[Center for Climate and Energy Solutions](#), an independent, nonpartisan, nonprofit organization working to advance strong policy and action to address the twin challenges of climate change and energy

[Center for Corporate Citizenship at Boston College](#), a membership-based research organization associated with the Carroll School of Management that helps businesses align corporate citizenship objectives and business goals

[Center for Democracy & Technology](#), a nonprofit public policy organization that conceptualizes and implements public policies that will keep the Internet open, innovative, and free

[The Centre for Information Policy Leadership](#), an organization that collaborates to develop policy that fosters privacy and information security, while balancing economic and societal interests

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Change the Equation, a coalition of CEOs to foster wide-spread literacy in science, technology, engineering, and mathematics (STEM)

The Climate Group, an independent, nonprofit organization that works with corporate and government partners to develop mechanisms and policy to rapidly scale-up low carbon energy and technology

Clinton Global Initiative (CGI), an initiative that convenes global leaders to devise and implement innovative solutions to some of the world's most pressing challenges—maximizing their efforts to alleviate poverty, create a cleaner environment, and increase access to healthcare and education

Clinton Health Access Initiative (CHAI), a global health organization committed to strengthening integrated health systems in the developing world and expanding access to care and treatment for diseases of poverty, particularly HIV/AIDS, malaria, and tuberculosis

Conservation International (CI), a nonprofit environmental organization with a mission to protect nature, and its biodiversity, for the benefit of humanity through working with governments and businesses

Corporate Eco Forum (CEF), a membership organization for large companies that demonstrate a serious commitment to the environment as a business strategy issue, helping accelerate sustainable business innovation and the exchange of best-practice insights

CSR Asia, which builds capacity in companies and their supply chains to promote awareness of corporate social responsibility in order to advance sustainable development across the region

CSR Europe, a business membership network that acts as a platform for businesses looking to enhance sustainable growth and positively contribute to society

Electronic Industry Citizenship Coalition, a coalition of the world's leading electronics companies working together to improve efficiency and social, ethical, and environmental responsibility in the global supply chain

EPEAT®, a leading global rating system that helps identify greener computers and other electronic equipment

Ethics and Compliance Officer Association (ECOA), a nonprofit, member-driven association exclusively for individuals who are responsible for their organization's ethics, compliance, and business conduct programs

Ethos Institute for Business and Social Responsibility, a Brazilian nonprofit organization with a mission to mobilize, encourage, and help companies manage their business in a socially responsible way

European Academy of Business in Society (EABIS), a network of companies and academic institutions committed to enabling informed decision-making on business-in-society issues through collaborative research, education, thought leadership, policy insights, and business acumen

European e-Skills Association, a community of stakeholders supporting the development of e-skills and digital literacy in Europe

European Recycling Platform (ERP), a pan-European organization that develops high quality, cost-effective recycling services

Forest Stewardship Council® (FSC®), an independent, nongovernmental, nonprofit organization established to set standards to protect forests for future generations

Global Business Initiative on Human Rights (GBI), an initiative led by major global corporations to advance human rights in a business context through the implementation of the UN Guiding Principles on Business and Human Rights

Global Forest & Trade Network (GFTN), a World Wildlife Fund (WWF) initiative to eliminate illegal logging, improve the management of valuable and threatened forests, and create a new market for environmentally responsible forest products

Global Social Compliance Programme, a business-driven program for the continuous improvement of working and environmental conditions in global supply chains

The Green Grid, a consortium of global IT companies, policy makers, and end users that seeks to become the global authority on resource efficiency in IT and data centers

IDH: The Sustainable Trade Initiative, an organization that accelerates sustainable trade by building coalitions that will impact poverty reduction, safeguard the environment, and foster fair and transparent trade

Information Accountability Foundation, a nonprofit organization furthering accountability-based information governance through active consultations and research, in collaboration with governments, enforcement agencies, business, and civil society

International Climate Change Partnership (ICCP), a global membership-based coalition of companies and trade associations committed to constructive and responsible participation in the international policy process concerning global climate change

Junior Achievement, the world's largest organization dedicated to educating students about workforce readiness, entrepreneurship, and financial literacy through experiential, hands-on programs

Kiva, a nonprofit organization with a mission to connect people through lending to alleviate poverty using the Internet and a worldwide network of microfinance institutions

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mothers2mothers, an NGO that helps prevent mother-to-child transmission of HIV

National Association for Environmental Management (NAEM), a nonprofit, nonpartisan professional association dedicated to empowering corporate leaders to advance environmental stewardship, create safe and healthy workplaces, and promote global sustainability

National Association for Community College Entrepreneurship (NACCE), a nonprofit organization helping community colleges nationwide link their traditional role of workforce development with entrepreneurial development

Partners in Health, an NGO founded in 1987 that aims to provide a preferential option for the poor in healthcare. By establishing long-term relationships with sister organizations based in settings of poverty, Partners In Health strives to bring the benefits of modern medical science to those most in need of them and to serve as an antidote to despair

Ponemon Institute, a research organization working to enable organizations in both the private and public sectors to have a clearer understanding of the trends in practices, perceptions, and potential threats that will affect the collection, management, and safeguarding of personal and confidential information about individuals and organizations

Public-Private Alliance for Responsible Minerals Trade, a multi-sector and multi-stakeholder initiative to support supply chain solutions to conflict minerals challenges in the Democratic Republic of Congo (DRC) and the Great Lakes Region (GLR) of Central Africa

Sustainable Silicon Valley, a consortium of companies, government entities, academic and research institutions, and nonprofit organizations that work together to inspire collaboration, accelerate innovation, and encourage economic prosperity for a sustainable future

Sustainable Green Printing Partnership, an initiative to encourage and promote participation in the worldwide movement to reduce environmental impact and increase social responsibility in the graphic communications industry

UNICEF, a global nonprofit working to improve and save children's lives by providing healthcare, education, and emergency relief

United Nations Global Compact, a voluntary and strategic policy initiative for businesses that are committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labor, environment, and anti-corruption

USAID, the lead U.S. government agency that works to end extreme global poverty and enable resilient, democratic societies to realize their potential

U.S. Green Building Council, a nonprofit organization committed to a prosperous and sustainable future through cost-efficient and energy-saving green buildings, including LEED® certification for data centers

World Economic Forum, an independent, nonprofit foundation committed to improving the state of the world through public-private collaborative efforts to shape global, regional, and industry agendas

World Resources Forum, a science-based platform to exchange knowledge about the economic, political, and environmental implications of global resource use

WWF Climate Savers, an initiative by World Wildlife Fund (WWF) to mobilize multinational companies to voluntarily reduce greenhouse gas emissions and promote the business case for energy efficiency and clean technology

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# Corporate ethics

At HP, how we do things is as important as what we do. We are responsible for our actions, accountable for their consequences, and serious about our efforts.

HP's employees live [our values](#) through their everyday actions. We also use our scale and influence to encourage ethical behavior beyond our own operations. (Read more in [Supply chain responsibility](#) and [Human rights](#).)

Our [Ethics and Compliance](#) program requires employees, business partners, and suppliers worldwide to use lawful and ethical business practices when doing business with us. We have systems in place for reporting and swift resolution of ethical concerns, in line with our policies and local laws.

We operate with integrity, whatever the local culture, laws, and regulations might be. HP does not tolerate corrupt behavior and prohibits bribes or kickbacks under any circumstances (see [Anti-corruption](#)).

We earned high ratings in Transparency International's [Defence Companies Anti-corruption Index](#) for 2013, placing us in the top 8% of companies assessed.

## Ethics and compliance

We hold our leadership, employees, business partners, and suppliers to the highest ethical standards and require them to comply with applicable laws and regulations everywhere we operate. We advance these principles through rigorous governance structures, training, communications, and reporting and investigation procedures. HP's [Standards of Business Conduct](#) (SBC) sets clear expectations for our employees.

## HP codes of conduct

### Employees

HP's [Standards of Business Conduct](#) (SBC) is available in more than 20 languages. It sets clear expectations of behavior for employees, including guidance on what to do in difficult situations. Additional codes of conduct, shown below, support the SBC.

### HP U.S. public sector employees

[U.S. Public Sector Code of Conduct](#)

### Contingent workers

[Contingent Worker Code of Conduct](#)  
(available in 20+ languages)

### Suppliers

[HP Electronic Industry Citizenship Coalition](#) (EICC)  
[Code of Conduct](#)

### Partners

[Partner Code of Conduct](#) (available in 20+ languages)

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## Governance structure and responsibilities

Our commitment to the highest ethical standards starts at the top with the Board of Directors. The board has ultimate responsibility for ethics and compliance and, along with company executives, sets the tone for employees. Its Audit Committee provides nonexecutive input on our program and guidance to our Chief Ethics and Compliance Officer. Our Ethics and Compliance Office oversees day-to-day work on this issue across our global operations.

### Ethics and compliance governance structure



In April 2013, the Board of Directors designated Ralph Whitworth as the nonexecutive Chairman of the Board on an interim basis. See HP’s Governance page for information about:

- Members of our Board of Directors
- Composition of our board committees
- Charters of our board committees
- Our Corporate Governance Guidelines

## Addressing concerns

### Open door approach

HP operates with an “open door” approach to communication. We encourage employees to raise concerns and ask questions when they are unsure of the best course of action—without fear of retaliation. We provide guidance on how to do so in our SBC and accompanying training module, as well as through our corporate policy directory and internal ethics and compliance website. Where specific ethical issues arise, employees can talk to their line manager or more senior managers. They may also seek advice from our ethics and compliance experts, or from regional or business SBC liaisons.

We provide formal, confidential reporting channels for employees and third parties, including e-mail, an online form, and a global 24-hour toll-free hotline with translators available. Where allowed by law, reporting can be anonymous. The hotline and corporate compliance e-mail channels provide two-way communication for anonymous sources so we can respond promptly and follow-up as needed. In 2013, employees and third parties reported a total of 1,268 items to our Global SBC team or other compliance functions.

Read more about [how to ask a question or report a concern](#).

### Items reported to the Global SBC team or other compliance functions, 2009–2013

[percentage of total, by topic]

Total number of items: 1,268

	2009	2010	2011	2012	2013
Human resources issues	35%	44%	42%	39%	40%
Misuse of assets	14%	11%	10%	12%	18%
Conflicts of interest	7%	6%	8%	13%	9%
Fraud	12%	10%	9%	8%	7%
Confidentiality	6%	5%	6%	4%	4%
Customer relationships	2%	2%	3%	4%	4%
Sales channel violations	3%	3%	3%	1%	2%
Financial and public reporting	4%	3%	2%	2%	2%
Competition	1%	1%	3%	3%	1%
Other	16%	15%	14%	14%	13%

### Investigating concerns

HP uses a global case management system to record allegations of ethical violations. It enables us to identify geographical hotspots and trends, and determine whether additional action such as supplemental training or controls would be valuable in a specific region or area of risk.

We take all alleged violations of company policy seriously, responding promptly and conducting investigations when appropriate. These investigations may involve the participation of local, regional, or corporate-level employees and other relevant functions, including regional human resources teams. The Office of General Counsel’s dedicated investigations team oversees all escalated, corporate-led

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investigations. Details and results of investigations are confidential and shared only on a need-to-know basis. We take appropriate disciplinary or remedial action, when required.

In 2013, we undertook a Lean Six Sigma review<sup>1</sup> of the processes under which investigations of serious misconduct are handled. This review identified ways to improve our investigative procedures without compromising the thoroughness and effectiveness of an investigation. The end result was a more efficient approach and a significantly reduced time period to complete investigations.

## Ethics and compliance training, communications, and recognition

Everyone at HP is accountable for their actions, regardless of position in the company. To support ethical behaviors across our workforce, we maintain a program of training, communications, and recognition. Our main initiatives in 2013 included:

- **Mandatory SBC annual refresher course** 99.7% of active employees<sup>2</sup>, including every senior officer and executive, completed a one-hour training session covering our SBC and key policies, procedures, and high-risk issues. Board members were also required to complete a similar training. New hires complete a comprehensive SBC training course within 30 days of joining HP.
- **Training videos** We released three “Integrity Matters” videos that depict typical real-life scenarios of ethical dilemmas with guidance provided by senior leaders. These videos, although not mandatory for employees to watch, each had an average viewership of 26,000 employees. Among survey respondents, 98% rated the videos as “good” to “excellent,” and 61% indicated they better understood the topics covered.
- **Integrity Matters newsletter** We redesigned this newsletter with employee priorities and time-constraints in mind, and improved distribution to reach all employees and encourage higher viewership. We also redesigned webcasts with leaders in a more relatable interview style.
- **Ethics Champions Recognition Program** We introduced this new quarterly recognition program to promote HP’s culture of integrity and ethical decision making, by showcasing employees or teams demonstrating ethical

leadership or living HP’s values in ways that contribute to the company’s success. The program recognized five employees in 2013.

- **Conflicts of Interest Policy** Following a comprehensive review, we reorganized our Conflicts of Interest Policy, revised the content to reflect employee needs, and translated the text into 13 languages. Additional new resources include FAQs and a Disclosure Matrix, which defines what should be disclosed, to whom, and what level of management approval is needed.

## Anti-corruption

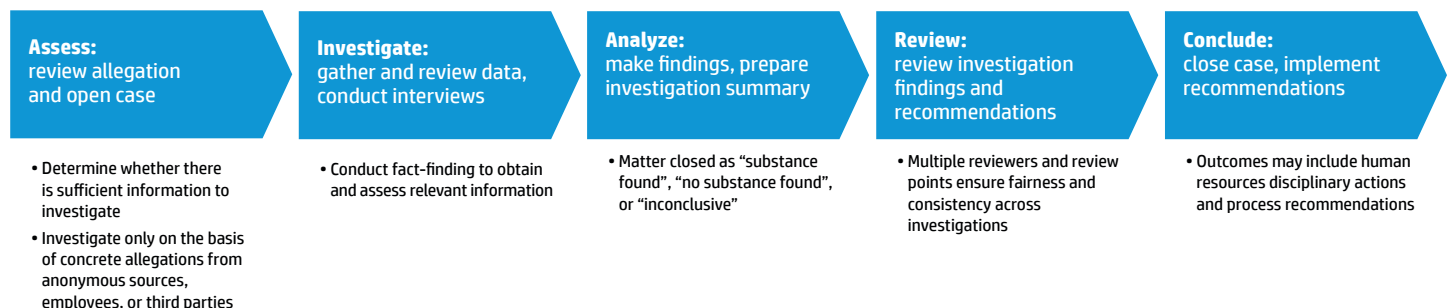
HP does not tolerate corrupt behavior and prohibits bribery or kickbacks in any circumstance. Corrupt behavior is an impediment to social and economic development. It undermines the values on which HP is built, the principles of fair competition, and the rule of law.

Through our Anti-corruption Compliance Program, we promote compliance with anti-corruption laws and regulations, including the U.S. Foreign Corrupt Practices Act, the UK Bribery Act, and similar national laws. During 2013, we simplified our anti-corruption policies to provide streamlined guidance to our workforce and introduced a new, stand-alone [Anti-corruption Policy](#) and a revised [Global Business Amenities Policy](#). Employees must also abide by HP’s [Political Contributions Policy](#). In November 2013, we communicated the new Anti-corruption Policy and Global Business Amenities Policy to all employees globally, and, in early 2014, successfully trained HP’s sales force on these policies. HP communicates regularly with employees worldwide to promote understanding and familiarity with all aspects of our Anti-corruption Compliance Program.

We use internal data and Transparency International’s [Corruption Perceptions Index](#) to identify countries at high risk for corrupt activity and raise employee awareness of potential issues in these higher-risk countries. We also benchmark our program with those of other companies to identify potential improvements.

In 2013, we expanded our Channel Reseller Partner Due Diligence Program to other types of third parties, including global logistics service providers and certain suppliers.

### Investigation process overview



<sup>1</sup> Lean Six Sigma is a set of tools and techniques for process improvement. Focus areas included: questions and allegations intake process, clarification of roles and responsibilities across teams, guidelines for escalation of matters to the corporate investigations team, factors to be considered in determining disciplinary actions, and implementation and effectiveness of recommended remediation actions.

<sup>2</sup> Excluding new hires, those on leave of absence, and people leaving HP

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**Training**

We provide a range of anti-corruption training to enhance employee awareness and understanding:

- New hires complete anti-corruption training as part of our mandatory ethics and compliance induction process.
- Anti-corruption is a key element of the annual SBC refresher training course for all employees.
- Sales employees are required to take an additional anti-corruption course every year that provides scenario-based training to deepen their understanding of how to apply anti-corruption policies in their everyday work.
- Relevant employees complete training tailored to the unique requirements of conducting business with the U.S. government.
- Our Ethics and Compliance Office provides specific guidance and training in certain higher-risk countries, which includes face-to-face training and materials adapted for localized training on the SBC and Global Business Amenities Policy.
- HP makes anti-corruption training materials available to channel reseller partners that participate in the Legal and Regulatory Partner Due Diligence Program.

In 2013, more than 50 live (face-to-face and online) training sessions were provided to more than 5,700 employees worldwide on anti-corruption, SBC, global trade, amenities, and global security.

**Foreign Corrupt Practices Act resolution**

In April 2014, HP resolved a case that involved a small number of former employees violating our SBC and the Foreign Corrupt Practices Act. As part of the resolution the U.S. Department of Justice recognized HP’s extraordinary cooperation with the authorities, extensive remediation, and continued improvement and enhancement of its anti-corruption compliance program.

As a company, we have no tolerance for unlawful behavior, and pride ourselves on holding employees to the highest ethical standards. Our Ethics and Compliance team has taken and will continue to take actions to prevent corrupt conduct, and as a company we remain focused on providing our customers around the world the best quality products and services and adhering to the highest standards of business conduct and ethics.

**Goals**

2013 goals	Progress
Increase business-led ethics and compliance messaging and communications.	In 2013, HP leaders continued to provide clear messaging on key ethics and compliance issues relevant to their organizations through new and existing channels—see <a href="#">Ethics and compliance training</a> , <a href="#">communications</a> , and <a href="#">recognition</a> above. We also focused on middle management engagement in high-risk countries.
Showcase Ethics Champions.	HP launched our Ethics Champions program in 2013, which recognizes ethical leadership decisions made by our employees, especially in challenging situations.
Continue assessment of effectiveness of training and consulting programs.	Based on employee feedback, we customized training and awareness efforts to focus on simpler messaging, easier access, and multichannel learning mechanisms.
Continue expanding controls relating to third-party due diligence, including initiating rescreening of existing channel partners.*	HP expanded due diligence to include other third parties such as global logistics service providers and certain suppliers.
Revise and consolidate anti-corruption policies.	We consolidated anti-corruption guidance documents and created streamlined policies to provide employees more succinct guidance.
Enhance event and hospitality screening processes.	We began work with HP Labs to develop a tool to help employees resolve questions and receive advice on how to provide business amenities in a way that complies with HP’s policies.

\* A channel partner is a company that contracts with HP to market or sell our products and services.

2014 goals
Continue to focus on business-led ethics and compliance messaging and communications.
Continue to emphasize and recognize Ethics Champions.
Continue to refresh and refine training and consulting programs.
Continue improving and enhancing due diligence on third parties with whom we do business.
Complete enhancements to event, hospitality, and business amenity screening process and tool.

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# Public policy

Public policy shapes our industry and its ability to transform how we live and work. As a global information technology (IT) company, we share our expertise and experience with elected officials, governments, and regulators around the world.

HP advocates for laws and regulations that encourage economic growth and innovation. We support effective policies in areas critical to our business including technology, taxation, market access, intellectual property (IP) rights, and environment. Our public policy work complies with all applicable national and international laws as well as our own strict [Standards of Business Conduct \(SBC\)](#).

HP's Corporate Affairs team leads our public policy engagement around the globe with oversight from the Nominating, Governance and Social Responsibility Committee (NGSR), a subcommittee of HP's Board of Directors. HP's Senior Vice President of Corporate Affairs is required to provide regular updates to the NGSR on government relations activities and [political engagement](#).

We also magnify our influence to shape policies by working through IT industry and broader business associations. [View HP's membership in these major organizations and coalitions worldwide](#). Where legally permissible and in accordance with our SBC, HP also engages external consultants and contract lobbyists to work closely with our team.

## 2013 highlights

Corporate Affairs spearheads engagements with policy makers around the world to develop relationships and influence key policies. Specific highlights in 2013 included:

- Engaging with governments and international organizations such as the Organisation for Economic Co-operation and Development (OECD) to promote progressive tax reform, research and development incentives, and a competitive global economy

- Advocating for immigration reform for highly skilled professionals, such as provisions included in the U.S. Senate-passed comprehensive immigration bill (S. 744) and the U.S. House of Representatives SKILLS Act (H.R. 2131)
- Playing a leadership role to include data center energy efficiency provisions in the U.S. House of Representatives-passed Energy Efficiency Improvement Act (H.R. 2126). The provisions set a minimum standard for federal acquisition of energy efficient data center technology and call for an update of an eight-year-old U.S. Environmental Protection Agency data centers report
- Advising trade negotiators on advancing the Trans-Pacific Partnership and Transatlantic Trade and Investment Partnership, updating the Information Technology Agreement, and launching the Trade in Services Agreement
- Providing recommendations to the European Commission-appointed mediator on copyright levies, including how to adapt the current hardware-based levies system to the digital age
- Securing European Commission recognition of the Voluntary Agreement on Imaging Equipment, reflecting a 2011 commitment by 16 leading companies to substantially improve the energy efficiency of printers, copiers, and multifunctional devices

### Current policy priorities

Our public policy work focuses on five areas critical to our business. See below for a summary of our approach in each area, or click on the links to read more detailed descriptions of our policy positions.

- [Technology policy](#)
- [Tax policy](#)
- [Market access](#)
- [Intellectual property and anti-counterfeiting](#)
- [Social and environmental policies](#)



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## Technology policy

Technology policy has a direct and fundamental impact on our business. Trends in cloud, security, mobility, and big data are driving significant shifts in the consumption of technology. This New Style of IT benefits from a policy environment that encourages the growth and adoption of new technologies. We advocate for strong privacy and data protection regulations, outcome-based cyber security standards, and energy-efficient cloud delivery. We support regulatory frameworks that enable standardization, interoperability, and portability across IT systems and solutions. We also promote government procurement standards and policies that take into account the speed of innovation and total life cycle costs of technology.

## Tax policy

HP promotes responsible and progressive tax policies that encourage innovation, economic growth, and job creation. We support comprehensive federal tax reform in the United States. Globally, we are engaged with the OECD's global taxation reform efforts, providing input to their work.

## Market access

HP supports trade agreements that liberalize markets for our products and services. We also advocate for these agreements to benefit the global high-tech economy, by including strong protections for IP and increasing transparency in government procurement, regulations, and standards. HP supports the use and recognition of international standards whenever possible and discourages policies that promote domestic industry at the expense of access to global technologies.

## Intellectual property and anti-counterfeiting

Our business is powered by innovation and relies on fair and efficient IP protection. Counterfeiting poses a significant global challenge to HP and our customers and is more sophisticated and pervasive than ever. Our anticounterfeiting program works with governments and law enforcement agencies to strengthen IP laws and promote prosecution of counterfeiters. In the United States, we support reforms to strengthen the patent system, improve patent quality, and curb excessive patent litigation in the courts and at the International Trade Commission. Additionally, we advocate for more effective fair compensation systems in jurisdictions that apply copyright levies to IT products and digital media.

## Social and environmental policies

HP promotes public policies that support human, economic, and environmental progress. HP supports efforts to develop, attract, and retain a strong science and engineering workforce, through worldwide advocacy for educational improvements and promotion of U.S. immigration reform that affects our highly skilled international employees. To protect the environment, we engage with governments to help improve local, state, national, and international legislation governing responsible management of electronic waste and restriction of hazardous substances. HP actively lends our expertise to developing and improving energy efficiency standards, such as the ENERGY STAR® program, and other voluntary agreements to improve energy efficiency. We also encourage governments to prioritize energy efficiency when they procure IT products and data centers. As an industry leader in enabling the responsible sourcing of minerals, HP advises legislative efforts on this high-profile issue.

## Political engagement

In 2013, HP contributed \$1,175,636 to state and local candidates, political memberships or sponsorships, and ballot measure campaigns in the United States. These contributions aligned with our policy positions and complied with HP's political guidelines, SBC, and applicable laws.

HP does not make corporate contributions to federal political candidates. However, eligible employees can make voluntary donations to the HP Political Action Committee (PAC). It is a separate legal entity that contributes to both Democratic and Republican campaign committees, PACs, and party committees in the United States that share our policy views. In 2013, HP PAC disbursed a total of \$350,886.<sup>1</sup>

Where permissible, limited political contributions are made outside the United States.

Learn more on our [Government Affairs](#) website, including:

- Policies for corporate and PAC political contributions
- Criteria and responsibilities for approving political contributions
- List of candidates and groups that received corporate or PAC contributions in 2013
- List of Section 527 organizations that received contributions from HP in 2013<sup>2</sup>

The website also discloses the [proportion of our membership fees](#) that each U.S. trade association we belong to used for lobbying purposes in 2013.

# Data

	2009	2010	2011	2012	2013
Contributions to U.S. state and local candidates, political memberships/sponsorships, and ballot measure campaigns [\$]	\$1,052,400	\$1,284,900	\$1,136,447	\$1,422,375	\$1,175,636
HP Political Action Committee contributions <sup>1</sup> [\$]	\$260,000	\$378,000	\$542,200	\$529,450	\$350,886

<sup>1</sup> Reflects combined HP Political Action Committee and legacy EDS Political Action Committee contributions. Includes minimal operating expenditures.

<sup>1</sup> Includes minimal operating expenditures.

<sup>2</sup> The term "527 organization" refers to a U.S. political organization that is not regulated by the Federal Election Commission. These organizations are created under Section 527 of the Internal Revenue Code.

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# Policies and standards

## Accessibility

[HP Accessibility Policy](#)

## Business ethics

[Standards of Business Conduct](#)

[U.S. Public Sector Code of Conduct](#)

[Contingent Worker Code of Conduct](#)

[Partner Code of Conduct](#)

## Corporate governance

[Corporate Governance Guidelines](#)

## Diversity

[Nondiscrimination Policy](#)

[Harassment-Free Work Environment Policy](#)

## Environment

[Energy and Climate Change Policy](#)

[Environmental, Health, and Safety Policy](#)

[Environmentally Preferable Paper Policy](#)

[Reuse and Recycling Standards](#)

[HP General Specification for the Environment](#)

## Global citizenship

[HP Global Citizenship Policy](#)

## Human rights

[HP Global Human Rights Policy](#)

## Labor practices

[Open Door Policy](#)

## Privacy

[HP Global Master Privacy Policy](#)

## Supply chain

[HP Supply Chain Social and Environmental Responsibility Policy](#)

[HP Electronic Industry Citizenship Coalition \(EICC\) Code of Conduct](#)

[HP Student and Dispatch Worker Guidance Standard for Supplier Facilities in the People's Republic of China](#)

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# Human Progress

Advancing the overall health and well-being of people

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# Living Example: eHealth Centers

## HP technology expands access to healthcare

eHealth Centers leverage cloud-based information technology (IT) and data-sharing systems to deliver 21st-century healthcare services and medical diagnostics to people in remote, resource-poor locations.



e-Health Center, Chausala, India

### Problem

- Seventy-five percent of India's healthcare infrastructure and resources are concentrated in urban populations where only 27% of the population lives.
- Eighty-nine percent of rural Indian patients travel more than 8 km to access basic medical services.
- Existing health clinics often lack high-quality medical care.

### Vision

- Provide 21st-century healthcare services to patients in rural India by utilizing HP's innovative technologies and solutions to create access for remote locations.

### Solution

- In partnership with the Council of Scientific and Industrial Research (CSIR) and other public, private, and nonprofit organizations, eHealth Centers provide quality healthcare services to people in remote, resource-poor locations in India.
- Used shipping containers transform into cloud-enabled mobile clinics that integrate HP technology solutions, including HP workstations, software, and networking.
- As of April 2014, the first five eHealth Centers in India have received more than 28,000 patient visits.

### Impact



**Human Progress:** Provides access to high-quality medical care to rural India, where people lack access to such provisions—enabling early intervention and treatment of common health problems without traveling great distances.



**Economic Progress:** Healthier people lead more productive lives, participate in their local and global economies, and develop innovative ideas to help address community problems.

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# Human rights

Human rights are the fundamental rights, freedoms, and standards of treatment to which all people are entitled. They are outlined in international conventions, declarations, and treaties, including the United Nations Universal Declaration of Human Rights (UDHR). In 2011, the UN Human Rights Council endorsed the “Guiding Principles on Business and Human Rights: Implementing the United Nations ‘Protect, Respect and Remedy’ Framework” (UNGPR). It provides a conceptual and policy framework for business and human rights, as well as guiding principles for its implementation.

Enabling human progress around the world is a core commitment and strategic objective for HP. We take an uncompromising stance on human rights in our own operations and work to influence others to do the same. [HP's Global Human Rights Policy](#) states our dedication to leadership in integrating respect for human rights worldwide into our operations and value chain. We strive to be a catalyst for the greater protection of human rights universally and to be a leader on human rights issues in the information technology (IT) sector.

## Approach

At HP, we believe that technology supports human progress and facilitates the ability of individuals to enjoy their basic rights and freedoms. While technology can also be used to limit those freedoms, we believe that we can most effectively influence such situations through our presence and constructive engagement, rather than withdrawing from countries with poor human rights practices. Due to our global reach and industry leadership, HP is in a position to positively impact human rights worldwide. We achieve this through engaging suppliers and partners, collaborating with industry groups and local organizations, and working with governments to develop policies and regulations. We encourage respect and support for a wide variety of human rights in our own company and through our business relationships. Such efforts range from supporting basic labor rights in our supply chain to ensuring our employees' and customers' right to privacy.

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**Progress in 2013**

During 2013, we completed our first human rights risk assessment tailored to our business. The assessment identified potential risk areas related to activities across HP’s value chain—covering our own operations, as well as our suppliers, partners, contractors, and the sale and use of our products. We assessed risks for their likelihood and severity, and the leverage that HP can apply to address the issue.

The most frequent risk we identified was protecting the legitimate right to privacy of our customers, partners, and employees. Privacy has become a growing risk for many companies involved in processing or storing personal data. Advancements in technology and business models are outpacing governments’ ability to agree on how to regulate the growing data industry. Companies cannot therefore rely simply on compliance and must exercise ethics and social responsibility to protect data and the individuals who entrust them with their information. HP is recognized as an industry leader for its comprehensive privacy program. For more information, see [Privacy](#).

The second-most prevalent risk area our assessment uncovered was labor practices associated with IT supply chains. Issues such as factory employee health and safety and excessive working hours are persistent challenges in IT supply chains, which HP is aggressively targeting in our Supply Chain Responsibility program. For more information, see [Supply chain responsibility](#).

During 2013, we added a human rights module to HP’s Standards of Business Conduct (SBC) annual refresher training. Taken by 99.7% of active employees, the training is designed to raise awareness of potential issues that employees may encounter. HP’s Ethics and Compliance Office also provides confidential reporting channels globally for suspected SBC violations and human rights allegations (see [page 31](#) for reporting on grievances received by HP).

In 2014, we plan to develop metrics for human rights, so we can better assess how we are performing over time and more effectively target areas for improvement.

**Collaboration**

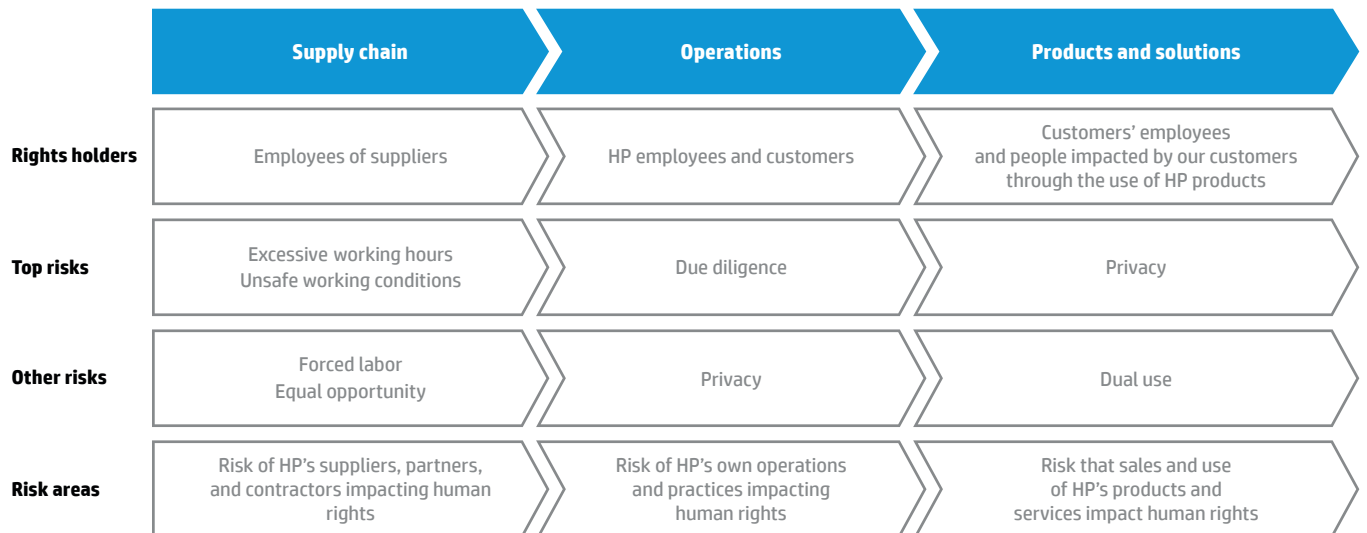
In addition to identifying and managing our own impact on human rights, we provide leadership in multi-stakeholder forums promoting the effective implementation of processes to ensure respect for human rights in business.

In June 2013, HP hosted a meeting of 25 companies from the BSR Human Rights Working Group. The group focused on setting best practices for grievance mechanisms and developing related tools and guidelines. See [Grievance reports and allegations on page 32](#).

HP also contributed to the Roundtable for Business Leaders, hosted by the Global Reporting Initiative and the Gulf Cooperation Council (GCC) in Abu Dhabi in 2013. The event, “Understanding and Implementing Corporate Respect for Human Rights,” provided a forum for regional business leaders and representatives from the United Arab Emirates government to discuss corporate responsibility and human rights in a business context. The session brought together regional representatives with their counterparts. HP cochaired two breakout sessions focused on “Workplace Rights and Vulnerable Groups” and “Integration into Corporate Policies, Processes, and Management Systems.”

We also partnered with [SHIFT](#), a nonprofit center for business and human rights. Throughout the year, we helped the organization develop tools for its water stewardship project—in regions of extreme water stress, access to water can be a human rights issue. We also contributed to SHIFT’s Human Rights Reporting and Assurance Framework initiative.

**Human rights risk assessment across HP’s value chain**



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In December 2013, HP partnered with the NEXUS Institute to hold a Human Rights Day for HP employees in Palo Alto, California, United States. The event gave attendees an overview of human rights and the role of companies in respecting human rights. Employees were shown examples of HP's work to help improve respect for human rights and address adverse human rights impacts in our supply chain and took part in a discussion about human trafficking.

## Human rights management

HP's Ethics and Compliance Office, within the Office of the General Counsel, is responsible for ensuring the implementation of our human rights policy and for defining processes to assure the prevention, mitigation, and remediation of any human rights impacts across HP's business. In doing so, our Human Rights program works closely with HP's business units and global functions to address human rights impacts across a wide range of business activities, including consumer and employee data privacy, supply chain management, labor relations, employee health and safety, and global trade.

HP's Global Citizenship Council ensures company-wide commitment and alignment to HP's Living Progress objectives, including governance of our Human Rights program. See [Living Progress governance on page 15](#).

HP's respect for human rights is not new. Since 2002, the company has been a signatory to the UN Global Compact, which includes 10 universally accepted principles in the areas of human rights, labor, environment, and anti-corruption (see [United Nations Global Compact index on page 140](#)).

HP's [Global Human Rights Policy](#) (available in 21 languages) includes the following key commitments:

- Comply with laws and regulations where HP does business and adopt and apply international standards where laws are less stringent
- Complete due diligence to avoid complicity in human rights violations
- Regularly assess human rights risks, policies, and impacts, and provide visibility of the results to senior executives
- Provide access to independent grievance mechanisms immediately to raise concerns or identify adverse human rights impacts
- Promptly investigate allegations and pursue actions to mitigate any adverse human rights impacts
- Promote continual improvement through capability building for our business partners, terminating relationships only as a last resort
- Advance our human rights practices through a journey of cumulative progress
- Report transparently on our efforts

See [Human rights policies on page 32](#) for links to other HP policies and standards that also guide our approach to respecting human rights.

The following sections of this report describe how HP manages a range of human rights issues:

- [Corporate ethics on page 20](#)
- [Supply chain responsibility on page 33](#)
- [Privacy on page 50](#)
- [HP people on page 54](#)

We believe that our products and services help advance society and enhance the lives of people worldwide. However, there is always the potential for goods and services to be used in unintended and inappropriate ways.

HP sells products and services in countries around the globe. Some of these countries lack the rule of law, or the ability to enforce laws in order to protect citizens. When doing business in these challenging markets, HP abides by all U.S. sanctions, restrictions, and embargoes. In addition, we utilize our due diligence process and oversight from the [Global Citizenship Council](#) to guide business decisions when there is potential for our products and services to be misused.

We recognize that not all of our business decisions will necessarily align with the perspectives of all shareholders, customers, and other stakeholders, and we strive to consider their perspectives. For that reason, and consistent with our policy, we review our business decisions when questioned by stakeholders and investigate any allegations that our decisions are inconsistent with our commitment to human rights.

Our commitment to respect human rights also extends to the communities where we operate. From local community and employee-engagement programs to large-scale social investment programs, we focus the collective power of our people, portfolio, and partnerships for greatest impact (see [Social investment on page 71](#)).

### Grievance reporting

Grievance mechanisms are a basic part of businesses' human rights programs and should serve individuals and communities who may be adversely impacted by a company's activities. Grievance mechanisms serve two main purposes: identifying potential adverse human rights impacts, and addressing the grievance through investigation and remedy as appropriate. Having an effective grievance mechanism in place is important to businesses as it enables them to identify and remedy problems early on, before they become compounded and potentially escalate.

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HP provides several means for employees, customers, and stakeholders to file a grievance. Our main reporting channels are:

- A toll-free number, available to people inside and outside the company, to report grievances anonymously
- By e-mail to our Ethics and Compliance Office through our SBC mailbox

Read more about [how to report a concern](#).

In addition to formal grievances, we track and investigate potential human rights allegations that are brought to our attention through other channels, such as stakeholder engagements and media relations.

We track all reported grievances and allegations to closure regardless of the source. Formal grievances are reviewed by the Ethics and Compliance Office and the Audit Committee, at least quarterly. Insights gained from reported grievances and allegations are incorporated into improvement plans within the appropriate organization and functions, such as our Supply Chain Responsibility program and our Human Rights program.

During 2013, HP received 22 human rights-related grievances and allegations including media investigations and customer concerns not raised as formal grievances (see table). This number includes grievances brought to our attention related to our suppliers. All of these events have been investigated and responded to, and all but five have been closed. By comparison, in 2012 we received 27 grievances and allegations. Thirty items were closed in 2012 (including some from 2011). Two remaining grievances and allegations from 2012 were closed by April 2013.

Grievance reports and allegations	2012	2013
Supply chain and materials sourcing	9	9
Operations and governance	2	4
Products and services	16	9
<b>Total</b>	<b>27</b>	<b>22</b>

## Human rights policies

HP policies with particular relevance to human rights include:

- [HP Standards of Business Conduct](#)
- [HP Global Human Rights Policy](#)
- [HP Contingent Worker Code of Conduct](#)
- [HP Environmental, Health, and Safety \(EHS\) Policy](#)
- [HP Global Citizenship Policy](#)
- [HP Global Master Privacy Policy](#)
- [HP Harassment-Free Work Environment Policy](#)
- [HP Nondiscrimination Policy](#)
- [HP Open Door Policy](#)
- [HP Electronic Industry Citizenship Coalition \(EICC\) Code of Conduct \(Supplier Code of Conduct\)](#)
- [HP Supply Chain Social and Environmental Responsibility Policy](#)
- [Partner Code of Conduct](#)
- [HP Student and Dispatch Worker<sup>1</sup> Guidance Standard for Supplier Facilities in the People's Republic of China](#)

<sup>1</sup> Dispatch workers are temporary laborers provided by agencies.



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HP final assembly supplier, China

# Supply chain responsibility

HP supports human, economic, and environmental progress throughout one of the most extensive supply chains in the information and communications technology (ICT) industry. Our Supply Chain Responsibility (SCR) program—founded in 2001—is fundamental to HP Living Progress, the way our people and technology come together to solve society's toughest challenges. Our supply chain standards enhance the lives of people making our products and reduce environmental impacts across our value chain. They also lead to higher-quality products and help ensure the continuity of our supply lines.

We demonstrate our commitment to addressing challenges in our supply chain through transparency and action exemplified by our audits, assessments, and capability-building programs. Audits and assessments help us determine potential suppliers' ability to meet our social and environmental responsibility (SER) requirements. Later, full re-audits and the regular collection of key performance indicators (KPIs) allow us to continue to monitor suppliers' progress as part of our manufacturing network. Capability-building programs empower our suppliers with the knowledge, tools, and incentives to meet and maintain HP's SER requirements.

This section of the Living Progress Report explains how HP approaches these issues and what we accomplished in 2013 to address challenges, such as:

- [Minimizing labor impacts](#)
- [Sourcing minerals responsibly](#)
- [Maintaining a diverse supply chain](#)

We report our audit findings in the [Labor impact section](#). Learn more about the environmental performance of our suppliers in the [Supply chain environmental impact section](#).

## Progress in 2013

In 2013, HP made progress across a number of supply chain focus areas. We became the first information technology (IT) company to introduce guidance for the treatment of student and dispatch workers, an emerging challenge in the electronics industry supply chain. We began collecting data on these and other workers to better understand the risks around this issue. We continued to monitor our suppliers with specialized on-site assessments and to require corrective action when we find potential issues. Furthermore, we continued our tradition of transparency, by publishing a list of the tantalum, tin, tungsten, and gold (3TG) smelters that we confirmed to be in our supply chain, a major step in working toward the responsible sourcing of minerals used in our products. To better track our progress on these issues and others, in 2013 we introduced the HP SCR dashboard.

### Supply chain responsibility dashboard

We are enhancing our transparency efforts by publishing for the first time HP's SCR dashboard. The dashboard highlights a range of KPIs representing significant labor, health and safety, and environmental impacts of our supply chain. Below we present a high-level version of the dashboard, which provides aggregate performance data reported to us by our suppliers on working hours, student worker proportions, core labor rights, critical health and safety issues, and greenhouse gas (GHG) emissions. In our more detailed [SCR dashboard](#) we report additional environmental and transparency indicators.

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# 460,000

Suppliers' employees reached through capability-building programs since 2007

The findings in the dashboard showcase HP's SCR program's strengths and our opportunities for continual improvement. For example, our dashboard indicates that 83% of the workers in our final assembly facilities are working less than 60 hours per week. We recognize that we have made progress in this area, but also that we must continue our focus on helping to improve working hours performance for the remaining 17%.

Additionally the dashboard shows that 96% of our major final assembly sites in China have limited the use of student workforce. With this in mind, we now focus our efforts on engaging our suppliers on the responsible management of student workers and other vulnerable worker groups.

Under critical health and safety issues, the dashboard indicates there were several zero-tolerance items in 2013. These items were emergency preparedness findings that required immediate corrective actions and continued monitoring. To read more on how our suppliers corrected and resolved zero-tolerance items, see the section below.

Finally, the dashboard shows our suppliers emitted 3 million tonnes carbon dioxide equivalent (CO<sub>2</sub>e) (in absolute terms, allocated to HP) in 2013. HP's supply chain represents 34% of our total carbon footprint. Tracking this information helped HP work with our first-tier suppliers to reduce GHG emissions intensity by 7% in 2012, compared with 2010 (2012 is the most recent year for which data are available). In 2013, to make further progress in this

area, we set an industry-leading 2020 supply chain GHG emissions intensity reduction goal. Read more about our efforts in the Supply chain environmental impact section.

## Building capabilities

Achieving long-lasting social and environmental progress in our supply chain relies on our suppliers' ability to improve their policies, processes, and operations. HP adopts a collaborative approach and invests in building the capabilities of our suppliers to deliver substantial and lasting SER performance improvements. We work with nongovernmental organizations (NGOs) and local training groups to deliver capability-building programs that target critical SER issues. In 2013, we conducted 12 capability-building programs. They addressed areas including:

- Eliminating discrimination
- Improving health and safety conditions
- Improving suppliers' social management systems
- Managing student and dispatch workers responsibly
- Raising awareness of women's health

Since we launched our capability-building program in 2006, companies that took part in these initiatives have performed better overall in SER audits than those that have not, as seen in the graph in the Audit result trends section on page 40. We highlight examples of capability-building events throughout this section. Environmentally focused capability building programs can be found in the Supply chain environmental impact section.

## Supply chain responsibility dashboard\*

	2013
<b>Working hours</b>	
Suppliers' employees working less than 60 hours per week on average** [%]	83%
Suppliers' employees receiving at least one day of rest each seven day workweek** [%]	89%
<b>Student workers</b>	
Suppliers in China with student workers representing 20% or less of total employees** [%]	96%
<b>Core labor rights</b>	
Zero-tolerance audit findings related to the ILO Declaration on Fundamental Principles and Rights at Work: freedom of association; forced, bonded, or indentured labor; underage labor; or discrimination***	1
<b>Critical health and safety issues</b>	
Zero-tolerance audit findings related to occupational safety, emergency preparedness, or industrial hygiene****	5
<b>Greenhouse gas emissions</b>	
Production supplier Scope 1 and Scope 2 emissions†, †† [tonnes CO <sub>2</sub> e]	3,000,000

### View our full data and goals

\* This table includes both company-level and facility-specific data obtained during 2013 relating to HP's first-tier production suppliers. Findings from our 2013 audits are limited to those facilities audited during the year and are not representative of all facilities in our supply chain.

\*\* Based on production-line workers at final assembly sites participating in the HP KPI program in 2013 and audit results. We continue to expand the list of suppliers in the KPI program based on business risk, country risk, and identified nonconformances.

\*\*\* Finding relates to underage workers observed at supplier facility. [See section](#).

\*\*\*\* Findings relate to emergency preparedness. [See section](#).

† Suppliers represent 95% of HP's production supplier spend. 2012 is the latest year for which data is available.

†† The World Resources Institute defines Scope 1, 2, and 3 GHG emissions in its Greenhouse Gas Protocol; see <http://www.ghgprotocol.org/calculation-tools/faq>.

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Capability-building summary\*

	2007	2008	2009	2010	2011	2012	2013
Number of programs	3	4	6	11	12	12	12
Workers and managers reached [total, cumulative]**	170	2,500	12,800	50,600	115,500	322,100	460,000

\* As HP first started capability-building programs in 2006, full data is only available from 2007.

\*\* With the exception of train-the-trainer programs, HP only accounts for workers and managers directly reached by our capability-building programs. These figures are rounded.

**Incentivizing suppliers: HP's new SER scorecard**

HP has long considered suppliers' SER programs and performance when awarding new and continuing business. In line with the growing importance of SER issues, we updated our procurement scoring process in 2013, placing greater emphasis on SER performance in the business award process. Rather than include SER as an integral part of our overall supplier scorecard, which we have done for many years, this year we created a new scorecard and five-tier supplier rating system to act as a multiplier to our general supplier performance management score. This new approach will result in significantly greater consideration of suppliers' engagement and SER performance.

Suppliers with strong SER performance can increase their overall scorecard results, which increases their opportunities for new or expanded business. Suppliers with persistently poor SER performance may see a reduction in their scorecard rating of up to 50% and a decrease in the business they are awarded. HP has introduced the

scorecard to six strategic commodity supplier categories. In 2014, we are extending its use to all final assembly suppliers and additional commodity suppliers.<sup>1</sup>

# Labor impact

HP is committed to fair working conditions. We use audits, assessments, and capability-building initiatives to help propagate and maintain our high labor standards throughout our global supply chain. We focus on addressing persistent challenges such as:

- Workers at high risk, including student, dispatch, and foreign migrant workers
- Excessive working hours
- Wages and overtime payments
- Health and safety

**New**

SER scorecard for stronger influence of purchasing decisions

## Our supply chain management approach

**Address SER risks** We manage SER risks by assessing suppliers against location, procurement category, company information, and external stakeholder reports, as well as by pinpointing high-risk issues. Additionally, we work to prevent risks through capability-building programs and setting progressive policies and standards for our supply chain.

**Measure performance** Our audit and assurance program, KPI monitoring, independent assessments, and input from third parties identify issues and help us target areas of concern to improve supplier SER performance. We also measure progress through engagement with suppliers and industry bodies.

**Build capabilities** We help suppliers' managers and workers improve their SER performance through programs and partnerships with

nongovernmental organizations (NGOs), training partners, government agencies, and other suppliers. Our procurement scorecard encourages suppliers to take part in capability-building initiatives.

**Engage stakeholders** HP collaborates with a broad range of stakeholders, including industry bodies, governments, socially responsible investors (SRIs), and NGOs, to research and better understand supply chain issues, and to formulate programs and initiatives on issues of concern regarding supply chain SER.

**Develop policy and standards** HP aims to introduce updates to leading policies and standards that appropriately communicate our expectations to our suppliers. These policies and standards are supported by assurance mechanisms to check

conformance. Through a common foundation, HP aims to elevate standards across our industry.

**Integrate procurement** Our procurement team is trained in SER performance evaluation, education, and mentoring. Supplier relationships include regular engagement in this area. In 2013, HP introduced a more robust SER procurement scorecard with stronger incentives tied to SER performance. In addition, we launched a site-based assessment process for the on-boarding of major new suppliers. This new assessment will ensure an acceptable level of SER performance from new suppliers prior to doing business.

See [Supply chain responsibility: Our approach](#), a separate document on our website, for more information about how we manage our program.

<sup>1</sup> Commodity sites make components for HP but do not assemble our final products.

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We support the rights of workers in our supply chain to associate freely and on a voluntary basis, to seek representation, to join or be represented by works councils, to join or not join labor unions, and to bargain collectively as they choose as established by local law. Some of our [capability-building programs](#) demonstrate HP's commitment to helping workers better understand their labor rights.

HP's support for labor rights is emphasized by our endorsement of the Electronic Industry Citizenship Coalition (EICC) Code of Conduct in its entirety. We have also supplemented the Code with additional requirements specific to freedom of association (standard A7). See [Supply chain responsibility: Our approach](#), a separate document on our website, for more information.

Additionally, we seek independent feedback on labor rights practices from multi-stakeholder organizations that compare our labor rights management systems to those of our peers. In 2013, HP completed the Global Social Compliance Program (GSCP) Equivalence Process, through which HP benchmarks our audit tools and processes against multi-industry standards. HP also participated in a similar initiative using Social Accountability International's (SAI) Social Fingerprint process. We use both of these labor rights benchmarks to continuously improve our SER management systems and processes. For example, we developed our new, five-tier supplier SER scorecard (see above) based on SAI's recommendation to further integrate SER and business performance.

## Protecting workers at high risk

In some parts of the IT supply chain, certain workers are more likely than others to encounter inadequate working conditions. These workers at a high risk, particularly in emerging economies, include student, juvenile, dispatch, and foreign migrant laborers.

HP is reducing the risks these workers may face through enhanced standards, audits, focused assessments, real-time performance monitoring and validation, and our capability-building programs. Specifically, in February 2013, we introduced the "HP Student and Dispatch Worker<sup>2</sup> Guidance Standard for Supplier Facilities in the People's Republic of China," the first such standard in our industry. To develop these guidance standards, HP collaborated with China-based NGOs such as the Center for Child Rights and Corporate Social Responsibility and the Labor Education Service Network, as well as industry peers, suppliers, and other stakeholders.

HP's guidance standard requires suppliers to follow responsible management principles such as:

- All student and dispatch work must be voluntary.
- Suppliers should pay dispatch and student workers similar rates to full-time, entry-level workers.
- Student workers may discontinue internships without penalty.
- Suppliers must follow or exceed national and local labor regulations.
- Suppliers must employ only a limited number of student workers.
- Student work must complement the student's primary area of study.
- Suppliers may only use dispatch workers for temporary, auxiliary, or substitute job positions.

To implement the guidance standards, HP established regular reporting of supplier KPIs covering student, dispatch, and juvenile workers and held public roundtables, supplier training sessions, and additional site-specific assessments

### Building capabilities

## Supporting workers' rights

These capability-building programs demonstrate HP's commitment to helping workers, students, interns, and their supervisors and trainers to understand workers' rights and how to raise concerns.

**Worker management communications/Supervisor Training Program** With the support of the Chongqing government, HP launched the Supervisor Training Program, which includes more than 220 supervisors from three suppliers in Chongqing. This HP-Chongqing government collaboration, as reported in the Mainland Chinese media, is designed to improve suppliers' management and communications skills. The program lasts three days.

**EICC workers' rights training** Almost 3,000 workers from two suppliers in Shanghai and Jiangsu, China, benefited from our workers' rights training initiative in 2013. Delivered in partnership with Home of New Citizens, a Chinese NGO, this

program helps workers better understand their rights and how to raise grievances about their working environment.

**Predeparture/employing interns training** Since January 2011, HP and the Labor and Education Service Network (LESN) have partnered to train vocational schools and human resources departments at supplier sites on labor rights in preparation for incoming interns and recent graduates. After attending this event, we expect our trainees to then share this knowledge with their students and new workers. We have conducted this training throughout China, starting in Wuhan in central China and then expanding west to Chongqing, south to Guangdong, and east to Jiangsu. In 2013, the program reached more than 330 trainers and more than 50,000 graduates.

View a [comprehensive list](#) of HP's capability-building projects online.

<sup>2</sup> Dispatch workers are temporary laborers provided by agencies.

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at nine first-tier facilities. We will assess conformance to the guidance standards in all remaining final assembly sites in China in 2014.

Following the release of these guidance standards, HP organized two supplier SER summits in China to promote change across the electronics industry around this emerging issue. About 170 participants from 70 electronics production suppliers attended along with government officials, vocational school staff, and NGO professionals specializing in labor and student rights. We hope that further engagement will allow us to refine and spread our guidance standards throughout our industry.

In addition to our efforts on student and dispatch workers, HP will also expand our program on training and oversight of foreign migrant labor in 2014 with assessments in Southeast Asia and training for labor agencies on responsible sourcing and fair methods of compensation.

## Excessive working hours

Supplier audits across the IT industry continue to identify excessive working hours as one of the most persistent SER issues. HP's EICC Code of Conduct states that work weeks must not exceed the maximum length set by local law and should not exceed 60 hours, including overtime, except in emergency or unusual situations. HP's efforts are helping

improve conformance on this issue. In 2013, 83% of workers at final assembly supplier sites worked fewer than 60 hours per week on average.<sup>3</sup>

Since 2009, HP has helped drive this kind of improvement through our key performance indicator (KPI) program. We monitor supplier sites in areas at risk for working hour nonconformances against our working hours expectations outlined in HP's EICC Code of Conduct. This program requires supplier sites to report on working hours, the number of workers who received at least one day off per week, and other SER labor metrics. We verify accurate reporting during on-site SER audits.

HP expanded the KPI program in 2013 by:

- Monitoring KPI data more frequently; we now track data on a weekly basis instead of a monthly basis
- Enrolling additional high-risk final assembly sites into the program
- Integrating HP procurement managers to demonstrate the importance of the program to the supplier's commercial relationship with HP
- Tracking additional labor issues, such as the presence of workers at high risk

Currently, the KPI program covers our final assembly sites in China and Southeast Asia with a history of nonconformances against our working hours expectations outlined

## Building capabilities

### Creating a healthier, more inclusive workplace

Through programs covering a diverse range of issues such as reproductive health, mental health, and disease prevention, HP is helping our suppliers maintain a healthier workforce that fosters greater productivity.

**HERproject** Female workers often arrive to supplier facilities with limited awareness of basic personal healthcare. HP seeks to bridge this gap through the BSR program Health Enables Returns (HERproject), which addresses women workers' general and reproductive health needs and raises awareness of birth control and how to prevent and treat sexually transmitted infections such as HIV. In 2013, we brought this program to suppliers in Malaysia and Thailand, building on our existing programs in China and Mexico. In 2013, HP-sponsored programs reached seven new suppliers. Since we began our involvement with HERproject, HP has been able to reach more than 36,000 workers and 610 managers.

**Job stress prevention/mental and occupational health program** Together with the Hong Kong Workers Health Centre, HP is helping empower workers to improve their working environment through the Participatory

Occupational Health and Safety Improvement program (POHSI). In 2013, POHSI established a 28-member safety committee at one supplier site in China. This low cost and practical approach aims to address mental health and other health and safety issues related to work at this facility.

**Hepatitis B anti-discrimination and prevention program** Discrimination against people with Hepatitis B (HBV) remains a significant issue in China. Since 2009, HP has hosted training sessions on HBV anti-discrimination and prevention programs to help mitigate this issue in our supply chain. To raise awareness of HBV and eliminate discrimination against HBV-positive workers, we show suppliers how to teach workers about HBV and prevent it through "Health Corners" and internal training. We also inform suppliers that requiring HBV tests for employment is a violation of HP's EICC Code of Conduct. In 2013, we visited six supplier sites and provided more in-depth medical training. Since we began the program, we've reached more than 167,000 workers.

View a [comprehensive list](#) of HP's capability-building projects online.

<sup>3</sup> Based on final assembly sites participating in our KPI program in 2013 and audit results. We continue to expand the list of suppliers in the KPI program based on our business, country risk profiles, and identified nonconformances.

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in HP's EICC Code of Conduct. In 2014, we will expand the program to other geographic regions and suppliers where we find persistent working hour challenges. We will also expand the program to include final assembly sites without working hour audit nonconformances in order to have a more complete view of the working hour performance across our supply chain.

Beyond our KPI program, HP works across our industry to address excessive working hours in our collective supply chain. In 2013, we cochaired the EICC working group on excessive working hours, establishing a common approach to capturing and reporting working hours KPI data in the industry. This was a fundamental step to actively managing and improving performance in this area. In 2014, HP will participate in the newly formed EICC Working Hours Taskforce with the goal of a phased approach to ensuring conformance with our working hours expectations outlined in HP's EICC Code of Conduct and local laws.

## Wages

The issue of wages is pivotal to addressing excessive working hours—among other influences, a well-designed wage structure means workers can earn sufficient wages in less time, which reduces the motivation to work longer hours. To better understand wages in our supply chain and their effect on working hours, HP commissioned a wage study across China. The study, conducted by Impactt Limited, an ethical trade, human rights, and labor standards consultancy, explored the amount of work necessary for laborers to earn a living wage—as defined by SAI<sup>4</sup>—in eastern, southern, and western China. The study also assessed workers' desired wage levels.

The results of the study were mixed. In western China, where HP sees the most growth in our supply chain, workers were able to earn a living wage without working excessive hours. Conversely, supplier wage structures in other parts of China resulted in workers having to work significant overtime to earn a living wage with limited opportunities to improve earning potential. With these results in mind, HP will continue to work with our suppliers to evaluate wage structures in our supply chain.

## Health and safety

We aim to ensure the health and safety of the people working in our supply chain. Health and safety issues such as access to a hygienic working environment, occupational safety, and emergency preparedness continue to play a major role in our assessments, audits, and capability-building programs.

In 2013, we augmented our auditing program to help suppliers more aggressively develop site-management systems that meet HP's EICC Code of Conduct health and safety provisions. Additionally, we began performing more frequent inspections of emergency preparedness programs at supplier sites, and, together with SAI, developed safety assessments for use during these inspections. These assessments evaluate facilities' emergency preparedness management systems as well as training and coaching systems. The assessments also cover a supplier site's ability to evacuate during an emergency and the condition of evacuation routes, procedures, and equipment. These assessments additionally evaluate how safely a facility manages and handles flammable equipment and materials.

### Case study

## Improving factory safety through worker engagement

Risk of injury from physically demanding work was a leading cause of major nonconformances in our Latin America region in 2012. To build our suppliers' ability to address this issue, we partnered with SAI, the Rapid Results Institute, and Labor Link to conduct a 100-day improvement program at three major HP suppliers in Brazil. Through a founding grant from The Walt Disney Company, the Brazil Worker Engagement program—a Brazil-specific version of SAI's Rapid Results program—helped improve factory conditions by increasing workers' input on safety issues. These efforts included opening up more channels of communications such as anonymous mobile surveys, establishing grievance mechanisms, and empowering newly formed "social performance" teams. Social performance teams are made up of both workers and management, and help drive further improvement projects.

One of our larger suppliers, Flextronics, saw dramatic results. Using worker surveys, the program team identified several areas for improvement and addressed them through a combination of quick fixes—such as adjusting workstations—and long term investments including ergonomics training and the creation of a permanent ergonomics committee with worker representation. The program team reached their goal of reducing absenteeism due to injuries to 4.8% from more than 8% in 100 days, both protecting workers and lowering costs. We hope that this example of worker engagement and cross-stakeholder collaboration will improve safety and demonstrate that investing in social improvement creates positive business results. We aim to continue this program with suppliers in Brazil and examine opportunities in other countries and regions.

<sup>4</sup> According to SAI's Extrapolated Market Basket methodology, a living wage is one that is sufficient to provide food and the remaining basic needs for the worker and the average number of dependents per wage earner in an average household, with an additional 10% added on for discretionary income.

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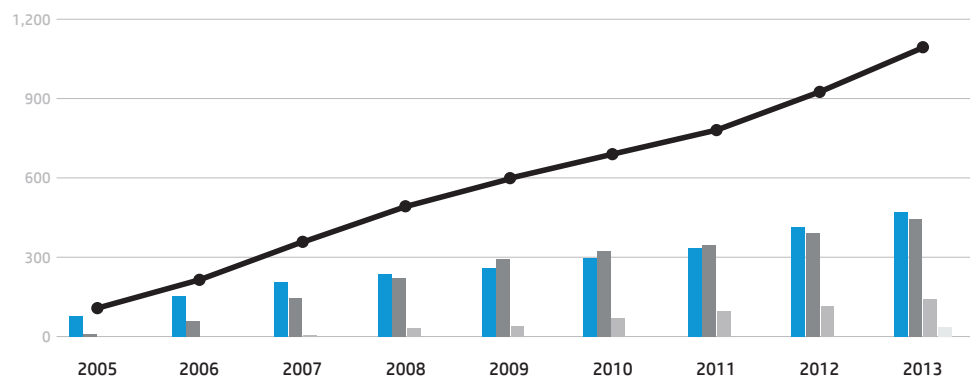
# Supplier audits

HP first piloted SER audits in 2004, and we have conducted or commissioned 1,090 audits and assessments of production and nonproduction supplier facilities since launching our program in 2005. To promote fair working practices and reduce the environmental impact of our supply chain, we aim to increase the number of audits we conduct by using the EICC Validated Audit Process (VAP). While the EICC VAP program leverages external auditors, it also includes separate, third-party quality control of audits for added credibility. We intend to progressively transfer audit responsibility to suppliers, as experience shows that suppliers perform better and are more invested when they commission their own audits and take ownership of their performance, especially when these efforts are rewarded through [procurement incentives](#).

Initial and full re-audits cover all provisions of HP's EICC Code of Conduct. We compare full re-audits with initial audits to see how a supplier has improved management systems and programs over time. The audit graphs below show both initial and full re-audit data.

In addition to comprehensive audits, HP uses numerous assessments to target specific issues and risks uncovered through audits, our KPI program, and external stakeholder feedback. For more information on HP's approach to audits and assessments see [Supply chain responsibility: Our approach](#), a separate document on our website.

## SER audits and assessments conducted, 2005–2013\*\* [total, cumulative]



■ Total initial audits	78	154	204	235	260	295	334	412	471
■ Total follow-up audits	7	57	144	221	292	321	345	390	443
■ Total full re-audits	0	0	6	30	39	68	94	116	142
■ Assessments	0	0	0	0	0	0	0	0	34
— Total audits	<b>85</b>	<b>211</b>	<b>354</b>	<b>486</b>	<b>591</b>	<b>684</b>	<b>773</b>	<b>918</b>	<b>1,090</b>

\* Data for past years may differ from previous reports because HP receives the details of some audits after the Living Progress Report publication deadline.

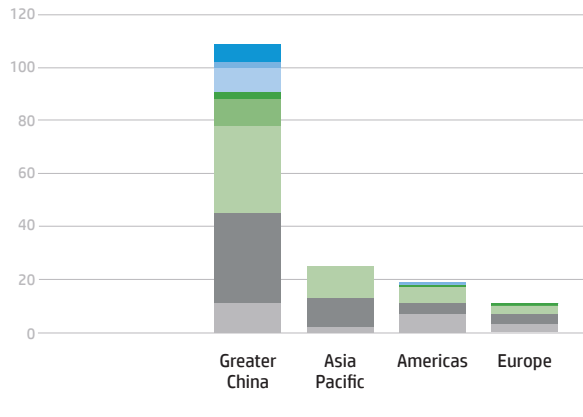
\*\* The graph above shows the cumulative total number of production and nonproduction supplier audits and assessments per type (including recycling vendor SER audits) for the period 2005–2013. Ernst & Young has reviewed 2012 and 2013 reported data only. Please see Ernst & Young's [Independent Accountants' Report on page 138](#) regarding the number of audits by type completed in 2013.

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**SER audits and assessments conducted per region, 2013**

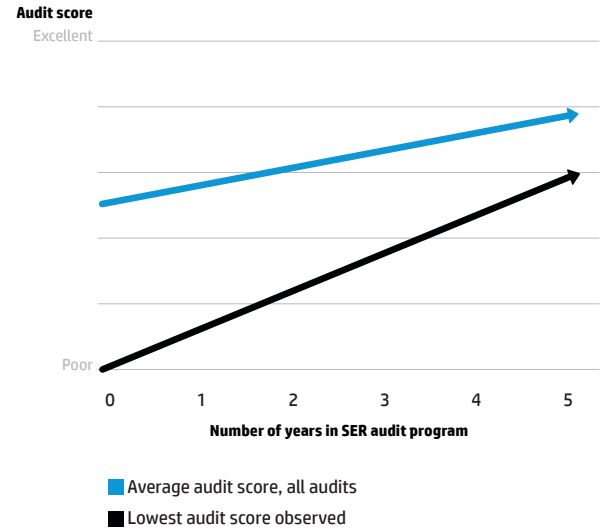


Health and safety assessments	7	0	0	0
On-boarding assessments	2	0	1	0
High-risk supplier assessments	9	0	0	0
SAI Social Fingerprint assessments	3	0	1	1
GSCP Environmental Reference Tools	10	0	0	0
Initial audits	33	15	7	3
Follow-up audits	33	12	4	4
Full re-audits	12	2	7	4

**Audit result trends**

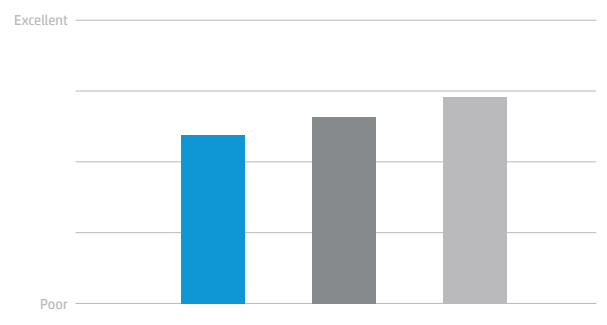
Audit results from 2012 and 2013 show suppliers are responding to HP’s SER initiatives. The data shows that the longer suppliers participate in HP’s SCR program, the better they perform in SER audits, despite more challenging standards (see Global findings below). The difference is most evident when comparing suppliers that are new to HP’s SCR program with suppliers that have been in the program for five years.

**Supplier SER audit performance trend relative to years in SER audit program [for audits conducted in 2012–2013]**



The following graph illustrates the correlation between the level of supplier involvement in HP’s SCR program and audit performance. Suppliers with a low level of involvement, that have not participated in HP capability-building programs, achieved the lowest average score in audits. Suppliers that completed at least one HP capability-building program achieved noticeably higher scores. Though our capability-building programs are related to specific audit items, the proactive attitude among companies investing time and resources to engage in these programs often results in enhanced audit performance overall. In addition, our capability-building programs generally include an aspect of worker education, empowerment, and worker-management communications, which external studies have shown to improve overall SER performance at factories. The highest scores were achieved by suppliers that participate in HP capability-building programs and also initiate EICC VAP audits.

**Impact of supplier engagement on audit results [average scores for full audits]\***



- Suppliers not involved in HP capability-building programs
- Suppliers that have completed at least one HP capability-building program
- Suppliers that have completed at least one HP capability-building program and initiated a third-party audit

\* Data covers full audits (initial and full re-audits) of production suppliers, 2011–2013. Some suppliers are included in multiple categories. Scores are based on priority findings and the quantity of major nonconformances identified.



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## Global findings

Our multiyear plan involves auditing all high-risk suppliers annually and conducting more frequent audits and assessments at every high-risk supplier site. We have extended the scope of auditing to include both new and existing suppliers that were not previously monitored under our SCR program and, therefore, may not have mature SER management systems. In addition, together with the EICC, we are encouraging continual improvement by adding new requirements, requesting additional proof of conformance, and using more rigorous scoring criteria. As a result, we have seen an increase in nonconformances in some areas.

HP has also further clarified audit findings reported under three specific audit provisions: forced labor, child labor, and nondiscrimination. We have separated findings in these critical areas to distinguish between audit results showing a deficiency in policy, procedures, and management systems and audits that identify cases of forced labor, child labor, or discrimination.

Each provision of the EICC audit protocol includes a number of audit questions, each with a potential for no finding, risk of nonconformance, minor nonconformance, or major nonconformance. HP identifies the most significant nonconformance found in each provision and aggregates those results across all audits. This helps us to develop initiatives to address, and externally report, those provisions with the most frequent occurrence of major nonconformance in our supply chain.

See [audit findings](#) online for breakdowns of audit results by region.

The most significant audit findings in 2013 are described below.

### Health and safety

Our 2013 findings reveal continuing concerns in health and safety, especially around emergency preparedness, where we found major nonconformances in 55% of audits. With the help of SAI, we have implemented additional emergency preparedness assessments and are applying our more rigorous approach to help improve [our suppliers' SER performance](#).

### Forced labor/freely chosen employment

We did not uncover the presence of forced labor in supplier audits in 2013, but there were instances of insufficient management systems relating to freely chosen employment in 35% of audits. Lacking policies and procedures to ensure freely chosen employment is the primary source of major nonconformances in this area.

As part of new requirements in HP and EICC's audit protocol beginning in 2013, suppliers are expected to establish effective policies and procedures specifically against slavery and human trafficking, strengthening controls to ensure that any form of forced, bonded, or involuntary prison labor is not used. If audits find such management system nonconformances, HP requires suppliers to aggressively close these as part of our corrective action process and follow-up audits.

### Child labor

As a result of more rigorous audit criteria this year, we saw a slight increase in the number of findings related to child labor avoidance management systems compared with the previous year. Approximately 20% of audits showed insufficient management systems and age checks to prevent child workers from being employed. We uncovered one instance of underage labor in our supply chain in 2013 and five historical cases. For more information, see [zero-tolerance findings](#) below.

### Working hours

Globally, we continue to find that many major nonconformances are related to working hours, the majority of which are in China. We have dramatically increased our monitoring of [working hours performance](#) and continue to collaborate with the EICC and other partners to address this issue.

### Nondiscrimination

In 2013, audits uncovered eight instances of discriminatory practices. HP required these facilities to correct these practices, improve their management systems, and ensure appropriate training for factory personnel to prevent future cases of discrimination as part of our corrective action process, including on-site follow-up audits.

### Hazardous substances

In 2013, we increased our expectations on the management of hazardous substances. HP now considers insufficient worker training on hazardous materials, as well as inadequate hazardous material transport procedures as major nonconformances. Our stronger requirements have resulted in more nonconformances in this area in 2013 than last year.

As in the past, when nonconformances are found in this area, HP expects suppliers to provide a plan to correct the issues, including proper identification, management, and disposal of hazardous substances. Suppliers must also train workers on how to use, handle, store, and dispose of hazardous materials. Closure of nonconformances is verified through our corrective action process and follow-up audits. More information on reporting waste in our supply chain can be found in the [Supply chain environmental impact](#) section.

### Business integrity and protection of identity

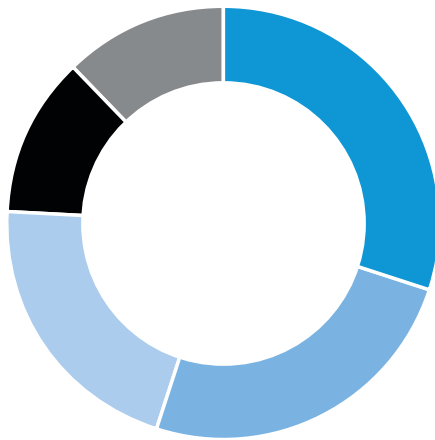
HP demands that our suppliers operate their businesses ethically. Working with the EICC, HP has tightened auditing standards in this area to verify the presence of policies, procedures, record keeping, and training that demonstrate an ongoing commitment to preventing unethical behavior and protecting whistleblowers. Due to our higher expectations, there was an increase in the number of findings in many ethics provisions of our Code of Conduct, including business integrity and protection of identity, although we uncovered no actual cases of ethical misconduct during our audits. As with other audit provisions, we require our suppliers to correct and close these issues. We then confirm that the supplier sites took corrective actions through on-site follow-up audits.

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**Distribution of major nonconformances by section of HP’s EICC Code of Conduct, 2013\*** [percentage of total]



Health and safety	30%
Labor	25%
Management system	21%
Environmental	12%
Ethics	12%
General	0%

**Rates of major nonconformance of sites audited by category**

**Health and safety**

Occupational safety	40%
Emergency preparedness	55%
Occupational injury and illness	25%
Industrial hygiene	28%
Physically demanding work	21%
Machine safeguarding	19%
Dormitory and canteen	27%

**Labor**

Freely chosen employment management systems	35%
Presence of forced labor	0%
Child labor avoidance management systems	20%
Presence of child labor	1%
Working hours	57%
Wages and benefits	31%
Humane treatment	4%
Nondiscrimination management systems	4%
Presence of discriminatory practices	8%
Freedom of association	13%

**Management system**

Company commitment	8%
Management accountability and responsibility	16%
Legal and customer requirements	13%
Risk assessment and risk management	29%
Performance objectives with implementation plan and measures	13%
Training	4%
Communication	7%
Worker feedback and participation	5%
Audits and assessments	20%
Corrective action process	1%
Documentation and records	1%
Supplier responsibility	20%

**Environmental**

Environmental permits and reporting	13%
Pollution prevention and resource reduction	16%
Hazardous substances	41%
Wastewater and solid waste	4%
Air emissions	11%

Product content restrictions (See [Materials on page 91](#))

\* Data excludes minor nonconformances that do not indicate a systemic problem but typically represent an isolated finding. Year-over-year data does not necessarily represent audits of the same supplier sites.

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## Rates of major nonconformance of sites audited by category (continued)

### Ethics

<b>Business integrity</b>	<b>20%</b>
<b>No improper advantage</b>	<b>12%</b>
<b>Disclosure of information</b>	<b>3%</b>
<b>Intellectual property</b>	<b>1%</b>
<b>Fair business, advertising, and competition</b>	<b>9%</b>
<b>Protection of identity</b>	<b>15%</b>
<b>Community engagement</b>	<b>13%</b>
<b>Privacy</b>	<b>5%</b>
<b>Nonretaliation</b>	<b>3%</b>
<b>General</b>	
<b>Supplier management program</b>	<b>0%</b>
<b>Compliance with laws</b>	<b>0%</b>
<b>EICC aware</b>	<b>3%</b>

### Zero-tolerance items

Zero-tolerance items are the most serious type of nonconformance. They include underage workers younger than the local legal working or apprenticeship age, forced labor, health and safety issues posing immediate danger to life or risk of serious injury, and perceived violation of environmental laws posing serious and immediate harm to the community. Our zero-tolerance policy requires auditors to escalate such items immediately. Suppliers must cease any zero-tolerance practices and report their corrective action to HP no later than 30 days after the original audit. HP will then re-examine the finding through an in-person visual verification to confirm resolution. Zero-tolerance items also result in suppliers being downgraded in our SER scorecards. HP's SER policy now requires all suppliers to disclose a fatality, debilitating injury, or any other HP EICC Code of Conduct zero-tolerance condition related to manufacturing an HP product. Please read HP's revised policy under [Transparency](#) for complete detail.

In 2013, we found six zero-tolerance instances:

- During a third-party audit of an HP commodity supplier, the auditors discovered one worker several months younger than the legal working age and two historical cases. In subsequent investigations, three additional historical cases of underage hiring were discovered at the same facility, indicating not only the presence of underage labor, but also a lack of effective age verification management systems. Following our policy, we pressed the supplier for an immediate resolution. Together with Impactt Limited, a third party, HP required the supplier to create and execute a remediation plan in line with Impactt Limited's Operational Procedures on the Remediation of Child Labor, including but not limited to:
  - Remove the worker from production line immediately
  - Safely return the worker home
  - Continue to pay the worker's salary until the age of 16 years
  - Provide the worker with a subsidy for skills training
  - Ensure that the worker can be recruited again by the factory upon reaching legal age
  - Upgrade the on-site age verification management system to prevent recurrence

A third-party audit was performed within 30 days to ensure the supplier audit findings were properly closed, and monitoring is ongoing to ensure long-term actions are being implemented and resolved. We reduced business with the supplier by approximately 60% to send a strong signal that nonconformance in this area is unacceptable while maintaining influence to improve the situation for workers.

- We found five suppliers exhibiting inadequate emergency-preparedness measures. These violations involved the lack of fire detection and alarm systems, locked and/or blocked emergency exits, and missing exit signage. Suppliers corrected and HP immediately verified resolution of all cases of locked and/or blocked fire exits. Cases with missing safety exit signage and fire detection and alarm systems are being monitored to ensure proper closure with interim measures in place.

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# Conflict minerals

The exploitation of natural resources in the Democratic Republic of Congo (DRC)—mineral precursors of the metals tantalum, tin, tungsten, and gold (3TG)—to fund groups engaged in extreme violence and human rights atrocities has resulted in calls for action that have garnered international support. The possibility that the manufacture of our products might be connected to the funding of armed conflict is unacceptable to HP. We are working hard to ensure that the minerals used in our supply chain are not associated with the conflict in the DRC.

Starting in May 2014, companies that file reports with the US Securities and Exchange Commission (SEC) under the Exchange Act are required by the Dodd-Frank Act to disclose to the SEC and publically on their website the results of their due diligence into the use in their products of necessary conflict minerals obtained from the DRC and adjoining countries. See [HP's SEC Conflict Minerals Report](#).

Addressing a problem that has persisted for almost two decades requires fresh thinking. Beginning in 2010, as a part of the company's broader Supply Chain Responsibility program, HP responded by assembling a team of internal experts to develop and manage a comprehensive conflict minerals program. HP senior management has provided the company's conflict minerals experts with the authority and resources to help HP on the journey to achieve a conflict mineral-free supply chain.

The 3TG metals are found in relatively small amounts in virtually all HP products that use electrical current. For example, a laptop weighing approximately 2 kg contains approximately 10 g of tin (equivalent to the tin in three soup cans), 0.6 g of tantalum, 0.3 g of gold (about 1/10th the gold in a typical wedding band) and just 0.0009 g of

tungsten.<sup>5</sup> While electronics are a significant user of tantalum, the information and communications technology (ICT) industry is a relatively small user of other 3TG metals, and HP believes it is imperative that we work across all relevant industries to address this issue.

HP has collaborated with other businesses, nongovernmental organizations (NGOs), and government agencies to begin to establish viable sources of conflict free minerals in the DRC and neighboring countries. Significant milestones in HP's leadership include:

- 2008–present: Helped establish the working group that was the precursor to the Conflict Free Sourcing Initiative (CFSI) and participated in many of the CFSI subcommittees responsible for the due diligence programs and tools made available to all companies
- 2010–present: Regular contributor and thought leader to the [Multi-Stakeholder Group](#), providing consensus-based recommendations to the SEC and European Commission from NGOs, investors, and companies
- 2011–present: Member of the CFSI Conflict Free Smelter Program Audit Review Committee
- 2011: Committed to use conflict free DRC tantalum in HP products from the [Solutions for Hope](#) project and in 2012 visited the DRC to review the supply chain at first hand
- 2012–2013: Governance Committee Member of the [Public-Private Alliance for Responsible Mineral Trade \(PPA\)](#)
- 2012: Significant financial contributor to the Conflict Free Smelter Initial Audit Fund to help offset the cost of smelters validating their conflict free status
- 2013: Became the first IT company to publish a list of smelters in its supply chain
- 2013: Joined the [International Tin Research Institute \(ITRI\) Tin Supply Chain Initiative \(iTSCi\)](#) as associate member and contributor to the largest traceability scheme operating in DRC and Rwanda

## Case study

### Inkjet supplies

Understanding the link between specific HP products and smelters on the CFSI list is a complex undertaking requiring research and validation of information provided to us by our suppliers.

The tantalum supply chain for electronics is generally shorter and contains more conflict free smelters than the tin, tungsten, and gold supply chains. For example, HP uses small quantities of tantalum in inkjet print heads to ensure their reliability. Three direct suppliers and several of their suppliers support the manufacture of HP inkjet print head parts that contain tantalum.

We surveyed and audited the tantalum-sourcing practices of each of these direct suppliers and confirmed that all suppliers associated with the manufacture of HP inkjet cartridges only source tantalum from smelters on the CFSI list.

Although this is important progress, it is a small step towards a conflict free supply chain. Other products' supply chains are more complex and may consist of as many as five hundred times the number of intermediate suppliers. However, our commitment to responsible mineral sourcing is strong, and we continue to push more suppliers and smelters to source conflict free minerals.

<sup>5</sup> A.T. Kearney. (2012). *Conflict Minerals: Yet Another Supply Chain Challenge*. Retrieved from [http://www.atkearney.com/metals-mining/featured-article/-/asset\\_publisher/SSUK00zy0vnu/content/conflict-minerals-yet-another-supply-chain-challenge/10192](http://www.atkearney.com/metals-mining/featured-article/-/asset_publisher/SSUK00zy0vnu/content/conflict-minerals-yet-another-supply-chain-challenge/10192).

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# 1st

IT company to publish a list of 3TG smelters

In 2014, we will continue engaging with our supply chain to promote transition to DRC conflict free minerals. We are engaging smelters directly to accelerate the rate at which smelters in our supply chain comply with conflict free audit programs, resulting in the majority of 3TG procurement spend being DRC conflict mineral free by the end of 2016.

## Policy and due diligence in our supply chain

HP has set clear expectations with our direct suppliers regarding conflict minerals. Our goal is that our products should be conflict mineral-free. HP emphasized its conflict minerals policy in 2011 by adding a paragraph to our Supply Chain Social and Environmental Responsibility Policy, and we continue to reinforce this message annually. Further expectations are communicated in HP's General Specification for the Environment and Code of Conduct.

### Engaging the 3TG supply chain

HP is progressively identifying the smelters used in the supply chain for our products. Smelters purchase and process the mineral ores to produce 3TG metals. Because smelters are several manufacturing steps removed from HP, we don't have any commercial relationship with them and rely upon information gathered from our 3TG direct suppliers. Working with our suppliers, we are collecting information propagated by the companies in our extended supply chain to identify the smelters associated with our products.

### 3TG direct suppliers

Prior to engaging our suppliers, the HP conflict minerals team provided training to more than 200 procurement representatives who manage relationships with HP suppliers. We also published two internal articles informing all employees about the actions HP is taking to fulfill our commitments regarding conflict minerals.

We identified the direct suppliers that could be supplying HP with products containing 3TG and required those suppliers to:

- Adopt a conflict minerals policy, due diligence frameworks, and management systems and require the same from their suppliers
- Conduct due diligence in their supply chain by engaging their 3TG suppliers using the CFSI Conflict Minerals Reporting Template (Template) to identify smelters in their supply chain producing necessary 3TG used in HP products
- Aggregate the results of the due diligence in their supply chain
- Submit a completed Template to HP identifying the unique smelters associated with their supply chain for HP products
- Transition to conflict free smelters (smelters on the [CFSI list](#)) or encourage the smelters to participate in a CFSI audit

HP supported direct 3TG suppliers with training materials on conflict minerals regarding completing the CFSI Template. Later in the year, we followed up with a request to update the information provided. In addition, to help educate all ICT suppliers, HP led a number of training webinars and breakout sessions at industry conflict minerals workshops (in Hong Kong, China; Washington, D.C., United States; and Tel Aviv, Israel).

HP reviewed each Template and asked suppliers to improve any that did not meet HP's expectations. During the 2013 calendar year, HP obtained responses from 3TG direct suppliers estimated to represent more than 95% of our spend with 3TG direct suppliers.

HP created a cloud-based software solution to help other companies with their supply chain engagement and conflict minerals compliance. Our commercial CDX service, which we have also used ourselves, supports the review, storage, traceability, management, and aggregation of Templates. Usage is free for reporting directly to HP or \$680 for broader use on an annual subscription basis. Visit [www.cdssystem.com](http://www.cdssystem.com) to learn more.

### Smelters

HP's journey toward DRC conflict free minerals is dependent upon growing the number of conflict mineral-free smelters. A smelter's decision to obtain a conflict free validation or certification is influenced by demand from its customers. The ICT industry has achieved most success with tantalum because it is a significant user of that metal—about 16% of the world's consumption. However, the ICT industry is a much smaller user of tin (~1.3%), of tungsten (~2.1%), and of gold (~3.8%)<sup>6</sup> and will need the support of other industries to require their smelters to become validated as DRC conflict free.

In 2013, HP published the list of smelters in our supply chain to drive awareness and create a call to action for all users of these metals. Although they do not supply HP directly, we engaged with some smelters, requesting that they participate in the Conflict Free Sourcing (CFS) program. The total number of CFS smelters has increased from 29 to 61 during the 2013 calendar year.

The smelters and refiners on our list were identified by a survey of HP suppliers conducted between November 2012 and December 2013 as a part of HP's conflict minerals compliance program. The suppliers we surveyed contribute material, components, or manufacturing to HP-branded products containing 3TG. Each smelter or refiner reported was identified in at least one of the Conflict Minerals Reporting Templates received from an HP supplier. 🔍

HP's 2014 conflict minerals disclosure will include a list of all smelters reported to us, regardless of whether or not they source from the DRC and adjoining countries. This disclosure continues our legacy of supply chain transparency, highlights facilities that are DRC conflict free, and applies pressure to facilities that have unknown 3TG sourcing.

<sup>6</sup> Fitzpatrick, C., Olivetti, E., Roth, R., and Kirchain, R.R., "Conflict Minerals in the Compute Sector" 2014, under review.

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## Industry collaboration

HP collaborates with industry partners to create and socialize programs, tools, and trainings that advance the goal of responsible minerals sourcing. Within the CFSI, HP has provided leadership by:

- Improving the Conflict Minerals Reporting Template
- Expanding the list of CFSI-identified smelters of 3TG
- Developing white papers and frequently asked questions to support interpretation of the SEC rule
- Disseminating information and training
- Planning and speaking at workshops
- Contributing resources to the governance of CFSI

HP also collaborates with other industries and stakeholders through participation in the iTSCi, PPA, and the Multi-Stakeholder Group (see milestones above).

## Sourcing from the Great Lakes region of Central Africa

To make sure our efforts don't inadvertently harm the population of this impoverished region of Africa by incentivizing companies to source elsewhere, HP's objective is not only to comply with any legal requirements, but also to support validated conflict mineral-free sources from the DRC.

HP is a leader in working to mitigate a de facto embargo and is committed to using metals produced from "closed pipe" projects that directly benefit the local communities. HP participates in the Solutions for Hope Project, Conflict Free Tin Initiative, and the Kemet Partnership for Social and Economic Sustainability.

In 2013, HP confirmed that at least nine of the smelters identified in the supply chain for HP products source conflict free minerals from the DRC and adjoining countries, providing important revenue to the region. Most of our 3TG direct suppliers reported at least one of these entities was present in their supply chains, which means suppliers representing more than 85% of our 3TG spend were using at least one of these conflict free smelters.

# Supplier diversity

For more than 40 years, our Global Supplier Diversity Office has provided diverse companies with an equal opportunity to compete for HP business. Diverse suppliers bring innovation to HP's supply chain, helping us gain a competitive advantage. Supplier diversity is mandatory for fulfilling contracts with many government agencies worldwide, and, increasingly, large enterprise customers also require HP to demonstrate a commitment to supplier diversity.

Our Global Supplier Diversity program promotes a supply chain that is diverse and inclusive, reflecting the demographics of our customers and employees. We mentor suppliers, helping them to increase their capacity and capabilities. We also maintain partnerships with more than 20 supplier diversity organizations in Asia, Europe, and North America.

## A global approach

In 2013, we expanded our supplier diversity programs in Australia, Canada, China, India, Ireland, and the United Kingdom (UK). We worked with governments and expert organizations to define diversity in ways that reflect local communities and cultures and to tailor our efforts to the types and needs of diverse suppliers in these regions.

We also began reporting our spend with diverse suppliers in Canada and the UK, which represents the first time HP is reporting this information outside the United States (see data below). We plan to track and report data from Australia, China, and South Africa in the future.

## HP's diverse suppliers

We encourage suppliers in the following categories to work with HP:

- Aboriginal/indigenous-owned businesses
- Businesses located in historically underutilized commercial and industrial zones
- Lesbian-, gay-, bisexual-, and transgender-owned businesses
- Minority-owned businesses
- Service-disabled veteran-owned businesses
- Small businesses
- Veteran-owned businesses
- Women-owned businesses

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## Expanding our supplier base

In early 2014 we implemented a number of updates to the [online registration tool](#) in our supplier diversity portal that makes it easier for current and potential suppliers to express interest in working with us. In addition, we extended access to our capability-building programs to also include HP resellers and partners certified as owned by minorities or other underrepresented groups.

## Supporting development

We help current and potential diverse suppliers to improve their competitiveness and quality of service through matchmaking, mentoring, and assistance to expand capacity. For example, we sponsor and support diverse supplier development programs and provide suppliers with access to technology and educational scholarships. In 2013, HP procurement professionals participated in more than 50 diverse supplier events in Australia, Canada, China, India, the UK, and the United States.

Progress during 2013 included the following:

- Business Matchmaking program** We celebrated our tenth anniversary as cosponsor of this U.S.-wide effort to provide small businesses access to governmental and major corporate procurement opportunities. HP collaborates with the Service Corps of Retired Executives (SCORE) Association, a resource partner of the U.S. Small Business Administration, to sponsor these multicity annual events, which have enabled more than 90,000 seller-to-buyer meetings during the last decade.
- Mentoring programs** We provide intensive development support to select HP diverse suppliers. For example, we take part in the U.S. Department of Defense Public Sector Mentor-Protégé program, which connects small and diverse suppliers with large companies to compete for prime contracts.
- Diverse supplier events** HP supported 52 events with local business councils worldwide in 2013. Of these, 30 were regional or national events, matching diverse suppliers with HP global procurement staff.
- Donations** HP donated laptops to WEConnect China to facilitate registration of new women-owned businesses in the WEConnect China network.
- Expansion in India** HP India's Global Procurement team hosted the WEConnect India Advisory Board Meeting and Supplier Diversity Forum at the HP Salarpuria campus in Bangalore.

## Strategic suppliers and diversity

HP increases its impact on diverse suppliers by encouraging about 100 of our most strategic suppliers to implement their own diversity procurement policies and programs. In addition, since 2011, we have requested that these suppliers report annually how much they spend with small and diverse businesses. In 2013, we met our goal to increase the number of strategic suppliers reporting on diverse spend by 10%, compared to 2012.

## Performance data

### Strategic supplier spend<sup>\*,\*\*</sup>

	2011	2012	2013
Amount spent by strategic suppliers on diverse suppliers [\$ million]	\$318	\$498	\$431

\* Figures include production and nonproduction suppliers.

\*\* HP considers suppliers strategic based on a number of factors related to our business, as well as various macroeconomic indicators. This list is updated annually and never includes more than 100 suppliers.

### HP's spend with U.S. diverse suppliers<sup>\*</sup>

	2010	2011	2012	2013
Small businesses [\$ million]	\$4,316	\$4,400	\$4,792	\$3,910
Minority-owned businesses [\$ million]**	\$827	\$733	\$989	\$881
Women-owned businesses [\$ million]**	\$861	\$476	\$547	\$536

\* All figures are for U.S. purchases from U.S.-based businesses.

\*\* Beginning in 2011, suppliers were categorized as diverse or women-owned, not both.

In addition to the spend reported above, in 2013 we spent roughly \$37 million with diverse suppliers in Canada and \$182 million with diverse small and medium enterprise suppliers in the UK.

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# Goals

## Supply chain responsibility

2013 goals	Progress
<b>Increased supplier ownership and management system discipline</b>	
Increase proportion of independent supplier audits to 40% in 2013.	We increased independent supplier audits to 48% of the total in 2013.
Implement a five-tier SER rating system with each of HP's top five commodity supplier types.	With the implementation of the SER scorecard, we have implemented a five-tier SER rating system to suppliers of our top six commodities and further embedded SER practices into our procurement process.
<b>Tackling new and persistent issues</b>	
Expand and increase frequency of KPI tracking on working hours.	Through our KPI program, we've increased our monitoring of working hours at supplier sites from monthly to weekly. We've also expanded our tracking of high-risk workers such as student and dispatch workers, among others.
Train 90% of HP final assembly suppliers in China on the HP Student and Dispatch Worker Guidance Standard for Supplier Facilities in the People's Republic of China.	In 2013, we trained about 50% of our final assembly suppliers in China on the HP Student and Dispatch Worker Guidance Standard for Supplier Facilities in the People's Republic of China. By 2014, all final assembly supplier sites in China will be trained on the standard.
Expand programs to enhance health and safety awareness and capability with suppliers in Brazil, China, and Southeast Asia.	Health and safety programs have been expanded through these countries and regions, including occupational health and ergonomic programs in Brazil, HERProject, and the HBV anti-discrimination program in China and Southeast Asia.
<b>2014 goals</b>	
Conduct worker empowerment programs at 15 supplier sites in China, South America, and Southeast Asia.	
Increase the proportion of independent supplier audits to 50% in 2014.	

## Conflict minerals

2016 goal
Achieve a majority of HP's 3TG procurement spend being DRC conflict mineral free by the end of 2016.

## Supplier diversity

2013 goals	Progress
Tailor our supplier diversity program in Australia, Canada, China, India, the UK, and the United States to the needs and definitions of diverse suppliers in each of those countries.	Achieved. During the year, we expanded our supplier diversity programs in Australia, Canada, China, India, and the UK.
Increase the total number of strategic suppliers reporting diverse spend by 10%, compared to 2012.	Achieved.
Report HP's supplier diversity spend for Canada and the UK.	Achieved.
<b>2014 goals</b>	
Increase the number of HP strategic suppliers reporting diversity spend by 10%, compared with 2013.	
Increase the number of HP suppliers participating in our mentorship programs by 10%, compared with 2013.	



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# Data

	2009	2010	2011	2012	2013
<b>Suppliers engaged in SER program</b> [total, cumulative]	720	879	907	958	969
<b>Suppliers publishing sustainability reports using the GRI framework</b> [% of production supplier spend]			66%	82%	74%
<b>Building capabilities</b>					
Number of capability-building programs	6	11	12	12	12
Suppliers engaged in capability building [total, cumulative]	112	247	656	875	1,104
Workers and managers reached through capability-building programs <sup>1</sup> [total, cumulative]	12,800	50,600	115,500	322,100	460,000
<b>Labor impacts</b>					
Suppliers' employees working less than 60 hours per week on average <sup>2</sup> [%]					83%
Suppliers' employees receiving at least one day of rest each seven day workweek <sup>2</sup> [%]					89%
Suppliers in China with student workers representing 20% or less of total employees <sup>2</sup> [%]					96%
Zero-tolerance audit findings related to the ILO Declaration on Fundamental Principles and Rights at Work: freedom of association; forced, bonded, or indentured labor; underage labor; or discrimination			0	0	1 <sup>3</sup>
Zero-tolerance audit findings related to occupational safety, emergency preparedness, or industrial hygiene			0	0	5 <sup>4</sup>
<b>SER audits and assessments conducted</b> <sup>5</sup> [total, cumulative]	591	684	773	918	1,090
Total initial audits	260	295	334	412	471
Total follow-up audits	292	321	345	390	443
Total full re-audits	39	68	94	116	142
Assessments	0	0	0	0	34
<b>Response to conflict minerals survey of HP suppliers for products that contain tin, tantalum, tungsten, or gold (3TG)</b> <sup>6</sup>					>95%
<b>HP's spend with U.S. diverse suppliers</b>					
Small businesses <sup>7</sup> [\$ million]		\$4,316	\$4,400	\$4,792	\$3,910
Minority-owned businesses <sup>7,8</sup> [\$ million]		\$827	\$733	\$989	\$881
Women-owned businesses <sup>7,8</sup> [\$ million]		\$861	\$476	\$547	\$536
<b>Strategic supplier spend on diverse suppliers</b> <sup>9</sup> [\$ million]			\$318	\$498	\$431

<sup>1</sup> With the exception of train-the-trainer programs, HP only accounts for workers and managers directly reached by our capability-building programs. These figures are rounded.

<sup>2</sup> Based on production-line workers at final assembly sites participating in the HP KPI program in 2013 and audit results. We continue to expand the list of suppliers in the KPI program based on business risk, country risk, and identified nonconformances.

<sup>3</sup> Findings relate to underage workers observed at supplier facility. [See section.](#)

<sup>4</sup> Findings relate to emergency preparedness. [See section.](#)

<sup>5</sup> Data for past years may differ from previous reports because HP receives the details of some audits after the Living Progress Report publication deadline. Metric shows the cumulative total number of production and nonproduction supplier audits and assessments per type (including recycling vendor SER audits) for the period 2009–2013. Ernst & Young has reviewed 2012 and 2013 reported data only. Please see Ernst & Young's [Independent Accountants' Report](#) on page 138 regarding the number of audits by type completed in 2013.

<sup>6</sup> Percentage represents portion of the total economic value of 3TG suppliers' contracts with HP.

<sup>7</sup> All figures are for U.S. purchases from U.S.-based businesses.

<sup>8</sup> Beginning in 2011, suppliers were categorized as diverse or women-owned, not both.

<sup>9</sup> Figures include production and nonproduction suppliers. HP considers suppliers strategic based on a number of factors related to our business, as well as various macroeconomic indicators. This list is updated annually and never includes more than 100 suppliers.

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# Privacy

The transformation in data collection and analysis over recent years has brought many benefits to individuals, companies, and governments. At the same time, the rapid growth of big data brings potential risks to maintaining the privacy of personal information. HP is committed to protecting privacy while delivering on the promise of a data-rich society.

We endeavor to go beyond legal obligations to safeguard personal information. Every HP employee receives privacy training, and we have rigorous policies and procedures in place to secure the personal data we hold or process.

HP's Privacy Office is charged with protecting our customers' data. It also collaborates with governments and industry groups on efforts to address the challenge of privacy protection. We advocate globally for consistent, compatible privacy frameworks, and we share best practices with our peers, governments, and other stakeholders.

## HP Privacy Accountability Framework

HP's privacy strategy is based on providing transparency and choice to our customers. We create a chain of accountability for data privacy and security throughout our business and apply Privacy by Design in the product development process (see [page 52](#) for more details).

The HP Privacy Accountability Framework (see graphic) represents our comprehensive approach to assessing and managing the risks associated with collecting and handling personal data. The framework helps us go beyond minimum legal requirements, meet customer expectations, and ensure transparency in our practices. It also takes into account our company values, ethical considerations, contractual agreements, and local cultures. HP continues to pioneer and advocate for accountability in emerging regulatory models worldwide to address challenges related to the New Style of IT.

Upholding our privacy commitments depends on the involvement and diligence of every employee. More than 99% of employees completed privacy training in 2013 as part of our required Standards of Business Conduct (SBC) annual refresher course. Employees who routinely handle personal information, in areas such as human resources, marketing, and client services, receive extra, role-specific privacy training.

We also require privacy accountability from third-party organizations that have access to our customers' personal data.

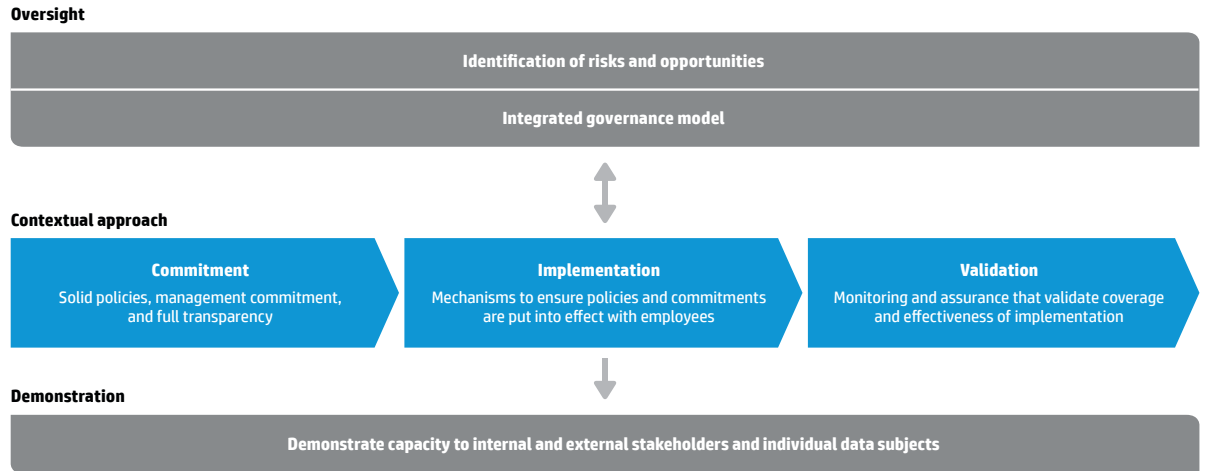
For more information about our commitment to privacy, read the [HP Global Master Privacy Policy](#).

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**HP Privacy Accountability Framework**



**>99%**

Percentage of permanent employees that completed privacy training

**Privacy and Data Protection Board**

The HP Privacy and Data Protection Board (PDPB) has oversight of privacy risk management, assessing risks each year and identifying and leading mitigation strategies. Composed of executives from business units and functions across HP, the PDPB is part of our overarching Ethics and Compliance governance structure (see [page 20](#)) and meets every quarter.

In 2013, the PDPB focused on:

- Compliance with the U.S. Health Insurance Portability and Accountability (HIPAA) Omnibus Rule (see below)
- Bring your own device (BYOD) program for employees
- Big data and the secondary usage of data
- Cross-border data transfer laws
- Product and service data collection
- Destruction and deletion of data on devices returned to HP prior to disposal or repurposing
- Cloud computing

**Monitoring compliance**

HP monitors compliance with privacy laws and our own policies in various ways. These include a robust internal privacy audit and assurance program and customer and employee feedback.

As part of our commitment to accountability, we also enlist organizations such as TRUSTe and the Better Business Bureau (BBB) to track compliance with our own privacy policy. TRUSTe and BBB also provide dispute-resolution mechanisms when customers have privacy concerns over the integrity of their data.

Our Privacy Assurance program ensures that all relevant business units follow HP privacy policies and develop remediation plans when problems arise. Employees and customers can contact our Privacy Office in more than 30 languages with queries, concerns, or comments. We follow strict protocols for handling inquiries and requests appropriately and promptly. In 2013, the Privacy Office handled more than 7,000 inquiries, primarily from users managing their privacy preferences.

**Number of substantiated complaints regarding breaches of customer privacy and losses of customer data, 2013\***

Source of substantiated complaint	Number of substantiated complaints
Complaints received from outside parties (including customers)	0
Complaints from regulatory bodies	0

\*Breaches of customer privacy cover any noncompliance with existing legal regulations and (voluntary) standards regarding the protection of customer privacy related to data for which HP is the data controller. Substantiated complaints are written statements by regulatory or similar official bodies addressed to the organization that identify breaches of customer privacy, or complaints lodged with the organization that have been recognized as legitimate by the organization.

**Responding to changing privacy legislation**

In 2013, the U.S. government passed the HIPAA Omnibus Rule, which regulates how companies with access to protected health information manage this data. During the year, HP formed a HIPAA program-management organization, which efficiently responded to the new legislation and created a foundation for further privacy compliance efforts.

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Number of countries and regions that sought and received advice from HP on data and privacy regulation

## Privacy in products and services

HP uses several tools and resources to provide products and services that meet the highest privacy standards:

- **HP Privacy Advisor** is an answer-driven dynamic questionnaire that helps employees across all business groups apply our privacy standards. Through consultation with the Privacy Office and a privacy impact assessment and risk-management process, employees use the tool to assess in-development, new, and existing products and services for compliance.
- **HP Labs** provides a forum for scientists, our Privacy Office, and external partners to develop new approaches to privacy protection. Since 2012, HP Labs has led the [Cloud Accountability Project](#) (A4Cloud). Made up of 13 organizations, including Cloud Security Alliance, SAP, and top universities in Europe, the consortium explores accountability models for cloud services.

## Global privacy regulation and engagement

Our Privacy Office works with government agencies, lawmakers, regulators, nongovernmental organizations (NGOs), and industry groups to encourage a more unified and robust approach to privacy regulation worldwide. We collaborate with these organizations to help shape privacy legislation that is consistent, reliable, and transparent—and works in the New Style of IT. While some variation by country is inevitable, HP supports more global interoperability of privacy regulations—both laws and binding coregulatory programs.

Below are highlights from our efforts in 2013:

## Americas

HP worked closely with government officials in Colombia to develop privacy laws and regulations, providing a private sector perspective on their importance. We also joined discussions on privacy regulation with officials from Costa Rica, where HP informed the Ministry of Justice of our stance on privacy-related topics. In Mexico, HP discussed cookie transparency guidelines and the role of data privacy in development. In the United States, as an important stakeholder of the National Telecommunications and Information Administration, HP joined the U.S. Department of Commerce to review proposed codes of conduct. We also engaged with the Federal Trade Commission on several initiatives related to privacy.

## Asia Pacific and Japan

HP made recommendations regarding mandatory notifications of data breaches to the Australian government's Attorney General. In Malaysia, we provided input on the adoption of a data user registration plan and noted that the European Union (EU) had rejected such an approach. We continued to support the rollout of Asia-Pacific Economic Cooperation's (APEC) Cross-Border Privacy Rules (CBPR) and consulted with Asia Pacific Privacy Authorities' Network on data breach guidelines.

## Europe

In 2013, officials from several major EU member states, the EU Commission, and the Parliamentary Committees involved in the review of data protection frameworks in Europe asked for HP's views on data protection and privacy regulation. We presented our positions on several topics, including:

- Shortcomings of the current EU data protection framework
- Proposed text for a new data protection regulation
- Major reforms to EU laws concerning the protection of personal data

### Case study

## Shedding light on complex privacy laws

Our commitment to privacy has allowed HP to be a trusted resource on data regulation around the world. In 2011, the EU certified HP for Binding Corporate Rules for Controllers (BCR-C). This certification allows qualified multinational companies to transfer data freely between subsidiaries located in different countries. BCR-C, originally designed for protecting data transferred from the EU to countries without an adequate level of data protection, demonstrates to regulators a company's capacity for protecting personal data.

Building on this experience, European regulators have expanded certification to data processors, and HP has been one of the few trusted advisors consulted for feedback on BCR for Processors (BCR-P) certification. These new rules are designed to remove the administrative burden of complying with several sets of regulations for

international data transfers by a third party. With BCR-P certification, HP will be able to transfer data seamlessly on behalf of our clients.

We expect BCR-P to play the same role as BCR-C by instilling confidence in our customers as we help them transfer personal data to HP facilities outside Europe. HP is one of the first U.S. companies to apply for this certification, which we plan to attain in late 2014.

One essential requirement for ensuring effective data protection is to assess privacy impacts in the early phases of development. HP's Privacy Advisor tool is an essential element of the mechanisms that have been demonstrated to regulators within the BCR-C and BCR-P certification processes.

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## Collaboration with nongovernmental and intergovernmental organizations

HP works closely with several NGOs and other organizations to promote privacy and accountability. Examples of collaboration in 2013 included:

- Working with the Foundation for Information Accountability and Governance (FIAG) and key stakeholders on privacy accountability and responsibility, we began developing a code of ethics that covers the configuration and use of big data tools.

- Participating in APEC's privacy subgroup on interoperability issues and examining similarities between Binding Corporate Rules and Cross-Border Privacy Rules.
- Presenting on data protection and cloud computing to officials from Latin America and Spain at the XI Ibero-American Data Protection Meeting hosted by the Ibero-American Data Protection Network, the Spanish Data Protection Agency, the Federal Institute of Access to Information and Data Protection, and the Spanish Cooperation Training Center.
- Participating in the World Economic Forum's working group on privacy and providing feedback on its related report.

## Goals

2013 goals	Progress
Maintain HP's position as the most trusted private sector advisor to regulators by upholding an industry-leading privacy program that anticipates trends such as big data, cloud computing, Internet of Things, and evolving consumer marketing methods.	HP continues to be seen as a trusted advisor to regulators.
Certify HP in the new APEC CBPR system.	Certification was not available in 2013, due to a delay in APEC approving the accountability agent for the system, and is scheduled for the first half of 2014.
Continue to advocate for accountability and global interoperability by providing industry input on the mapping of the two coregulatory systems of the Article 29 Working Group (EU Binding Corporate Rules) and APEC Privacy Subgroup (APEC CBPR).	We continue to support and contribute input to these organizations directly.
Provide industry input to the draft EU Privacy Regulation to ensure a balanced approach that promotes privacy as a fundamental right and protects HP's current and planned business interests.	HP continues to provide input to the EU on the role and structure of data protection offices, data breach notification, and incorporation of accountability into the new regulation.
Support the development of BCR and CBPR for Processors by EU and APEC regulators by participating in the first trial of the new programs.	HP is one of the first organizations being assessed and will be one of the first companies certified for the new EU BCR-P program, with certification expected in 2014.  APEC CBPR for Processors is still in development by the member economies and we continue to contribute to this development.
2014 goals	
Maintain HP's position as the most trusted private sector advisor to regulators by upholding an industry-leading privacy program that anticipates trends such as big data, cloud computing, Internet of Things, and evolving consumer marketing methods.	
Certify HP in the new APEC CBPR system.	
Continue to advocate for accountability and global interoperability by providing industry input on demonstrated, comprehensive programs and binding coregulatory solutions.	
Provide industry input to the continued revisions of the draft EU Privacy Regulation.	
Certify HP in EU BCR-P.	
Drive the development of a Privacy Code of Ethics for the configuration and use of big data tools.	
Advocate for frameworks that help us apply existing privacy principles or develop new principles that support the New Style of IT while continuing to protect the legitimate rights of data subjects.	

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HP employees clean up a local beach, India

# HP people

HP's employees are a global community of thinkers, inventors, and doers. Numbering approximately 317,500 worldwide<sup>1</sup>, they keep us ahead in our fast-moving industry, anticipating the future information technology (IT) needs of business and society.

Supporting our employees' professional development and personal well-being benefits our business, customers, shareholders, local communities, and society more broadly. We have focused recent engagement efforts on career development, the work environment, recognition and rewards, and fostering pride in our company. Employee feedback shows increasing satisfaction with HP.

## Employment culture and policies

The HP Way Now is the integrated system of values, core principles, leadership attributes, and behaviors that makes our culture unique and compelling. This system has been built into all of our people processes, from employee engagement to performance management and recognition.

Our global employment policies reflect our commitment to treat all employees fairly. They often establish a more demanding standard than local laws or customs require. All employees can report HP policy violations anonymously, and HP investigates all concerns raised.

Follow the links on the right to read more about HP's key global employment and ethics policies. See a full list of policies related to global citizenship in Policies and standards on page 26.

- [Best Work Environment Policy](#)
- [Global Human Rights Policy](#)
- [Harassment-Free Work Environment Policy](#)
- [Nondiscrimination Policy](#)
- [Open Door Policy](#)
- [Standards of Business Conduct](#)

## Engaging our people

When workers are engaged and loyal, companies perform better. We continually invest in improving the experience of working at HP, even in a challenging economic environment. We promote engagement through a wide range of programs—efforts that produced significant increases in key measures of employee engagement and satisfaction in 2013.

## Progress in 2013

### Employee engagement trends

Honest feedback from employees provides critical intelligence to improve our business performance. Our most important feedback mechanism is the annual, confidential Voice of the Workforce (VoW) survey, available online in 28 languages. In 2013, 80% of all employees worldwide took part, up from 79% in 2012. We revamped the questionnaire to better reflect HP's business priorities, adding categories on employee attitudes related to innovation and quality.

# 5.8 million

The number of training hours employees completed in 2013

<sup>1</sup> As of October 31, 2013.

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Overall, the results confirmed increasing satisfaction with, and pride in, our company. Key findings included:

- Overall employee engagement improved by five points to 70%.
- Employees recommending HP as a great place to work climbed 11 points to 71%.
- In 37 out of 38 areas assessed, employee ratings either matched or exceeded the results from 2012.

During the past five years, engagement ratings from HP employees have risen by 17 points—a 31% improvement. In 2009, our ratings were 13 points less favorable than the industry norm on questions in areas such as employee recognition, career development, performance evaluation, and HP as a place to work. In 2013, we closed the gap and are now on par with the IT industry norm.

After the VoW survey each year, HP leaders assess the findings, and our business units implement follow-up actions. We will look to build on our engagement momentum in 2014.

### HP Pride Builders

To integrate our HP Way Now culture and make the connection to daily work, in 2013 we established a global network of 2,100 Pride Builders. These leaders are helping to:

- Drive engagement and awareness around HP Way Now
- Reinforce positive behaviors and motivate employees
- Celebrate successes and identify new opportunities to improve business performance

### Networking

Networking comes naturally to HP. Our people collaborate through many online and in-person forums including 148 Employee Resource Groups (ERGs) worldwide, up from 50 in 2008. In 2013, we expanded OneHP, a social network that allows employees to post their profiles and share projects, interests, expertise, and problem solving. Employees can also tap into business-focused internal networks, which offer training, skill sharing, and tools.

HP encourages employees to engage with company leaders through our intranet forums Top of Mind and CEO Perspective. Town hall and all-employee meetings provide other venues for high-level dialogue.

### Connecting with our broader HP community

HP's Take Our Children to Work initiative is making an impact by supporting family activities, encouraging volunteerism, and fostering collaboration. In 2013, more than 19,000 children attended 156 on-site events in 58 countries. A complementary virtual experience drew approximately the same number of participants. In addition to giving employees a meaningful opportunity to demonstrate their pride in HP, these events are designed

to help the young people in our lives explore possibilities for their future—and introduce the next generation to HP workplaces, people, and technologies.

We also stay connected with retirees worldwide through our *HP Continuum* online community, the retiree website, and local clubs and events.

## Building careers

Our success, today and tomorrow, depends on recruiting, developing, and retaining the best people available in our highly competitive industry. To this end, we pursue a simple mission: to make HP the place where employees want to work.

When filling new or existing roles, we focus first on our talented internal employee pool. Our businesses also hire interns and college graduates from a wide range of backgrounds. New recruits receive extensive training and ongoing coaching from managers. We aim to provide all employees with access to simple and integrated tools and resources to build their careers at HP.

### Progress in 2013

#### New career-development model

In 2013, we introduced a new career-development model. It puts the employee at the center, providing an interactive, inviting, and integrated experience. Employees can explore their strengths and interests, find roles that fit them best, define their career goals, create plans to achieve them, and make meaningful career choices. Each phase builds upon the previous, resulting in a well-defined career-development plan with actionable steps toward accomplishing individual aspirations.

Our new approach embraces the idea that career movement is not only about advancement, but also about collecting experiences that enrich people along the way. Employee development is built on three key areas:

- Experiences: defining career direction based on interests and competencies
- Relationships: implementing a robust coaching and mentoring process
- Education: providing fast and easy access to training through HP University

The early response from employees has been highly favorable. The Career Development @hp landing page received more than 285,300 visitors during 2013, compared to about 125,000 in 2012. In addition, there were approximately 40,000 downloads worldwide of our new career development plan template. In our VoW survey, 68% of employees said their career goals could be met at HP, up from 62% in 2012.

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## HP University

New in 2013, HP University (HPU) provides fast and easy access to the learning and resources employees need to develop their careers and support the company's current and future business goals. HPU combines face-to-face instruction in our major offices with our vast web-based and virtual instructor-led learning resources.

Whether they work in sales, technical development, or our business and professional functions, we give employees in all 19 job functions the time and resources to excel in their present positions and prepare for future opportunities. With about 10,000 courses to choose from, HP employees completed 5.8 million training hours in 2013, with 75% delivered as virtual sessions or self-paced online courses, which allow people to learn anywhere, anytime. In addition to formal training, our learning resources include conferences, seminars, and technical certifications.

## Leadership and mentoring

Every HP employee has leadership potential, and developing such qualities is a critical element of our culture. In 2013, we launched a new leadership-development curriculum in partnership with company-wide business groups. It aims to develop leaders throughout their careers, including a fast track for high-potential employees. In addition to online pilot programs, in-person initiatives included:

- Hosting two-day face-to-face management-excellence training for nearly 2,900 employees in 43 countries
- Piloting an accelerated development curriculum for directors—called Align—with Harvard University, reaching more than 220 global leaders
- Piloting an accelerated curriculum for managers—called Engage—with Stanford University, reaching 200 global leaders

We also created the College of Leadership and Management within HPU, offering tools and resources for managers and executives.

We foster development through work relationships with online mentoring tools that enable employees to learn from each other and more senior colleagues. Mentoring @hp connects employees across geographies and organizations, offering multiple types of opportunities to develop through relationships. In 2013, about 6,250 people took part in mentoring programs, with 77% expressing satisfaction.

## Improving performance management

Frequent and productive feedback is essential to sustaining the high-performance culture that drives HP's success. To help maximize performance and career mobility, in 2012–2013, we designed and launched midyear performance and career conversations for all employees. We also provided more information, training, and communications about performance-management goals and expectations to both managers and employees.

These efforts are paying off—92% of employees had midyear performance and career conversations in 2013, compared to 87% in 2012 and 79% in 2011. In addition, 99% of eligible employees completed a year-end annual performance review.

## Voice of the Workforce scores for performance management

Item	2012	2013
I receive sufficient information regarding my organization's goals and execution priorities.	72%	80%
My manager and I set clear goals, aligned to our team and/or unit goals for 2013.	81%	85%
I receive ongoing feedback that helps me improve my performance.	72%	77%
My manager is good at transforming goals into specific actions.	76%	78%

## Redeploying employees

We do our best to support employees when business decisions such as restructuring and realignment affect their positions. Managers are encouraged to match the competencies and skills of eligible employees with current job openings within the company. Such reassignment helps us retain talent and gives employees the opportunity to apply their skills to other HP jobs.

In 2013, we redesigned the guidelines for our restructuring program to encourage redeployment by making eligibility requirements more flexible globally. We also continued to work with our global career-transition supplier to better position employees affected by workforce reduction for internal job opportunities. See more information about HP's Fiscal 2012 restructuring plan on page 110 of [HP's Annual Report on Form 10-K](#).



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# Diversity and inclusion

HP's global community is one of our great strengths. We employ people with a wide range of skills and interests from different nations, cultures, ethnic groups, generations, and backgrounds. This diversity helps us to understand customer needs, spark innovation and creativity, and attract and retain talented employees.

HP requires our people to treat each other with dignity, respect, and courtesy. Our diversity and inclusion policies and practices, overseen by our Chief Diversity Officer, lay the foundations for a positive work culture, often setting a higher standard than is legally required. (See [Policies and standards on page 26](#).) We do not tolerate discrimination or harassment, and we encourage employees to report suspected incidents to their human resources department or by using our confidential 24-hour GuideLine, which is available worldwide.

In Canada and the United States, the GuideLine number is 1-800-424-2965. For employees in other countries, we publish numbers on our intranet.

To drive accountability for improving workforce diversity and maintaining an inclusive work environment, we set business unit targets for various workforce demographics. They provide direction to our managers to ensure equitable representation in hiring, development, and promotion processes. We routinely review our VoW survey results by demographic to understand how our diverse employees experience HP's work environment. These indicators measure the deployment of our global diversity and inclusion strategy company-wide.

**“We all have an opportunity to be role models to the next generation of women entering the workforce by supporting and encouraging them to pursue careers in science, technology, engineering, and math. I am personally committed to do what I can to increase the impact of women in all facets of technology with the Women's Innovation Council.”**

—Bethany Mayer, Senior Vice President & General Manager, Network Functions Virtualization, and sponsor of the Women's Innovation Council

## Progress in 2013

- We staged more than 350 diversity-focused events in 34 countries, led by our Employee Resource Groups (ERGs). Topics included career development, diversity recruitment, cultural awareness, and community volunteerism.
- HP launched 16 new ERGs in 2013. Seven are for former U.S. servicemen and women, including a program matching newly hired military veterans to mentors with similar interests.
- In March 2013, we celebrated International Women's Day in more than 40 countries, with speakers, webinars, and networking events. HP's business strategy, leadership skills, and work-life navigation were among the most popular focus issues.

### Focus on female talent

Overcoming the gender gap in HP's leadership is a growing priority.

In the United States, we support two major nonprofit organizations that support women in technology—Catalyst and the Anita Borg Institute for Women and Technology.

In 2013, we introduced two new initiatives to help talented women, both within and outside HP, advance their technology careers. In July, we launched Ascend, a global sponsorship program through which HP's high-performing female employees receive mentoring, coaching, and networking support. CEO Meg Whitman led the kickoff event for the pilot, which matches 30 of our senior executives with 30 high-potential female vice presidents and directors as protégés for a year. At the launch, protégés highlighted work-life balance issues, lack of feedback, and limited networks as challenges to their career advancement.

In the United States, we established a Women's Innovation Council led by Bethany Mayer, Senior Vice President & General Manager, Network Functions Virtualization. This unique forum brings together 25 female technology leaders from among our customers, partners, and employees. The goal is to help the next generation of women in our industry to overcome challenges, form networks, and leverage best practices. We held an inaugural annual networking event in February 2014.

### Building cultural competence

Given the global nature of our workforce, having employees that can understand and engage people from different cultures is essential to our success. In 2013, we launched CQ, an online training program to increase cultural competence. Through July of that year, 4,500 people completed the voluntary training.

In the United States, HP also partners with organizations that can help us develop a diverse workforce and inclusive office culture, such as Leadership Education for Asian Pacifics (LEAP) and the National Action Council for Minorities in Engineering.

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## Workforce demographics

We track gender diversity globally and ethnic diversity in our U.S. workforce. In 2013, 20.7% of our top executives (director level and above) globally were women, up slightly from 20.1% in 2012. In the United States, minorities constituted 17.6% of our top executives, up from 16.3% in 2012.

We also promote diversity in our supplier base. See [Supplier diversity on page 46](#) for details.

### Employees (regular full time and part time) by region and gender, 2013

	Men	Women	Total
Americas	70,142	35,335	105,477
Asia Pacific and Japan	61,133	30,247	91,380
Europe, Middle East, and Africa	52,364	22,764	75,128
Other*	-	-	45,515
<b>Total</b>	<b>-</b>	<b>-</b>	<b>317,500</b>

\* This row includes employees of certain majority-owned, consolidated subsidiaries for which this human resource data is not available to HP.

### World workforce by age group, 2013

Age group	% of total
30 and under	24.8%
31-50	57.6%
51 and over	17.6%

### Employees (regular full time and part time) by employment type and gender, 2013

Full time					
Category	Women	%	Men	%	Total
Executives	184	17.5%	865	82.5%	1,049
Directors	786	21.5%	2,871	78.5%	3,657
Managers	5,241	25.3%	15,453	74.7%	20,694
Professionals	56,483	29.4%	135,642	70.6%	192,125
Other	21,851	44.0%	27,798	56.0%	49,649
Subtotal	84,545	31.6%	182,629	68.4%	267,174
Part time					
Category	Women	%	Men	%	Total
Executives					
Directors	5	83.3%	1	16.7%	6
Managers	90	80.4%	22	19.6%	112
Professionals	2,625	77.5%	764	22.5%	3,389
Other	1,077	82.7%	226	17.3%	1,303
Subtotal	3,797	78.9%	1,013	21.1%	4,810
Total					
Other*	-	-	-	-	45,516
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>317,500</b>

\* This row includes employees of certain majority-owned, consolidated subsidiaries for which this human resource data is not available to HP.

### U.S. workforce demographics, 2013 [as a % of total]

	Male	Female	White	All minorities	Black	Hispanic	Asian	Native Hawaiian or other Pacific Islander	Two or more races	Native American
Officials and managers	71.85%	28.15%	80.37%	19.63%	3.61%	4.68%	10.55%	0.04%	0.37%	0.38%
Professionals	68.22%	31.78%	71.52%	28.48%	5.29%	5.52%	16.49%	0.07%	0.64%	0.47%
Technicians	81.60%	18.40%	67.81%	32.19%	14.69%	7.89%	7.46%	0.23%	1.33%	0.59%
Sales workers	61.63%	38.37%	62.57%	37.43%	8.26%	15.85%	10.04%	0.19%	2.72%	0.38%
Office and clerical	17.88%	82.12%	64.79%	35.21%	20.01%	8.14%	4.66%	0.33%	1.35%	0.73%
Operatives (semiskilled)	61.15%	38.85%	51.59%	48.41%	15.92%	14.65%	15.92%	0.64%	0.64%	0.64%
Laborers	47.71%	52.29%	38.54%	61.46%	17.71%	24.79%	17.71%	0.21%	0.42%	0.63%
<b>Total</b>	<b>67.21%</b>	<b>32.79%</b>	<b>71.50%</b>	<b>28.50%</b>	<b>6.90%</b>	<b>6.06%</b>	<b>14.22%</b>	<b>0.10%</b>	<b>0.74%</b>	<b>0.48%</b>

See [page 65](#) for data about women as a percentage of total employees, global new hires by gender, and U.S. new hires by ethnicity.

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# Rewards and recognition

We acknowledge and reward our people for their work through compensation, benefits, and recognition programs. Despite continued economic challenges, HP has returned to “business as usual” with respect to compensation and benefits, with annual review cycles for pay and benefits globally.

## Progress in 2013

### Compensation

HP has made consistent investments in salary increases, bonuses, and other incentives during the past few years. As a result, we have made progress toward an overall market-competitive pay position across the company, despite previous years of underinvestment. In 2013, we delivered significant bonuses for 2013 fiscal year performance, salary increases for 2014, and long-term incentive awards.

Our comprehensive efforts to explain to employees how compensation relates to performance are also paying off. From 2010 to 2013, HP’s VoW survey showed a 41% improvement in employees’ understanding of pay practices and the link to performance, including a 9% rise from 2012 to 2013. Our score is now well above the information technology (IT) industry norm.

At HP’s annual meeting in March 2013, shareholders voted in support of our existing executive compensation programs and packages. We remunerate senior executives not only based on meeting financial targets, but also on factors such as business objectives, customer satisfaction, employee engagement, and people development.

More than 18,000 employees in 50 countries opt into our Employee Stock Purchase Plan. It enables employees to buy HP shares at a 5% discount. During the year through October 31, 2013, 1,260 new enrollees joined the program.

### Benefits

In addition to base and performance-related pay and stock ownership, HP offers benefits everywhere we operate. Depending on the location, these benefits may include retirement and savings plans, income-protection insurance covering risks from injury or illness, health and wellness plans, and flexible working arrangements.

We continually look to create valuable benefits programs on a country-by-country basis. In 2013, we launched a new platform allowing U.S. employees to enroll in plans via smartphone and receive benefits information via text message. We also made a major global effort to highlight the services offered by our Employee Assistance Program by developing toolkits for our HR partners and home mailings to help employees cope with grief, stress, substance abuse, and other life challenges.

### Recognition programs

Positive feedback can boost employee satisfaction and morale. We show our appreciation for hard work and loyalty through the Recognition @hp program. In 2013, we progressed popular new initiatives launched in 2012, including:

- Celebrating Service, which marks milestone years of working at HP
- Living Our Values, through which colleagues recognize each others’ support and achievements
- HP Points, awarded by managers and redeemable for merchandise, travel, or charitable giving

These efforts are reaping their own reward—although we have further to go.

# Wellness

The links between wellness and productivity at work are well established. HP views a healthy workforce as a business imperative, and our goal is to provide holistic programs that promote physical, emotional, and financial well-being.

## Progress in 2013

In 2013, employees in more than 40 countries accessed HP wellness programs tailored to local needs. In 2013, for the third consecutive year, HP was among 65 organizations named Best Employers for Healthy Lifestyles by the U.S. National Business Group on Health.

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## Global highlights

During 2013, successful wellness events around the world included:

- **China** 2,400 employees attended events with health experts on eye protection.
- **Ireland** 1,200 employees took part in Whacky Wellness Wednesday, which offered skin cancer screenings, wellness education, a rowing competition, and a carnival.
- **Russia** Throughout February, employees enjoyed discounts to local sports centers; classes on nutrition, yoga, and parenting; and healthy breakfast choices in the HP cafeteria.
- **Global** HP sites in 27 countries took part in Power of Prevention, a cancer-awareness program showcasing educational programs, screenings, and a dedicated website.

## Physical wellness

More than 350 health enthusiasts at HP offices around the world act as our Wellness Ambassadors, promoting the company's health initiatives and planning local activities. We conduct many local and regional wellness events, as well as company-wide efforts that encourage employees to adopt healthier living habits. In 2013, more than 54,000 employees in 84 countries participated in our yearly Global Wellness Challenge, forming teams who compete against each other to boost their physical activity over an eight-week period. Collectively, they:

- Walked 14.6 billion steps, equal to nearly 300 trips around the earth's equator
- Exercised for the equivalent of more than 120 years

Watch this [video](#) to learn more.

In the United States, HP has on-site health clinics in Palo Alto, California, and Plano and Houston, Texas. In 2013, we made these available to dependent children older than seven and HP retirees.

## Stress management/emotional wellness

We offer programs to help our employees balance personal and work commitments, and reduce related stress. In many countries, these offerings include flexible working options, child care, dependent care, adoption resources, family and new parent leave, and stress-management resources. We also offer flexible arrangements as appropriate, such as nontraditional full-time hours and part-time employment. In 2013, HP was named among the Top 100 U.S. companies by *Working Mother* magazine, in recognition of our work-life benefits and opportunities for female advancement.

Managing healthcare can also be challenging. In the United States, HP introduced health advocate services in 2013 to assist about 34,000 employees in effectively navigating the healthcare system.

## Financial wellness

HP is piloting financial wellness programs in the United States. In 2013, we held our biggest event to date: Financial Fitness Bootcamp, which drew about 10,700 employees to virtual and on-site workshops and 48,000 visits to our financial wellness website. Skills taught included retirement planning, investments and asset allocation, budget and debt management, and personal savings.

# Health and safety

The health and well-being of our employees is a priority for HP. We have a responsibility to provide a safe working environment for our people, and we recognize that employees are most productive when they are healthy. We have low accident and injury rates across our offices, production facilities, warehouses, and laboratories. Nonetheless, we continually evaluate our training programs, policies, and procedures to identify improvement opportunities and ways to avoid incidents. We are committed to identifying the causes of accidents and taking action to prevent them.

The main health and safety risks across our facilities relate to slips, trips, and falls and to ergonomics, both in the office environment and in situations involving the manual handling of materials. We work to continually improve in these areas through robust environmental, health, and safety (EHS) management and employee engagement. In 2013, we started the global rollout of improved processes for assessing EHS risks and legal requirements.

## EHS policy and standards

Our EHS policy and comprehensive EHS management system are critical in ensuring employee health and safety. Our EHS management system aligns with the internationally recognized Occupational Health and Safety Assessment Series (OHSAS) 18001 standard as well as the ANSI Z10 and ILO OSH 2001 standards of the American National Standards Institute and the International Labour Organization, respectively. Eight HP sites—in Ireland, Romania, Scotland, Singapore, South Africa, and Spain—are registered to OHSAS 18001.

# 54,000

The number of HP employees, across 84 countries, who took part in wellness challenges, up 37% compared to 2012

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Our health and safety data-collection and tracking system, which we use to monitor injury trends at the individual site and corporate levels, adheres to the ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases.

### EHS risks and legal requirements

As a global company, we stay abreast of changes in health and safety legislation worldwide and standardize our processes for assessing EHS risks and legal requirements everywhere we operate. We routinely evaluate and enhance these processes as part of our commitment to continually improving our EHS management system.

For information about our environmental risk management, please see [HP operations](#).

## Progress in 2013

### Global chemical management

In 2013, we introduced global processes, tools, and training to help our operations comply with requirements of the Globally Harmonized System (GHS) of Classification and Labeling of Chemicals. Highlights included:

- A GHS global training course for employees, available in English, French, and Spanish
- A “GHS for EHS” training course for our EHS professionals worldwide, available through HP University

In 2014, we will continue to help regional teams address chemical labeling changes to align with GHS requirements. We are also preparing our chemical management system to comply with the new format for safety data sheets required by GHS and requested by suppliers.

### Health and safety communications and training

With 317,500 employees<sup>2</sup> worldwide and legal requirements that vary by country, keeping our workforce informed of health and safety standards, policies, and laws requires ongoing effort. We provide more than 150 instructor-led and web-based training courses to keep employees up-to-date on key health and safety issues. Course topics range from fire prevention and chemical safety, to earthquake response training and ergonomics. We continually add, update, and translate courses into additional languages to ensure that relevant health and safety information is widely accessible to our employees.

In 2014, every employee will have access to a new EHS module included in the mandatory annual training on HP’s Standards of Business Conduct. The module will focus on office ergonomics and how to avoid the most common cause of injuries and lost workdays at HP—slips, trips, and falls. It will also teach employees about our EHS policy and EHS management system, injury and illness reporting, and emergency preparedness and response.

### Employees at non-HP locations

In 2013, we also focused on the health and safety of HP employees working at customer locations. We improved identification and characterization of EHS risks associated with working remotely, streamlined communications to employees at non-HP sites, and implemented programs and processes to reduce risks and ensure compliance with EHS requirements beyond our walls. Regional and global Working@non-HP web pages were published and stored on compact discs to provide off-site employees access to EHS resources.

### Contractors

Our responsibilities to keep people safe while working for HP also extend to contractors. We strengthened our engagement with Global Real Estate, Global Procurement, and other internal functions during the year to ensure contractors adhere to EHS standards. We also began a quarterly review of the global EHS performance of our integrated facilities maintenance (IFM) provider, which complements regional- and site-levels reviews, and allows us to identify best practices and flag any locations that need additional attention. In addition, we revised and reissued the HP Global Contractor Environment, Health, Safety & Security (EHS&S) Handbook, now available on our intranet. We aim to improve digital access to the handbook for HP contractors outside the HP firewall.

<sup>2</sup> As of October 31, 2013.

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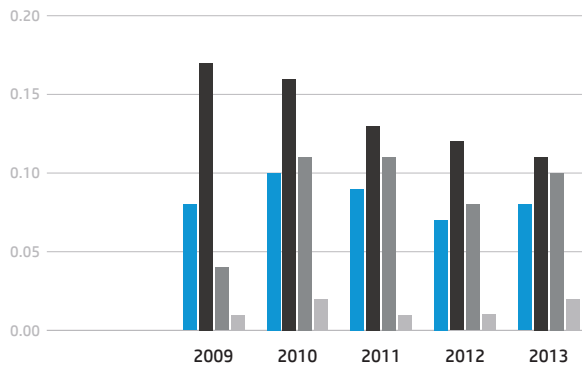
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## Performance data

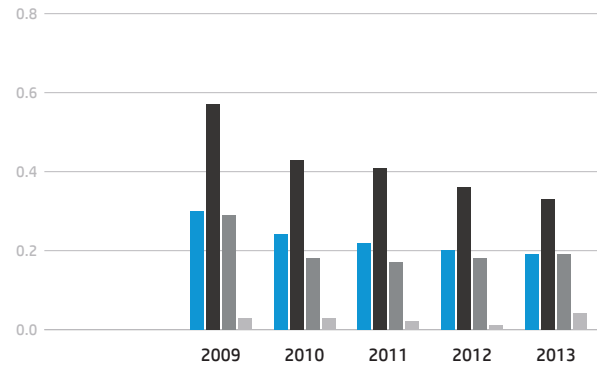
### Lost workday case rate, 2009–2013\*



Global	0.08	0.10	0.09	0.07	0.08
Americas	0.17	0.16	0.13	0.12	0.11
Europe, Middle East, and Africa	0.04	0.11	0.11	0.08	0.11
Asia Pacific and Japan	0.01	0.02	0.01	0.01	0.02

\*Lost workday case rate is the number of work-related injuries that result in time away from work per 100 employees working a full year. Rates are calculated using Occupational Safety and Health Administration (OSHA) definitions for recordability around the globe and using OSHA calculation methodologies. The figures are based on employees working an average of 2,000 hours during a full year. The U.S. average in 2012 for the data processing, hosting, and related services industry was 0.2. Americas includes incidents occurring in Argentina, Brazil, Canada, Colombia, Panama, and the United States. Asia Pacific and Japan includes incidents in India, Japan, Malaysia, and Singapore. Europe, Middle East, and Africa includes incidents in Austria, Bulgaria, Czech Republic, France, Germany, Hungary, Ireland, Israel, Italy, Poland, South Africa, Spain, Switzerland, and the United Kingdom.

### Recordable incidence rate, 2009–2013\*



Global	0.30	0.24	0.22	0.20	0.19
Americas	0.57	0.43	0.41	0.36	0.34
Europe, Middle East, and Africa	0.29	0.18	0.17	0.18	0.19
Asia Pacific and Japan	0.03	0.03	0.02	0.01	0.04

\*Recordable incidence rate is the number of all work-related lost-time and no-lost-time cases requiring more than first aid per 100 employees working a full year. Rates are calculated using OSHA definitions for recordability around the globe and using OSHA calculation methodologies. The figures are based on employees working an average of 2,000 hours during a full year. The U.S. average in 2012 for the data processing, hosting, and related services industry was 0.8. Americas includes incidents occurring in Argentina, Brazil, Canada, Colombia, Costa Rica, Mexico, Panama, Puerto Rico, United States, and Venezuela. Asia Pacific and Japan includes incidents in Australia, India, Indonesia, Japan, Malaysia, New Zealand, and Singapore. Europe, Middle East, and Africa includes incidents in Austria, Belgium, Bulgaria, Czech Republic, France, Germany, Hungary, Ireland, Israel, Italy, Poland, South Africa, Spain, Switzerland, and the United Kingdom.

### Leading causes of lost workdays, 2011–2013

	2011	2012	2013
Slips, trips, and falls	40%	45%	38%
Ergonomics—materials handling	20%	12%	18%
Ergonomics—office environment	12%	11%	5%
Automobile accidents	11%	11%	18%
Struck by/against/cut by	6%	14%	10%
Other	11%	7%	10%

### Location of lost workdays, 2011–2013\*

	2011	2012	2013
HP sites	50%	53%	54%
Customer sites	27%	23%	21%
Business travel	15%	15%	21%
Telecommuting/home office	5%	6%	1%
Events/team building	3%	2%	2%

\*Percentages may not add up to 100% due to rounding.

### Leading causes of all recordable incidents (with and without lost time), 2011–2013\*

	2011	2012	2013
Slips, trips, and falls	32%	35%	30%
Ergonomics—materials handling	16%	12%	17%
Ergonomics—office environment	20%	20%	16%
Automobile accidents	10%	10%	11%
Struck by/against/cut by	11%	15%	13%
Other	11%	8%	10%

\*Percentages may not add up to 100% due to rounding.

### Location of recordable incidents, 2011–2013\*

	2011	2012	2013
HP sites	54%	57%	58%
Customer sites	25%	22%	20%
Business travel	14%	13%	16%
Telecommuting/home office	5%	6%	3%
Events/team building	2%	1%	2%

\*Percentages may not add up to 100% due to rounding.

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# Community engagement and volunteering<sup>3</sup>

The drive to do good runs deep among HP employees. Each year, we support the many communities around the world in which we live and work by giving back our time and expertise.

HP has long incorporated the pursuit of societal good into the workplace. We believe this approach is key to the company's long-term success, benefiting local and global communities, and also helping us maintain a highly motivated global workforce. Employees are encouraged to use their four hours of paid volunteer time per month to dedicate their energy, skills, and imagination to tackling significant human, economic, and environmental issues.

“Volunteering at HP allows us to see the reality lived in our communities while giving us an opportunity to have a positive impact in our surroundings.”

— Sergio Lopez, Mexico volunteer

## Progress in 2013

During the year, nearly 42,000 HP employees contributed 1.6 million hours, and their workplace skills, to help take on tough global challenges. This volunteer labor represents the equivalent of an approximately \$104 million contribution to global education, environmental issues, entrepreneurship, health, and other societal causes.<sup>4</sup>

Nongovernmental organizations (NGOs) and communities benefit from the expertise of our employees in high-value fields such as technology, engineering, human resources, finance, supply chain, and manufacturing. For example, in

more than 20 countries we conduct ScopeAthons, matching HP-certified project managers with local NGOs and social entrepreneurs to identify key organizational needs that skills-based volunteering could meet.

We track the impact of our community engagement and volunteering activities, which have clear benefits for our partners and our business. A 2013 survey of HP's key NGO partners found that 92% reported significant or very significant increases in capacity as a result of the relationship, including in the areas of: offering higher quality, more innovative, or additional services; serving more people; and employing more effective or productive staff. A 2013 employee survey showed that participants in HP volunteer activities had more than 10% higher rates of morale, motivation, and intention to stay at the company than nonparticipants.<sup>5</sup>

“Serving others makes me feel proud and happy, that's why I am a volunteer.”

— Nicole Liu, China volunteer

In 2013, HP's community engagement activities received a range of external recognition.

See below for selected examples of our community engagement and volunteering work in 2013:

## HP volunteering

### Global Volunteer Challenge 2013

**Launched:** 2012

**Aim:** Inspire and engage HP employees to serve their communities through a country- and business unit-based volunteering competition

**Partners:** Hundreds of local organizations addressing challenges in education, health, poverty, environment, and entrepreneurship

<sup>3</sup> HP definition of employee volunteering/community involvement: For an employee activity to be considered as volunteering/community involvement under HP's programs, it needs to meet these three criteria:

- Serve the public good: The activity should serve a charitable cause for the public at-large, such as alleviate poverty, improve reading skills of underprivileged children, or clean up public waterways. If the service is conducted through a faith-based organization, it needs to benefit the public at-large and not only members of that organization or faith.
- Be conducted through a formal or informal organization that is not for profit (including, for example, sports leagues and clubs, libraries, K-12 schools and universities, social clubs, community-based organizations, government agencies, and nongovernmental organizations) or through HP's programs. Please note: A favor or charitable gesture toward a neighbor, friend, or other independent individual does not qualify as volunteering/community involvement.
- Be unpaid: Employees should not receive compensation of any kind from the organization for their service, including cash, services, or other perks. Service conducted on HP time, and thus receiving employment compensation, is not considered paid and qualifies as volunteering/community service.

HP employee volunteering/community involvement can be:

- Conducted during paid work time per HP employee volunteerism policy (with management approval)
- Conducted on an employee's own time, completely independent of HP
- Time invested to make a cash or goods donation, such as the time dedicated to shopping for toys that will be donated, giving blood, or walking for a charitable cause
- Conducted as part of an HP department or team service project
- A contribution of skills or talent, such as board service, professional services, or technology support
- Any other form of service that serves the public good, is conducted through a formal organization and is unpaid, as specified in the defining criteria above
- Conducted by HP employees who are leading or organizing events in support of Social Impact initiatives (such as Social Impact country and site leads) but who are not members of the Social Impact team.

<sup>4</sup> Hourly rate based on type of volunteering: \$150/hour for board, service corp, pro bono, and skills-based; \$20/hour for hands-on and undetermined, adjusted using World Bank data for purchasing power differences across countries.

<sup>5</sup> 2013 Voice of the Workforce (VoW) survey.

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HP's Global Volunteer Challenge motivates employees to use their skills and resources to give back to their communities. The passion and commitment of the work done around the world is epitomized by the top three 2013 Most Impactful Project awards winners from China, Germany, and Mexico, highlighted below:

More than 230 HP volunteers in China work with the Little Swan School, a primary school for children of migrant workers in Beijing. Without support, these children would be unable to attend school since they are not eligible for public education, and their families cannot afford private alternatives. Our volunteers take the students to museums, parks, and activities in Beijing, enriching their educational experience and helping them to feel part of the community. HP employees also raise money for the school. In 2013, they provided enough funding to hire a new full-time teacher for one year. Learn more [here](#).

“HP offers a great opportunity for individual engagement, and I am proud to volunteer for the Peace Village International project.”

—Sascha Wittig, Germany volunteer

Peace Village International, based in Oberhausen, Germany, supports sick or wounded children from war-torn regions and provides them with medical care that cannot be accessed in their countries of origin. Our volunteers devote time to the children, engaging them through play and educational activities and also help maintain the Peace Village facility through, for example, gardening and building a new playground. Learn more [here](#).

In Mexico, people migrating from small towns to major cities often have trouble finding homes with proper sanitation. During 2013, in partnership with [Un Techo Para mi País](#), Mexico, A.C., 198 HP employees spent 7,600 volunteer hours erecting clean and safe prefabricated houses for 25 families in Mexico's three biggest cities: Guadalajara, Mexico City, and Monterrey. Donations from HP employees provided almost 40% of the \$55,000 cost of the project. Learn more [here](#).

“Volunteering not only helps the community and environment, it also helps provide work-life balance for each of us.”

—Karol Zeledon, Costa Rica volunteer

## Hackathons

**Launched:** 2011

**Aim:** Engage HP software engineers and developers in global skills-based volunteer projects with social and business impacts

**Partners:** Benetech, Geeks Without Bounds, Random Hacks of Kindness, Santa Clara Frugal Innovation Lab

In January 2013, HP partnered with [Geeks Without Bounds](#) to cosponsor EveryoneHacks. The aim of the event was to support women in technology, while solving educational challenges through collaboration with teachers, students, and developers. About 100 people on 15 teams participated. The winning team developed an idea called “Groupsail,” an app to help teachers and students manage their group projects. Learn more [here](#).

In June 2013, nearly 100 U.S. cities participated in a National Day of Civic Hacking. The event brought together participants from the public and private sectors to develop ideas for using software and technology to solve community challenges on a range of issues, from education to disaster response. HP led a hackathon in Palo Alto, California, focusing on cyber security and its social implications. Learn more [here](#).

In June 2013, HP volunteers partnered with the Santa Clara Frugal Innovation Lab to design and build a field tablet application for the [Tropical Ecology Assessment and Monitoring \(TEAM\) Network](#) project at [Conservation International \(CI\)](#). The application will enable field technicians to efficiently and accurately gather and manage ecological data using HP mobile tablet devices, creating a more flexible, secure, and streamlined process. Read more about our partnership with CI through the [HP Earth Insights](#) program.

Hackathons were also held in India in 2013. In Chennai, 75 HP volunteers contributed 3,660 hours (worth about \$550,000). In Bangalore, 150 volunteers contributed approximately 5,700 hours (worth about \$850,000).

## HP Advisors Program

**Launched:** 2011

**Aim:** Match HP employees with social entrepreneurs in global health, education, and environmental sustainability to work together to address urgent global challenges

**Partners:** Schwab Foundation for Social Entrepreneurship, Global Health Corps

Through this program, we work with our partners to identify leading nonprofits that have proven their ability to drive social transformations, but are in need of access to professional business skills to reach their goals. The HP Advisors program bridges this gap, linking HP professionals with social entrepreneurs. The program benefits employees by enabling them to develop leadership skills and broaden their knowledge of social issues and emerging market-based solutions. It empowers social entrepreneurs to develop essential skills and expertise in key business areas. In 2013, 78 HP Advisors provided volunteer hours worth nearly \$180,000. The program supported 30 social enterprises and mentored 48 Global Health Corps Fellows posted within global health NGOs in Burundi, Malawi, Rwanda, Uganda, and the United States.



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# Data

	2009	2010	2011	2012	2013
<b>Number of HP employees (approximate)<sup>1</sup></b>	304,000	324,600	349,600	331,800	317,500
<b>Employees (regular full time and part time) by employment type and gender, 2013 (see page 58)</b>					
<b>Employees (regular full time and part time) by region and gender, 2013 (see page 58)</b>					
<b>World workforce by age group, 2013 (see page 58)</b>					
<b>Women employees<sup>2</sup> [% of total]</b>					
Americas	35.0%	34.3%	33.3%	33.1%	33.5%
Asia Pacific and Japan	32.5%	33.1%	32.3%	32.6%	33.1%
Europe, Middle East, and Africa	30.0%	30.5%	29.8%	30.0%	30.3%
Worldwide	32.9%	32.9%	32.0%	32.1%	32.5%
<b>Women managers<sup>2</sup> [% of total]</b>					
Americas	28.3%	27.8%	28.7%	30.1%	30.1%
Asia Pacific and Japan	21.2%	21.8%	22.3%	22.2%	21.8%
Europe, Middle East, and Africa	20.0%	19.8%	20.9%	22.4%	23.3%
Worldwide	24.3%	24.1%	24.8%	25.5%	25.6%
<b>Global new hires, by gender<sup>3</sup> [% of total]</b>					
Female	35.6%	35.2%	32.7%	34.6%	36.2%
Male	64.4%	64.8%	67.3%	65.4%	63.8%
<b>U.S. workforce demographics, 2013 (see page 58)</b>					
<b>U.S. new hires, by ethnicity<sup>4</sup> [% of total]</b>					
White	65.0%	61.7%	52.4%	64.8%	54.0%
All minorities	34.5%	34.8%	31.1%	34.9%	46.0%
Black	11.2%	14.5%	7.7%	10.8%	11.3%
Hispanic	7.1%	7.1%	6.7%	7.5%	9.1%
Asian	12.5%	10.5%	14.6%	12.6%	15.3%
Native American	0.7%	0.3%	0.4%	0.3%	0.4%
<b>Lost workday case rate<sup>5</sup></b>					
Global	0.08	0.10	0.09	0.07	0.08
Americas	0.17	0.16	0.13	0.12	0.11
Europe, Middle East, and Africa	0.04	0.11	0.11	0.08	0.11
Asia Pacific and Japan	0.01	0.02	0.01	0.01	0.02

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	2009	2010	2011	2012	2013
<b>Recordable incidence rate<sup>6</sup></b>					
<b>Global</b>	0.30	0.24	0.22	0.20	0.19
<b>Americas</b>	0.57	0.43	0.41	0.36	0.34
<b>Europe, Middle East, and Africa</b>	0.29	0.18	0.17	0.18	0.19
<b>Asia Pacific and Japan</b>	0.03	0.03	0.02	0.01	0.04

<sup>1</sup> As of October 31 of the year noted. Numbers are rounded.

<sup>2</sup> 2009 data excludes Brazil.

<sup>3</sup> 2009 data excludes Brazil and reflect the time period January 1 to November 30, 2009.

<sup>4</sup> Sum of "White" and "All minorities" does not equal 100%, and the sum of "Black," "Hispanic," "Asian," and "Native American" does not equal the total for "All minorities" because some people do not declare or do not fall into these categories.

<sup>5</sup> Lost workday case rate is the number of work-related injuries that result in time away from work per 100 employees working a full year. Rates are calculated using Occupational Safety and Health Administration (OSHA) definitions for recordability around the globe and using OSHA calculation methodologies. The figures are based on employees working an average of 2,000 hours during a full year. The U.S. average in 2012 for the data processing, hosting, and related services industry was 0.2. Americas includes incidents occurring in Argentina, Brazil, Canada, Colombia, Panama, and the United States. Asia Pacific and Japan includes incidents in India, Japan, Malaysia, and Singapore. Europe, Middle East, and Africa includes incidents in Austria, Bulgaria, Czech Republic, France, Germany, Hungary, Ireland, Israel, Italy, Poland, South Africa, Spain, Switzerland, and the United Kingdom.

<sup>6</sup> Recordable incidence rate is the number of all work-related lost-time and no-lost-time cases requiring more than first aid per 100 employees working a full year. Rates are calculated using OSHA definitions for recordability around the globe and using OSHA calculation methodologies. The figures are based on employees working an average of 2,000 hours during a full year. The U.S. average in 2012 for the data processing, hosting, and related services industry was 0.8. Americas includes incidents occurring in Argentina, Brazil, Canada, Colombia, Costa Rica, Mexico, Panama, Puerto Rico, United States, and Venezuela. Asia Pacific and Japan includes incidents in Australia, India, Indonesia, Japan, Malaysia, New Zealand, and Singapore. Europe, Middle East, and Africa includes incidents in Austria, Belgium, Bulgaria, Czech Republic, France, Germany, Hungary, Ireland, Israel, Italy, Poland, South Africa, Spain, Switzerland, and the United Kingdom.

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# Economic Progress

Helping businesses and economies thrive

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# Living Example: HP LIFE e-Learning

## Providing business and information technology (IT) skills training through the cloud

HP LIFE e-Learning uses HP's innovative cloud-based technology to help entrepreneurs and students learn essential business and IT skills to establish and grow their own businesses, create jobs, and help support a thriving community.



### Problem

- More than 75 million unemployed and underemployed people around the world lack access to information and business and IT skills training that could help them develop or support a business idea.
- Entrepreneurs are the backbone of the global economy. When new ideas and innovations enter the market, communities and economies thrive.

### Vision

- Empower entrepreneurs with free, online access to high-quality educational resources to help them learn or sharpen their business and IT skills on their own time, at their own pace.

### Solution

- We partnered with leading educational organizations, such as Education Development Center, Inc. (EDC), to design an open-platform, interactive, online learning curriculum accessible to virtually anyone, anywhere—free of charge.
- HP LIFE e-Learning curriculum is self-paced and includes core business categories, such as communications, finance, marketing, and operations along with special topics, like social entrepreneurship and energy efficiency, to help students enhance their skills. Students receive a certificate of completion for each module.

- Modules are added and updated constantly, with the learning experience enhanced by an online community of like-minded people, tips, resource links, and forums offered to students.

### Impact



**Human Progress:** HP LIFE bridges the knowledge gap that many students and entrepreneurs face that prevents them from turning their business ideas into action. HP LIFE e-Learning uses HP cloud technology to make training available to virtually anyone, giving people the skills to improve their lives.



**Economic Progress:** Entrepreneurs are the backbone of the global economy. Access to high-quality business and IT education helps launch or grow businesses, create jobs, and stimulate economic growth.

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# Contributions to the economy

As one of the world's largest companies, HP contributes to economies globally through the value we create for our customers and our direct financial transactions.

HP products and solutions make businesses and individuals more efficient and profitable. HP Living Progress—our integrated approach to business that simultaneously drives human, economic, and environmental progress—will unlock further growth for HP and the wider economy.

This growth will be more sustainable, delivering lasting benefits for HP and the millions of people who benefit from our products and operations around the world.

HP also benefits many of our stakeholders directly by providing jobs in the countries worldwide where we operate, supporting the businesses of our suppliers in economies around the globe, and providing returns to investors.

## Economic impact fiscal year 2013

The table below summarizes our economic impacts on our main stakeholder groups during fiscal year 2013 (FY13). Direct impacts result from financial transactions we have with our many stakeholders. Indirect impacts occur when the money we spend circulates through the economy.

For more details, please see our [financial statements](#), [interactive stock chart](#), and [Annual Report on Form 10-K](#).

Group	Direct economic impacts in FY13	Indirect economic impacts in FY13
<b>Suppliers</b>	HP has one of the most extensive supply chains in the IT industry and made purchases from production suppliers (defined as suppliers that provide materials for our products) as well as nonproduction suppliers worldwide.	Our spending continued to support employment in supplier companies. Suppliers and their workers, in turn, pay taxes and support local economies, and suppliers may pay dividends to their investors or reinvest in innovation or growth.
<b>Employees</b>	HP provided compensation and benefits to approximately 317,500 employees worldwide.*	HP's employees pay taxes and generate further economic activity by spending some of the money they earn.
<b>Customers</b>	HP's net revenue was \$112 billion.	We continued to help customers improve productivity, increase efficiencies, and reduce their environmental impacts by offering reliable, high-quality products and services. For business customers, this may increase the jobs they create and taxes they pay.
<b>Sales, marketing, and distribution partners</b>	HP helped create business for sales and service partners worldwide.	Our partners' commercial relationships with HP can contribute to their growth.
<b>Local, state, and national governments</b>	HP paid net cash income taxes of \$1.391 billion.	Taxes paid help enable government spending and programs.
<b>Investors</b>	HP returned \$2.6 billion to shareholders in the form of dividends and share repurchases.	Investors may pay taxes on dividends.

\* As of October 31, 2013.

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# Data<sup>1</sup>

	2011	2012	2013
Net revenue [\$ million]	\$127,245	\$120,357	\$112,298
Research and development expense [\$ million]	\$3,254	\$3,399	\$3,135
Research and development expense as a % of net revenue	2.6%	2.8%	2.8%
Defined contribution expense <sup>2</sup> [\$ million]	\$626	\$628	\$603
Net investment in property, plant, and equipment <sup>3</sup> [\$ million]	\$3,540	\$3,089	\$2,546
Dividends paid [\$ million]	\$844	\$1,015	\$1,105
Repurchase of common stock [\$ million]	\$10,117	\$1,619	\$1,532
Number of patents (approximate)	36,000	36,000	38,000

<sup>1</sup> Data in this table are for the fiscal years ended October 31.

<sup>2</sup> HP offers various defined contribution plans for U.S. and non-U.S. employees. U.S. employees are automatically enrolled in the Hewlett-Packard Company 401(k) Plan (the "HP 401(k) Plan") when they meet eligibility requirements, unless they decline participation. The quarterly employer matching contributions in the HP 401(k) Plan are set to equal 100% of an employee's contributions, up to a maximum of 4% of eligible compensation.

<sup>3</sup> Net investment in property, plant, and equipment is calculated as investment in property, plant and equipment minus proceeds from sale of property, plant, and equipment.

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# Social investment

**\$6 million**

Cash and products donated by U.S. employees through matching programs

**\$135.3 million**

Overall social investment

We bring our people and technology together to solve society's toughest challenges. HP Living Progress initiatives worldwide advance human, economic, and environmental progress.

Business and technology have an essential role to play in addressing 21st-century challenges such as meeting the health and educational needs of a growing population, ensuring economic stability and growth, and contributing to environmental sustainability. HP embraces this opportunity and responsibility. As a leading technology company operating in countries worldwide, we bring together the right partners to better understand complex global and local problems and develop effective, sustainable solutions.

## Our approach

HP employees drive our social investment activities, which extend far beyond one-off financial contributions. Through our focus on volunteering and partnerships, we share

skills and knowledge from within our company for greater, more sustainable benefit. We concentrate our efforts through Living Progress initiatives in the three areas where we can make the biggest impact.

## Human Progress—advancing the overall health and well-being of people

We use cutting-edge technology to bring healthcare and medical expertise directly to the communities that need it most. We believe that technology can transform access to care as well as quality and affordability, and we collaborate with governments, nonprofits, nongovernmental organizations (NGOs), and other private sector firms to accelerate the transformation of the health sector. For example, [eHealth Centers](#) connect physicians and other primary healthcare providers to citizens and patients in communities that are underserved or lack access to the necessary specialists. By utilizing cloud-based information technology (IT) and data-sharing systems, eHealth Centers deliver 21st-century healthcare services to patients in remote, resource-poor locations.

## Case study

### Matter to a million

**Launched:** 2014

**Aim:** Enhance economic progress by empowering entrepreneurs around the world through microlending

**Partner:** [Kiva](#)

Kiva is a microlending nonprofit that enables people to make microloans to small business owners around the world who need access to capital to start or grow their enterprises. This five-year global partnership with the

Hewlett-Packard Company Foundation will provide every HP employee worldwide with a \$25 credit to make a loan to a Kiva borrower. Once made, the loans will provide capital to entrepreneurs in more than 70 countries, enabling them to buy food, tools, supplies, livestock, and other essential items. This unique program, we believe, will change the lives of millions of people, creating a ripple effect across hundreds of villages, towns, and cities around the world.

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**\$7.3 million**

Cash and product donations matched by HP and the Hewlett-Packard Company Foundation

**\$1.9+ million**

Disaster relief

Other highlights in 2013 included the expansion of the HP-supported Early Infant Diagnosis program from Kenya and Uganda to Nigeria, in partnership with the [Clinton Health Access Initiative](#).

### Economic Progress—helping businesses and economies thrive

We provide people with opportunities to learn essential business and IT skills, empowering the next generation of entrepreneurs to succeed in a global economy. For example, [HP LIFE e-Learning](#) uses our innovative cloud-based technology, enabling entrepreneurs and students to establish and grow their own businesses, create jobs, and help communities thrive. We extend the reach of HP LIFE e-Learning with partners such as the Education Development Center Inc., United Nations Industrial Development Organization, and the National Association for Community College Entrepreneurship. In 2013, we also expanded the HP Catalyst Academy to help teachers integrate technology solutions into their classrooms and built on our Social Innovation Relay activities to stimulate entrepreneurial thinking among students in partnership with the U.S. nonprofit Junior Achievement.

### Environmental Progress—making the environment stronger as we grow

We apply our innovation and technology capabilities to analyze environmental problems holistically, catalyze solutions, and create a more sustainable world. For example, HP Earth Insights, an innovative collaboration with Conservation International, uses the power of big data analytics to deliver new insights about biodiversity loss in our tropical forests, enabling better decision making to protect people, species, habitats, and economies. [Read more](#) about our flagship environmental progress initiative.

### Partnership

Collaboration is core to HP's approach to social investment, based on a common understanding of the strengths, capabilities, and contributions of all partners, as well as shared expectations of what will be achieved and how. Our Living Progress initiatives often begin as pilot programs, and we use this experience to scale them in a sustainable manner. Doing so requires the long-term commitment and cooperation of multiple organizations working in partnership, including governments, NGOs, academic institutions, customers, thought leaders, social entrepreneurs, and industry peers. Our employees' contributions—time, money, and expertise—are also essential to these activities. [Read more](#) in [HP people—Community engagement and volunteering](#).

### Disaster relief

In 2013, HP employees, HP, and the Hewlett-Packard Company Foundation donated more than \$1.9 million of money and equipment in response to natural disasters in partnership with organizations such as Save the Children

and the American Red Cross. Below are the approximate values of cash and product contributions for major events in 2013.

### Donations for disaster relief, 2013 [(\$)]\*

Disaster name and location	Amount
Hurricane Sandy, United States	\$651,000
Earthquake, China	\$250,000
Flooding, India	\$108,000
Cyclone Phailin, India	\$100,000
Typhoon Utor (Labuyo)/Tropical Storm Trami (Maring), Philippines	\$100,000
Others	\$275,000
American Red Cross Annual Disaster Giving Program**	\$500,000
<b>Total</b>	<b>\$1,984,000</b>

\* The totals shown in this table represent the total donation per disaster, to the nearest \$1,000 and may span multiple fiscal years. Figures include employee donations and products, grants, and matched funds from HP and the Hewlett-Packard Company Foundation. Figures are for the 2013 calendar year.

\*\* The American Red Cross Annual Disaster Giving Program grant enables the Red Cross to respond to U.S. and international disasters more rapidly.

### Employee giving

#### U.S. Employee Cash Matching and Product Matching programs

In 2013, nearly 10,400 employees participated in the HP U.S. Employee Cash Matching and Product Matching programs.<sup>1</sup> These employees, HP, and the Hewlett-Packard Company Foundation together provided more than \$13.3 million to NGOs and schools through cash and product donations.

### Recognition

In 2013, our community-engagement programs received the Corporate Excellence Award from [Points of Light](#). HP was also recognized by [Bloomberg's The Civic 50](#) as the [Most Community-Minded Tech Company](#), and for being the industry leader in measuring social investment impact. Our work with the Clinton Health Access Initiative received the [Ethical Corporation Responsible Business Award](#) for the best business-NGO partnership.

### Performance summary

The total value of our social investments, including contributions from HP and the Hewlett-Packard Company Foundation plus the valuation of employee volunteer hours, equaled \$135.3 million in 2013. This is an increase of \$16.7 million from 2012, largely due to an increase in employee volunteer hours. See [Community engagement and volunteering](#).

<sup>1</sup> Some employees participate in both programs. Therefore, this number is different than the sum of the two data points in the U.S. employee participation in Cash Matching Program and Product Matching Program section on [page 73](#).



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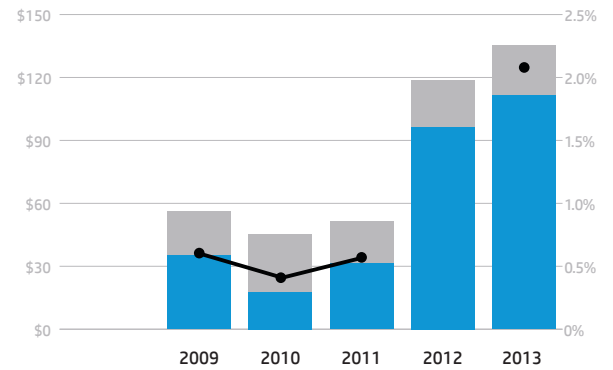
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In addition to the total amount invested in our programs, we use a range of metrics on a project-by-project basis to measure our impacts:

- **Social impact** We measure how many people and places we've impacted through our programs.
- **Business impact** We measure how our programs impact our competitive advantage and reputation.
- **Operational excellence** We track how many employees support our programs and completion of milestones.
- **Financial impact** We track total investment by HP and the Hewlett-Packard Company Foundation as well as funding by partners in support of our programs.

## Social investment, 2009–2013<sup>1</sup> [\$ million]



■ Cash	\$21.1	\$27.3	\$20.3	\$22.3	\$23.8
■ Products and services <sup>2</sup>	\$35.0	\$17.7	\$31.2	\$96.3	\$111.5
<b>Total</b>	<b>\$56.1</b>	<b>\$44.9</b>	<b>\$51.5</b>	<b>\$118.6</b>	<b>\$135.3</b>
— Percentage of pre-tax profits	0.60%	0.41%	0.57%	N/A <sup>3</sup>	2.08%

## Data

	2009	2010	2011	2012	2013
<b>Social investment<sup>1</sup> [\$ million]</b>	\$56.1	\$44.9	\$51.5	\$118.6	\$135.3
Cash	\$21.1	\$27.3	\$20.3	\$22.3	\$23.8
Products and services <sup>2</sup>	\$35.0	\$17.7	\$31.2	\$96.3	\$111.5
<b>Social investment<sup>3</sup> [% of pre-tax profits]</b>	0.60%	0.41%	0.57%	Not applicable	2.08%
<b>U.S. employee participation in Cash Matching Program and Product Matching Program [number of employees]</b>					
Cash Matching Program	5,400	5,600	7,000	7,100	8,600
Product Matching Program	1,800	1,100	1,700	1,600	2,700
<b>Contributions for Cash Matching Program and Product Matching Program<sup>4,5</sup> [\$ million]</b>	\$11.3	\$10.8	\$12.0	\$12.4	\$13.3
U.S. employee contributions for Cash Matching Program <sup>4</sup>	\$3.4	\$3.2	\$3.8	\$4.2	\$4.9
Hewlett-Packard Company Foundation contributions for Cash Matching Program <sup>4</sup>	\$2.3	\$2.7	\$3.1	\$3.5	\$3.9
U.S. employee contributions for Product Matching Program <sup>5</sup>	\$1.4	\$1.2	\$1.3	\$1.2	\$1.1
HP contributions for Product Matching Program <sup>5</sup>	\$4.2	\$3.7	\$3.8	\$3.5	\$3.4

<sup>1</sup> Social investments include all grants made to nonprofit organizations from the HP Company and the Hewlett-Packard Company Foundation, plus the valuation of employee volunteer hours. Data excludes contributions to the Hewlett-Packard Company Foundation and employee donations but includes HP's matching contributions and contributions from the Hewlett-Packard Company Foundation to other organizations. Prior to 2010, HP did not report contributions from the Hewlett-Packard Company Foundation to other organizations as a part of these data. All years represented in this chart have been updated to reflect these contributions. Some segments do not add up to total due to rounding.

<sup>2</sup> Product donations are valued at the Internet list price. This is the price a customer would have paid to purchase the equipment through the HP direct sales channel on the Internet at the time the grant was processed. Beginning in 2010, services include the valuation of HP employee volunteer hours. Valuation rates are based on CECF standards. The numbers in 2012 and 2013 are considerably higher than past years due to increased employee programs and more complete volunteer hour data.

<sup>3</sup> In FY12, HP recorded a pre-tax net loss, therefore a percentage of pre-tax profits cannot be calculated for that year.

<sup>4</sup> Figures reflect the cash donations pledged by HP employees and the respective match from the Hewlett-Packard Company Foundation in each fiscal year. Variances to actuals can occur based on attrition. Fiscal year totals also vary based on the payment cycle completing after the fiscal year end. Does not reflect donations made to disaster relief efforts.

<sup>5</sup> Product donations are valued at the Internet list price. This is the price a customer would have paid to purchase the equipment through the HP direct sales channel on the Internet at the time the grant was processed.

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# Environmental Progress

Making the environment stronger as we grow

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# Living Example: HP Earth Insights

## Using HP technology to protect threatened species

HP created a unique early warning system for threatened species using the power of big data solutions, in collaboration with the nonprofit Conservation International (CI).



A camera trap is installed to collect wildlife images and data for HP Earth Insights, Tanzania. Photo © Benjamin Drummond

### Problem

- Tropical forest loss is jeopardizing biodiversity and the health of vital ecosystems that we depend on for environmental services and human health.
- Conservation scientists collect data to track the health of the world's most at-risk species and ecosystems.
- Data accuracy and the speed of analysis is a challenge. Historically, scientists have had to travel to remote regions to collect data and study species in person.

### Vision

- Use the power of big data solutions to collect data and deliver insights about biodiversity loss in our tropical forests, enabling better decision making to protect people, species, habitats, and economies.

### Solution

- HP engineers partnered with scientists at CI to develop HP Earth Insights, which uses HP hardware and software to store and analyze environmental data on the biodiversity of these regions.
- HP Earth Insights uses big data to provide scientists an early warning system for threatened species, generating information and near real-time analytics that enable powerful analysis about species trends and tropical forest health.

[Click here to learn more.](#)

### Impact



**Human Progress:** Faster data insights enable better decision making for the 1.6 billion people who rely on tropical forests for their livelihoods and protection of our planet's vital life-support systems, where 40% of the Earth's oxygen is generated.



**Economic Progress:** HP Earth Insights uses HP technology to process massive amounts of complex data and deliver near real-time analytics. This is the same big data technology companies and organizations anywhere can use to gain critical insights to fuel their business growth.



**Environmental Progress:** HP Earth Insights' first-of-its-kind early warning system for conservation efforts empowers proactive responses to environmental threats as they emerge.

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# Environmental sustainability

With more than seven billion people seeking greater prosperity worldwide, balancing economic growth with environmental sustainability calls for innovation and leadership. HP is responding to this challenge by improving the efficiency of our products and solutions, as well as our supply chain and operations. By combining the expertise of our people, our innovative technology portfolio, and collaborative partnerships, we create solutions that reduce environmental impact and expand opportunities.

We are working with our customers, suppliers, and other stakeholders to create solutions that streamline and replace resource-intensive processes. We will move our business forward while helping people prosper and companies thrive by reducing the environmental footprint across our value chain—in our products and solutions, throughout our supply chain, and within our operations.

## Products and solutions

Use of the products and solutions we sell accounts for 61% of our overall [carbon footprint](#) and 77% of our [water footprint](#). This represents one of our biggest opportunities to improve HP's and our customers' environmental performance. To capitalize on this, HP develops information technology (IT) innovations that help solve environmental challenges and disconnect growth in our industry from increased environmental impact. We assess the carbon footprint and other impacts of our products and solutions and work to improve environmental performance across the product life cycle. We draw insights from [life cycle assessment](#) and [research and development](#) tools to inform product [design](#). We continually develop innovations in [energy efficiency](#) and [materials](#) use across our portfolio.

HP enables customers to operate their IT systems more effectively, supporting both business and environmental goals. For example, our ProLiant Gen8 and Moonshot servers offer increased processing power using less energy and space, reducing the environmental footprint of large-scale computing. Our Smart Meter Managed Service supports smart meter programs for customers around the world, contributing to improved consumer and business energy management, and reductions in related greenhouse gas

(GHG) emissions. Consumers and business customers use our free online [Carbon Footprint Calculator](#) to compare products and identify steps to reduce the environmental impact of computing and printing.

Working with suppliers and other companies, we also continue to improve our product return and recycling programs. Through these efforts, we expand the number of take-back locations, reduce waste, and capture value from used technology products. In 2013, we recovered 134,500 tonnes of computer hardware (for reuse and recycling) and supplies (for recycling) globally.

Learn more in [Products and solutions on page 86](#) and [Product return and recycling on page 108](#).

## Supply chain

Our supply chain is a major contributor to HP's overall environmental impact, representing 34% of the company's [carbon footprint](#) and 18% of our [water footprint](#). We work with suppliers to better understand and improve their environmental performance, from raw materials sourcing to product manufacture and shipping. In 2013, we became the first major IT company to set a supply chain GHG emissions reduction goal. In this report, we also disclose data for the first time on supply chain waste generation.

Learn more in [Supply chain environmental impact on page 127](#).

## Operations

The environmental impacts from our own global operations represent just 5% of our [carbon footprint](#) and 5% of our [water footprint](#). However, we are committed to reducing impacts from our operations whenever possible.

We deploy HP technologies and implement other innovative initiatives to reduce our facilities' environmental footprint and drive sustainable growth. Our focus areas include decreasing energy consumption and related GHG emissions, and reducing our use of water and other

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natural resources. These initiatives improve our environmental performance while also saving money. In 2013, for example, we installed two HP Pod 240a units (also known as “EcoPODs”) at our data center in Austin, Texas, United States, which reduced energy consumption while increasing data capacity. We also reduced our global water consumption by 10.0% compared to 2012, due in part to the completion of a number of water conservation projects.

Learn more in [HP operations](#) on page 114.

# Energy, climate, and water

The concentration of greenhouse gases (GHGs) in our atmosphere has begun to reach dangerous and unsustainable levels. Driven by climate change and population growth, water scarcity is also an increasingly significant challenge in many regions. HP recognizes that “business as usual” is no longer an option. We are taking a leadership role in global efforts to apply the power of information technology to the challenges posed by these issues.

Our response is based on understanding environmental impacts across our value chain. In 2013, HP was the first IT company to publish its carbon footprint. Building on our commitment to transparency, this year we published our complete water footprint.

Our analysis revealed a close relationship between energy use and water consumption, because power stations use considerable amounts of water, and the manufacturing of

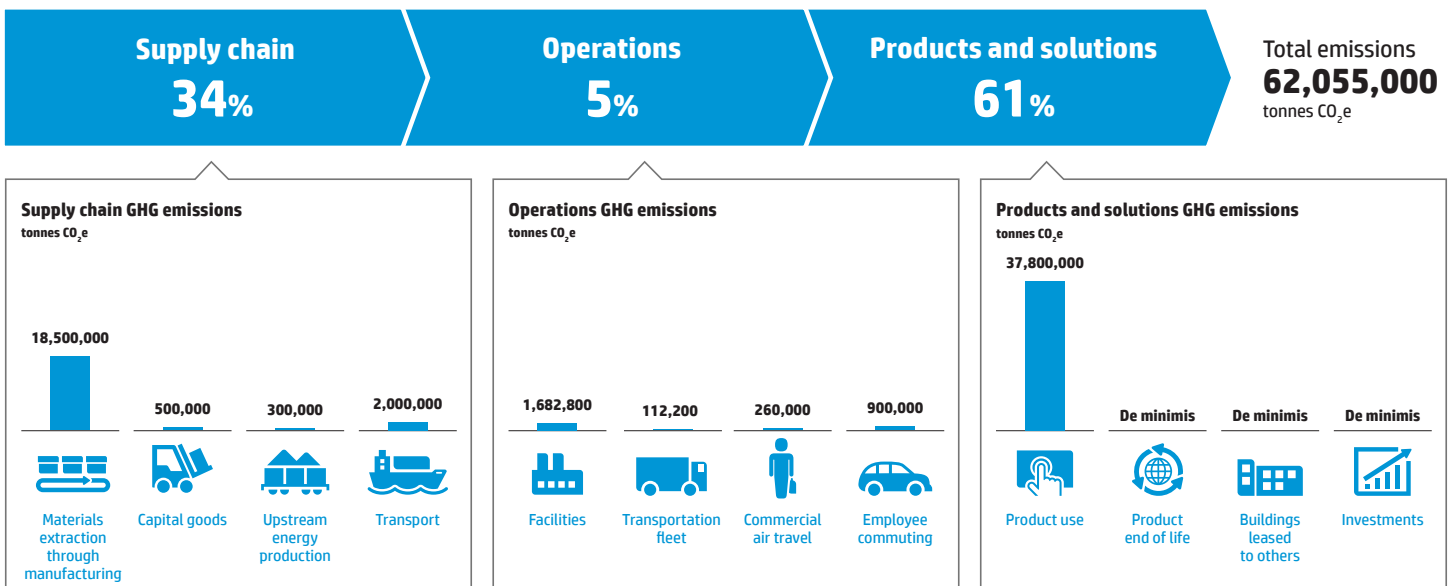
paper used by customers in our products also consumes significant quantities of water. Based on these findings, improving product energy efficiency and helping customers improve paper use are the most powerful levers we have to reduce our carbon and water footprints, since product use by customers accounts for 61% of HP’s carbon emissions and 77% of water use.

## Our carbon footprint<sup>1</sup>

In 2013, we updated our carbon footprint to include three years of data, from 2011–2013 (see additional detail on next page). This information continues to reveal that the largest proportion of our GHG emissions (approximately 61%) relates to customer use of our products. Our supply chain accounts for about 34% of total emissions, and HP operations for about 5% of total emissions. This analysis informs our decisions and goal-setting related to energy and GHG emissions reduction activities. In 2013, our carbon footprint equaled 62,055,000 tonnes CO<sub>2</sub>e, a reduction of 16% compared with 2012 and 21% less than in 2011. The year-over-year decrease in GHG emissions since 2011 can be primarily attributed to a combination of changes in product shipment volumes, increased accuracy in our product carbon footprints,<sup>2</sup> and improvement in the energy efficiency of our products.

Our carbon footprint analysis follows the guidelines of the [Greenhouse Gas Protocol](#) developed by the World Resources Institute and the World Business Council for Sustainable Development. Ernst & Young has reviewed certain indicators (see [Independent Accountants’ Report on page 138](#)) and we detail our methodology and assumptions in the [HP carbon accounting manual](#).

## Our carbon footprint, 2013



<sup>1</sup> The GHG Protocol categorizes direct and indirect emissions into three broad scopes: Scope 1: All direct GHG emissions; Scope 2: Indirect GHG emissions from consumption of purchased electricity, heat, or steam; Scope 3: Other indirect emissions, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g. transmission and distribution losses) not covered in Scope 2, outsourced activities, waste disposal, etc.

<sup>2</sup> Details on calculations and methodology can be found in the [HP carbon accounting manual](#).





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## Supply chain

Greenhouse gas emissions in this phase are primarily due to raw materials use and manufacturing. Through innovative design, HP works to decrease materials volume and impacts. We also collaborate with suppliers to improve their environmental performance, from raw materials sourcing to product manufacture and shipping. View additional data and goals in [Supply chain environmental impact on page 127](#).

Category	Emissions [tonnes CO <sub>2</sub> e]			Description
	2011	2012	2013	
<b>Materials extraction through manufacturing</b> 	23,500,000	21,500,000	18,500,000	<p>Emissions associated with all levels of our supply chain from materials extraction through the manufacture of HP products.</p> <p>In addition to our work with suppliers, HP's Design for the Environment program considers environmental impact in the design of every product and solution, from the smallest print cartridge to entire data centers. We have set a new goal to achieve a 20% decrease in first-tier manufacturing and product transportation-related GHG emissions intensity* by 2020, compared to 2010.</p> <p>Learn more in <a href="#">Supply chain environmental impacts on page 127</a>.</p>
<b>Capital goods</b> 	800,000	700,000	500,000	<p>Emissions associated with capital goods, from raw materials extraction through manufacturing and building construction.</p> <p>HP practices sustainable building design to decrease these impacts. In 2013, we obtained LEED® sustainable building standard certification for three sites, including our sales office in Gurgaon, India.</p> <p>Learn more in <a href="#">Sustainable building design on page 118</a>.</p>
<b>Upstream energy production</b> 	400,000	400,000	300,000	<p>Upstream emissions of purchased energy, from raw material extraction up to the point of combustion, as well as transportation and distribution losses in the grid.</p> <p>In 2013, we increased installed capacity for self-generated renewable energy by 17.7% over 2012 levels.</p> <p>Learn more in <a href="#">Renewable energy on page 119</a>.</p>
<b>Transport</b> 	3,700,000	3,300,000	2,000,000	<p>Emissions from upstream and downstream product transportation and distribution, including retail and storage.</p> <p>To reduce impacts, we work to maximize the efficiency of our supply chain network, shift to less energy-intensive modes of transport, and influence our logistics service providers.</p> <p>Learn more in <a href="#">Transportation greenhouse gas emissions on page 129</a>.</p>

\* To calculate Scope 1, Scope 2, and Scope 3 emissions, HP has followed the principles outlined in the Greenhouse Gas Protocol. HP calculates intensity as its suppliers' GHG emissions divided by HP's annual revenue. This method normalizes performance based on business productivity. Ernst & Young has reviewed HP's global Scope 1, 2, and 3 GHG emissions for the years included.





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## Operations

Greenhouse gas emissions from HP operations are primarily due to facility energy use. View complete [Data on page 83](#) and additional information in [Energy and GHG emissions on page 115](#).

Category	Emissions [tonnes CO <sub>2</sub> e]			Description
	2011	2012	2013	
<b>Facilities</b> 	1,828,400	1,741,600	1,682,800	Scope 1 and Scope 2 emissions associated with energy consumption, perfluorocarbons (PFCs), and hydrofluorocarbons (HFCs) in facilities under HP's operational control.  In 2013, we decreased these emissions by 11.6% from our 2010 baseline. Learn more in <a href="#">Energy and GHG emissions on page 115</a> .
<b>Transportation fleet</b> 	142,800	133,100	112,200	Emissions associated with HP-owned or leased vehicles.  In 2013, we began tracking the emissions of our European auto fleet against the European Union's 2015 target of 130 g CO <sub>2</sub> per km travelled for all new cars. Learn more in <a href="#">Travel on page 120</a> .
<b>Commercial air travel</b> 	320,000	270,000	260,000	Emissions associated with employee business travel by commercial business aircraft.  We promote digital communications such as videoconferencing as an alternative to travel when feasible and encourage less carbon-intensive forms of travel when possible. In 2013, we provided an eco-travel portal with tips for employees on alternatives to air flights.  Learn more in <a href="#">Travel on page 120</a> .
<b>Employee commuting</b> 	900,000	1,000,000	900,000	Emissions from employee transportation between their homes and their work sites (in vehicles not owned by HP) and teleworking.  We promote programs in some locations such as ride-sharing, bike storage, and free shuttles from local public transportation to help employees reduce commuting emissions. In 2013, we launched guidelines for HP sites on how to further encourage the use of electric vehicles for commuting.  Learn more in <a href="#">Travel on page 120</a> .

## Products and solutions

More than half of HP's total carbon footprint is due to the energy our products and solutions consume during use. View complete data and goals on [page 83](#).

Category	Emissions [tonnes CO <sub>2</sub> e]			Description
	2011	2012	2013	
<b>Product use</b> 	47,100,000	44,900,000	37,800,000	Emissions associated with energy consumption of HP products across each of our major business groups, as well as the impact of paper and print cartridges.  We work to design increasingly efficient products and solutions that help customers reduce the environmental impact of their operations and personal lives.  Learn more in <a href="#">Products and solutions on page 86</a> .
<b>Product end of life</b> 	De minimis*	De minimis	De minimis	Emissions associated with the disposal and treatment of sold products.  HP's product return and recycling programs, which recovered 134,500 tonnes of hardware and supplies in 2013, reduce and potentially make this impact net positive. For example, through our "closed loop" recycling process, Original HP ink and LaserJet toner cartridges are reduced to raw materials that can then be used (along with recycled plastic from bottles and hangers) to make new cartridges, as well as other metal and plastic products.  Learn more in <a href="#">Product return and recycling on page 108</a> .
<b>Buildings leased to others</b> 	De minimis	De minimis	De minimis	Emissions associated with the operation of assets leased to other entities.
<b>Investments</b> 	De minimis	De minimis	De minimis	Emissions associated with corporate investments in business intelligence solutions, HP Labs, software, and certain business incubation projects.

\* De minimis values are less than 0.25% of total Scope 3 emissions.

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## Our water footprint

HP published its comprehensive water footprint across our entire value chain for the first time in 2014 (see below). This demonstrates our commitment to transparency and builds on publishing our first complete carbon footprint last year. Our water footprint will be an important catalyst for HP as we investigate ways to continue improving the efficiency of our products, supply chain, and operations—as well as the efficiency of our customers and suppliers.

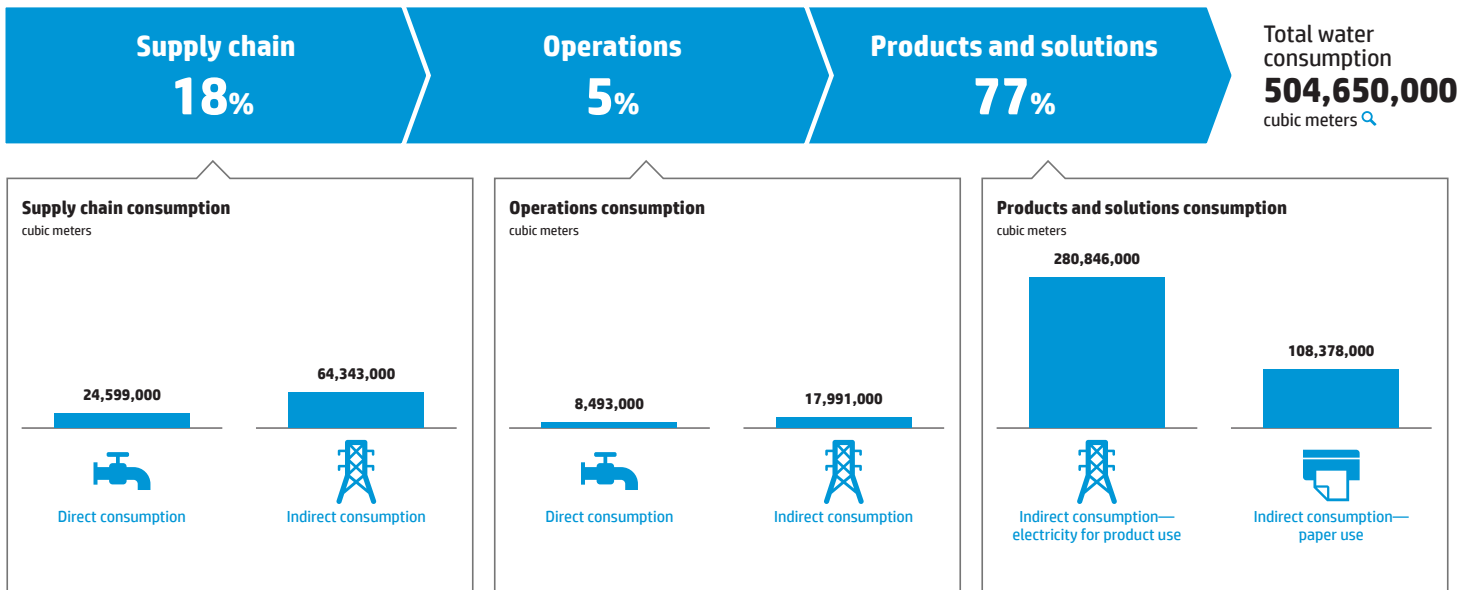
This effort demonstrated that electricity consumption is the largest driver of our overall value chain water use—72% of the total—because power generation consumes significant amounts of water. The bulk of that amount—56% of the overall total—is associated with the generation of electricity for our customers' use of our products. This illustrates the close connection between energy, climate, and water consumption, and reinforces the importance of improving product energy efficiency.

The second major factor is the manufacturing of paper used by customers in our products, 21% of the total. The information technology (IT) industry is not a traditionally water-intensive industry, so this agricultural component of HP's value chain represents a substantial amount of total water consumption and presents additional opportunities for water conservation. The next largest factor (13% of the total) is the generation of electricity used by our suppliers. Helping our suppliers decrease their energy use and also using water efficiently in our own operations are central to our approach.

Learn more about water use in HP operations on [page 114](#) and in our [Supply chain environmental impact on page 127](#).

Ernst & Young has reviewed our water footprint 2012 (see [Independent Accountants' Report on page 138](#)), and we detail our methodology and assumptions in the [HP water accounting manual](#).

## Our water footprint, 2012







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## Supply chain



Our supply chain accounts for about 18% of HP's water footprint. HP promotes responsible water consumption and discharge among its suppliers, and provides tools to help them improve their water management practices.

Category	Cubic meters	Description
<b>Direct consumption</b> 	24,599,000	Water consumed by our suppliers in their operations.  HP started reporting on water withdrawal by our first-tier production suppliers in 2012 (for the year 2011).* We encourage suppliers to track and share their water impact and work with suppliers to improve the accuracy of their water data reporting.  Learn more in <a href="#">Supply chain environmental impact on page 127</a> .
<b>Indirect consumption</b> 	64,343,000	Water consumption associated with the generation of electricity used by suppliers.  HP collaborates with several partners to promote energy efficiency among its suppliers through the HP Energy Efficiency Program (EEP). Since 2010, we've helped supplier sites in China and Southeast Asia save 66 million kWh of electricity.  Learn more in <a href="#">Supply chain environmental impact on page 127</a> .

\* This metric reports the amount of water consumed by HP's multi-tier supply chain, and not the amount withdrawn by first-tier suppliers as reported in [Supply chain environmental impact on page 127](#). Because water withdrawn can also be returned, water consumption is inherently lower.



## Operations

HP's operations are not water intensive and represent just 5% of our water footprint. However, we recognize that water availability is a growing concern globally, and we are committed to reducing our water use, especially at operations in water-stressed regions.

Category	Cubic meters	Description
<b>Direct consumption</b> 	8,493,000	Water consumed in our own operations, primarily for uses such as sinks, toilets, and irrigation as well as manufacturing support activities.  We have implemented water conservation projects in support of our 2015 goal to reduce freshwater use at water-stressed sites by 3% from 2011 levels. We met this goal two years early and finished 2013 with an 8.8% reduction compared to 2011. In 2013, we reduced total water consumed in HP operations by 10.0%, compared with 2012.  Learn more in <a href="#">Water on page 122</a> .
<b>Indirect consumption</b> 	17,991,000	Consumption associated with the generation of electricity used in our own operations.  Improving energy efficiency in HP's operations is the most effective way to reduce the company's indirect water consumption from operations.  In 2013, our operations consumed 4.5% less electricity than in our baseline year 2010.  Learn more in <a href="#">Energy efficiency on page 117</a> .

## Products and solutions

Water consumption associated with the use-phase of HP's products accounts for 77% of HP's total water footprint. This water is indirectly consumed through the production of electricity and the manufacturing of paper consumed during the use of our products. Therefore, improving our product energy efficiency and helping customers improve paper use are the main levers we have to improve performance in this area.

Category	Cubic meters	Description
<b>Indirect consumption—electricity for product use</b> 	280,846,000	Consumption associated with the generation of electricity used by HP products.  Between 2005 and 2010, we reduced product energy consumption by 50%*, and we continue to advance energy efficiency across our product portfolio.  Learn more in <a href="#">Energy efficiency on page 94</a> .
<b>Indirect consumption—paper use</b> 	108,378,000	Consumption associated with the manufacturing of paper used by our customers with our products.  We encourage customers to use responsibly sourced and certified paper, to use it efficiently—such as through duplex printing—and to recycle after use. Our goal is for 50% of HP-branded paper worldwide by tonnage to be FSC®-certified and/or contain at least 30% postconsumer content by the end of 2015. We are on track to meet this goal.  Learn more in <a href="#">Paper on page 103</a> .

\* The average energy consumption of HP products was estimated annually between 2005 and 2010 using high-volume product lines representative of the overall shipped product volume. The high-volume product lines include notebook and desktop computers, inkjet and HP LaserJet printers, and industry-standard servers.

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## Progress in 2013

We are reducing our carbon and water impacts across the value chain by:

- Helping companies in our [supply chain](#) improve their energy efficiency
- Introducing measures to [decrease energy use and conserve water](#) in our own operations
- Investing in innovative, [energy-efficient products](#) and enabling customers to [improve their paper use](#)

In 2013, we expanded our work with suppliers to help reduce their GHG emissions. During the year, HP became the first IT company to publish a global supply chain GHG emissions-reduction goal. Our target is to achieve a 20% decrease in first-tier manufacturing and product transportation-related GHG emissions intensity<sup>3</sup> by 2020, compared with 2010. Learn more in [Supply chain environmental impact on page 127](#).

We also updated our [Climate Change Policy](#) during 2013. The revised policy clearly outlines how we prioritize investments to decrease GHG emissions, with energy efficiency as the most impactful approach.

HP's actions to reduce GHG emissions and mitigate the risks of climate change have been recognized by [CDP](#), the world's only global environmental disclosure system.<sup>4</sup> In 2013, HP's disclosure score was 99/100, and our performance was in the "A" band. HP was included in the CDP Global and S&P 500 Performance and Disclosure Leadership Indexes (CPLI and CDLI). We were also named one of the top 12 companies in the [CDP Global 500 Climate Change Report 2013](#), an annual update on GHG emissions data and climate change strategies at the world's largest public companies.

“Through the development of next-generation products and services, such as the Moonshot server, HP is transforming its business practices and looking beyond its corporate boundaries to help others realize emissions reductions.”

— Tom Carnac, President, CDP North America

## Collaboration

HP collaborates with industry groups and nonprofit organizations to further our own efforts to reduce GHG emissions and to advocate for more urgent governmental action on climate change. For example:

- In 2013, we cofounded [Future of Internet Power](#), a coalition of leading technology companies that will share efficiency best practices and develop a platform for supplying low-carbon, sustainable power to data centers in collaboration with utility companies and policy makers.

- Participating in WWF's Climate Savers program has helped HP set aggressive GHG emissions-reduction targets for our company, including the industry's first [supply chain GHG emissions-reduction goal](#).
- We also work with WWF to refine our climate change policies and to advocate for governmental policies to curb climate change. In 2013, we shared our experience of buying renewable energy with other large businesses at a WWF-led Renewable Energy Buyers Day workshop in Washington D.C. (See [Advocating for renewables on page 119](#)).
- HP is a signatory to the 2°C Challenge Communiqué, which calls for intergovernmental measures to stabilize global average surface temperatures at a maximum of 2° Celsius above preindustrial levels. During 2013, we presented to the U.S. government's energy committee, urging a stronger approach on climate change.
- We joined with five other Climate Savers partners to announce new 2.0 targets and magnifiers to address climate protection at the Climate Savers Power of Power Business Summit in Mexico City, hosted by WWF in October 2013. At the Summit, HP received an award for delivering on the targets set in its first Climate Savers commitment period.

## Employee engagement

Around the world, HP creates opportunities for employees to learn about, demonstrate, and share beneficial environmental practices. Our employees apply these insights to help customers and other businesses adopt more sustainable practices, improving the customer experience and increasing sales of HP products. Key programs include:

- HP Sustainability Network, one of HP's largest employee volunteer groups with more than 3,000 members worldwide. This year, we formed seven new chapters, bringing the global total to 40.
- HP Planet Partners Education Program, a worldwide environmental education and volunteering initiative, launched this year, which educates employees on HP programs for product take-back.
- Eco Advocates Program, which provides tools and information to share with customers looking to reduce their environmental footprint. In 2013, we expanded the program to include Asia and Europe and educated more than 1,500 HP employees.
- WWF's [Living Planet @ Work](#) program, which is championed by HP and offers free tools and resources to more than 600 businesses on how to engage their employees on environmental sustainability. This year, we increased our commitment and sponsored Living Planet @ Work's [Smart Office Challenge](#), which educated workers at member companies about how to reduce the environmental impacts of IT in their workplaces.

<sup>3</sup> HP calculates intensity as its suppliers' GHG emissions divided by HP's annual revenue. This method normalizes performance based on business productivity.

<sup>4</sup> As of April 2014.

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# Data

Carbon footprint (Scopes 1–3, including from operations) <sup>1</sup>	2010	2011	2012	2013
<b>GHG emissions from operations<sup>2</sup></b> [tonnes CO <sub>2</sub> e]	2,027,700	1,971,200	1,874,700	1,795,000
Americas	1,205,100	1,170,300	1,079,800	1,033,800
Europe, Middle East, and Africa	354,800	282,500	264,700	255,500
Asia Pacific and Japan	467,800	518,400	530,200	505,700
<b>GHG emissions intensity<sup>3</sup></b> [tonnes CO <sub>2</sub> e/\$ million of net revenue]	16.1	15.5	15.6	16.0
<b>GHG emissions by scope</b> [tonnes CO <sub>2</sub> e]				
<b>Scope 1</b>				
Scope 1 emissions, by region [tonnes CO <sub>2</sub> e]	327,700	310,400	247,300	207,900
Americas	193,000	184,600	144,800	122,300
Europe, Middle East, and Africa	104,800	102,600	84,100	74,300
Asia Pacific and Japan	29,900	23,200	18,400	11,300
Scope 1 emissions, by type				
Natural gas [tonnes CO <sub>2</sub> e]	86,200	77,600	64,500	63,400
Americas	51,400	45,400	36,800	35,500
Europe, Middle East, and Africa	33,300	30,800	26,100	26,000
Asia Pacific and Japan	1,500	1,400	1,600	1,900
Diesel/gas/oil [tonnes CO <sub>2</sub> e]	16,100	7,300	8,600	6,900
Americas	3,200	1,400	2,400	2,400
Europe, Middle East, and Africa	1,000	900	600	1,200
Asia Pacific and Japan	11,900	5,000	5,600	3,300
Transportation fleet [tonnes CO <sub>2</sub> e]	144,800	142,800	133,100	112,200
Americas	80,300	77,200	78,900	69,600
Europe, Middle East, and Africa	63,700	61,700	51,100	41,500
Asia Pacific and Japan	800	3,900	3,100	1,100
Refrigerants (hydrofluorocarbons (HFCs)) [tonnes CO <sub>2</sub> e]	77,000	75,200	37,500	21,100
Americas	54,500	53,100	23,100	10,500
Europe, Middle East, and Africa	6,800	9,200	6,300	5,600
Asia Pacific and Japan	15,700	12,900	8,100	5,000
Perfluorocarbons (PFCs) <sup>4</sup> [tonnes CO <sub>2</sub> e]	3,600	7,500	3,600	4,300
Americas	3,600	7,500	3,600	4,300
Europe, Middle East, and Africa	0	0	0	0
Asia Pacific and Japan	0	0	0	0
<b>Scope 2</b>				
Scope 2 emissions, by region [tonnes CO <sub>2</sub> e]	1,700,000	1,660,800	1,627,400	1,587,100
Americas	1,012,100	985,700	935,000	911,500
Europe, Middle East, and Africa	250,000	179,900	180,600	181,200
Asia Pacific and Japan	437,900	495,200	511,800	494,400
Scope 2 emissions, by type	1,700,000	1,660,800	1,627,400	1,587,100
Purchased electricity for operations [tonnes CO <sub>2</sub> e]	1,906,700	1,932,400	1,921,300	1,878,000

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Carbon footprint (Scopes 1–3, including from operations) <sup>1</sup>	2010	2011	2012	2013
Americas	1,078,400	1,065,600	1,031,000	1,001,400
Europe, Middle East, and Africa	391,100	377,500	382,600	385,700
Asia Pacific and Japan	437,200	489,300	507,700	490,900
District cooling (purchased) for operations <sup>2</sup> [tonnes CO <sub>2</sub> e]	700	5,900	4,100	3,500
Americas	0	0	0	0
Europe, Middle East, and Africa	0	0	0	0
Asia Pacific and Japan	700	5,900	4,100	3,500
Reductions from voluntary purchases of renewable energy and renewable energy credits [tonnes CO <sub>2</sub> e]	-152,800	-229,100	-247,300	-245,900
Americas	-66,300	-79,900	-96,000	-89,900
Europe, Middle East, and Africa	-86,500	-149,200	-151,300	-156,000
Asia Pacific and Japan	0	0	0	0
Reductions from voluntary upgrades to other no/low-carbon energy sources (such as large hydro) [tonnes CO <sub>2</sub> e]	-54,600	-48,400	-50,700	-48,500
Americas	0	0	0	0
Europe, Middle East, and Africa	-54,600	-48,400	-50,700	-48,500
Asia Pacific and Japan	0	0	0	0
<b>Scope 3 [tonnes CO<sub>2</sub>e]</b>	<b>76,720,000</b>	<b>72,070,000</b>	<b>60,260,000</b>	<b>60,260,000</b>
Materials extraction through manufacturing (Scope 3, category 1; also see Supply chain GHG emissions on page 127) [tonnes CO <sub>2</sub> e]	23,500,000	21,500,000	18,500,000	
Capital goods (Scope 3, category 2) [tonnes CO <sub>2</sub> e]		800,000	700,000	500,000
Upstream energy production (Scope 3, category 3) [tonnes CO <sub>2</sub> e]		400,000	400,000	300,000
Transport (Scope 3, categories 4 and 9; also see Transportation GHG emissions on page 129) [tonnes CO <sub>2</sub> e]		3,700,000	3,300,000	2,000,000
Waste generated in operations (Scope 3, category 5) [tonnes CO <sub>2</sub> e]		De minimis <sup>5</sup>	De minimis	De minimis
Commercial air travel (Scope 3, category 6) <sup>6</sup> [tonnes CO <sub>2</sub> e]	304,000	320,000	270,000	260,000
Employee commuting (Scope 3, category 7) [tonnes CO <sub>2</sub> e]		900,000	1,000,000	900,000
Upstream leased assets (Scope 3, category 8) [tonnes CO <sub>2</sub> e]		0 <sup>7</sup>	0	0
Processing of sold products (Scope 3, category 10) [tonnes CO <sub>2</sub> e]		De minimis	De minimis	De minimis
Product use (Scope 3, category 11) [tonnes CO <sub>2</sub> e]		47,100,000	44,900,000	37,800,000
Product end of life (Scope 3, category 12) [tonnes CO <sub>2</sub> e]		De minimis	De minimis	De minimis
Buildings leased to others (Scope 3, category 13) [tonnes CO <sub>2</sub> e]		De minimis	De minimis	De minimis
Franchises (Scope 3, category 14) [tonnes CO <sub>2</sub> e]		Not applicable	Not applicable	Not applicable
Investments (Scope 3, category 15) [tonnes CO <sub>2</sub> e]		De minimis	De minimis	De minimis

<sup>1</sup> To calculate Scope 1, Scope 2, and Scope 3 emissions, HP has followed the principles outlined in the Greenhouse Gas Protocol. Ernst & Young has reviewed HP's global Scope 1, 2, and 3 GHG emissions for the years included. Additional details on calculations and methodology can be found in the [HP carbon accounting manual](#).

<sup>2</sup> Total includes HP's reported values for Scope 1 and Scope 2 emissions in table. Some of the values in this table have changed for previous fiscal years for three reasons:

- The use of district cooling at the Malaysia Cyberjaya site was identified in FY13 and tracked retroactively to 2010
- Revised U.S. eGrid emissions factors with year 2010 data from ninth edition, published February 2014
- Revised Australia emissions factors using NGER Technical Guidelines, reporting year 2013–14, published July 2013

<sup>3</sup> Historical emissions-intensity values were calculated using HP's annual revenue as characterized in financial reporting and Scope 1 and Scope 2 GHG emissions.

<sup>4</sup> Use of updated industry standard emissions factors for process tools resulted in a considerable increase in estimated emissions in 2011. Estimated emissions decreased in 2012 due to changes in process activity. These data are based on the calendar year.

<sup>5</sup> De minimis values are less than 0.25% of total Scope 3 emissions.

<sup>6</sup> Values were provided by HP's global travel agency, which factors the type of aircraft, passenger and cargo load, cabin class, and miles traveled for each ticketed trip.

<sup>7</sup> All facilities accounted for in Scope 1 and 2.

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Water footprint	2010	2011	2012	2013
<b>HP water footprint</b> [cubic meters]			504,650,000	<a href="#">Q</a>
Water consumed by HP suppliers in their operations* [cubic meters]			24,599,000	
Water consumption associated with the generation of electricity used by HP suppliers [cubic meters]			64,343,000	
Water consumption in HP operations [cubic meters]			8,493,000	
Water consumption associated with the generation of electricity used in HP operations [cubic meters]			17,991,000	
Water consumption associated with the generation of electricity used by HP products [cubic meters]			280,846,000	
Water consumption associated with the manufacturing of paper used by HP customers with HP products [cubic meters]			108,378,000	

\* This metric reports the amount of water consumed by HP's multi-tier supply chain, and not the amount withdrawn by first-tier suppliers as reported in [Supply chain environmental impact on page 127](#). Because water withdrawn can also be returned, water consumption is inherently lower.

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HP Moonshot System

# Products and solutions

**10 million**  
million

Square feet of data center space saved if all new servers in the next three years were HP Moonshot servers—equivalent to more than 173 U.S. football fields<sup>1</sup>

<sup>1</sup> Based on the expansion of cloud and web services over the next three years requiring an estimated eight to 10 million new servers.

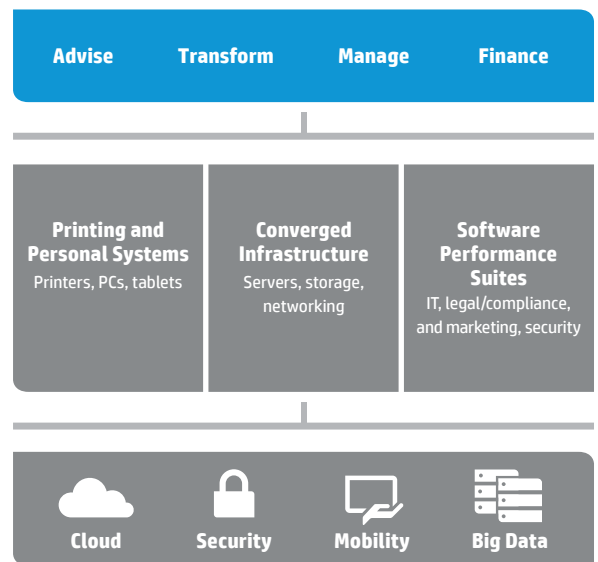
Exponential growth in computing and data is changing how society and business function. More data is created every two days than in all of human history up to 2003.

Access to unprecedented amounts of data has many human, economic, and environmental benefits. But the growing amount of energy and material needed to store, process, secure, and use data is simply not sustainable. The information and communications technology industry’s share of total greenhouse gas emissions is projected to increase from 1.9% in 2011 to 2.3% in 2020.<sup>1</sup> Business as usual is not an option.

HP offers solutions for the New Style of IT that helps customers manage this explosion of data and capitalize on the opportunities it presents while reducing related environmental impacts. With one of the industry’s broadest technology portfolios, HP continually works to improve environmental performance across the life cycle of our products and solutions—from single-user, personal computing devices and printers to enterprise servers, storage and networking equipment, and entire data centers. Through this company-wide effort, we are transforming the environmental footprint of information technology (IT) while meeting our customers’ needs.

This section describes HP’s approach to designing products and services with the environment in mind. Our advances draw on insights from life cycle assessment, carbon and water footprinting, and other analyses, and build on HP’s long-standing strengths in research and development. To illustrate progress, we also highlight numerous examples of innovation across the products and solutions we sell.

**Solutions for the New Style of IT**



<sup>1</sup> According to GeSI SMARTer 2020: The Role of ICT in Driving a Sustainable Future, pages 11, 18.

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# Design for the Environment

Environmental innovation across our portfolio begins with design. This maximizes our efforts, since most of the environmental impact of a product or solution is determined by decisions made during that stage of development.

The vast majority of HP's environmental footprint<sup>2</sup> occurs in our supply chain—34% of total greenhouse gas (GHG) emissions and 18% of overall water consumption—and when customers use HP products and solutions (61% of total GHG emissions and 77% of overall water consumption). Supply chain impacts are largely due to materials processing, energy use during manufacturing, and water consumption associated with power generation. Impacts during product use are mostly from energy consumption, associated water use, and paper manufacturing.

The scale of these impacts is determined largely by product design decisions, such as the amount and type of materials to use and inclusion of features that impact energy efficiency. As a result, product design is by far the single greatest lever available to improve our overall environmental performance, and it is a key focus for HP.

See more details about HP's carbon footprint and water footprint on page 77.

Designing more sustainable products also enables us to meet increasing customer requirements in this area, helping customers reduce energy costs and improve their own environmental performance. More broadly, environmental product innovation contributes to the "circular economy" through increasing use of recyclable and recycled materials.

See extensive examples of product and solutions innovation in the following sections:

- [Servers, storage, and networking on page 96](#)
- [Data centers on page 98](#)
- [Services and software on page 99](#)
- [Personal systems on page 101](#)
- [Printing on page 101](#)
- [Paper on page 103](#)
- [Packaging on page 105](#)

## Our approach

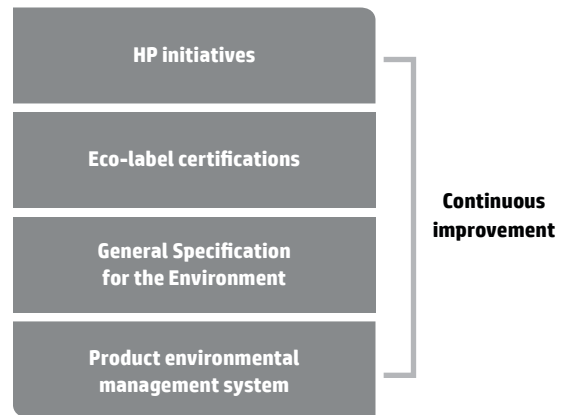
In 1992, HP adopted a pioneering company-wide Design for the Environment program that considers environmental impact in the design of every product and solution, from the smallest ink cartridge to entire data centers. Over the past 20-plus years, this program has led to numerous innovations, including those highlighted in this report.

Through this program, we prioritize the following considerations:

- **Energy efficiency** Reduce the energy needed to manufacture and use our products
- **Materials innovation** Decrease the amount of materials used in our products, and use materials with lower environmental impact
- **Design for recyclability** Design equipment that has more value at end-of-life and that is easier to upgrade and/or recycle

We apply a consistent framework to integrate these environmental considerations across our entire portfolio.

### Designing for the environment



The foundation of our Design for the Environment program is a comprehensive product environmental management system. Based on the ISO 14001 framework, this foundation guides our design teams and more than 50 environmental product stewards on a path of continuous improvement. It includes the evaluation of environmental aspects and impacts of all HP products, as well as the identification of legal and other requirements such as public procurement specifications. The process also involves self-assessments and internal audits of product design and compliance activities, as well as benchmarking against best practices from outside HP.

We communicate materials, packaging, and other requirements that apply to all HP brand products in our General Specification for the Environment. We also design a large

# 566 million

Number of ink and toner cartridges kept out of landfill through our "closed loop" plastic recycling programs<sup>1</sup>

<sup>1</sup> Based on internal HP data

# 25%

CO<sub>2</sub>e emissions reduction achieved with innovative straw-based packaging, compared to traditional paper-based pulp cushions<sup>1</sup>

<sup>1</sup> These savings arise during the pulping process.

<sup>2</sup> In this context, environmental footprint refers to HP's carbon and water footprints.

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# 60%

Reduction in power consumption with HP's software-defined storage solutions compared to dedicated storage appliances

percentage of our products to qualify for voluntary third-party eco-label certifications, such as ENERGY STAR® and EPEAT®. In addition, HP business groups opt to define additional environmental specifications for certain products, such as the ongoing phase-out of brominated flame retardants (BFRs) and polyvinyl chloride (PVC) from personal computing products (see [Materials](#) for more detail).

We communicate the environmental specifications of our products to our customers through a range of [eco declarations](#).

## ISO certification of design processes

In 2013, HP's LaserJet Enterprise Solutions product group joined our Personal Systems product group in achieving ISO 14001 certification for product design and development operations. ISO 14001 defines the framework for an environmental management system (EMS) that supports continuous improvement.

This is an uncommon application of the certification, which is normally sought for facilities and operations (see [HP operations](#)). It demonstrates that our entire design process across these two product groups adheres to rigorous EMS criteria, which in turn helps to create products with lower environmental impacts that benefit our customers.

## Product longevity

Obsolescence in information technology (IT) products is an important issue to stakeholders and has environmental implications. We improve product longevity across our portfolio using measures such as support services (through warranties, repair and service manuals, and care packs), spare part guarantees for commercial customers, and upgrading product components or software. We also work to ensure the reliability of all our products through rigorous product testing, for example, using the [HP Total Test Process](#). Once products reach the end of life, we provide customers with a range of options for [responsible return and recycling](#).

## Design for accessibility

We strive to create products, solutions, and online materials that are accessible to everyone, including people with disabilities and seniors with age-related limitations. Our product design teams explore ways to enhance usability, productivity, user comfort, and accessibility. Examples of accessibility features on HP products include buttons identifiable by touch, ports and switches positioned within easy reach, and large adjustable displays. Our customer support programs incorporate assistive technologies such as

## Eco-labels

HP is committed to meeting customer demand for products that qualify for voluntary eco-labels and to addressing other green procurement guidelines. In 2013, we directly engaged with customers who had green procurement requirements in relation to approximately \$20 billion of existing and potential business revenue.

We have a large number of eco-label product registrations worldwide that span our portfolio, including [personal systems](#); [printers](#); [servers, storage and networking products](#); and entire [data centers](#). See a full list of [ENERGY STAR®](#) and [eco-label](#) registered products.

HP is also a leader in ENERGY STAR®, EPEAT®, and ECMA-370 standards development. See [Energy efficiency](#) for more detail on our ongoing collaboration with the U.S. Environmental Protection Agency (EPA) on ENERGY STAR® requirements.

### HP excels in EPEAT®-registered products

EPEAT® is a global registry that helps organizations and individuals identify electronic equipment with lower environmental impacts. It includes criteria such as design for end of life, energy conservation, and material selection. Products are registered as Bronze, Silver, or Gold based on the number of required and optional criteria met.

As of March 2014, 61% of all HP personal computing products are registered as EPEAT® Gold (U.S. registry). This includes 87% of commercial computing products and 91% of commercial display products.

The recently implemented EPEAT® IEEE 1680.2 standard added printers, copiers, and other imaging equipment to the registry system. This new standard sets challenging goals for environmental performance in categories such as reduction or elimination of sensitive materials, energy consumption, and indoor air quality. HP has more than 100 EPEAT®-registered printing and imaging products in the United States, more than any other company as of December 2013. Every registered product has met the 33 required criteria, and more than 70% of our products registered in the United States have achieved Silver level by meeting more than half of the optional criteria.

To view HP products on the EPEAT® registry, visit: [www.epeat.net](http://www.epeat.net).

Telecommunications Relay Service, Video Relay Service, and Web-Captioned Telephone Service to help users who are deaf or hard of hearing. We also participate in the development of worldwide standards and policies through industry and government efforts to improve the accessibility of information and technology for people with disabilities.

See the [HP Accessibility and Aging website](#) for more information and examples.



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# Life cycle assessment

HP uses life cycle assessment (LCA) to better understand the environmental aspects and impacts of our products and solutions, from the sourcing of raw materials to reuse, recycling, or disposal at end of life. These assessments complement our work analyzing HP’s carbon footprint and water footprint. See details on [page 77](#).

LCA informs a number of important processes within HP, providing insights that we use to:

- Assess our current materials, packaging, and products; model alternatives; and target areas for improvement
- Determine which processes, components, and materials have the greatest environmental impact and prioritize them for analysis, with the goal of reducing those impacts
- Develop metrics to help product designers compare the environmental impact of design options
- Support Design for Recycling initiatives

HP follows ISO 14040/14044 and ISO 14025, which define universal standards for LCA methodology.

We also use product carbon footprints (PCFs) to determine the impacts of our products in terms of greenhouse gas emissions. Undertaking LCAs and PCFs for individual products contributes to our understanding of HP’s overall environmental impact, including our [water and carbon footprints](#). It also sheds light on opportunities for improvements across our supply chain.

## Progress in 2013

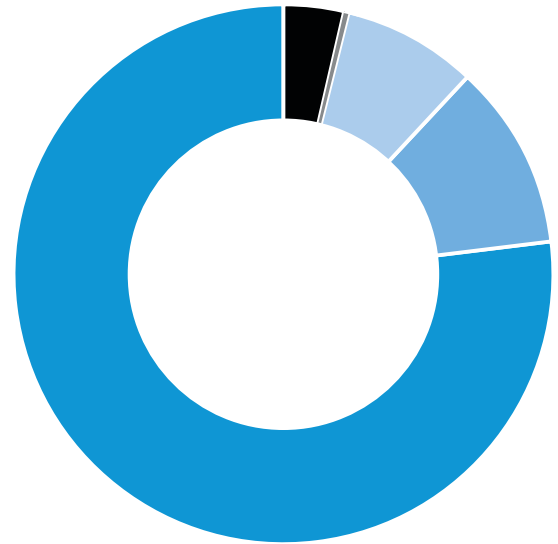
HP undertakes PCFs at the new product introduction stage for all HP monitors, desktops, and notebooks. Products covered by this process made up 89% of HP’s personal systems revenues and 38% of the company’s overall product revenues in 2013.<sup>3</sup>

During the year, we completed 17 new LCAs, including for two inkjet printers, nine LaserJet printers, four ScanJet scanners, and HP’s Instant Ink program in the European Union. We also conducted a comparative LCA of HP’s original LaserJet cartridges with remanufactured cartridges in Latin America. In total, we have completed full LCAs for products representing 96% of HP’s printing portfolio revenues and 31% of HP’s overall product revenues for 2013.<sup>3</sup>

In addition, we developed a tool to compile and compare LCAs across our inkjet and LaserJet product groups. Using this data, we can better assess the effectiveness of current product environmental design efforts and identify further opportunities for innovation. For example, although we have reduced power requirements per printed page for laser printers overall, our LCA analysis shows that effect has been more pronounced for high-end machines.

### Representative carbon footprint for an HP LaserJet printer\*

Carbon footprint = approximately 16.2 tonnes CO<sub>2</sub>e



■ Manufacturing	3.7%
■ Transportation	0.2%
■ Packaging	0.03%
Use	96.3%
■ Energy	8.1%
■ Cartridges and fuser	11.2%
■ Paper	77.0%
■ End of life	-0.2%

\* This chart shows the relative carbon impact of the different life cycle phases of the HP LaserJet Enterprise M4555fskm MFP, a high capacity monochrome printer. The paper calculation assumes an industry average of 4% recycled paper in the manufacturing stream. Paper makes up a greater proportion of the life cycle impacts for this printer than would be the case for lower capacity printers. For more information about how HP is working to reduce the life cycle impacts of paper, see [Paper](#). For more information on the life cycle impacts of this product, see the full [Environmental Product Declaration](#).

<sup>3</sup> Percentages are in terms of HP product revenue for Printing and Personal Systems Group and Enterprise Group, excluding Technology Services. The segments included accounted for approximately \$75 billion in revenue in fiscal year 2013.

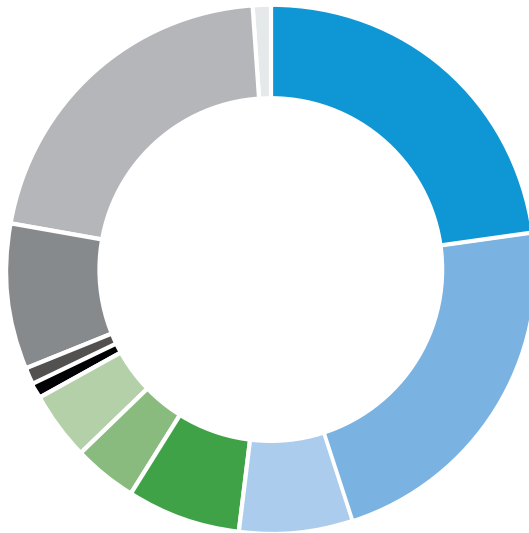
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**Representative carbon footprint for an HP 14" commercial notebook\***

Carbon footprint = approximately 300 kg CO<sub>2</sub>e



**Manufacturing**

■ Display	23%
■ Mainboard and other boards	22%
■ Chassis	7%
■ Power supply	7%
■ Battery	4%
■ Hard drive	4%
■ Optical drive	1%
■ Packaging	1%
■ Transportation	9%
■ Use	21%
■ End of life	1%

\* This calculation was done using the Product Attribute to Impact Algorithm (PAIA) methodology. PAIA estimates the carbon footprint of notebook products, including uncertainty of the result. Uncertainty is included in order to provide our customers with greater transparency in estimation results. Uncertainty in product carbon footprinting stems from differences in the data, assumptions, and methodology used. Since uncertainty can be quite large, results should not be compared with that of other products. The PAIA tool is not released for use by the public; results above are based on a draft version of this tool and are subject to change as the tool is updated.

**Collaboration**

We collaborate with other industry leaders, academia, nongovernmental organizations (NGOs), and governments to develop standardized LCA and PCF methodologies and to promote and share best practices.

Obtaining accurate, up-to-date data for carbon footprint calculations is a challenge due to a lack of consistent collection methodologies and data gaps. We are leading an initiative through the [Electronic Industry Citizenship Coalition](#) to develop a consistent, industry-wide process for collecting and reporting product- or component-specific data from suppliers.

The Product Attribute to Impact Algorithm (PAIA) was conceived through a multi-stakeholder collaboration between the Massachusetts Institute of Technology, manufacturers

(including HP), suppliers, government organizations, and NGOs. PAIA provides an effective and universal carbon footprint methodology for information technology, covering the impacts of the different life cycle phases and product components. Tools have been completed for notebooks, desktops, and monitors, and are under development for tablets and personal system all-in-ones.

HP also collaborated with industry partners to publish a Product Category Rule (PCR) for high-temperature office printers (laser and solid ink). A PCR streamlines the evaluation process of product environmental impacts and helps to ensure consistent data reporting and analysis. We also published a representative [Environmental Product Declaration](#) (EPD)—a report that documents a product’s environmental impacts across the life cycle. We plan to publish more EPDs for printers in 2014.

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# Materials

HP evaluates environmental impacts across the life cycle when selecting materials for use in our products. Our supply chain accounts for 34% of HP's carbon footprint, largely as a result of materials extraction and manufacturing. Using less raw material and more recycled materials reduces our overall environmental impact. While working to reduce our environmental footprint and any potential for human health impacts, we also strive to meet customer requirements in areas such as weight, durability, reliability, and cost.

Reporting requirements and regulations around materials use and restrictions are constantly evolving. HP complies with all relevant government regulations wherever we do business, and we extend these requirements to our products worldwide through the [General Specification for the Environment](#), an approach we adopted for the [European Union \(EU\) Restriction of Hazardous Substances \(RoHS\) Directive](#). To help ensure HP meets legal requirements, as well as our own materials standards, we follow a [verification process](#). We met our voluntary objective to achieve worldwide compliance with the new EU RoHS requirements for virtually all relevant products by July 2013, and we will continue to extend the scope of the commitment to include further restricted substances as regulations continue to evolve.

Our materials strategy goes beyond compliance and drives us to use less material, increase the percentage of recycled content when possible, and replace substances of concern with viable alternatives. We also collaborate with a range of external partners to push for higher industry standards on materials use. At product end of life, we help our customers return items for [reuse](#), when appropriate, or [recycle](#) them responsibly when that is the best option.

## Using less material

HP applies innovations in technology and design to use materials more efficiently in our products. We first reported the estimated weight of materials used in our high-volume products in our 2012 Global Citizenship Report. In 2013, materials use compared to relevant net revenue decreased by approximately 23% for computers and by approximately 3% for printers, over the prior year. While there has been a shift to thinner and lighter products—for example, our Elitebook 800 series and EliteDesk 800 G1 (see [personal systems](#))—differences in calculation methods between 2012 and 2013 make it difficult to state definitively that HP personal systems have seen a significant decrease in materials intensity as a result of this trend. Our 2013 calculation methods are more representative of the overall personal systems product line, so we anticipate comparisons in future years will be more meaningful.

### Estimated materials use in HP high-volume computers and printers, 2012–2013\*

[tonnes/\$ million of net revenue]

	Computers		Printers	
	2012	2013	2012	2013
Metal	6.3	5.1	28.2	29.4
Plastic	2.6	2.1	36.4	34.5
Wires/Cables	0.9	0.9	1.3	0.6
PCAs	0.8	0.7	2.4	2.0
LCDs	1.7	1.4	0.4	0.2
Batteries	0.3	0.2	-	-
<b>Total</b>	<b>13</b>	<b>10</b>	<b>69</b>	<b>67</b>

\* Estimates are based on several specific computer and printer products that are representative of the main HP product categories. Estimates for computer volumes do not include servers. Estimates for printer volumes do not include graphic arts, industrial, web press printers, or ink or toner cartridges. Data for 2012 were adjusted to correct for revenue for the represented product segments.

## Sourcing issues

HP not only focuses on the nature of the materials we use, but also where they come from. For example, we sell responsibly produced papers and require suppliers to verify the origin of fiber used in HP-branded papers to ensure it is legally and responsibly sourced. All of our packaging and paper complies with our [Environmentally Preferable Paper Policy](#). Read more about [HP Paper](#) and [Packaging](#).

We also apply a comprehensive due diligence process to attempt to ascertain the sourcing of certain materials (tin, tantalum, tungsten, and gold). For more information, see [Conflict minerals](#).

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**Nanotechnology**

Nanotechnology holds long-term promise for creating electronics applications that require fewer materials and consume less energy. For example, see HP Labs work on the [memristor-based computer memory](#). As with any new material, HP evaluates the hazard properties of nanomaterials on a case-by-case basis to establish if there is a potential for risk to human health and the environment. Understanding the usage and properties of nanomaterials is becoming increasingly important as more of these materials are introduced and governments develop new reporting regulations.

**Evaluating substances of concern**

In 2013, we continued to proactively evaluate substances of concern in HP products. We may restrict substances because of customer preferences, legal requirements, or because we believe it is appropriate based on a precautionary approach. When scientific analysis reveals a potential impact to human health or the environment, we seek to replace substances of concern with commercially viable alternatives. Following the principle of informed substitution, HP carefully assesses the environmental, health, and safety risks of alternatives prior to use.

All of HP’s notebook products and 60% of our non-mobile product families are low halogen, as of January 31, 2014.<sup>4</sup> When technically feasible, we will continue to phase out brominated flame retardants (BFRs), polyvinyl chloride (PVC), and phthalates to meet market demands and customer expectations. See [Assessing alternatives](#) below for more detail on our activities to replace substances of concern.

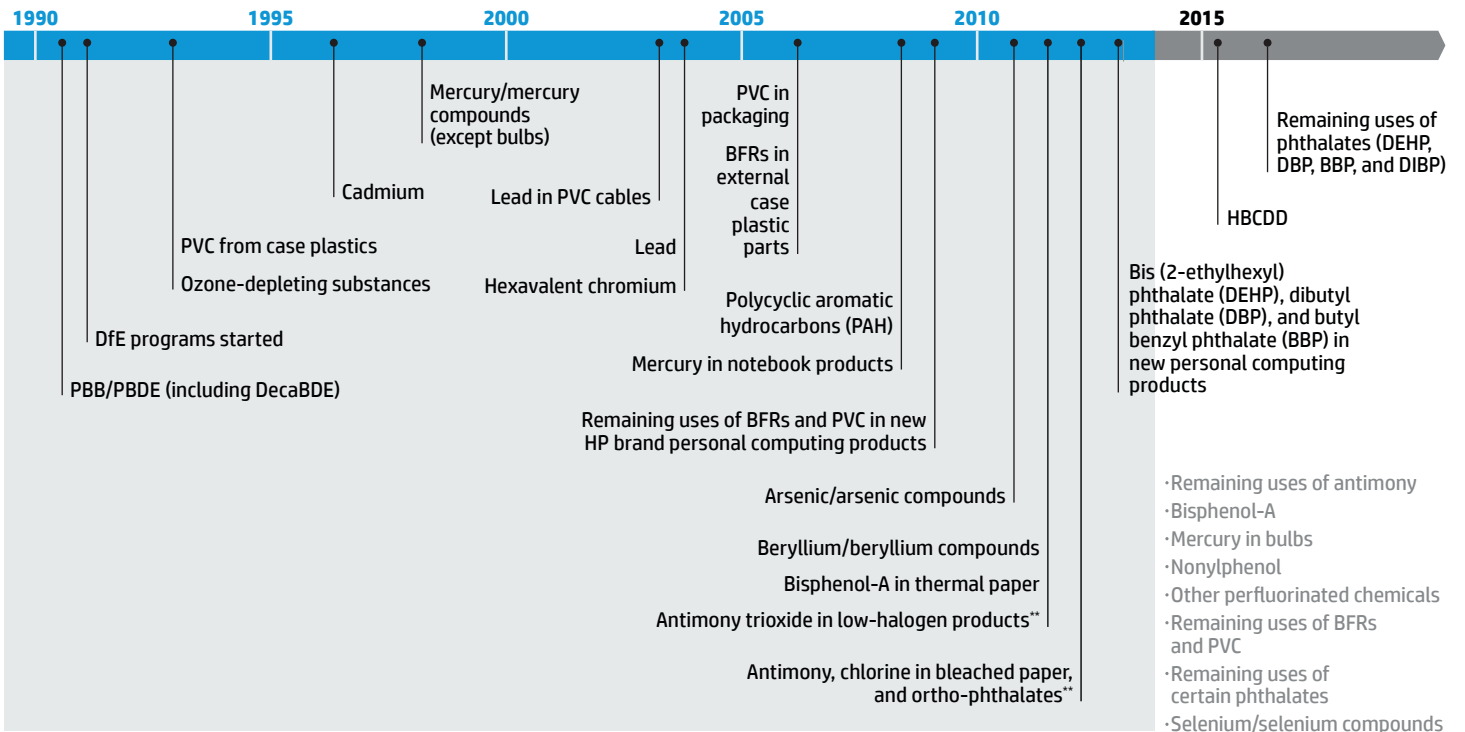
We also continue to engage with regulators and contribute to emerging legislation on substances of concern. See [Collaboration](#) below for detail.

**Assessing alternatives**

Phasing out or replacing substances of concern relies on the successful identification of viable alternatives. HP focuses on options that reduce the risk of human health and environmental impacts, while meeting performance and cost criteria.

Established in 2007, our alternative materials program takes an integrated assessment approach to potential replacements. A key element is the [GreenScreen® for Safer Chemicals](#), developed by the nongovernmental organization (NGO) [Clean Production Action](#). GreenScreen provides a framework for hazard-based screening to rule out alternatives that are of equal or greater concern than the substances they would replace.

**HP product proactive materials restriction/substitution timeline\***



\* Dates refer to when proactively adopted materials restrictions were first introduced on an HP product, ahead of regulatory requirements. Materials in gray text beyond April 2014 have been identified by stakeholders as potential materials of concern. Future possible restriction of those materials depends, in part, on the qualification of acceptable alternative materials. For a comprehensive list of HP’s materials restrictions, including numerous materials restricted by HP on a worldwide basis in response to regional regulations, refer to [HP’s General Specification for the Environment](#).

\*\* These requirements apply only when specified by the HP Business.

<sup>4</sup> External components such as keyboards, mice, cables, and cords are not low halogen.

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Since the alternative materials program began, we have completed 160 assessments of materials that account for more than 80% of the weight of our products sold. Assessments have been completed on materials used in low-halogen power cords, alternatives to BFRs and phthalate plasticizers, general plastic resins, and cleaners used in manufacturing.

To facilitate transitions to safer materials, we share the findings of our alternatives assessments with our suppliers. For example, in 2013, we published procurement guides on nonphthalate plasticizers and nonhalogenated flame retardants that go beyond restricting these substances by also highlighting preferable alternatives. We shared these documents with relevant HP suppliers, and they are available on our [supplier portal](#). This enables our suppliers to make better informed assessments of the environmental impacts of potential replacements to substances of concern.

## Using recycled materials

HP's leadership with "closed loop" plastics recycling began in 2005 with the recycled polyethylene terephthalate (PET) program in ink cartridges. Since then, this program has manufactured more than 1.7 billion ink cartridges using more than 34,000 tonnes of "closed loop" resin. In early 2014, we completed implementation of a second "closed loop" process for polypropylene in ink cartridges (see [Printing](#)).

In 2013, 62% of HP commercial display product families contained more than 10% postconsumer recycled plastic. We used more than 4,300 tonnes of postconsumer recycled plastic in PCs and displays shipped in 2013, equivalent to more than 228 million drinking water bottles.<sup>5</sup>

Read more about our [product return and recycling](#) activities.

## Collaboration

HP continues to advocate for consistent materials compliance standards across the industry. We provide technical information to support public policy efforts and wider industry compliance, as well as promoting GreenScreen™ and HP's integrated alternative materials assessment approach outside the company. Our partnerships with businesses, NGOs, and governments on a global scale help to raise supply chain standards for evaluating alternative materials across the IT sector.

In 2013, HP participated in the development of the new EU RoHS methodology. We contributed to all three stakeholder meetings and met with the EU Commission to provide direct feedback. We continue to provide inputs to related legislation in Europe as well as China, India, Korea, and Vietnam. We believe the RoHS Directive and similar laws play an important role in promoting industry-wide elimination of substances of concern. We are advocating for the inclusion of additional substances—including PVC, BFRs, and certain phthalates—in future RoHS-type legislation covering electrical and electronics products.

In 2013, we also worked with California's Department of Toxic Substances Control (DTSC) as it developed new Safer Consumer Products regulations. These regulations require companies to consider phasing out chemicals of concern and evaluate potential alternatives. HP provided detailed comments on the alternatives assessment process and helped DTSC align the regulatory requirements with best practices. HP also cochaired a project with the Business-NGO Working Group<sup>6</sup> to pilot the assessment process.

<sup>5</sup> Estimating 19 g of plastic per drinking bottle.

<sup>6</sup> The Business-NGO Working Group is a project of [Clean Production Action](#).

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# Energy efficiency

We prioritize making our products more energy efficient, as this is one of the most effective ways to decrease HP's overall environmental impact. Customer energy consumption during the use of HP products and solutions accounts for 44% of our overall carbon footprint and 56% of our water footprint. A close link exists between energy use and water consumption, because power stations use considerable amounts of cooling water.

Between 2005 and 2010, we reduced product energy consumption by 50%, and we continue to advance energy efficiency across our portfolio.<sup>7</sup> For example, our second-generation Moonshot server, launched in 2013, consumes up to 89% less energy than a traditional server environment. Such innovations are increasingly important in the global IT market, given the rapid rise in demand for computing power and capacity.

We continually enhance energy efficiency in our products and solutions by:

- **Pursuing innovation** We comply with all energy-efficiency regulations wherever we operate. In many cases, we go beyond regulatory requirements to help HP customers achieve more with less energy. Examples include our wide range of ENERGY STAR®-qualified and EPEAT®-registered products, continual energy efficiency improvements in data centers, and cutting-edge research such as HP Labs' work on photonics.
- **Working with our suppliers** This collaboration is increasingly important to realizing ongoing gains in energy efficiency. We proactively encourage our suppliers to develop more efficient products. For example, component suppliers continually develop more efficient drives, chip sets, graphics solutions, and power supplies, which we incorporate into HP products.
- **Educating customers** We make it easy for customers to use our products in energy-efficient modes. All HP imaging equipment and all HP PCs with Windows are shipped with power management enabled, and we provide guidance on power management options and the importance of using these energy-saving features. HP also offers tools to help customers better understand and compare energy use for HP and non-HP products (see HP Carbon Footprint Calculator below).
- **Enabling wider efficiencies** We help enterprises operate more efficiently and reduce their carbon footprints through our broad range of services and software, including our Data Center Consulting services.

## Progress in 2013

See examples of energy efficiency in HP products and solutions, such as our Moonshot servers, modular data centers supported through our Critical Facilities Services, and our Officejet Pro X printer.

### 20+ years of ENERGY STAR®

HP was one of the original partners of the ENERGY STAR® program in 1992, working with the U.S. Environmental Protection Agency (EPA) and other industry partners to develop early criteria. Today, approximately 20,000 organizations from many sectors take part in the program, and it is estimated that ENERGY STAR® products prevent more than 150 million tonnes of CO<sub>2</sub>e emissions annually.<sup>8</sup>

In 2013, HP collaborated with the EPA to develop ENERGY STAR® program requirements for information and communications technology products that continue to be:

- **Relevant**—requirements remain current with respect to technology
- **Exclusive**—only high-performing products on the market can qualify for the ENERGY STAR® label<sup>9</sup>
- **Appropriate**—requirements do not inadvertently exclude whole classes of products or depend on proprietary technology

For products shipped in 2013, 84% of HP PC model families had an ENERGY STAR® configuration available, and 70% of our displays were ENERGY STAR® qualified. For HP imaging equipment shipped in calendar year 2013, 82% of models were ENERGY STAR® qualified.

HP has also been closely involved with the development of ENERGY STAR® for servers (Version 2.0) and the associated Server Efficiency Rating Tool (SERT). We are currently working toward qualification of eligible storage platforms under the new ENERGY STAR® specification for Data Center Storage (Version 1.0) issued by the EPA in December 2013.

### HP Carbon Footprint Calculator

Our web-based HP Carbon Footprint Calculator allows customers to compare estimated energy and paper use and costs, along with CO<sub>2</sub>e emissions, for HP- and Compaq-branded computing and printing products, taking into account user location.<sup>10</sup> The calculator received more than 85,800 visits in 2013<sup>11</sup> and covers more than 9,000 HP and non-HP devices, including printers, computers, and monitors.

# >50%

Percentage of all LEED® Platinum- and LEED Gold-certified new construction data centers worldwide designed by our Critical Facilities Services team, as of December 2013<sup>1</sup>

<sup>1</sup> Based on U.S. Green Building Council and HP data.

<sup>7</sup> The average energy consumption of HP products was estimated annually between 2005 and 2010 using high-volume product lines representative of the overall shipped product volume. The high-volume product lines include notebook and desktop computers, Inkjet and HP LaserJet printers, and industry-standard servers.

<sup>8</sup> According to the U.S. Environmental Protection Agency.

<sup>9</sup> See more detail.

<sup>10</sup> Power, cost, and carbon calculations are estimates. Results will vary based on variables, which include information provided by the user, time PC is in different power states (on, standby, off), time PC is on AC, hardware configuration, variable electricity rates, and utilities provider. HP advises customers to use information reported by this Carbon Footprint Calculator for reference only and to validate impact on their environment. See more information about calculation assumptions.

<sup>11</sup> Between November 1, 2012, and October 31, 2013.

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# Research and development

HP is creating the next generation of infrastructure to support a data-centric world. We are developing disruptive new technologies to collect, move, process, and analyze massive data sets easily, rapidly, and sustainably.

We invest in innovation in HP Labs, our central research organization, and across our business groups. This strengthens our ability to deliver leading products and services that meet the evolving needs of our customers and reduce impacts on the environment. Our researchers collaborate across HP's businesses and build partnerships with leading universities, governments, and other companies worldwide.

HP Labs examines emerging trends and invests in an ambitious research agenda to build a strong and innovative pipeline of new technologies. Sustainability is embedded throughout our research areas and is a key aspect of many of our solutions.



## Progress in 2013

In 2013, we brought our second generation of HP Moonshot servers to market through a joint endeavor between HP Labs and the Enterprise Group. We also progressed research into other innovative products with the potential for step change reductions in energy use at a systemic level—including photonics and memristor. A system using systems-on-a-chip (SoCs), memristor, and photonics technologies, could use up to 16,000 times less energy than a traditional computing system of today.

### Integrated photonics for faster information transmission

At HP Labs, we are working on new silicon photonic interconnects that use light to transmit information instead of electrons. Photonics is already widely used in fiber optic cable systems that span the world's oceans. In computing, the use of photonics to transport information between circuit boards has the potential to supersede the copper-based wire-and-pin systems currently in use. This shift promises to reduce the energy needed to process data by one to two orders of magnitude, while improving the speed and economics of high-performance computing.

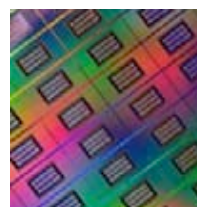
For example, copper interconnects between today's server blades can transfer data at rates up to 9.6 gigabits per second. Optical connections already greatly exceed that speed, and we see the potential to increase this to 6 terabytes per second—fast enough to transfer four days of high definition video in one second. Photonic interconnects also optimize the performance of large-scale networks by reducing the number of switches needed in a network of any given size—further improving energy efficiency and data transfer speed.



Photonics in action: a prototype is modulating laser light.

### Memristor—a breakthrough in computer memory

In 2013, we continued our work on the development of memristor-based nonvolatile memory. Memristor offers a breakthrough opportunity to significantly outperform the memory currently used in a range of computing devices, from smartphones and tablets to high-performance servers and supercomputers. Memristors also have the potential to serve as universal memory, where a single type of memory replaces the traditional set of memory technologies in use today. We believe this approach will become increasingly important to process and analyze the vast data sets of the future. Memristor has the potential to run thousands of times faster and use thousands of times less power than an equivalent flash memory chip, offering the possibility of massive efficiency increases and associated greenhouse gas emissions reductions.



One memristor wafer could have a 1.5 petabyte capacity by the end of the decade.

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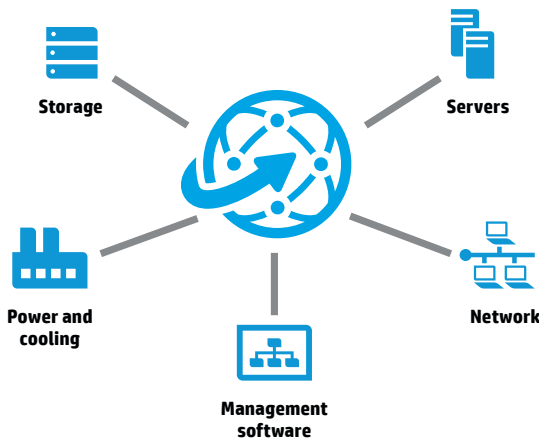


# Servers, storage, and networking

HP's innovative server, storage, and networking portfolio empowers customers to do more with less. We provide a Converged Infrastructure approach, which reduces environmental impacts without sacrificing computing power. This approach enables both economic and environmental progress, and will become increasingly important as the amount of global data continues to grow.

HP's latest generation of ProLiant Gen8 and Moonshot servers offers increased processing power while using less energy and space than typical server environments, reducing the carbon footprint of large-scale computing. Traditional approaches to enterprise data storage can produce data center sprawl by requiring as many as a dozen separate storage architectures. HP's storage vision for supporting Converged Infrastructure reduces this to a single architecture for primary storage and a single architecture for backup, recovery, and archiving (BURA). Our networking solutions provide simplicity and scalability while reducing energy use and physical space requirements. Read more about our ENERGY STAR®-qualified servers and storage solutions.

## HP Converged Infrastructure



HP Converged Infrastructure supports a New Style of IT in which servers, storage, and networking devices are integrated to increase efficiency, improve hardware utilization, and eliminate unnecessary powering and cooling. The ability of smaller and fewer products to deliver the same level of computing power enables less use of materials and decreases requirements for physical space and energy consumption, which saves money and reduces overall data center footprint.

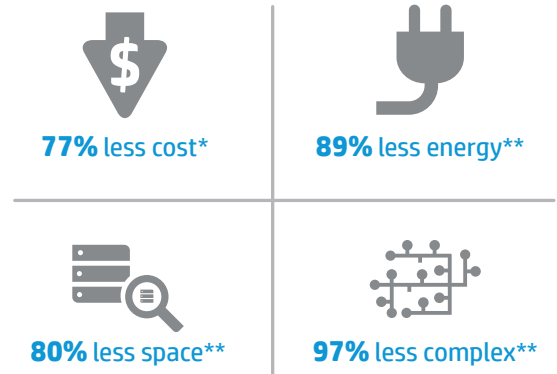
## Progress in 2013

### Servers

**Moonshot** Our second generation Moonshot server, launched in 2013, is the result of 10 years of sustained effort from a dedicated team of HP Labs researchers, capitalizing on our industry-leading server intellectual property. It represents a paradigm shift in data center economics and environmental footprint. Moonshot is a new type of server, tailored for specific workloads and high performance. By sharing management, power, cooling, networking, and capacity across a large number of units, it increases our customers' computing capability while reducing resource use. The Moonshot system consumes up to 89% less energy, uses 80% less space, and costs 77% less<sup>12</sup> than a traditional server environment. A rack that once held 64 standard servers accommodates 1,800 Moonshot servers.

### HP Moonshot Servers

Compared to traditional servers, up to:



\* Based on HP internal estimates of total cost to operate HP Moonshot with ProLiant Moonshot Server Cartridges as compared to traditional servers.

\*\* Based on HP internal analysis of HP Moonshot with ProLiant Moonshot Server Cartridges.

Moonshot has already increased the efficiency of HP's own data centers. Our website, HP.com, receives about nine billion hits per month. After moving it to the Moonshot server infrastructure, this high-traffic site is now powered by the equivalent of just 12 60-watt light bulbs. Moonshot has far-reaching global implications. The expansion of cloud and web services over the next three years is estimated to require eight to 10 million new servers. If Moonshot servers were used, it would save more than 10 million sq ft of data center space. Replacing 100,000 standard servers with Moonshot reduces greenhouse gas (GHG) emissions by the equivalent of removing 18,000 cars from the road for one year.<sup>13</sup>

In addition to advancing environmental and economic progress, HP Moonshot helps drive human progress. By providing greater accessibility and capacity for cloud computing, we can further expand the use of technology to track trends and deliver insights that help improve the health and well-being of people worldwide.

Learn more about Moonshot [here](#).

<sup>12</sup> When HP DL360p servers deployed for Dedicated Hosting are replaced by HP ProLiant Moonshot servers. Cost estimates include acquisition costs for server and networking, power costs, power distribution and cooling costs, and infrastructure costs for the data center floor space over three years.

<sup>13</sup> When 100,000 HP DL360p servers deployed for Dedicated Hosting are replaced by 100,000 HP Moonshot ProLiant Servers. Based on HP internal research, including with calculations using <http://www.epa.gov/cleanenergy/energy-resources/calculator.html>.



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**HP ProLiant** Our ProLiant servers also help customers save energy and improve processing power. For example, our highly efficient ProLiant Gen8 servers consume 10% less energy and achieve 1.7 times the computing power per watt compared to HP ProLiant Gen7 servers and are more than 90% recyclable by weight.<sup>14</sup> The HP ProLiant SL 4500 series server uses 50% less space and 61% less energy than traditional solutions. Both these products were launched in 2012, and in 2013 continued to enable our customers to do more, with less energy (see case study below). We also build our [storage solutions](#) on ProLiant Gen8 hardware.

### Storage solutions

**Software-defined storage** HP's storage solutions offer customers the potential for significant energy and space savings. Traditional data center storage utilizes dedicated hardware—different storage devices are required for distinct tasks, with each device requiring its own physical storage capacity. With the average company utilizing just 72% of its available storage capacity, this often involves wasted resources. HP's converged approach drives up utilization through resource sharing and multitenancy, the ability to securely support multiple applications, workloads, departments, and even customers on a single consolidated storage system. HP software-defined storage solutions can further increase efficiency by identifying unused disk space on existing servers and storage systems and consolidating this capacity into a virtual storage system. This allows customers to reduce or even eliminate dedicated storage hardware by increasing the utilization of existing devices.

For example, HP StoreVirtual Virtual Storage Appliance (VSA) software can reduce an enterprise's physical space requirements for primary storage by 80% and associated energy consumption by 60%, compared to traditional server/storage deployments.<sup>15</sup> Similarly, by eliminating the need for dedicated backup hardware, our software-based StoreOnce Virtual Storage Appliance solution cuts hardware costs by 65%, rackspace by 50%, and energy consumption by 70%.<sup>16</sup>

HP provides StoreVirtual VSA software at no additional cost with the purchase of eligible HP ProLiant Gen8 servers—the only major server vendor currently making customers an offer of this kind.<sup>17</sup> Through this approach, we anticipate eliminating the need for an exabyte of dedicated storage capacity over the next 12 months.<sup>18</sup>

**Solid state drives** HP's 3PAR StoreServ, StoreVirtual, and MSA Storage families use solid state drive (SSD) technology, which can reduce the energy consumption required by conventional spinning media by an estimated 50–80%. We support SSDs on all our primary storage arrays and offer several arrays that eliminate the need for spinning media altogether. For example, the HP 3PAR StoreServ 7450 all-flash array, launched in 2013, replaces hard disk drives (HDDs) with SSDs. The HP StoreServ Storage 7400, when deployed with all SSDs, increases storage performance by more than 300% while reducing energy consumption by more than 75%.

**Tape-based storage** In 2013, we released the HP StoreEver Storage portfolio of LTO-6 (Linear Tape Open version 6) tape media, tape drives, and tape automation products. StoreEver has been demonstrated to deliver a 93% reduction in energy consumption when used for long-term archiving compared to HDDs or spinning media.<sup>19</sup>

### Networking

**Virtual Connect FlexFabric** Traditional network connection systems use a total of more than 200 parts and cables to link up servers with storage systems and local networks. HP Virtual Connect, utilizing wireless connections, uses just two parts and no cables. This decreases physical space requirements and simplifies the entire network system. It also reduces cost by 65% and power by 40% compared to traditional systems, which in turn decreases GHG emissions from energy production.

**2920 Switch Series** The new [2920 Switch Series](#) provides an energy-efficient access switching solution for small, mid-size, and large enterprises and includes several features to reduce power consumption. These include variable speed fans that adjust with the ambient temperature, IEEE 802.2az Energy Efficient Ethernet to reduce power on unused network links, an LED power off mode to shut off indicators when they are not being actively monitored, and smart application-specific integrated circuit power management technology. The HP 2920 switch uses energy 85% more efficiently than similar solutions<sup>20</sup> and has lower average running costs, saving 13% annually over the industry average.<sup>21</sup>

<sup>14</sup> Using the HP Recyclability Assessment Tool. Not all locations have suitable recycling infrastructure to recycle all materials used in HP products.

<sup>15</sup> Based on HP comparison of StoreVirtual VSA licenses vs. a Single-Controller Dell EqualLogic Array.

<sup>16</sup> Based on May 2013 HP internal comparative analysis of publicly available list price data of StoreOnce VSA vs. Dedicated backup appliance hardware from major competitors.

<sup>17</sup> Based on HP internal comparative analysis of publicly available data regarding the deployment of storage software on servers versus array hardware.

<sup>18</sup> Based on HP analysis of server and virtualized workload market trends applied to participating HP server models. [Learn more.](#)

<sup>19</sup> Based on research reported by the Clipper Group in "In Search of the Long-Term Archiving Solution—Tape Delivers Significant TCO Advantage over Disk," David Reine and Mike Kahn, December 23, 2010.

<sup>20</sup> Power consumption of the HP 2920-48G switch compared to the industry average of products in a similar class, as tested and reported by Miercom in February 2013.

<sup>21</sup> Running costs were calculated based on the projected use of the switch in a typical business environment and at a fixed rate cost for electricity. Cost savings compared to the industry average of products in a similar class, as tested and reported by Miercom in February 2013. Savings may vary depending upon the usage and rate for electricity in your area.

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# Data centers

Exponential growth in data and demands on information technology (IT) are increasing the physical and environmental footprint of the data centers managing information worldwide. HP offers products and solutions that help customers improve energy and environmental performance across all aspects of data center strategy, design, and operation, while saving space and facility costs.

We design, build, and run highly efficient data centers for our customers, as well as for our own use, offering ongoing management and infrastructure services. See [HP operations—Making data centers more efficient](#).

We also offer a range of Data Center Consulting services. These enable customers to reduce the physical and environmental footprint of their data center activities while improving operational efficiency.

Through our Converged Infrastructure approach, combined with advances in data center design and more efficient hardware technology, HP optimizes data center energy consumption and space requirements.

## Data Center Consulting (DCC) services

### IT infrastructure services

HP's IT infrastructure services team helps customers define and implement their infrastructure strategy, while enabling enterprises to increase their resource efficiency and decrease related greenhouse gas (GHG) emissions.

“The demands of our business environment continue to grow. But it won't be painful due to the way HP has architected the HP Flexible Data Center solution. We can achieve sustainability and efficiency gains and still meet our needs from an organizational and patient perspective.”

—Scott Dresen, Vice President of Information Services, Spectrum Health

In 2013, we launched a new range of data center infrastructure management (DCIM) services—HP Converged Management Consulting Services. We combine IT, facilities, and service management expertise to enable customers to align these functions internally and deliver a more efficient IT infrastructure across their organization. For

example, our experts help customers to plan and implement continuous automated monitoring of energy and water use. Such systems enable facilities managers to better understand which situations consume the most energy and at what time of day, as well as reducing the risk of downtime due to manual inspections.

Read more about HP Converged Management Consulting Services [here](#).

### Critical Facilities Services

HP Critical Facilities Services (CFS) provides customers with strategic consulting, design-build, and operational assurance expertise to create new facilities and upgrade existing data centers. CFS has designed more than 65 million square feet of data centers worldwide. Through Energy Efficiency Analysis, CFS compares customers' energy efficiency to industry best practices and recommends improvements. CFS also helps customers achieve prominent energy-efficiency certifications such as LEED and ENERGY STAR®. As of December 2013, our team had designed more than 50% of all LEED Platinum- and LEED Gold-certified new construction data centers worldwide.<sup>22</sup> For example, we helped the University of Iowa to design and build the first LEED Platinum educational institution data center. Learn more [here](#).

Instead of building large facilities in anticipation of future demand, we develop “flexible facilities” that help customers plan and manage data center growth. Using modular data center design principles and solutions, CFS helps customers to build only what is needed today and expand the facility in stages, so that size and load capacity always closely match demand. This approach uses capital more efficiently, decreases energy costs, and reduces GHG emissions. It also allows customers to take advantage of technology innovations that reduce or eliminate the need for more data center space in the future. See [Servers, storage, and networking](#).

Designing data centers in this way—what we term the HP Flexible Data Center, or FlexibleDC—requires us to take a holistic approach and consider environmental impacts across the entire data center life cycle. Optimizing the interaction between IT equipment and the overall data center involves partnership between the facilities and IT organizations and leads to environmental efficiencies and cost savings that neither could achieve alone.

HP FlexibleDC reduces water consumption and GHG emissions when compared with other data center models. For example, a traditional 1 MW data center with a power usage effectiveness (PUE)<sup>23</sup> rate of 1.50 running at full load for one year consumes approximately 13 million kWh of energy and uses more than 24 million liters of water. FlexibleDC employs air-cooled rather than water-cooled

<sup>22</sup> Based on U.S. Green Building Council and HP data.

<sup>23</sup> Power usage effectiveness (PUE) is the ratio of total amount of energy used by a computer data center facility to the energy delivered to computing equipment. An ideal PUE is 1.0. This would mean all energy used by the data center was utilized by computing equipment and none by the facility itself in the form of lighting and cooling. The closer a data center's PUE is to 1.0, the more energy efficient it is.

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systems, enabling zero water use in some climates and significantly reducing consumption in others.<sup>24</sup> Compared with a state-of-the-art data center operating at a PUE of 1.36, a FlexibleDC alternative delivers a 14% reduction in carbon footprint across the entire life cycle.<sup>25</sup>

In 2013, we enabled Spectrum Health to build a state-of-the-art modular data center to sustain the needs of a growing healthcare business, now and into the future. Through the HP FlexibleDC approach, the organization conserves energy, water, space, and money, while gaining flexibility for business growth. This new data center operates at a 25% cost savings compared with a traditional facility and provides forecasted savings of \$10 million over 10 years. It reduces power usage by 27% and provides 99.999% uptime, reducing carbon footprint while increasing reliability and efficiency. Learn more about HP FlexibleDC [here](#).

### Big Data Services

The rise of big data brings opportunities for new levels of analysis and insight for enterprises worldwide, but it also presents challenges due to its volume and often unstructured nature. HP Big Data Services enables customers to reshape their IT infrastructure and handle large amounts of data. We provide advice and implementation on big data strategy, infrastructure, and protection, for example, through HP HAVEn—the industry’s first comprehensive, scalable, open, and secure platform for big data. The ability to analyze large data sets assists our customers in finding new efficiencies and related resource savings, enabling HP to contribute to environmental benefits beyond the scope of our products and solutions. Read more in [Living Example: HP Earth Insights on page 75](#).

### Converged cloud services

HP enables customers to get the most out of cloud computing. We offer planning, design, and implementation services to help organizations understand the implications and opportunities associated with cloud-based operations. From an environmental perspective, integration of activities across private, public, and hybrid cloud settings can increase efficiency and reduce overall resource use. For example, an enterprise may send data to the public cloud for management in a large, highly efficient data center. Or, it can manage data in a private cloud and maintain direct control over energy use and related environmental impacts through data center design, build, and management. We help customers find the right balance between the various options in a way that fulfills their business needs and reduces environmental impact.

See an example of an HP-enabled data center designed to support the cloud environment [here](#).

## Collaboration

### NREL partnership—innovative data center cooling

HP is partnering with the [National Renewable Energy Laboratory](#) (NREL) to explore new ways to power and cool data centers. We collaborated to develop the new Energy Systems Integration Facility (ESIF), designed to be the world’s most energy-efficient high-performance computing data center. It uses innovative warm water cooling and has a PUE rate of 1.06 or better. This project demonstrates the viability of a new approach to cooling that could lead to power savings across a broad spectrum of industries. Read more [here](#) and watch a video about NREL [here](#).

## Services and software

HP customers demand high performance from the IT systems that support their businesses. Our services and software solutions enable them to meet their technology objectives and prepare for future needs, while increasing energy efficiency and reducing waste.

### Progress in 2013

#### Services

##### HP Smart Meter Managed Service

Smart meters can improve energy management, while reducing energy bills and decreasing greenhouse gas (GHG) emissions. For example, the United Kingdom (UK) government has identified potential savings to consumers of more than £6 billion (\$10 billion) from reduced energy consumption as a result of its planned smart meter program. By 2015, at least 15 countries will each have a million or more smart meters deployed. Utility companies introducing smart meters, however, face challenges related to customer uptake, complex vendor management, and the need for new IT infrastructure.

HP delivers the infrastructures and applications that support smart meter programs for customers around the world. HP Smart Meter Managed Service, based around our Utility Center software, provides a secure, flexible “pay-as-you-grow” option that helps companies minimize the technology investment required to deploy smart meters and accelerate time to market. We offer a combination of data handling, meter management, and network management to support utility providers in the following areas:

<sup>24</sup> Actual amounts can vary depending on system selection and local weather patterns.

<sup>25</sup> Based on a 20-year study period.

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- **Energy efficiency and conservation programs** Helping customers conserve energy through products, services, and billing mechanisms
- **Energy consumption alerts** Informing customers when they hit consumption thresholds or face significantly higher bills than usual
- **Load shedding or curtailment programs** Asking consumers to reduce energy use during periods of constrained supply or directly controlling consumer devices such as thermostats or pool pumps
- **Residential peer comparison** Informing consumers of how their energy use compares to that of their neighbors or other homeowners in comparable homes or environments
- **Commercial and industrial energy management** Supporting customers interested in conserving and improving energy efficiency
- **Economic demand response** Enabling customers to adjust demand to align with less-expensive price periods

These activities improve consumer and business customer energy awareness and management and help to reduce related GHG emissions. For example, HP has helped an Italian utility design systems used to install and remotely manage 30 million smart meters. Utility Center was recently mandated for a multi-million meter program in Japan. This initiative will help customers manage their energy use and reduce GHG emissions.

## Software

### HP Autonomy

HP Autonomy offers an industry-leading business solution for information management and governance, marketing optimization, and information analytics. It enables organizations to access, understand, and act on large amounts of information from virtually any source. Powered by HP IDOL (Intelligent Data Operating Layer), HP Autonomy facilitates the recognition of patterns in structured and unstructured data. This helps customers spot trends, automate processes, mitigate risks, cut costs, and uncover new efficiencies. We offer a range of solutions under the HP Autonomy banner, including:

- **Information Governance** solutions help many of the world's largest enterprises reduce the information they need to store and manage, decreasing storage-related electricity use and cooling needs. In 2013, we released HP Consolidated Archive (HPCA) version 8.0, which

enables reduced CPU usage, faster search, a smaller data index footprint, and more efficient reporting and indexing across all data.

- **HP WorkSite** for intelligent content management includes workflow and process automation capabilities that, when combined with HP multifunction printers, streamline paper-based business processes and reduce waste and optimize paper usage.
- **HP Records Management** enables companies worldwide to effectively meet ever more stringent environmental and privacy regulations while reducing the need to create and store physical records. For example, in 2013, a major Japanese pharmaceutical company moved approximately 500,000 e-mails and 200,000 paper and electronic folders to HP TRIM (our records management software), replacing the need for about 20,000 archive boxes.
- **HP Exstream**, a customer communications-management solution, enables enterprises to optimize printing by designing statements, invoices, and marketing collateral for fewer mailings and mailings with reduced page counts.
- **eDiscovery** drives efficiencies and reduces the paper usage associated with the previously manual process of analyzing large amounts of data for legal matters and investigations.
- **Advanced backup, recovery, and information-archiving applications** work with HP's StoreOnce technology to minimize the number of copies of documents that need to be retained. This reduces storage footprints and associated energy consumption while ensuring critical applications can deliver the needed levels of business.

## Collaboration

We utilize our skills and experience in software development to work with partners promoting human, economic, and environmental progress through our Living Progress initiatives. For example, HP volunteers helped design and build a field tablet application for the [Tropical Ecology Assessment and Monitoring \(TEAM\) Network](#) project at [Conservation International \(CI\)](#). The application enables field technicians to efficiently and accurately gather ecological data. Read more about our partnership with CI through the [Earth Insights program](#).

## Security

Over the past 10 years, HP Security has protected more than 10,000 commercial customers from cyber threats. Our Zero-Day Initiative team is the industry leader in uncovering software vulnerabilities and sharing these with software vendors to ensure their products are safe.

In 2013, HP Security announced Threat Central, an automated and integrated community-based security intelligence-sharing platform. Three years in the making, Threat Central equips customers with the ability to automatically share security intelligence, ask questions about anomalies, and receive a real-time response from the community as malicious events are occurring.

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# Personal systems

HP has long been an industry leader in providing consumers with energy-efficient options for personal computers and devices. We go beyond compliance to develop products that meet leading international voluntary standards, such as ENERGY STAR® and EPEAT®. We are also reducing the amount of raw material that goes into making and transporting our products.

Through energy-efficient and less material-intensive devices, we meet our customers' high expectations for more sustainable products while also fulfilling their requirements for portability, performance, and cost.

## Progress in 2013

### Reducing materials and energy use in personal devices

We design our new personal devices to be smaller, thinner, and lighter than the previous generation. This approach meets customer requirements for increased mobility and aesthetic value, while reducing the amount of materials needed to make our products. For example, our new 2013 EliteBook 800 series is on average 37% thinner and 23% lighter than the platform it replaces (see image).



We also continue to decrease greenhouse gas (GHG) emissions attributed to the production and use of our products. Use of our 2013 EliteBook 800 series results in reduced life cycle GHG emissions of 7–28% and decreased annual energy consumption of 35–53%, compared to previous models.

We also pay attention to computer accessories. In 2013, we shortened our consumer notebook power cords from 1.8 m to 1 m. This eliminated the need for approximately 15,600 km of power cord and decreased our plastic and copper use by approximately 900 tonnes<sup>26</sup> per year compared to the prior design. It also reduced our GHG emissions from manufacturing and shipping by 5,700 tonnes of CO<sub>2</sub>e, which is equivalent to removing 1,200 cars from the roads for one year.

### Mini desktops—more mobility, less impact

Launching in April 2014, our new HP EliteDesk 800 and ProDesk 600 Desktop Minis are our smallest enterprise-class desktops, measuring approximately 7 in x 7 in x 1.33 in. Both highly mobile and easy to use, these products

provide significant savings in energy consumption, material use, and physical space requirements without sacrificing performance. For example, compared to its predecessor, the EliteDesk 800 G1 Desktop Mini Business PC contains 39% less material by weight,<sup>27</sup> consumes 22% less energy per year<sup>28</sup>, and has an 11% reduction in product carbon footprint.<sup>29</sup> The EliteDesk 800 G1 Desktop Mini Business PC is ENERGY STAR® qualified and EPEAT® Gold registered.<sup>30</sup>



### Product certification

We achieve a range of eco-label certifications across our personal systems portfolio. Read more about our [ENERGY STAR®](#)-qualified products in 2013. Many HP products are also registered with leading national environmental labels, such as China's SEPA (State Environmental Protection Administration) and CECP (China Energy Conservation Program), Sweden's Tjänstemännens Centralorganisation Certification, Taiwan's Green Mark, Japan's PC Green Label, and Korea's Eco Label.

# Printing

HP's printing and imaging portfolio spans a broad range of products from compact desktop models for personal use to industrial-scale digital presses. Whatever their size or function, we work continually to reduce the environmental footprint of our printing products.

We work to ensure our product portfolio meets new and evolving energy standards, as demonstrated by the recent requalification of many HP inkjet and LaserJet products to meet the latest ENERGY STAR® and Blue Angel standards.

Through HP Managed Print Services (MPS), we are taking steps towards the "circular economy" with a product-as-a-service business model.<sup>31</sup> MPS provides a customizable set of solutions including imaging and printing devices, network print management software, supplies (including paper), support, professional services, and document workflow management. MPS also offers recycling for printing supplies and end-of-life management for hardware. It helps businesses optimize their imaging and printing infrastructure, with typical savings of 10–30% in printing costs, millions of pages in reduced paper waste, and typical reductions in energy usage of 20–40%.<sup>32</sup> [Learn more.](#)

<sup>26</sup> Based on FY13 shipment volumes and September 2013 rates.

<sup>27</sup> Compared to the HP EliteDesk 800 G1 Ultra-slim Desktop Business PC. Product weight includes keyboard and mouse.

<sup>28</sup> Compared to the HP EliteDesk 800 G1 Ultra-slim Desktop Business PC. As measured by the U.S. EPA ENERGY STAR® test methodology and reporting; TEC measure.

<sup>29</sup> +/- 50 kg CO<sub>2</sub>e. Compared to the HP EliteDesk 800 G1 Ultra-slim Desktop Business PC. This calculation was done using the Product Attribute to Impact Algorithm (PAIA) methodology developed by MIT; results should not be compared with those of other products.

<sup>30</sup> EPEAT® Gold registered where applicable. EPEAT® registration varies by country. See [www.epeat.net](http://www.epeat.net) for registration status by country.

<sup>31</sup> See <http://www.ellenmacarthurfoundation.org/circular-economy/circular-economy/services-not-goods>.

<sup>32</sup> Estimated energy and paper savings based on analysis of select HP Managed Print Services customers' imaging and printing operations using data gathered on devices and paper consumption and comparing with post-MPS actuals or projections. Results depend on unique business environments, the way HP products and services are used, and other factors. Overall printing costs are unique to each company and should not be relied on for savings you may achieve.

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Through our Graphics Solutions Business, we continue to advance the analog-to-digital transformation of printing and publishing. This shift clearly reduces our environmental impact. For example, a study by the Stockholm Water Authority in Sweden attributes the reduction of silver in wastewater in the Stockholm area between 1981 and 2009 in part to the introduction of digital printing and the phase out of conventional film processing. A recent report on the graphics industry by the Swedish Environmental Protection Agency advocates the use of digital over analog printing processes due to associated reductions in chemical consumption, waste, and transport requirements.

HP digital on-demand printing solutions, such as Indigo and Web Press, enable our customers to print exactly what they need, when and where they need it. This is in contrast to analog printing, which encourages overproduction, resulting in large volumes of marketing collateral, books, and labels being wasted.

HP is a Platinum Patron of the Sustainable Green Printing Partnership (SGP). The SGP helps printing companies worldwide reduce the environmental impact of their operations through certification and continuous improvement programs.

particles. Officejet Pro X printers are manufactured with 5% postconsumer recycled plastic by weight from recycled HP printers, and their packaging incorporates 75–85% recycled content fibers.

**LaserJet Enterprise M800 series**

Launched in 2013, the HP LaserJet Enterprise M800 series is the industry’s first enterprise multifunction printer series with Auto-On/Auto-Off technology, touch-to-print functionality, and printing direct from phone through “wireless direct.”<sup>34</sup> Intelligent energy-saving technology turns the printer on and off according to use, helping the device achieve ENERGY STAR® qualification and Blue Angel compliance.<sup>35</sup>



**Progress in 2013**

**Officejet Pro X**

Our Officejet Pro X series, launched in 2013, is a range of business class inkjet and multifunction printers that typically use 50% less energy, and produce 80% less supplies waste compared with color laser printers.<sup>33</sup> These systems have been qualified for use in some high-tech fabrication facilities that require very low levels of airborne

**Indigo press**

HP Indigo digital presses, which provide solutions for publishing, direct mail, collateral, and more, have a record of strong environmental performance. For example, when developing the HP Indigo 10000 Digital Press in 2012, we used a full life cycle assessment to help us design-in requirements for energy and waste reduction and recycled materials.



**Personal printers**



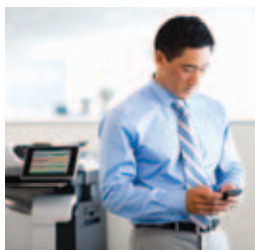
**Office printers**



**Wide format printers**



**Digital presses**



**Managed Print Services**



**Supplies (ink and toner)**



**Media**

<sup>33</sup> Compared with the majority of color laser printers <\$800 and color laser MFPs <\$1,000 as of August 2012.

<sup>34</sup> Wireless performance is dependent upon physical environment and distance from access point.

<sup>35</sup> HP Auto-On/Auto-Off technology capabilities subject to printer and settings; may require a firmware upgrade.

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Three models of our Indigo presses are independently verified for specific environmental credentials through the Intertek Green Leaf Mark program. For example, the HP Indigo 7600 Digital Press utilizes an oil-recycling system, eliminating the need for additional oil to be added during printing and maintenance.

### HP Instant Ink

HP Instant Ink allows customers to print without worrying about running out of ink. Launched in 2013, this service enables the printer to order ink when it is running low, which is delivered automatically to the customer's address. The ink replacement service eliminates trips to the store and encourages recycling through the provision of prepaid envelopes to return used cartridges. Using the HP Instant Ink program, customers can save up to 50% on ink<sup>36</sup> and lower their carbon footprint related to ink cartridge purchase and disposal by an estimated 70%.<sup>37</sup>

### Eco-labels across our printing portfolio

We achieve a range of eco-label certifications across our printing portfolio, including ENERGY STAR®, EPEAT®, and Blue Angel. [Learn more.](#)

## Paper

Paper use is a major contributor to the life cycle environmental impacts of printing. Therefore, optimizing paper use and sourcing paper responsibly are essential to reducing the overall environmental impacts of HP's printing products. We focus on:

- Responsible paper sourcing and sales
- Helping customers improve paper use
- Optimizing paper use across HP

Our [Environmentally Preferable Paper Policy](#) details HP's principles for buying, selling, and using paper and paper-based packaging. It applies worldwide to all our product lines, functions, and business units. Through this policy, we seek to source from suppliers that demonstrate responsible forestry and manufacturing practices. In 2013, we expanded the policy's scope to include HP licensees and added more robust language on the role of forests in mitigating climate change and the importance of responsible forestry management. Responsible sourcing of paper helps promote healthy forests today and in the future. Forests play a critical role in the health of the planet. They absorb carbon dioxide, harbor much of the world's biodiversity, provide ecosystem services and contribute to livelihoods of people around the globe.

In a related area, our environmental strategy for packaging prioritizes the use of renewable, recycled, and recyclable materials (see [Packaging](#) for more information).

“By helping to grow the demand for responsible forest products, HP is helping to safeguard the world's forests.”

—Linda Walker, Director, WWF Global Forest & Trade Network-North America

### Case study

## “Closed loop” plastic recycling

HP's leadership with “closed loop” plastics recycling for ink cartridges began in 2005 with our recycled polyethylene terephthalate (RPET) initiative. RPET plastic from this process has a 33% lower carbon footprint and 54% lower fossil fuel consumption in its production than new plastic—even when accounting for the environmental impact associated with collecting, transporting, and processing used cartridges and plastic bottles.<sup>38</sup> Manufacturing Original HP ink cartridges with recycled plastic instead of virgin plastic reduced greenhouse gas emissions by 6,900 tonnes in 2013—equivalent to taking 1,455 cars off the road for one year.<sup>39</sup>

We have built on this success with a second “closed loop” plastics initiative involving recycled polypropylene (RPP)—polypropylene is used in a significant percentage of HP's

inkjet supplies. This new initiative became fully commercialized in early 2014, having started development in 2010. The RPP program combined with the existing RPET initiative has led to more than 75% of our Original HP ink cartridges containing recycled plastic. In addition, 24% of HP LaserJet toner cartridges contain recycled plastic.

As of the end of January 2014, we have manufactured more than 2 billion Original HP ink and toner cartridges using more than 62,000 tonnes of recycled content material. Through this process, HP has contributed to the “circular economy” by keeping 566 million cartridges, 498 tonnes of polypropylene hangers, and 2.5 billion postconsumer plastic bottles out of landfills.

<sup>36</sup> Savings claim is based on HP Instant Ink Service plan price for 12 months using all pages in plan without purchase of additional pages compared to the cost per page (CPP) of the majority of color inkjet printers <\$399, market share reported by IDC Q3 2013. CPP comparisons for standard capacity inkjet supplies are based on estimated street price and page yield as reported by Gap Intelligence MFP Weekly and IJP Weekly Reports Q3 2013. Actual savings may vary depending on number of pages actually printed per month and content of pages printed.

<sup>37</sup> Analysis includes greenhouse gas emissions associated with customer trips to purchase ink cartridges at a retail store versus delivering directly to a customer's house, and also includes recycling empty ink cartridges versus throwing them away. Data and assumptions drawn from a 2010 life cycle assessment performed by Four Elements Consulting and commissioned by HP. For details, see [www.hp.com/go/RecycledPlasticsLCA](http://www.hp.com/go/RecycledPlasticsLCA).

<sup>38</sup> For RPET cartridges produced in 2013 and beyond. Based on a 2014 life cycle assessment performed by Four Elements Consulting and commissioned by HP. The study compared the environmental impact of using polyethylene terephthalate (PET) plastic with the environmental impact of using recycled PET to manufacture new Original HP ink cartridges. [See details.](#)

<sup>39</sup> Calculated with the EPA Greenhouse Gas Equivalencies Calculator. [See details.](#)

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In 2013, we continued our longstanding participation in WWF's [Global Forest & Trade Network \(GFTN\)](#), as part of our commitment to source fiber responsibly for HP branded paper products globally.

## Progress in 2013

### Responsible paper sourcing and sales

HP sold approximately 240,000 tonnes of HP-branded printer and copier papers in 2013. We require suppliers to verify the origin of fiber used in HP-branded papers to ensure it is legally and responsibly sourced. We are working to increase both the percentage of postconsumer recycled fiber in HP-branded papers and our use of fiber that is certified by the Forest Stewardship Council® (FSC®).<sup>40</sup>

HP joined the FSC in 2011 and was among the first major consumer photo paper providers to offer FSC-certified photo paper in Europe and North America. In 2013, our HP Everyday Paper portfolio became 100% FSC-certified in North America—joining our 100% FSC-certified portfolio in Latin America—and we increased FSC-certified HP Everyday Papers<sup>41</sup> produced in Europe by 32%. Our goal is for 50% of HP-branded paper worldwide by tonnage to be FSC-certified and/or contain at least 30% postconsumer content by the end of 2015. We are on track to meet this goal.

Since 2009, we have held Chain of Custody (CoC) certification from FSC for our media business, which includes one central office and a number of distribution centers. This certification supports traceability for certified fiber, from forest through distribution, and helps us meet increasing customer requirements and expectations in this area.

In 2013, for the first time, we completed the Forestry Module of the CDP, which examines the impacts of deforestation on climate change.

### Helping customers improve paper use

We encourage customers to use responsibly sourced and certified paper, to use it efficiently—such as through duplex printing—and to recycle after use. We communicate these messages in a variety of ways, including through [videos](#) and environmental briefings (for [home and home office](#) and for [enterprise](#)).

We also offer several tools that help customers use paper responsibly. Our online HP EcoSMART Console and EcoSMART Fleet tools provide usage data and highlight options for saving paper and energy. Two-sided printing is set as the default across entire print fleets with tools such as HP Universal Print Driver and HP Web Jetadmin. HP Smart Print is free software that helps users print only the webpage content they need.

HP also enables Pull- and PIN-printing on certain enterprise printers. These features allow customers to type in a code or swipe their badge to print their job when they arrive at a printer, providing a secure printing environment, and saving waste by reducing misprinted, reprinted, and unclaimed jobs—potentially by 20–40%.

HP promotes industry-wide collaboration to improve paper-recycling processes. As part of this effort, we have a research and development program focused on deinking printed paper for recycling. Deinking removes dirt, ink, and other contaminants, and is particularly important when the deinked pulp is intended for use in high-grade recycled products. [Learn more.](#)

We are also working to advance the analog-to-digital transformation of printing and publishing, to reduce paper waste that can result from overproduction (see [Printing](#) for more information).

### Optimizing paper use across HP

At HP, we promote sustainable use of paper and responsible printing across our business.

**Commercial print and publishing** We guide the printing and distribution of all our sales and marketing materials through our print and publishing program. HP has selected a single print management vendor in each region to provide print management services and act as the key interface from procurement to fulfillment. This ensures consistent service levels and provides opportunities to increase efficiency of paper use and reduce cost.

**Paper use in our offices** We use HP Everyday Papers—made from fiber that is procured in line with our [Environmentally Preferable Paper Policy](#) and mostly from FSC-certified sources. We use a default setting of two-sided printing and provide HP employees with tips to reduce the impact of their printing activities on the environment. In 2013, we piloted an e-signature policy to reduce the need for printed documents.

**Paper shipped “in the box”** HP continues to reduce product documentation, including printed manuals, to decrease waste and paper usage. Where possible, we replace in-box materials with electronic versions of the warranty and full user guide on the hard disk drive of the device and offer customers printable versions or a printed copy on request. Through this process, in 2013, we removed nearly 2,000 tonnes of in-box materials for HP notebooks, printers, servers, and accessories. Between 2008 and 2013, total savings equaled more than 20,000 tonnes of paper.

## Collaboration

HP's ongoing partnerships with the FSC and International Paper (IP) are central to our paper, printing, and packaging activities. Together, we are helping HP customers meet their sustainability goals with products that support their businesses while decreasing environmental impacts. In 2013, HP hosted a joint webcast with representatives from the FSC and IP about environmental issues facing the world today and the importance of supply chain collaboration to achieve shared goals. We also participated in the first regional southeast U.S. FSC meeting in late 2012, where we described our efforts to encourage responsible printing to approximately 150 manufacturers, landowners, conservation groups, and other stakeholders.

<sup>40</sup> FSC trademark license code FSC-C017543.

<sup>41</sup> HP Everyday Papers certified under FSC-C101994.



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# Packaging

HP has achieved significant reductions in environmental impact through innovation in packaging design. We work to improve the environmental performance of packaging while protecting products, complying with evolving regulatory requirements, meeting customer expectations, and managing cost.

We include environmental considerations in our guidelines for packaging suppliers, driving them to create more innovative and environmentally responsible packaging designs. Our General Specification for the Environment restricts substances of concern, such as polyvinyl chloride (PVC),<sup>42</sup> and requires 100% of materials used in HP packaging to be recyclable.<sup>43</sup> All HP packaging also complies with our Environmentally Preferable Paper Policy.

To reduce the environmental impact of HP packaging, we employ a strategy of reducing material use, optimizing shipping densities, and utilizing recycled and recyclable materials. We achieve this through six underlying principles:

- **Remove** substances of concern when lower impact alternatives are readily available. For related information, see Materials.
- **Reduce** the amount of packaging material used per product, compared with its predecessor.
- Design packaging for **reuse** where feasible, enabling retailers, distributors, and enterprise customers to return packaging materials to HP or redeploy the materials for future shipments.
- Increase the proportion of **recycled** content in our packaging.

- **Replace** hard-to-recycle materials with more easily recycled substitutes.
- **Influence** vendors to increase use of recycled fiber content and sustainably harvested fiber in our paper-based packaging.

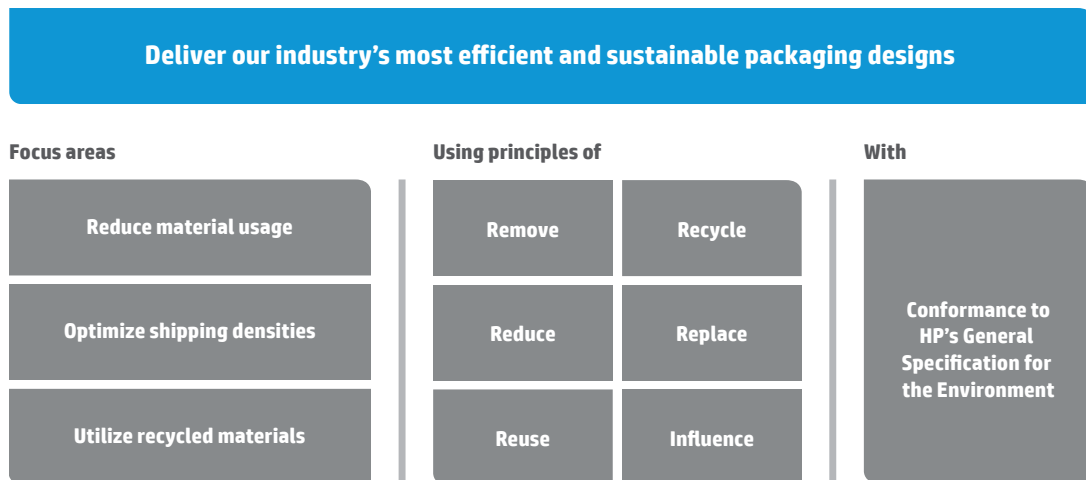
HP considers the intended customer when designing packaging. Our customers have diverse needs and no single packaging solution can meet all of these requirements. As a result, we make tradeoffs during the design process. Some customers prioritize easy curbside recyclability. Others look for high levels of recycled content in packaging, or the lightest and smallest package available to reduce shipping cost and transportation emissions. HP considers these and other environmental factors during the design process, to optimize packaging for our customers and the environment.

## Progress in 2013<sup>44</sup>

In 2013, we implemented a range of packaging initiatives designed to reduce greenhouse gas (GHG) emissions, raw materials use, and waste. For example, initiatives across nine HP inkjet models saved a total of \$6.6 million and reduced GHG emissions by more than 2,700 tonnes of CO<sub>2</sub>e. Reducing product and packaging size across our LaserJet lines eliminated the use of approximately 3,600 40-ft ocean shipping containers during the year. This is equivalent to 50%–70% of an ocean cargo ship’s capacity. Across all packaging initiatives, in 2013 we reduced GHG emissions by 41,600 tonnes of CO<sub>2</sub>e.

The following examples, selected from more than 30 projects undertaken in 2013, illustrate the range of packaging innovations across our product portfolio.

### HP environmental packaging mission



<sup>42</sup> The recycled plastic used in inkjet cartridges also contains recycled plastic from bottles.

<sup>43</sup> Not all locations have suitable recycling infrastructure to recycle all materials used in HP packaging.

<sup>44</sup> All savings and reductions occurred during either the fabrication or transportation phase of the packaging life cycle.

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Packaging innovation	Reduce material usage	Optimize shipping densities	Utilize recycled materials	Summary of benefits <sup>†</sup>
Introduced paper-based cushioning for the Color LaserJet M855 Series Printer and Color LaserJet M880 Series MFP (Multifunction Printer)			x	Made more than 90% of packaging for this series now curbside recyclable Reduced CO <sub>2</sub> e emissions from fabrication by approximately 14–27% Will avoid more than 1.6 tonnes CO <sub>2</sub> e emissions in total**
Switched to 100% recycled polyethylene cushions for Color LaserJet M651 Series Paper Input Cabinet			x	Will divert 7.9 tonnes of foam from waste stream***
Reduced packaging volume for two LaserJet models	x	x		Avoided approximately 5,000 tonnes of CO <sub>2</sub> e emissions Reduced packaging volume by 42% for Color LaserJet M351/M451 Printer and 25% for Color LaserJet M375/M475 MFP Avoided use of 1,020 ocean shipping containers****
Continued reuse of wooden pallets in North America	x	x		Avoided the use of approximately 725,000 new pallets in 2013 Saved 14.9 million board feet of lumber****
Removed plastic packaging sheets from Designjet series products	x			Avoided 47.2 tonnes of plastic waste Avoided 126 tonnes of CO <sub>2</sub> e emissions
Removed paper insert, and redesigned and reduced packaging for seven inkjet supplies products	x	x		Reduced material use by 95 tonnes Avoided 56 tonnes of CO <sub>2</sub> e emissions
Improved packaging production process for 44 inkjet supplies products	x	x		Reduced plastic packaging by 32%, saving 87 tonnes of material Avoided 72 tonnes of CO <sub>2</sub> e emissions in 2013, with an additional 146 tonnes forecast for 2014
Reduced packaging on all consumer and commercial notebooks	x	x		Reduced material use (corrugate, pulp cushions, and pallets) by 4,700 tonnes Avoided 11,000 tonnes of CO <sub>2</sub> e emissions from material fabrication and 9,700 tonnes of CO <sub>2</sub> e emissions from product transport Avoided use of approximately 900 40-ft ocean shipping containers (12–18% of an ocean cargo ship)
Used 100% recycled packaging materials for some PCs and printers at factories in Indianapolis, Indiana, United States; Juarez, Mexico; and Suzhou, China			x	Used 970 tonnes 100% recycled expanded polyethylene Used 22 tonnes 100% recycled expanded polystyrene Used 200 tonnes 100% recycled low density polyethylene
Reduced in-box documents and CDs across notebooks, printers, servers, and accessories	x	x		Reduced paper use by 1,900 tonnes Avoided use of 8.5 million CDs Avoided 7,700 tonnes of CO <sub>2</sub> e emissions
Eliminated desiccant (a material inserted in packaging to absorb moisture) from all commercial and consumer notebooks	x	x		Eliminated 1,190 cubic meters (more than ten 53-foot truck loads) of desiccant Reduced product transport CO <sub>2</sub> e emissions by 791 tonnes
Replaced virgin polyethylene foam with recycled content polyethylene foam for Enterprise Group's DL380 server product			x	Avoided 44 tonnes of CO <sub>2</sub> e emissions per year due to part weight reduction and using a recycled material instead of virgin material
Replaced wooden crate packaging with corrugated material for networking products	x			Reduced packaging weight by 54% Avoided 11 tonnes of CO <sub>2</sub> e emissions per year
Redesigned packaging for ISS server hard disks and replaced polyethylene foam with recycled polyethylene		x	x	Increased shipping density of incoming packaging due to the new design, from 800–1,000 to 4,000–6,000 parts per pallet <sup>†</sup>

<sup>†</sup> All savings and reductions occurred during either the fabrication or transportation phase of the packaging life cycle. All savings are for 2013 unless otherwise indicated.

\*\* Based on forecasted volumes in 2014; product introduced in late 2013.

\*\*\* Based on forecasted volumes in 2014; product developed in 2013 and introduced in February 2014.

\*\*\*\* Covers 2012 and 2013.

† April 2013 implementation. Volume independent of timescale.

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**Collaboration**

**Influence**

As a major purchaser of packaging materials, we encourage suppliers to use more recycled fiber content and sustainably harvested fiber in our paper-based packaging. HP prefers suppliers that demonstrate environmental values and a commitment to sourcing from responsibly managed forests. In support of this, HP relies on widely-recognized forest certifications, with preference given to those providing the most robust ecological and social criteria, such as FSC.

**100% recycled content packaging for HP PCs**

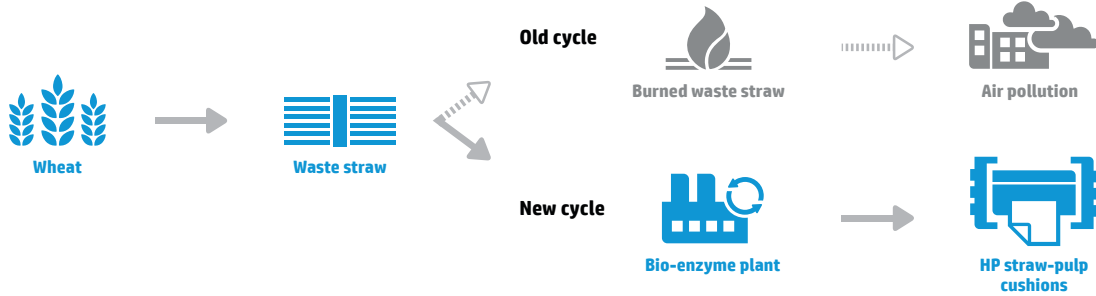
HP collaborated with a key supplier and a polymer foam specialist to develop a process for manufacturing post-consumer polyethylene foam packaging. Our supplier, a factory manufacturing HP PCs in Indianapolis, Indiana, United States, collects and returns foam bulk pack cushions to the polymer foam specialist nearby, which cuts, shreds, and processes them into reusable pellets, before reforming them into new packaging cushions. In 2013, approximately 8 tonnes of such cushions were recovered, providing enough polymer foam to make more than 73,000 new cushions.

Case study

**Straw-based packaging offers climate and health benefits**

In 2013, we partnered with a paper and packaging supplier in China to create packaging cushions using straw pulp. These cushions are 10–15% lighter and produce 25% less CO<sub>2</sub>e emissions during the pulping process than traditional paper-based pulp cushions. They also display increased moisture resistance and strength. This new approach reduces the need for straw field burning, leading to potentially reduced health and air quality impacts.

HP is the first company to market with this packaging product. We currently ship the North American volume of our Deskjet 1512 product line using straw-based cushions, and plan to expand the program to other customers and products around the world.



**Goals**

**Life cycle assessment**

2014 goal	Progress
Promote and support the development of an <u>International Electrotechnical Commission (IEC) Technical Report</u> to establish harmonized product category PCF standards for PCs and displays.	On track: A draft report is complete. Final Technical Report planned by January 2015.

**Paper**

2015 goal	Progress
50% of HP-branded paper FSC®-certified and or/containing at least 30% postconsumer waste by the end of 2015.*	On track

\* Goal is worldwide, by tonnage. Annual fiber reporting for HP-branded papers based on agreement with WWF GFTN.

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East African Compliant Recycling Company

# Product return and recycling

When HP products reach the end of their useful lives, we work to provide options for responsible collection and treatment. HP extends the life of some information technology (IT) hardware through our remanufacturing and refurbishment programs. We recycle what cannot be reused, recovering most of the materials in the process. As a last resort, we responsibly dispose of the materials that cannot be reused, recycled, or reclaimed.

HP provides product take-back programs in 70 countries and territories, including in developing regions where we help raise recycling infrastructure standards. We work with a range of reuse and recycling vendors to ensure environmentally responsible options for processing HP products at end of life and commission third-party audits to track the performance of our global recycling network. For each end-of-life product recovered, we seek the highest value solution, as well as the solution that best minimizes environmental impacts.

Since the inception of our take-back program in 1987, we have recovered a total of 1,525,000 tonnes (3.36 billion pounds) of computer hardware (for reuse and recycling) and supplies (for recycling).

In 2013, we expanded our product return and recycling network and launched new partnerships to capture end-of-life products. In December, we collaborated with other organizations to open the first large-scale recycling program in East Africa. HP also continued to partner with major retailers in the United States to provide easy access for consumers to return their items. During the year, we increased the number of locations in our United States supplies take-back program with existing partners including Staples, OfficeMax, and Walmart, and added Office Depot.

The value of electronic waste has increased substantially due to increases in the price of the recoverable underlying commodities. At the same time, processes to collect and recycle electronic waste have become more efficient and cost effective. As a result, several regions globally are experiencing a shift from electronic waste management being a cost to a source of revenue. This trend tends to increase recycling rates but reduces returns to HP and other producers.

## Progress in 2013

In 2013, we continued to collaborate with global partners, vendors, and governmental organizations to expand our take-back programs.

During the year, we recovered a total of 134,500 tonnes of hardware and supplies. Of this total amount, we:

- Recovered 3.7 million computer hardware units weighing 21,400 tonnes for reuse and remarketing
- Recycled 113,200 tonnes

We achieved a total reuse and recycling rate in 2013 of approximately 10% of relevant HP hardware sales worldwide, down from 14% in 2012. We believe this reduction is due partly to increasing competition for the collection of used electronic products in developed, as well as developing countries, as a result of the rising value of the materials they contain. For example, in the European Union (EU), large volumes of end-of-life products are being collected and managed by private collection companies outside producer collection systems. In several EU countries, the amount collected by private collection companies is approaching or exceeding that collected by producers.

See [page 112](#) for detailed performance information.

**249**  
**million**

Pounds of electronic products and supplies recycled

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**Expanding the global reach of our recycling network**

We work with governmental and nongovernmental organizations to strengthen local recycling capabilities and standards in emerging and developed markets worldwide. Highlights during 2013 included the following:

- **Australia** HP again partnered with TechCollect, the country’s free national recycling service, nearly doubling the volume of hardware collected in 2012.
- **Brazil** We increased retail drop-off locations for HP supplies from 189 to 240.
- **Colombia** We introduced our product-recovery programs to this country during the year, by adding hardware and supplies take-back at 12 HP retail locations.
- **Kenya** In December, we opened an innovative, new recycling facility in Nairobi through a collaboration with the German Investment and Development Corporation and East African Compliant Recycling Company (see [case study on page 111](#)).
- **Mexico** We now have 62 retail drop-off locations for HP LaserJet and ink cartridges, compared with five in 2012.
- **Morocco** We launched supplies recycling in August.
- **United States** HP and Office Depot launched take-back programs for supplies in approximately 1,100 Office Depot stores nationwide, which increased the number of U.S. retail locations with HP supplies take-back programs to more than 7,100.

**Our approach**

Addressing the end of life of our products is a priority for HP and central to our efforts to decrease environmental impacts across our value chain.

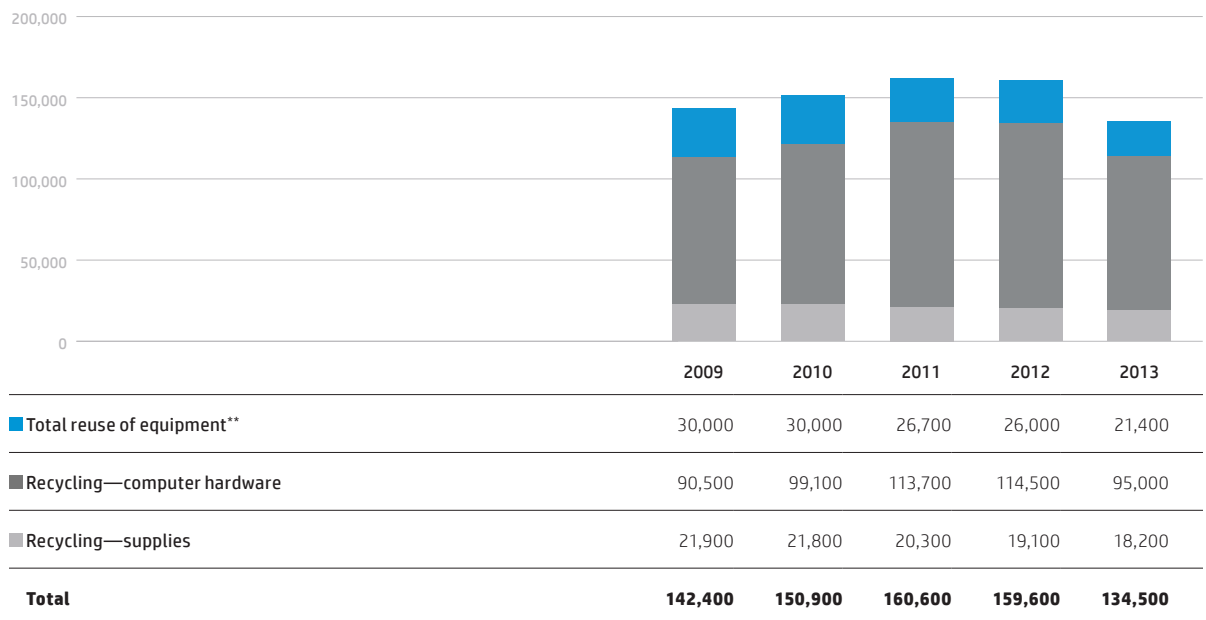
HP hardware products have an average life span of between three and 10 years. Consequently, at the time of disposal, product condition can vary greatly. Our solution is to provide a range of product end-of-life processing options worldwide.

After a customer returns hardware, we determine the best option for processing. We prefer to refurbish and resell equipment because this solution has the lowest environmental impact and creates the most economic benefit. When reuse is not an option, we break down and recycle the materials, extracting as much volume and value as possible.

**3.7 million**

Approximate number of computer hardware units recovered for reuse and remarketing

**Product return and recycling, 2009–2013\* [tonnes]**



\* Totals include all hardware and supplies returned to HP for processing, with ultimate dispositions including recycling, energy recovery, and, where no suitable alternatives exist, responsible disposal. Hardware recycling data from Europe, Middle East, and Africa, and HP LaserJet cartridge recycling data are calendar year. The remaining data are based on the HP fiscal year. Some segments do not add up to total due to rounding.

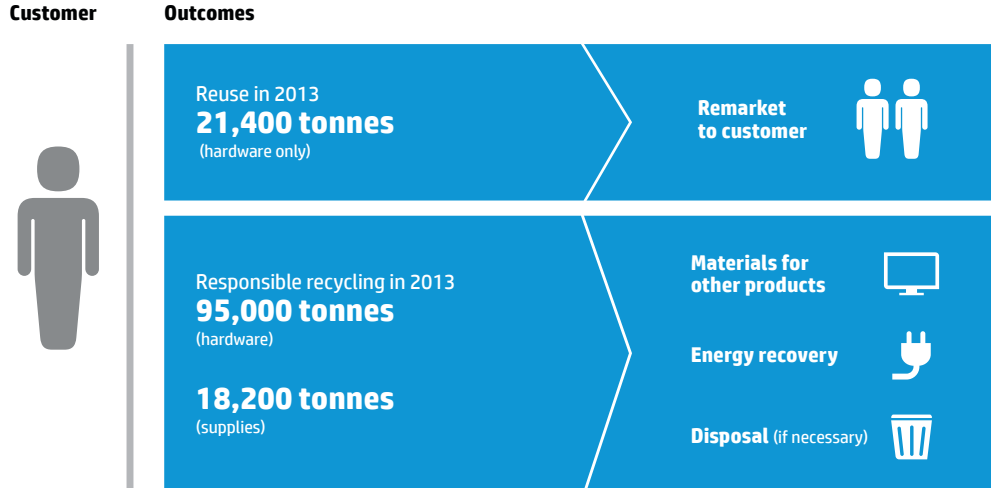
\*\* The decrease in tonnage from 2009–2013 is due to a reduction in the average weight of returned units, rather than a decline in the total number of returned units. Returned units during that period were: 2009: 3.58 million units; 2010: 3.81 million units; 2011: 3.44 million units; 2012: 3.9 million units; 2013: 3.7 million units.

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**Product return and recycling options\***



\* Segments in this graphic are not drawn to scale.

**70**

Countries and territories with HP take-back programs

**HP take-back programs**

HP offers hardware reuse, hardware recycling, and ink and toner cartridge recycling programs, including through our program HP Planet Partners. We use a global network of vendors in 70 countries and territories to collect, process for resale, and recycle returned products. HP and its partners follow strict protocols to ensure 100% of returned products go through a data-cleansing process to ensure customer privacy.

Service	Overview	Scope
Hardware reuse* (trade in, return for cash, leasing return, donation**)	<p>We resell refurbished products, from PCs to data center equipment, at the end of leasing terms or as part of trade-in agreements. We follow strict processes set out in our <a href="#">Hardware reuse standard</a> to protect user data and meet environmental requirements.</p> <p>View a <a href="#">virtual tour</a> of our HP Financial Services asset-recovery centers.</p>	This service is available in 52 countries and territories.
Hardware recycling	<p>We recycle returned products that are not suitable for reuse. Consumer recycling services vary by country, depending on local regulations and infrastructure.</p> <p>We are a cofounder of the European Recycling Platform, which provides pan-European take-back and recycling services to HP and other companies.</p> <p>In the United States, our <a href="#">Consumer Buyback Program</a> allows consumers to return IT equipment of any brand and see how much money or purchase credit they can receive in exchange. Even if the product is not eligible for buyback, consumers can recycle HP and Compaq products through this program at no cost and other brands for a small charge. Consumers can drop off hardware products at more than 3,700 Staples and FedEx Office locations throughout the United States.***</p> <p>We also provide recycling services to commercial customers.</p> <p>See a list of <a href="#">recycling options by country</a>.</p>	This service is available in 56 countries and territories.
HP ink and toner cartridge recycling	<p>Consumers and commercial customers can return used HP ink and LaserJet toner cartridges to authorized retail and other collection sites through HP Planet Partners, at one of approximately <a href="#">9,000 drop-off locations</a> around the world.</p> <p>For some products and in selected countries, we offer free return options, including postage-paid printable labels and shipping envelopes as well as collection boxes and the option to order bulk pickup. <a href="#">Learn more</a>.</p> <p>Through our “closed loop” recycling process, Original HP ink and LaserJet toner cartridges are reduced to raw materials that can be used to make new cartridges, as well as other metal and plastic products. See <a href="#">Printing on page 101</a> for more information.</p> <p>See a list of <a href="#">recycling options by country</a>.</p>	We provide free recycling for HP cartridges in 56 countries and territories.

\* Availability of each reuse offering varies by location.

\*\* The relationship is directly between customer and charity. Available in the United States only.

\*\*\* As of October 31, 2013.

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## Advocating for regulations that promote reuse and responsible recycling

HP engages with governments and stakeholders to improve national and international approaches to managing the movement of end-of-life electronic products. During 2013, we helped regulators to understand the impact of current and future regulations and provided thought leadership on the following:

- **The Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal** HP supports the Convention's objective to avoid transporting hazardous waste to developing countries that do not have the resources or means to manage recycling and treatment facilities.
- **Legitimate movement of used equipment** We support the legitimate movement of used equipment, which promotes repair and reuse of electronics and thereby reduces the generation of electronic waste.
- **Increased competition for electronic waste** Despite a trend towards more recycling of electronic products by private collection companies, most existing legislation holds manufacturers exclusively responsible for collection and treatment of their used products. HP is helping regulators consider the impact of increased recycling by nonproducers and is leading a discussion within DIGITALEUROPE on how producers and Extended Producer Responsibility legislation should adjust in response to these changes. To learn more, read an [industry guidance document](#) by DIGITALEUROPE and a [paper](#) produced by HP about this issue in Africa and other emerging markets.

### Vendor audits

HP works with specialist third-party vendors that provide reuse and recycling programs on our behalf. We require these recyclers to fully comply with relevant regulations and to process all materials according to best practices. HP requires vendor certification to third-party recycling standards (R2 and e-Stewards) in the many countries where they are available.

HP contracts a third party, Environmental Resources Management (ERM), to audit our recycling vendors to ensure conformance with the following HP policies and vendor standards:

- [Export of Electronic Waste to Developing Countries Policy](#)
- [Supplier Code of Conduct](#)
- [Reuse and Recycling Standards](#)

ERM's audits assess our vendors' environmental, health and safety practices and performance, and also check downstream material flows based on shipment and receipt records to certify no "leakage" of materials to facilities that are not in our approved vendor network. When audits identify areas of nonconformance, vendors have 30 days to submit a corrective action plan and 90 days to complete it. In extreme cases, we stop doing business with vendors who lack sufficient transparency or the willingness to make the required changes.

### 2013 audits and findings

In 2013, through ERM, HP audited 15 reuse and 25 recycling vendor facilities in 19 countries, including 18 repeat site audits to confirm vendors' ongoing commitment to responsible recycling and improved performance. All site audits evaluated vendor facilities and their material disposition networks.

In these audits, ERM found 17 major nonconformances by our vendor facilities globally. Ten were from new audits and seven were from re-audits. The two most common categories of major nonconformance were environment, health and safety (45% of the total) and security, logistics, and asset tracking (40%). HP works closely with our vendors to confirm that nonconformances are addressed and resolved in a timely manner.

Read a [statement from ERM](#).

### Case study

## Expanding our reach in Africa

HP collaborated with the German Investment and Development Corporation (DEG) and East African Compliant Recycling Company (EACR) to open a new recycling facility in Nairobi, Kenya, in December 2013. It is the first large-scale recycling facility in East Africa and the first take-back system for end-of-life products in Kenya.

As of April 2014, there are four collection points across the country, with plans for a total of roughly 50. The collection points operate as microbusinesses, purchasing end-of-life

equipment from a network of trained and registered informal collectors. They then sell this equipment to the EACR recycling facility for processing.

This innovative business model helps transform the recycling process in those locations, minimizing environmental impacts and health and safety risks while creating jobs for local residents.

Watch a [video](#) about this program.

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# Goals

2015 goals	Progress
Recycle 3.5 billion pounds (1.6 million tonnes) of electronic products and supplies by the end of 2015 (since 1987).	HP recycled 249 million pounds of electronic products and supplies, bringing the total since 1987 to 2.8 billion pounds.
Reuse 40 million electronic products and accessory units by the end of 2015 (since 2003).	HP reused 3.7 million computer hardware units, bringing the total since 2003 to 34.7 million.

# Data<sup>1</sup>

	2009	2010	2011	2012	2013
<b>Total cumulative recycling—computer hardware and supplies combined</b> [tonnes]	763,000	884,500	1,018,400	1,152,000	1,265,000
<b>Total cumulative recycling—computer hardware and supplies combined</b> [million pounds]	1,682	1,949	2,245	2,540	2,789
<b>Total reuse and recycling combined</b> [tonnes, approximate]	142,400	150,900	160,600	159,600	134,500
Reuse of equipment <sup>2</sup>	30,000	30,000	26,700	26,000	21,400
Recycling—hardware and supplies	112,400	120,900	133,900	133,600	113,200
<b>Number of countries and territories with HP return and recycling programs</b>	56	58	60	69	70
<b>Total recycling, by region</b> [tonnes]	112,400	120,900	133,900	133,600	113,200
Americas	37,500	38,600	49,600	60,165	55,200
Europe, Middle East, and Africa	69,300	76,300	77,100	67,700	50,600
Asia Pacific and Japan	5,600	5,900	7,200	5,685	7,400
<b>Total recycling, by type</b> [tonnes]	112,400	120,900	133,900	133,600	113,200
Hardware	90,500	99,100	113,650	114,455	95,000
HP LaserJet toner cartridges <sup>3</sup>	20,100	19,600	18,550	17,350	16,200
HP ink cartridges <sup>3</sup>	1,800	2,200	1,700	1,745	2,040
<b>HP LaserJet toner cartridge recycling</b>					
<b>HP LaserJet market covered by program</b> [%]	90%	92%	94%	94%	90%
<b>Composition</b> [%]					
Materials recycled into new products	80%	85%	82.1%	80.1%	78.8%
Materials used for energy recovery	20%	15%	13.9%	15.9%	17.3%
Reuse of components <sup>4</sup>			4.0%	4.0%	4.0%
Material in storage—pending processing <sup>4</sup>			0.0%	0.0%	0.0%
Incineration <sup>4</sup>			0.0%	0.0%	0.0%
Landfill <sup>4</sup>			0.0%	0.0%	0.0%

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	2009	2010	2011	2012	2013
<b>HP ink cartridge recycling</b>					
<b>Ink market covered by program [%]</b>	88%	87%	88%	88%	88%
<b>Composition [%]</b>					
Materials recovered for recycling	64%	73%	74.2%	69.1%	70.9%
Materials used for energy recovery	31%	23%	21.6%	29.3%	27.6%
Reuse of components <sup>4</sup>			0.0%	0.0%	0.0%
Material in storage—pending processing <sup>4</sup>			0.2%	0.0%	0.0%
Incineration <sup>4</sup>			4.0%	1.5%	1.5%
Landfill <sup>4</sup>			0.0%	0.0%	0.0%

<sup>1</sup> Totals include all hardware and supplies returned to HP for processing, with ultimate dispositions including recycling, energy recovery, and, where no suitable alternatives exist, responsible disposal. Hardware recycling data from Europe, Middle East, and Africa, and HP LaserJet cartridge recycling data are calendar year. The remaining data are based on the HP fiscal year. Some segments do not add up to total due to rounding.

<sup>2</sup> The decrease in tonnage from 2009–2013 is due to a reduction in the average weight of returned units, rather than a decline in the total number of returned units. Returned units during that period were: 2009: 3.58 million units; 2010: 3.81 million units; 2011: 3.44 million units; 2012: 3.9 million units; 2013: 3.7 million units.

<sup>3</sup> Includes cartridges returned by customers and cartridges from HP internally through 2010. The 2011, 2012, and 2013 figures are cartridges returned by customers only.

<sup>4</sup> This category of data was added in 2011.

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Solar installation at HP headquarters, Palo Alto, California

# HP operations

**95 million kWh**

Decrease in total energy use from HP operations, compared with 2012

The environmental impacts from our worldwide operations are much less significant than those from customer use of our products and services, or from our supply chain. Nonetheless, we reduce those impacts wherever possible.

Greenhouse gas (GHG) emissions from our offices, data centers, and manufacturing facilities account for 5% of emissions across our value chain. We employ energy efficiency measures, smart building design, and renewable energy installations to reduce our operational carbon footprint.

We also work to decrease waste, reduce paper and water consumption, and use less ozone-depleting substances. Some of our manufacturing facilities have additional impacts, including wastewater discharges and permitted releases of regulated substances, which we strive to minimize.

See Awards for the recognition HP has received for environmental management and performance.

## About our operational data

Data throughout this section are based on our fiscal year, which ends October 31.

As of October 31, 2013, HP owned and leased nearly 700 sites in 98 countries.<sup>1</sup> During the year, we collected data from 333 sites (including all HP-owned manufacturing

sites and our largest owned and leased offices, warehouses, data centers, and distribution sites). These facilities represent 86% of our total floor space of almost 6.6 million sq m. We extrapolated data from comparable data centers and offices for the remaining floor space, unless stated otherwise.<sup>2</sup>

<sup>1</sup> This site count and reported square meters may differ from other published information, such as HP's Annual Report on Form 10-K for the year ended October 31, 2013, due to the assumptions used for greenhouse gas accounting.

<sup>2</sup> The availability of data varies by location and utility. Electricity data are most commonly available and cover 86% of our space. For other components of Scope 1 and 2 GHG emissions, plus water and solid waste, HP develops intensity factors for nonreporting locations based on the actual performance of reporting sites. This ensures the most complete and accurate representation of environmental performance in operations possible.

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# Management and compliance

HP is committed to leadership standards in environmental, health, and safety (EHS) performance. This includes conducting our operations in an environmentally responsible manner and enabling employees to work without injury at our facilities and other locations.

Our EHS management system ensures that we comply with applicable laws and regulations and meet company standards across all HP facilities. At its core is our EHS Policy. Newly acquired companies must implement our EHS management system as part of their integration.

HP manufacturing operations in owned and leased space worldwide are certified to ISO 14001, the international standard for environmental management systems. In 2013, we continued efforts to achieve ISO 14001 certification for data centers in the UK and for offices in several continental European countries.

We investigate thoroughly all allegations of noncompliance with the law to correct any issues, determine the root causes, and, if applicable, take action to prevent recurrence.

Our management of health and safety and wellness are covered in HP people on [page 59](#) and [page 60](#).

# Energy and GHG emissions

Although our operations account for only 5% of HP's total carbon footprint, we take every reasonable opportunity at our facilities to reduce emissions and address climate change. Our approach, illustrated in the graphic below, is to improve energy efficiency in our operations, use low-carbon and renewable energy sources where possible, and reduce impacts from employee business travel. These activities can reduce costs while driving progress toward our goal to reduce greenhouse gas (GHG) emissions (Scope 1 and Scope 2)<sup>3</sup> from our operations 20% by 2020, compared with 2010 levels.

## Progress in 2013

In 2013, our operations produced 1,795,000 tonnes of carbon dioxide equivalent (CO<sub>2</sub>e) emissions, a 4.3% reduction from 1,874,700 tonnes of CO<sub>2</sub>e in 2012 and an 11.5% reduction from our 2010 baseline.

HP's total operations-related GHG emissions, normalized against net revenue, equaled 16.0 tonnes of CO<sub>2</sub>e per \$ million in 2013, up 2.6% from 2012 and a 0.6% reduction compared with 2010.

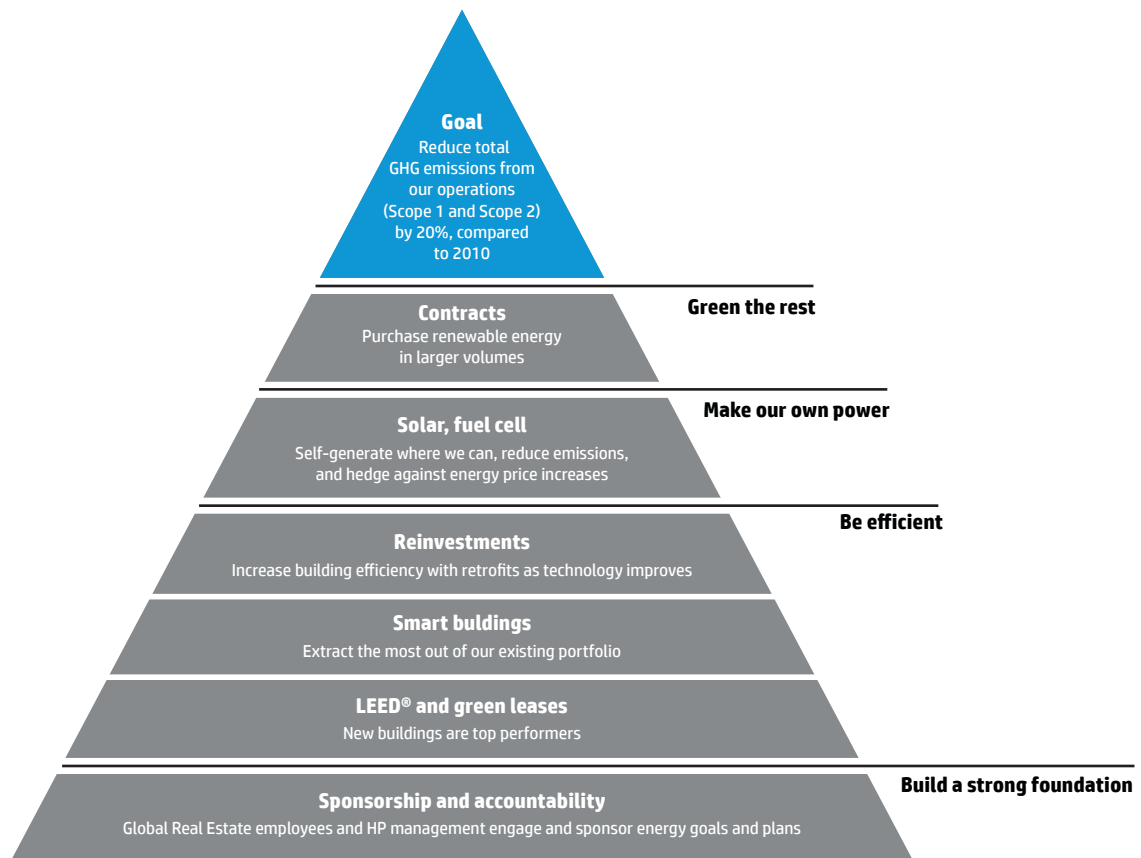
**37.5%**

Reduction in total waste generated from HP operations, compared with 2012

**10.0%**

Reduction in total water consumed in HP operations, compared with 2012

### Driving towards energy leadership



<sup>3</sup> For a list of HP's Scope 1 and 2 emissions, see Sources of GHG emissions from HP operations, 2010–2013 on page 116.

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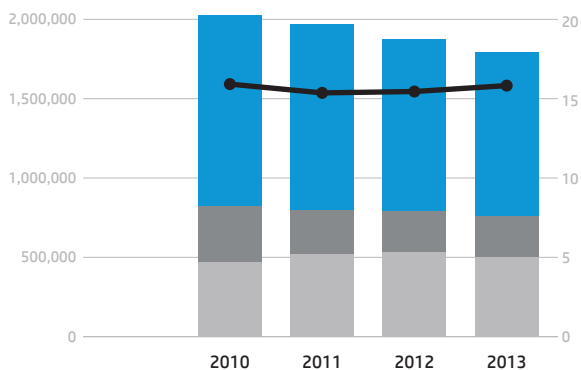
Our emissions continued to fall due to energy efficiency efforts globally and a 17.7% increase in our renewable energy-generating capacity during the year (see [Renewable energy on page 119](#)).

During 2013, HP engaged a major consulting firm to assess its energy-management practices. The study highlighted several positive findings, such as our progressive strategies to use risk and cost management in sourcing energy and the inclusion of renewable energy in many of our large energy contracts. The analysis also identified leading practices related to energy project development, self-generation, and facility manager engagement in several locations. We are working to leverage these best practices across HP. We are also responding to the firm's recommendations to improve our design standards and further develop our capability to collect, analyze, and act on energy data. These results reflect a growing accountability across the company to reduce natural resource consumption in our operations.

**79,700 tonnes CO<sub>2</sub>e**

Decrease in GHG emissions from HP operations, compared with 2012

**GHG emissions from operations, 2010–2013\*** [tonnes CO<sub>2</sub>e]



<b>Americas</b>	1,205,100	1,170,300	1,079,800	1,033,800
<b>Europe, Middle East, and Africa</b>	354,800	282,500	264,700	255,500
<b>Asia Pacific and Japan</b>	467,800	518,400	530,200	505,700
<b>Total</b>	<b>2,027,700</b>	<b>1,971,200</b>	<b>1,874,700</b>	<b>1,795,000</b>
<b>GHG emissions intensity**</b> [tonnes CO <sub>2</sub> e/\$ million of net revenue]	<b>16.1</b>	<b>15.5</b>	<b>15.6</b>	<b>16.0</b>

\* Total includes HP's Scope 1 and Scope 2 emissions. Emissions in this table have changed for previous fiscal years for three reasons:

- The use of district cooling at the Malaysia Cyberjaya site was identified in FY13 and tracked retroactively to 2010
- Revised U.S. eGrid emissions factors with year 2010 data from [ninth edition](#) published February 2014
- Revised Australia emissions factors using NGER Technical Guidelines, reporting year 2013–14 published July 2013

\*\* Historical emissions-intensity values were calculated using HP's annual revenue as characterized in financial reporting and Scope 1 and Scope 2 GHG emissions.

**GHG emissions from operations**

Energy use accounted for 92% of the GHG emissions our operations generated in 2013 and is one of our largest operational costs. The remaining 8% came from our transportation fleet, refrigeration equipment, and HP semiconductor development processes, which use per-fluorocarbons (PFCs).

**Sources of GHG emissions from HP operations, 2010–2013\***

		2010	2011	2012	2013
<b>Scope 2</b>	<b>Electricity**</b>	84%	84%	87%	88%
<b>Scope 1</b>	<b>Natural gas</b>	4%	4%	3%	4%
	<b>Transportation fleet</b>	7%	7%	7%	6%
	<b>Refrigerant emissions</b>	4%	4%	2%	1%
	<b>Diesel</b>	<1%	<1%	<1%	<1%
	<b>Perfluorocarbons</b>	<1%	<1%	<1%	<1%

\* Numbers do not equal 100% due to rounding.  
\*\* Takes into account self-generated electricity from diesel and PV solar.

**About our GHG emissions data**

We calculate our GHG emissions according to the Greenhouse Gas Protocol of the World Business Council for Sustainable Development and World Resources Institute.<sup>4</sup> In this section, we report Scope 1, 2, and 3 GHG emissions<sup>5</sup> arising from HP's operations, transportation fleet, and employee business travel.

- Scope 1 emissions include those from the direct use of natural gas, diesel fuel, refrigerants, and PFCs in operations and from fuel used by HP's transportation fleet.
- Scope 2 emissions are primarily from purchased electricity used in our operational real estate and trade data centers.
- Scope 3 emissions in our operations result from employee business travel by commercial airlines and employee commuting. In other sections of this report, we also disclose estimated Scope 3 emissions from production and nonproduction suppliers, product transport, product use, and product recycling.

View HP's carbon footprint on [page 77](#) for more detail. See [page 83](#) to view HP's GHG emissions grouped by Scope.

<sup>4</sup> HP reports actual performance each year. Historical values are restated for the impacts of acquisitions and divestitures when deemed material.

<sup>5</sup> The World Resources Institute defines Scope 1, 2, and 3 GHG emissions in its Greenhouse Gas Protocol; see [www.ghgprotocol.org/calculation-tools/faq](http://www.ghgprotocol.org/calculation-tools/faq).

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# Energy efficiency

Improving energy efficiency in HP's operations is the most effective way to reduce the company's energy use and GHG emissions. It's a strategic investment that drives business growth, saves money, and reduces environmental impact.

A focus on sustainability guides our decisions on building design and operation. Energy efficiency and resource conservation inform our construction guidelines and operating standards, covering areas such as efficient lighting, heating and cooling equipment, and data center design. Our infrastructure management suppliers audit 20–30 HP sites each year against the U.S.-based ASHRAE energy standard for buildings. Since 2011, they have also reviewed operational practices at HP sites for additional improvement opportunities.

## Progress in 2013

HP operations consumed 4,026 million kWh of energy in 2013, 2.3% less than the 4,121 million kWh in 2012 and a 7.1% drop from 4,335 million kWh in 2010. The decrease from our 2010 baseline is the result of a 4.5% reduction in electricity consumption combined with a 27.9% decrease in natural gas and diesel use during that period.

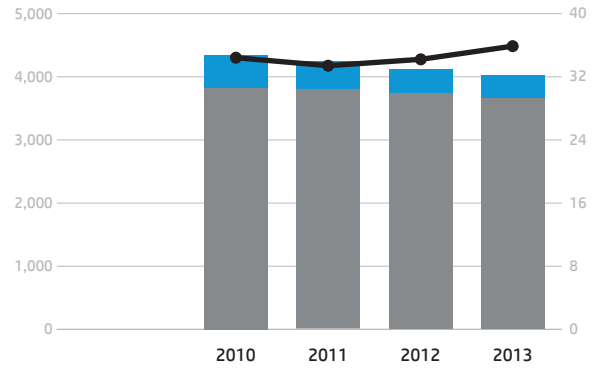
Our energy intensity equaled 35,900 kWh per \$ million of net revenue, a 5.0% increase from 2012 and a 4.4% increase compared with our 2010 baseline.

In 2013, our corporate headquarters in Palo Alto, California, United States, as well as our lab at Fort Collins, Colorado, United States, achieved certification from ENERGY STAR®, a U.S. government-backed program that helps businesses and individuals protect the environment through superior energy efficiency.

Energy-efficiency initiatives in 2013 included:

- Introducing more efficient chillers at seven sites
- Installing lighting improvements in offices and parking lots, plus the use of occupancy-sensing lighting controls at several sites
- Deploying specialized controls to minimize the number of power modules in an uninterruptible power supply (UPS) system needed to support data center demand
- Launching a project at HP's Mississauga, Canada, data center to improve performance of air conditioning units during mild weather conditions through special electronic controls

**Energy use from operations, 2010–2013** [million kWh]



	2010	2011	2012	2013
<b>Stationary combustion (natural gas and diesel)</b>	509	448	377	367
<b>Electricity*</b>	3,825	3,795	3,738	3,654
<b>District cooling**</b>	1	9	6	5
<b>Total</b>	<b>4,335</b>	<b>4,252</b>	<b>4,121</b>	<b>4,026</b>
<b>Energy intensity</b> [thousand kWh/\$ million of net revenue]***	<b>34.4</b>	<b>33.4</b>	<b>34.2</b>	<b>35.9</b>

\* Includes purchased electricity and energy consumed during on-site electricity generation.

\*\* The use of district cooling at the Malaysia Cyberjaya site was identified in 2013 and tracked retroactively to 2010.

\*\*\* Historical energy intensity values were calculated using HP's annual revenue as characterized in financial reporting and direct and indirect energy use.

## Making data centers more efficient

Reconciling growing demand for data with sustainable growth is a challenge. We operate client-serving (or "trade") data centers worldwide, in addition to six internal data centers in three U.S. cities. Growing customer demand makes consolidating, building, retrofitting, and operating highly energy-efficient data centers all the more important.

In 2013, HP completed the construction and commissioning of two energy-efficient data centers in Sydney, Australia, and Toronto, Canada. They were designed and built to achieve a highly efficient power usage effectiveness (PUE) rating of 1.2 or better.<sup>6</sup> Both data centers take maximum advantage of local climatic conditions, using natural air-cooling most of the year. Built without raised floors, they use full air containment to prevent the inefficient mixing of hot and cold air and overhead power and network cabling trays.

View examples of innovative, energy-efficient features in our data centers in [Toronto, Canada](#), and [Sydney, Australia](#).

During 2013, HP's data center in Austin, Texas, United States, installed two [HP Pod 240a](#) units (known as "EcoPODs") to reduce energy consumption while

<sup>6</sup> PUE is the ratio of the total energy used by a data center compared to the amount used for computing. The lowest theoretical rate is 1.0.

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increasing data capacity. Designed and sold by HP, each unit offers the equivalent of more than 800 sq m of traditional data center information technology (IT) in an 84-square-meter package<sup>7</sup> and uses 95% less energy compared with traditional data centers.<sup>8</sup> We plan to commission more EcoPODs at our data center in Atlanta, Georgia, United States, in 2014.

We continued to consolidate facilities during 2013 by closing down older, less-efficient sites and moving client activity into our newer, energy-efficient locations, with no adverse impact to customers. As a result, HP-operated data center space and computer lab floor space has been reduced by more than 14,000 square meters, while maintaining our ability to support customers worldwide.

In addition, we completed energy efficiency initiatives at data centers over the year that are estimated to save 23 million kWh annually. This will reduce associated GHG emissions by about 8,600 tonnes of CO<sub>2</sub>e a year, equivalent to removing nearly 1,800 passenger vehicles from the road.

“Three years ago we began to consolidate our data centers and transform them into best-in-class facilities to house our premier infrastructures and services. We have achieved outstanding results, with zero adverse incidents and no negative impacts on our clients. With 72 sites closed so far, we continue to consolidate high-cost, end-of-life, nonstrategic, and redundant data centers into fewer, highly efficient, strategic locations.”

—Ed Pomerleau, Vice President, HP Global Data Center, Toronto, Canada

In 2013, HP Enterprise Services’ Global Data Center Facilities organization was named a *Computerworld* Honors Program Laureate in the sustainability category. Our Streetsville Data Center in Mississauga, Ontario, Canada, was runner-up in the DataCenterDynamics North American awards, which recognize innovation and leadership in the data center industry.

HP supports international efforts to improve the environmental performance of data centers. For example, we lent our expertise to the development of the [European Code of Conduct for Data Centres accreditation program](#), a voluntary initiative managed by the European Commission. Participants report energy-saving technologies implemented at data centers and the resulting savings. At the end of 2013, six HP data centers in Europe, the Middle East, and Africa (EMEA) had been accredited under this program. During 2014, we plan to expand accreditation across our EMEA data centers.

# Sustainable building design

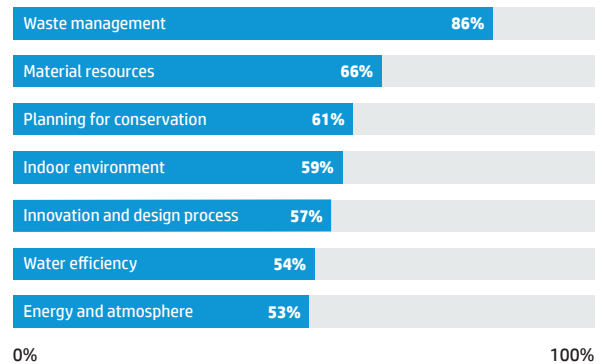
By using our buildings more efficiently and improving design of new and existing facilities, we reduce energy use and decrease environmental impact in other areas, such as materials use, waste generation, and water consumption. This approach conserves natural resources and money while extending the life of our buildings.

## Progress in 2013

For several years we have used a sustainable building design checklist to help project managers incorporate such features into office improvements. It covers cost-effective, sustainable design elements related to energy and materials use, waste management, and water efficiency. A scorecard completed at the end of each project notes the building’s performance in each area and helps identify areas for further enhancement. The sustainability survey was applicable to fewer projects in 2013 than in the prior year. Though our real estate and project plans vary each year, we strive to apply our design guidelines wherever possible.

### Sustainable building design progress summary

[Percentage of seven projects tracked in 2013 addressing each scorecard element]



We will replace this checklist in 2014 with design guidelines that more closely align with sustainable building standards such as LEED.

Innovation is critical to HP and its Global Real Estate (GRE) organization. An important area of focus is a collaborative effort between GRE and HP Labs to make our buildings smarter by taking advantage of the large quantities of data they generate on energy and water consumption and other equipment performance. We are in the early stages of learning how to make this data actionable and expect insights from this project to help reduce the consumption of natural resources, recover capacity, and increase occupant comfort. We ran pilots at four U.S. sites during 2013 and plan to expand this work to other locations in 2014.

<sup>7</sup> Values based on 1.3 MW of IT load at 5 kW per rack, where one rack equals 3 sq m; there are an estimated 260 racks in a traditional data center.

<sup>8</sup> New POD technology from HP offers 95% greater energy efficiency compared with a traditional brick-and-mortar data center, based on internal HP testing.

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Eight HP building projects worldwide were LEED certified by the end of 2013, up from five in 2012. The three projects that achieved LEED status in 2013 were in Gurgaon, India (Gold certification); Sunnyvale, California, United States (Gold certification)<sup>9</sup>; and Palo Alto, California, United States (Platinum certification). We plan to complete six more LEED projects in 2014.

# Renewable energy

Using renewable energy sources, such as solar power, at HP facilities reduces greenhouse gas (GHG) emissions while providing a hedge against rising fossil fuel prices. We hope to raise self-generated capacity to 10 MW by 2017—a fivefold increase from 2012 levels.

## Progress in 2013

In 2013, our installed capacity for on-site renewable energy rose to nearly 2.4 MW, up 17.7% from 2012. The additional capacity is from new solar installations in Kiryat Gat, Israel, and Guadalajara, Mexico.

In 2014, our installed capacity will more than double to nearly 6 MW, putting us on track to reach 10 MW by 2017. Projects due to come online in 2014 include:

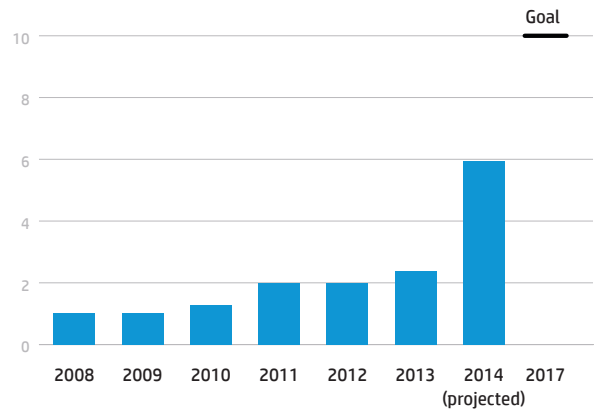
- India: four PV solar panel installations that will increase capacity by 1.6 MW and avoid an estimated 2,300 tonnes of CO<sub>2</sub>e emissions a year
- Israel: a fourth phase to the existing installation that adds 0.17 MW and will avoid an estimated 260 tonnes of CO<sub>2</sub>e emissions yearly

- Mexico: a second solar panel project in Guadalajara, 0.78 MW in capacity, that will avoid an estimated 930 tonnes of CO<sub>2</sub>e emissions yearly
- United States: a 1 MW solar installation at our Palo Alto, California, site that will avoid an estimated 360 tonnes of CO<sub>2</sub>e emissions annually

While all our renewable energy projects so far have been solar, we are also planning the installation of a fuel cell at one of our California sites to diversify our self-generation capacity.

HP also purchased 498 million kWh of renewable energy from outside providers in 2013, mostly through energy contracts in Ireland, the UK, and other European countries, plus renewable energy credits in the United States. Our reporting excludes renewable energy provided by default in the power grid.

**HP renewable energy self-generation capacity, 2008–2014 [MW]**



**Case study**

## Advocating for renewables

Renewable energy enables sustainable growth within the limits of our planet’s resources. In addition to our own clean energy commitment, HP engages with others to promote the global scale-up of renewable energy generation.

In September 2013, HP sponsored and took part in a Renewable Energy Buyers Day workshop in Washington, D.C., organized by WWF and the Rocky Mountain Institute. We shared ideas and experiences with other large businesses and explored how we might collaborate to increase the availability of renewable energy.



1 MW photovoltaic solar installation at HP headquarters, Palo Alto, California

<sup>9</sup> The LEED Gold certification in Sunnyvale, California, was erroneously reported in the HP 2012 Global Citizenship Report. Certification was actually awarded in October 2013.

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# Travel

Approximately one-third of HP employees travel for work. To decrease the associated environmental impact, we promote use of more efficient forms of transportation, such as rail, compact cars, and electric vehicles, as well as virtual communication tools, such as videoconferencing, that reduce the need for travel. We also encourage employees to choose commuting options that reduce their GHG emissions.

## Progress in 2013

In 2013, employee business travel (excluding commuting) generated 372,200 tonnes of CO<sub>2</sub>e emissions, a 7.7% decrease from 2012. Emissions per employee decreased by 3.3% during the year and have dropped by 15.2% since 2010. Air travel represents the majority of emissions from employee business travel (69.9%).

In 2013, we improved our travel portal with a link to the U.S. Environmental Protection Agency’s emissions calculator, which helps users measure the carbon footprint of possible trips. We also created an eco-travel portal providing employees with tips on sharing rental cars, selecting more efficient aircraft, and using the train, as well as travel alternatives, such as videoconferencing. We require vehicle rental companies to provide SmartWay Certified vehicles (as designated by the U.S. Environmental Protection Agency) and to include hybrid and fuel-efficient cars when available.

### Reducing GHG emissions in our auto fleet

In 2012, we reduced CO<sub>2</sub> emissions from our European auto fleet to 128 g CO<sub>2</sub>/km, from an average of 141 g CO<sub>2</sub>/km in 2011, exceeding the European Union’s 2015 target of 130 g CO<sub>2</sub>/km for all new cars. In 2013, we improved that figure further, to 122 g CO<sub>2</sub>/km. In the United States, we continue to support the Clinton Global Fleet for Change initiative. This commits us to reduce GHG emissions from our U.S. auto fleet by 10% per vehicle by 2015, from 2010 levels. We are on track to achieve this goal, primarily through introducing more fuel-efficient vehicles to our fleet.

### Commuting

In October 2013, we launched guidelines for implementing electric vehicle charging stations at HP sites globally. We plan to increase the number of charging stations in 2014, helping more employees to reduce the impact of their commute. This complements the variety of programs already in place in some locations such as free bus passes, ride-share programs, and preferred parking for car-pools. We also have offerings for bicycle commuters such as bike racks, showers, lockers, emergency repair kits, and tune up events.

## GHG emissions from employee business travel, 2010–2013 [tonnes CO<sub>2</sub>e]

	2010	2011	2012	2013
Total emissions	448,800	462,800	403,100	372,200
Transportation fleet (Scope 1 emissions)	144,800	142,800	133,100	112,200
Commercial air travel (Scope 3 emissions)	304,000	320,000	270,000	260,000
Emissions per employee*	1.38	1.32	1.21	1.17

\* Based on employee numbers as reported in past HP Global Citizenship Reports.

# Waste and recycling

Although our facilities do not generate large amounts of waste, we work to reduce related environmental impacts through a policy of “reduce, reuse, and recycle.”

We minimize the amount of nonhazardous solid waste—such as paper, pallets, and packaging—that we send to landfill. For waste managed as hazardous<sup>10</sup>—mainly liquid from our ink and inkjet manufacturing facilities and batteries from data centers—we prioritize waste management options with lower environmental impacts and only use disposal as a last resort.

We reuse electronic equipment when appropriate. Otherwise, we recycle it responsibly through the same programs we offer our customers. See [Product return and recycling on page 108](#) for detail.

## Recycling programs

Our global recycling programs drive our efforts to reduce waste sent to landfills. HP employees recycle paper, plastics, and batteries at convenient recycling points within many of our buildings. We also recycle glass, plastic, and aluminum containers disposed of in our dining rooms and conference facilities.

In addition to initiatives implemented at the corporate level, local sites and regions set up and run their own recycling activities, including materials such as wood and oils. In 2013, our Guadalajara, Mexico, and San Jose, Costa Rica, facilities launched a joint campaign to encourage employees to increase recycling rates by installing stations where people can more easily separate waste products for recycling. At the Costa Rica site, these measures increased the proportion of waste diverted from landfill from 19.9% in 2012 to 58.1% in 2013.

<sup>10</sup> Hazardous waste classification varies by country. For ease of calculation, HP data include some waste not considered hazardous in the country where it is generated.



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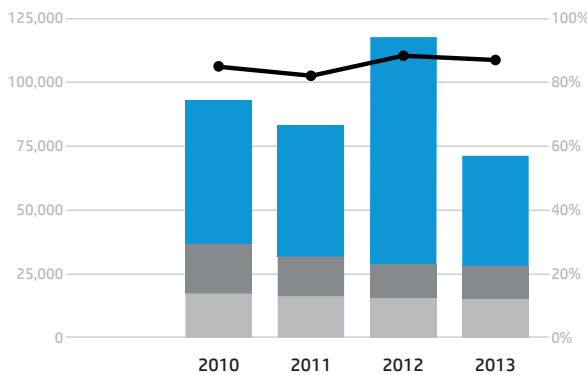
**Progress in 2013**

In 2013, HP generated approximately 78,600 tonnes of total waste compared with 125,700 tonnes in 2012, a reduction of 37.5%. The vast majority (89.9%) was nonhazardous solid waste (see breakdown below). Waste volume in 2012 was unusually high as a result of two major building demolition projects in the Americas region.

We reused, recycled, or incinerated around 61,500 tonnes of nonhazardous waste in 2013, achieving a landfill-diversion rate of 86.9%. This was a decrease from 88.2% in 2012 when two major building demolition projects helped raise the diversion rate. In all, 59 HP sites around the world diverted 100% of their waste from landfills during 2013.

Almost 30% of the nonhazardous waste we generated in 2013 was paper. We continue to use paper more efficiently to lessen HP's environmental impact and save money. See Paper on page 103.

**Nonhazardous waste, 2010–2013\* [tonnes]**

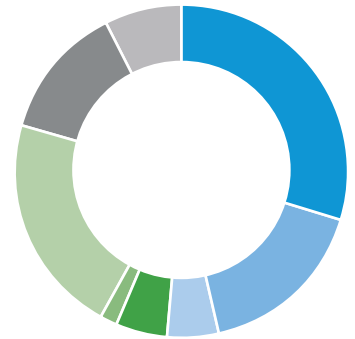


	2010	2011	2012	2013
<b>Americas</b>	55,800	51,300	88,900	43,000
<b>Europe, Middle East, and Africa</b>	19,400	15,900	13,500	12,700
<b>Asia Pacific and Japan</b>	17,300	15,800	15,200	15,000
<b>Total</b>	<b>92,500</b>	<b>82,900</b>	<b>117,600</b>	<b>70,700</b>
<b>Landfill diversion rate</b>	<b>84.8%</b>	<b>82.1%</b>	<b>88.2%</b>	<b>86.9%</b>

\* Some segments do not add up to total due to rounding.

**Nonhazardous waste composition, 2013\***

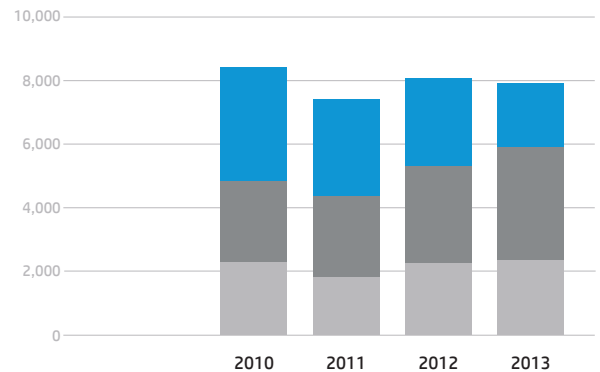
[percentage of total]



Category	Percentage
<b>Reused or recycled</b>	<b>79.5%</b>
■ Paper	29.8%
■ Pallets	16.7%
■ Electronic equipment	5.0%
■ Packaging materials	4.9%
■ Metals	1.7%
■ Other	21.4%
■ Landfill	13.1%
■ Incineration	7.3%

\* Segments do not add up to 100% due to rounding.

**Hazardous waste, 2010–2013\* [tonnes]**



	2010	2011	2012	2013
<b>Americas</b>	3,600	3,030	2,760	2,020
<b>Europe, Middle East, and Africa</b>	2,570	2,560	3,040	3,560
<b>Asia Pacific and Japan</b>	2,270	1,810	2,270	2,340
<b>Total</b>	<b>8,430</b>	<b>7,400</b>	<b>8,060</b>	<b>7,920</b>

\* Some segments do not add up to total due to rounding.

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HP facilities globally implement waste-reduction initiatives that help improve our performance in this area. Examples in 2013 included:

- India: our Bangalore site reuses paper for business cards and notepads.
- Singapore: a new project uses an ink-manufacturing process waste to run a boiler at our ink-manufacturing facility. As a result we recycled 146 tonnes of hazardous waste generated at the site this year, 31 tonnes of which was reused in a boiler eliminating the need for diesel. In addition, our recycling vendor uses the remaining recycled waste to fuel its incinerators, reducing its use of diesel fuel as well.
- United States: since 2012, our Corvallis, Oregon, and San Diego, California, sites reuse packaging, reducing nonhazardous waste each year by nearly 4 tonnes compared to not reusing those materials on-site.

# Water

HP’s operations are not water intensive, but we recognize that water availability is a growing concern globally. We are committed to reducing our water footprint, especially at operations in water-stressed regions. We take part in the CDP water program to improve our understanding of water issues and enhance our disclosure. This year, we expanded our reporting to include a breakdown of water consumption by source (see [page 123](#)).

In 2013, we modeled HP’s water footprint across our value chain for 2012. This showed that only 5% of total water use was related to our operations, both direct consumption as well as water associated with electricity generation. 18% related to our suppliers (in the same categories as operations) and 77% was associated with the generation of electricity for product use and paper manufacturing. For more detail, see [Energy, climate, and water on page 77](#).

We have implemented water-conservation projects in support of our 2015 goal to reduce freshwater use at water-stressed sites by 3% from 2011 levels. We met this goal two years early and finished 2013 with an 8.8% reduction compared to 2011. In 2014, we will develop a new water goal that continues to focus on water-stressed facilities but will also target improvement at non-water-stressed sites.

## Progress in 2013

In 2013, HP consumed 7.7 million cubic meters of water worldwide, predominantly for use in buildings, cooling, and landscape irrigation. This represents a 10.0% decrease from 2012, due to the completion of a number of water conservation projects and a drop in ink cartridge production at one site. Consumption at our priority sites in water-stressed locations decreased by 11.7% in 2013, compared to the prior year.

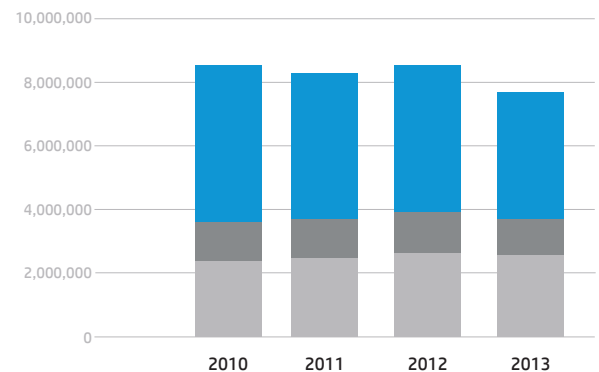
Water-reduction initiatives during the year included:

- India: a rainwater-harvesting project in Bangalore will reduce water consumption by 27,900 cubic meters annually. The use of treated industrial wastewater for the site’s landscape irrigation and toilets is anticipated to save more than an estimated 98,000 cubic meters of water each year.
- Ireland: various measures at our site in Dublin—including the replacement of restroom taps, improvements in our high-purity water-generation plant, and production equipment modifications—will save more than 100,000 cubic meters of water a year based on 2012 site consumption.
- Israel: we are testing an innovative leak-detection system that identified several leaks from running toilets and irrigation. The resulting water savings are estimated to pay for the project within two years.
- Singapore: a new rainwater-harvesting program and use of reclaimed water in cooling towers will together save 12,950 cubic meters of water annually.

Globally, in 2013, we recycled and/or reclaimed more than 350,000 cubic meters of water. Water recycling and reclamation initiatives included:

- India: using treated industrial wastewater for landscaping and flushing of toilets.
- Singapore: reclaiming reject water from high-purity water operations and reusing it in a cooling tower.
- United States: reclaiming reject water from high-purity water operations at our Corvallis plant in Oregon, recycling it back into the process or reusing it in acid exhaust scrubbers.

**Water consumption, 2010–2013\*** [cubic meters]



<b>Americas</b>	4,977,000	4,609,000	4,641,000	3,985,000
<b>Europe, Middle East, and Africa</b>	1,205,000	1,245,000	1,291,000	1,156,000
<b>Asia Pacific and Japan</b>	2,360,000	2,436,000	2,608,000	2,543,000
<b>Total</b>	<b>8,542,000</b>	<b>8,290,000</b>	<b>8,540,000</b>	<b>7,684,000</b>

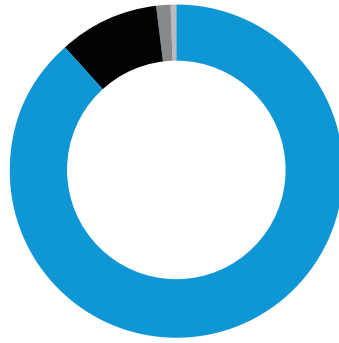
\* Some segments do not add up to total due to rounding.

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**Water consumption, by source, 2013** [cubic meters]



■ <b>Municipal water</b>	6,804,000	88.5%
■ <b>Wastewater from another organization (NeWater*)</b>	735,000	9.6%
■ <b>Tanker water**</b>	124,000	1.6%
■ <b>Well water</b>	21,000	0.3%
<b>Total</b>	<b>7,684,000</b>	<b>100%</b>

\* NeWater is ultra purified wastewater used in manufacturing operations in Singapore.

\*\* Well water that is delivered to the site by tanker truck.

**Wastewater**

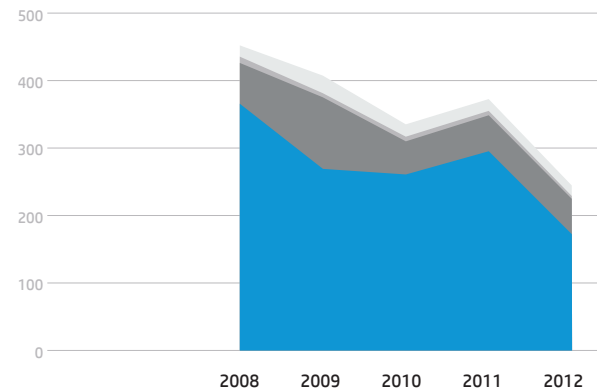
Wastewater is not a significant environmental aspect of HP operations. While our six imaging and printing product-manufacturing facilities generate some process wastewater, those effluents are pretreated, strictly monitored, and discharged under government-issued permits to municipal wastewater plants where they undergo further treatment. We also implement procedures to prevent unauthorized discharges of chemicals to our facility wastewater systems and ensure we do not discharge wastewater directly from these HP operations to surface water or to groundwater.

# Chemical management and releases

Five HP operations worldwide—those involved in the manufacture of imaging and printing products—use chemicals listed on the U.S. Environmental Protection Agency Toxics Release Inventory (TRI). While only the two HP operations within U.S. jurisdiction are required to report annually under the TRI regulation, we include the collective data for all five sites in this report.

In 2012, worldwide releases<sup>11</sup> of such chemicals fell by 34.5%, mainly driven by significant reductions at our inkjet-manufacturing facility in Singapore. Since 2004, worldwide releases have fallen by 69.2%. We expect the figures to continue to decline as we eliminate, scale down, and improve the HP processes that use these chemicals.

**TRI releases, 2008–2012\*** [tonnes]



■ <b>Air</b>	16.7	26.1	18.3	17.5	15.6
■ <b>Wastewater</b>	9.3	6.1	6.9	6.5	4.2
■ <b>Off-site treatment</b>	60.5	106.1	49.1	53.3	52.5
■ <b>Off-site recycling</b>	365.8	269.0	260.5	294.7	171.4
<b>Total</b>	<b>452.2</b>	<b>407.3</b>	<b>334.8</b>	<b>372.0</b>	<b>243.7</b>

\* TRI reports are due to the U.S. EPA July 1 each year, so the most recently completed reporting year is 2012.

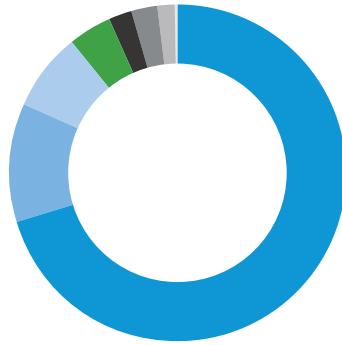
<sup>11</sup> Releases are defined as emissions plus shipments to recycling or treatment facilities.

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**TRI releases by substance, 2012\*** [tonnes]



■ N-methyl pyrrolidone (off-site recycling)	171.3	70.3%
■ Glycol ethers (off-site treatment)	27.8	11.4%
■ Xylene (off-site treatment)	18.7	7.7%
■ Xylene (air emissions)	10.2	4.2%
■ Nitric acid (off-site treatment)	6.0	2.5%
■ Glycol ethers (air emissions)	5.4	2.2%
■ Nitrates (wastewater)	4.2	1.7%
■ Lead (off-site recycle)	0.1	0.0%
<b>Total</b>	<b>243.7</b>	<b>100%</b>

\* TRI reports are due to the U.S. EPA July 1 each year, so the most recently completed reporting year is 2012.

We apply the risk-prevention and management procedures of our EHS management system to help prevent unplanned releases at our facilities. In 2013, the only significant unplanned release was of diesel fuel at a U.S.

facility caused by a mechanical malfunction of a backup power generator. HP worked quickly to ensure that the fuel was recovered before it could leave HP property, and the incident has been closed by the state regulatory authority overseeing the response.

## Ozone-depleting substances

HP facilities use ozone-depleting substances (ODSs) in cooling and air-conditioning systems. Although these systems are sealed, leaks during operation and maintenance can result in emissions. We continue to replace chlorofluorocarbons (CFCs) in our existing systems with hydrofluorocarbons (HFCs). HFCs are greenhouse gases, but do not deplete the ozone layer. We are also replacing HFC-based cooling systems with HFC-free equivalents when they reach the end of their operational lives. These HFC-free equivalents are not ozone-depleting and have no or very low global warming potential. HP completely eliminated the use of Class 1 ODSs in all manufacturing operations in 1993.

We calculate ODS emissions by tracking those sites that report replacing refrigerants due to leakage. In 2013, estimated global ODS emissions from HP facilities fell to 290 kg of CFC-11 equivalent, compared with 474 kg in 2012 and 9,168 kg in 2010.<sup>12</sup>

See performance data, including regional breakdowns, in [Data on page 83](#).

<sup>12</sup> In 2012, we began to calculate ODS emissions by tracking sites that have reported replacing refrigerants due to leakage. We apply an intensity factor based on those actual quantities for nonreporting sites. Previously, we estimated the level of leakage across the entire real estate portfolio based on the inventory of refrigerants in equipment and in storage.

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# Goals

## Energy and GHG emissions

2013 goal	Progress
Reduce the GHG emissions from HP-owned and HP-leased facilities by 20% relative to 2005 levels by the end of 2013 on an absolute basis.	We achieved this goal in 2011, two years early. We have also deployed Hara software as our new system of record and improved GHG-emissions tracking and estimating methodologies. We recalculated historical data back to 2010 and are using it as our new baseline year.
2015 goal	Progress
Reduce GHG emissions from HP's U.S. auto fleet by 10% on a per unit basis, compared to 2010.	We are on track to achieve this goal, primarily through introducing more fuel-efficient vehicles into our U.S. auto fleet.
2020 goal	Progress
Reduce total GHG emissions from our operations (Scope 1 and Scope 2) by 20%, compared to 2010.	In 2013, our operations produced 1,795,000 tonnes of CO <sub>2</sub> e emissions, an 11.5% reduction from our 2010 baseline.

## Water

2015 goal	Progress
Reduce freshwater use at sites identified as water-stressed by 3%, compared to 2011 consumption at those locations.	We achieved this goal two years early. Water consumption at these locations decreased 8.8% in 2013, compared with 2011.

# Data<sup>1</sup>

(also see [Carbon footprint data table](#) in Environmental sustainability)

	2010	2011	2012	2013
<b>Energy use</b> [million kWh]	4,335	4,252	4,121	4,026
<b>Energy intensity</b> <sup>2</sup> [thousand kWh/\$ million of net revenue]	34.4	33.4	34.2	35.9
<b>Direct energy use in operations (corresponds to Scope 1 emissions)</b>	512	450	379	370
Electricity (generated on site) [million kWh]	38	24	25	22
Natural gas [million kWh]	474	426	355	348
Americas	283	249	202	195
Europe, Middle East, and Africa	183	169	143	143
Asia Pacific and Japan	8	8	9	10
Renewable (generated on site) [million kWh]	2	3	3	3
Diesel/gas/oil <sup>3</sup>	36	22	22	19
<b>Indirect energy use (corresponds to Scope 2 emissions)</b>	3,824	3,802	3,742	3,656
Electricity (purchased) [million kWh]	3,823	3,793	3,735	3,651
Americas	2,224	2,187	2,115	2,055
Europe, Middle East, and Africa	1,006	952	947	943
Asia Pacific and Japan	592	654	673	653
Voluntary purchases of renewable energy <sup>4</sup> [million kWh]	309	467	494	498
District cooling (purchased) <sup>5</sup> [million kWh]	1	9	6	5
Americas	0	0	0	0
Europe, Middle East, and Africa	0	0	0	0

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	2010	2011	2012	2013
Asia Pacific and Japan	1	9	6	5
<b>Nonhazardous waste</b> [tonnes]	<b>92,500</b>	<b>82,900</b>	<b>117,600</b>	<b>70,700</b>
Americas	55,800	51,300	88,900	43,000
Europe, Middle East, and Africa	19,400	15,900	13,500	12,700
Asia Pacific and Japan	17,300	15,800	15,200	15,000
<b>Nonhazardous waste landfill diversion rate</b> [% of total produced]				
Global	84.8%	82.1%	88.2%	86.9%
Americas	81.8%	80.4%	88.9%	85.4%
Europe, Middle East, and Africa	89.3%	87.4%	89.1%	93.0%
Asia Pacific and Japan	89.6%	82.0%	83.3%	86.4%
<b>Hazardous waste</b> [tonnes]	<b>8,430</b>	<b>7,400</b>	<b>8,060</b>	<b>7,920</b>
Americas	3,600	3,030	2,760	2,020
Europe, Middle East, and Africa	2,570	2,560	3,040	3,560
Asia Pacific and Japan	2,270	1,810	2,270	2,340
<b>Water consumption</b> [cubic meters]	<b>8,542,000</b>	<b>8,290,000</b>	<b>8,540,000</b>	<b>7,684,000</b>
Americas	4,977,000	4,609,000	4,641,000	3,985,000
Europe, Middle East, and Africa	1,205,000	1,245,000	1,291,000	1,156,000
Asia Pacific and Japan	2,360,000	2,436,000	2,608,000	2,543,000
<b>Water consumption, by source</b> <sup>6</sup> [cubic meters]	<b>8,542,000</b>	<b>8,290,000</b>	<b>8,540,000</b>	<b>7,684,000</b>
Well water	-	-	-	21,000
Wastewater from another organization <sup>7</sup> (NeWater)	6,000	707,000	800,000	735,000
Tanker water <sup>8</sup>	-	-	-	124,000
Municipal water	8,535,000	7,583,000	7,740,000	6,804,000
<b>Reused treated sewage treatment plant water</b> <sup>9</sup> [cubic meters]	<b>0</b>	<b>0</b>	<b>0</b>	<b>98,000</b>
<b>Toxics Release Inventory releases</b> <sup>10</sup> [tonnes]	<b>334.8</b>	<b>372.0</b>	<b>243.7</b>	
Off-site recycling	260.5	294.7	171.4	
Off-site treatment	49.1	53.3	52.5	
Wastewater	6.9	6.5	4.2	
Air	18.3	17.5	15.6	
<b>Ozone depletion potential of estimated emissions</b> <sup>11</sup> [kg of CFC-11 equivalent]	<b>9,168</b>	<b>6,678</b>	<b>474</b>	<b>300</b>
Americas	6,493	5,894	320	147
Europe, Middle East, and Africa	59	82	45	46
Asia Pacific and Japan	2,616	702	110	107

<sup>1</sup> Some segments do not add up to total due to rounding.

<sup>2</sup> Historical energy intensity values were calculated using HP's annual revenue as characterized in financial reporting and direct and indirect energy use.

<sup>3</sup> Diesel is mostly used at HP for testing generators. In limited cases, diesel is also used for long-term on-site energy generation.

<sup>4</sup> Renewable energy and renewable energy credits, excluding renewable energy provided by default in the power grid.

<sup>5</sup> The use of district cooling at the Malaysia Cyberjaya site was identified in 2013 and tracked retroactively to 2010.

<sup>6</sup> Prior to 2013, well water and tanker water were included in the Municipal water category.

<sup>7</sup> NeWater is ultrapurified wastewater used in manufacturing operations in Singapore.

<sup>8</sup> Well water that is delivered to the site by tanker truck.

<sup>9</sup> This water is used for landscaping and toilets.

<sup>10</sup> Toxics Release Inventory reports are due to the U.S. Environmental Protection Agency July 1 each year, so the most recently completed reporting year is 2012.

<sup>11</sup> In 2012, we began to calculate ODS emissions by tracking sites that have reported replacing refrigerants due to leakage. We apply an intensity factor based on those actual quantities for nonreporting sites. Previously, we estimated the level of leakage across the entire real estate portfolio based on the inventory of refrigerants in equipment and in storage.

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# Supply chain environmental impact

Reducing the environmental impact of HP's supply chain operations is a key objective of our Supply Chain Responsibility (SCR) program.

Our supply chain accounts for 34% of HP's carbon footprint. (See our carbon footprint on page 77 in Energy, climate, and water). To address this portion of our footprint, we set our industry's first supply chain GHG emissions reduction goal: to achieve a 20% decrease in first-tier manufacturing and product transportation-related GHG emissions intensity<sup>1</sup> by 2020, compared with 2010. Because we ship more than one million products between manufacturing sites, distribution centers, and customer destinations worldwide on a typical day, improving product transport plays a pivotal role in this reduction.

We aim to reduce our supply chain's environmental impact beyond GHG emissions. With this in mind, we are progressively expanding the scope of environmental reporting we ask of our suppliers. In 2012, we introduced water use to supplier reporting and, in 2013, added waste generation.

As with the social focus areas of our SCR program, we support our environmental objectives with capability-building initiatives and audits. For more on SCR at HP, read the [Supply chain responsibility section](#).

## Supply chain GHG emissions

As our supply chain produces 34% of HP's GHG emissions, in 2013, we introduced our industry's first supply chain GHG intensity goal (see left). We have already achieved a 7% reduction in GHG emissions intensity since 2010 (see graph on next page). We worked with Climate Savers, a World Wildlife Fund (WWF) program that promotes aggressive private sector action to decrease GHG emissions, to set an industry leading goal. To learn more about how we account for our GHG emissions, see the [HP carbon accounting manual](#).

Our strategy for achieving this goal includes:

- Incentivizing suppliers to set and achieve GHG emissions-reduction goals through our new [SER scorecard](#)
- Expanding our existing supplier energy efficiency programs
- Continuing to deploy efficiency initiatives for transportation suppliers
- Providing suppliers with support tools and guidance on GHG emissions reduction

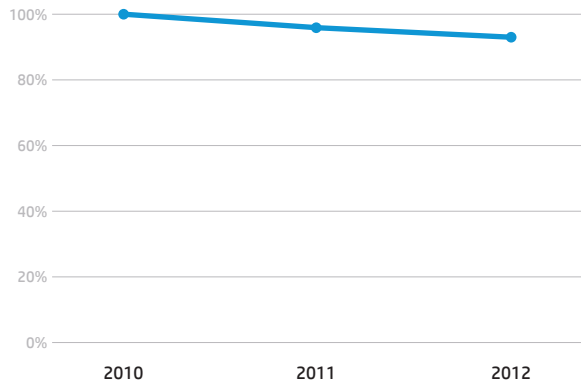
<sup>1</sup> HP calculates intensity as its suppliers' GHG emissions divided by HP's annual revenue. This method normalizes performance based on business productivity.

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**Reduction in first-tier production supplier and product transportation-related GHG emissions intensity**  
 [tonnes CO<sub>2</sub>e/\$ million of HP net revenue, 2010 = 100%]



**Production and nonproduction supplier GHG emissions**

Production suppliers provide materials and components for HP’s product manufacturing globally. They also assemble the HP products our customers use.

In 2008, HP became the first major information technology (IT) company to measure and publish aggregated manufacturing supply chain GHG emissions (for the year 2007). This enabled us to better understand our supply chain GHG impacts and how they relate to HP’s overall carbon footprint. The data also helped our suppliers recognize the potential for environmental and cost savings in their businesses. Our supply chain emissions data covered 95% of our suppliers (by spend) in 2012—the most recent year that data is available—compared with 81% in 2007.

In 2012, HP’s first-tier production suppliers generated 3 million tonnes of CO<sub>2</sub>e (see table). We are confident that, in collaboration with us, they can further improve energy efficiency, reduce their emissions, and contribute to meeting our 2020 goal. Measurement and reporting are the first steps towards encouraging our suppliers to establish GHG emissions-reduction programs with tangible targets. In 2012, 89% of our production suppliers (by spend) had GHG emissions reduction targets in place, up from 67% in 2008.

Though not a part of our supply chain GHG emissions intensity-reduction goal, HP is also working to reduce GHG emissions with nonproduction suppliers. Nonproduction suppliers are those that do not provide materials, components or transport for HP’s products, such as travel vendors, telecommunication firms, and staffing companies. We began reporting on emissions from nonproduction suppliers in the HP 2012 Global Citizenship Report, using data collected from their CDP (formerly known as the Carbon Disclosure Project) submissions. In 2013, we asked more of our nonproduction suppliers to report their GHG emissions. By the end of 2013, 65% of our first-tier nonproduction suppliers reported their GHG emissions—through CDP or some other mechanism—compared with 51% reporting emissions via CDP submissions in the prior fiscal year. Additionally, though more nonproduction suppliers are monitoring GHGs, the reported amount of GHG emissions attributed to their work for HP decreased in 2012 (see graph below).

We will continue to train and support these suppliers to improve GHG emissions disclosure and plan to publish data covering more of our nonproduction supply chain in 2014.

**Case study**

**Progress towards a 20% supply chain GHG emissions reduction**

Many of HP’s suppliers are contributing to our GHG emissions reduction goal. First-tier suppliers Seagate Technology, a leading data storage company, and Western Digital (WD), a major storage solutions provider, share our commitment to environmental progress.

Seagate is reducing the amount of energy used in manufacturing processes. In 2012, Seagate used 11% less energy to produce hard drives compared to their 2008 baseline. Seagate is also working on its operational footprint through facility retrofits and equipment upgrades. Their facility in Penang, Malaysia, is saving more than

265,000 kWh annually, and a site in Singapore has reduced energy use by almost 967,000 kWh per year. To continue to support this effort, Seagate has committed that all new facilities will meet energy-efficient building criteria.

As part of their participation in HP’s capability-building programs, Western Digital has explored a variety of ways to increase their energy efficiency at sites in Malaysia and Thailand. At their Malaysian facilities, WD has invested in more efficient heating, ventilation, and air conditioning equipment as well as energy-efficient lighting. These upgrades are saving about 190,000 kWh annually.

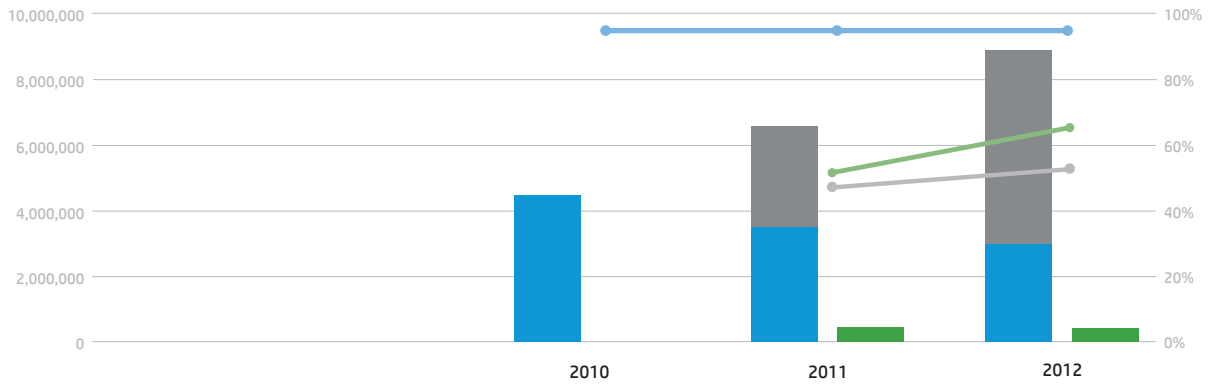


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**Supplier GHG emissions performance\* [tonnes CO<sub>2</sub>e]**



**Production suppliers**

■ Scope 1 and Scope 2 emissions**	4,500,000	3,500,000	3,000,000
— Coverage [% of spend]	95%	95%	95%
■ Scope 3 emissions*** [tonnes CO <sub>2</sub> e]		3,100,000	6,500,000
— Coverage [% of spend]		48%	53%

**Nonproduction suppliers**

■ Scope 1 and Scope 2 emissions** [tonnes CO <sub>2</sub> e]		480,000	450,000
— Coverage [% of spend]		51%	65%

\* Emissions are estimated based on suppliers' emissions and their dollar volume of HP business compared with their total revenue. The majority of these companies report on a calendar year basis. The year 2012 is the most recent for which data are available.  
 \*\* The World Resources Institute defines Scope 1, 2, and 3 GHG emissions in its Greenhouse Gas Protocol; see [www.ghgprotocol.org/calculation-tools/faq](http://www.ghgprotocol.org/calculation-tools/faq).  
 \*\*\* Suppliers may not report all Scope 3 categories. Their Scope 3 emissions will fluctuate as reporting becomes more accurate and categories are added. For this reason, in 2012 we saw a large increase.

# Transportation GHG emissions

Continuing to reduce the carbon footprint of our product transportation is key to achieving our new supply chain GHG emissions reduction goal.

On a typical day, we ship more than one million products between manufacturing sites, distribution centers, and customer destinations. We use the following strategies to reduce fuel use and product transport-related environmental impact:

- Increasing the efficiency of our supply chain network and consolidating our shipments
- Increasing use of modes of transport that reduce environmental impacts (such as ocean or rail)

- Influencing our logistics services providers (LSPs) to decrease emissions
- Redesigning product packaging to optimize product transportation

GHG emissions from transporting HP products totaled an estimated 1.6 million tonnes of CO<sub>2</sub>e in 2013, 6% less than in 2012.<sup>2</sup>

## More efficient supply chain network

We decrease the distance our products travel by shipping them directly to customers or to the distribution centers closest to them. We also consolidate shipments to maximize the capacity utilization of the trucks that carry our products.

<sup>2</sup> This figure for transport GHG emissions is based on data reported by LSPs that HP contracts to deliver our products. It differs from the larger product life cycle assessment-based estimate presented in [Energy, climate, and water on page 77](#), which includes additional upstream and downstream transport related to our products, as well as retail and storage.

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In 2013, HP expanded these efforts by launching CenterPool. Through this U.S. initiative, HP merges smaller- and low-density truck shipments into five regional locations. Shipments are then further consolidated into full truckload shipments and transported to our reseller locations. The CenterPool program reduced emissions by an estimated 12,000 tonnes of CO<sub>2</sub>e and saved more than \$2 million in 2013.

## Less environmentally impactful modes of transport

We typically ship HP products by ocean or air from the manufacturing location to regional distribution centers, and then by truck or rail to their final destinations. Since air is by far the most GHG-intensive mode of transportation, shifting to other modes reduces carbon impacts substantially (see chart on next page).<sup>3</sup>

In 2013, select shipments of notebook PCs traveled by ocean instead of air from China to Europe, Latin America, and the United States, as well as within Asia, preventing approximately 25,000 tonnes of CO<sub>2</sub>e emissions. In November 2013, HP opened a new logistics hub in Piraeus, Greece, to support shipments in Eastern Europe while maintaining the Rotterdam, Netherlands, hub for Western Europe and Nordic countries. The Piraeus hub will reduce shipping time to several growing markets by as much as 10 days, while reducing costs and GHG emissions. During the year, we also increased the use of our new rail route from China to Europe (see Living Example below).


HP is also reducing emissions from product transportation by using alternative fuels. In 2014, we will begin to convert some of our truck shipments to compressed natural gas (CNG) vehicles in Europe and the United States. Natural gas is lower carbon, cleaner-burning, and less expensive than diesel fuel.

### Living Example

## Go West

For the past several years, HP has been working to build more resiliency into our supply chain in China. We recognized that consolidating our manufacturing facilities in a single geographic area exposed us to greater risk, particularly in terms of labor shortages. The rapid growth of manufacturing in eastern China had resulted in a significant number of migrant workers traveling great distances for work.

So we worked with the Chinese government to create a new manufacturing center in Chongqing, nearer the workers' homes.

 This strategy, which we call Go West, helps lessen stress, keeping people closer to their families, culture, dialect, and cuisine.

## Efficient logistics service providers

HP selects logistics service providers (LSPs) that maintain high standards in social and environmental responsibility (SER), in line with our Supplier SER Agreement and HP's EICC Code of Conduct. These LSPs continually look to increase energy and fuel efficiency through improved routes and upgraded engine technologies. To measure progress, we require LSPs to track GHG emissions associated with the transport of HP products. In 2013, we began to explicitly consider environmental performance when selecting LSPs, along with cost, turnaround time, and other factors.

Additionally, we work with a number of groups focused on decreasing the environmental impact of commercial freight, such as Green Freight Asia (see case study on the next page), Green Freight Europe, International Air Transport Association, Clean Cargo Working Group, and U.S. Environmental Protection Agency (EPA) SmartWay. Through these partnerships and related internal efforts, HP is driving reduced logistics environmental impacts by helping to develop new standards and calculation methodologies for environmentally responsible product transportation.

In the United States, we ship 100% of HP products using SmartWay road transportation carriers designated by the U.S. EPA. SmartWay trucks consume about 18% less fuel than conventional class 8 freight trucks.

## Enhancing logistics through innovative packaging

We recognize the interconnection between product transport and packaging, and the potential that an integrated approach has to decrease our environmental impact. For example, reducing packaging size and weight helps optimize shipping densities and decrease associated GHG emissions. For more information, see Packaging.



It created new jobs in Chongqing, which helped open the door for other businesses and commerce to enter the region. The new facility helped us improve our operating margin, as well, driving value back to our shareholders.



Go West helps drive environmental progress. To create easier access between central China and Europe, we helped establish a new freight train network from Chongqing to Germany, along the Trans-Eurasian Railway, which enables us to ship our products at a fraction of the carbon impact of air freight.

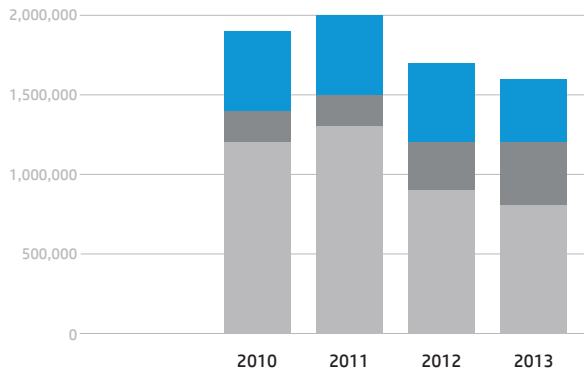
<sup>3</sup> According to the World Resources Institute GHG Protocol. Calculation methodology based on GHG Protocol distance-based method.

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**Estimated GHG emissions from product transport, 2010–2013\*** [tonnes CO<sub>2</sub>e]



<b>Road (includes rail)</b>	500,000	400,000	500,000	400,000
<b>Ocean</b>	200,000	200,000	300,000	400,000
<b>Air</b>	1,200,000	1,300,000	900,000	800,000

	Road (includes rail)				Ocean				Air			
	2010	2011	2012	2013	2010	2011	2012	2013	2010	2011	2012	2013
<b>GHG emissions</b> [% of total from transport]	25%	20%	30%	30%	10%	10%	20%	20%	65%	70%	50%	50%
<b>Shipment mix by weight-distance</b> [approximate, kg-km]**	20%	20%	15%	15%	70%	70%	80%	80%	10%	10%	5%	5%

\* This data for transport GHG emissions is based on data reported by LSPs that HP contracts to deliver our products. It does not include data from all recent HP acquisitions. It differs from the larger product life cycle assessment-based estimate presented in *Energy, climate, and water* on page 77, which includes additional upstream and downstream transport related to our products, as well as retail and storage. All figures rounded; improvements in efficiency of the mode of transportation may not be fully reflected.

\*\* Improvements in capturing air emissions data increased reported air transport emissions compared to prior years.

**Case study**

**Green Freight Asia**

Launched in 2013 by HP and four other companies, Green Freight Asia (GFA) works to lower product transport-related fuel consumption and associated GHG emissions across Asia.

Through GFA, which is open to shippers, LSPs, and industry associations, HP will build awareness of the benefits of reduced-impact transport and exchange best practices. Our involvement with GFA (including as a member of the board of directors) will allow HP to bring our experiences

with the EPA's SmartWay program across the Pacific. Ultimately, we aim to help GFA create a certification process for members that meet certain criteria as found in other regions in our supply chain.



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# Water protection

Our recent research indicates that our supply chain accounts for about 18% of HP’s water footprint. (See [our water footprint on page 80](#)). Water resources are under increasing pressure in many regions. HP encourages suppliers to practice responsible water consumption and discharge. We provide tools to help them improve their water management practices.

We started reporting on water withdrawal by our first-tier production suppliers in 2012 (for the year 2011). This year, more first-tier production suppliers submitted data, and we have seen a slight increase in companies reporting water withdrawal goals. HP continues to encourage more suppliers to track and share their water impacts. We also work with suppliers to improve the accuracy of their water data reporting. In 2012, aggregated water withdrawn by suppliers decreased by about 1 million m<sup>3</sup>, which we believe can be attributed to more accurate reporting on water withdrawal and usage.

### Production supplier water withdrawal\*

	2011	2012
Aggregated water withdrawal for use [cubic meters]	28,000,000	27,000,000
Coverage [% of spend]	38%	62%
Companies with goals around water withdrawal [% of spend captured]	38%	41%

\* This metric reports the amount of water withdrawn by suppliers, not the amount consumed by our multi-tier supply chain as reported in our total water footprint in [Energy, climate, and water on page 77](#). Because water withdrawn can also be returned, this footprint is inherently larger. Refers to first-tier suppliers for manufacturing, materials, and components. Withdrawal is estimated based on suppliers’ reported water withdrawal and their dollar volume of HP business compared with their total revenue. The majority of these companies report on a calendar year basis. The year 2012 is the most recent for which data are available; 2011 is the earliest.

# Water risk management

Water withdrawal and discharge from supplier facilities have the potential to affect local environments and communities.

HP uses the World Business Council for Sustainable Development [Global Water Tool](#) to assess where our production suppliers’ water withdrawal may pose a risk. In 2013, we identified 15 supplier sites as candidates for an on-site water management improvement program and piloted the program at one site. Management at the facility compared their water management efforts to global best practices and began implementing improvements, using the Global Social Compliance Program (GSCP) Environmental Reference Tools. We plan to expand this initiative to additional supplier sites in water-stressed regions in 2014.

Since 2012, HP has collaborated with several high-spend first-tier suppliers with the goal of ensuring that subtier suppliers comply with local environmental laws on water discharge. Using the Institute of Public and Environmental Affairs’ (IPE) China Water Pollution Map, we identified 21 subtier supplier sites with a history of water-related violations. We worked with the relevant suppliers to map out improvement plans at each location. We continue to monitor these facilities closely, provide reports on progress to local stakeholders, and ask our first-tier suppliers to check their nonconforming subtier supplier sites twice a year following up with audits where necessary. Recognizing HP’s work in this area, the IPE rated us as one of the top IT companies with regard to environmental management in 2013.

## Building capabilities

### Providing tools for a smaller footprint

We collaborate with nongovernmental organizations (NGOs) to promote efficiency and sustainability at our suppliers’ sites and share best practices across our industry’s supply chain.

**HP Energy Efficiency Program (EEP)** HP collaborates with several partners to promote energy efficiency. Since 2010, we’ve helped supplier sites in China and Southeast Asia save 66 million kWh of electricity. By 2020, we aim to reduce supplier emissions by a total of 2 million tonnes CO<sub>2</sub>e, in part through the expansion of this program. We work with first-tier suppliers to get sub-tier supplier sites involved. Depending on the event, we worked with NGOs BSR and WWF as well as local government officials and two of our suppliers to implement EEP in China. In Thailand, Chiang Mai University and a supplier helped us conduct the event, while in Malaysia we worked with a supplier on EEP. Since initiating EEP, we have engaged 132

supplier sites in China, 26 in Malaysia, and 12 in Thailand. EEP in Thailand included both first- and second-tier suppliers and helped to produce energy savings of more than 11 million kWh during a 12-month period. After completing EEP, we invite supplier sites to join us in the Global Social Compliance Program (GSCP).

**GSCP** HP is a long-standing GSCP member. We use the program’s Environmental Reference Tools, based on current best environmental practices, to help suppliers improve performance in areas ranging from energy and water use to air emissions and pollution prevention. In 2013, 12 suppliers implemented the GSCP tools.

View a [comprehensive list](#) of HP’s capability-building projects online.

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# Waste

For the first time, in 2013 HP is also reporting data on supply chain waste generation. More than 50% of our first-tier production suppliers by spend responded to our request to report on the amount of nonhazardous and hazardous waste they generated in 2012.

Because hazardous waste is regulated in many areas, many of our suppliers have more experience reporting hazardous waste than nonhazardous waste. Currently, reported hazardous waste is almost equivalent to reported nonhazardous waste. As reporting on waste matures, we expect nonhazardous waste reported to exceed hazardous waste.

HP continues to encourage more suppliers to track and share waste generation data, including nonhazardous waste, and is working with suppliers to improve the accuracy of their reporting.

## Production supplier waste generation\*

	2012
<b>Nonhazardous waste generated</b> [tonnes]	<b>1,455,000</b>
<b>Coverage [% of spend]</b>	<b>54%</b>
<b>Hazardous waste generated</b> [tonnes]	<b>1,445,000</b>
<b>Coverage [% of spend]</b>	<b>64%</b>
<b>Companies with waste-related goals</b> [% of spend]	<b>44%</b>

\* Refers to first-tier suppliers for manufacturing, materials, and components. Waste data are estimated based on suppliers' waste data and their dollar volume of HP business compared with their total revenue. The majority of these companies report on a calendar year basis. The year 2012 is the most recent for which data are available.

# Goals

2013 goals	Progress
Implement environmental improvement programs at high-risk top-tier component manufacturing and final assembly suppliers located in water-stressed regions.	In 2013, HP piloted a program to assist suppliers in water-stressed regions. These suppliers are using the GSCP Environmental Reference Tools to understand water risks, compare their water management efforts to global best practices, and implement changes where necessary. We plan to expand this initiative to additional supplier sites in 2014.
Expand the Energy Efficiency Program to Southeast Asia, including subtier suppliers.	In 2013, we engaged 82 new first and subtier suppliers in China, 26 in Malaysia, and 12 in Thailand making a total of 170 suppliers involved in the program.
Achieve a rate of 65% of first-tier strategic* nonproduction suppliers reporting on GHG emissions.	65% of our first-tier strategic nonproduction suppliers (by spend) reported their GHG emissions, compared to 54% in early 2013.
2014 goals	
Extend the EEP program to Malaysia and Chongqing, China, adding more than 40 new suppliers in support of the HP supply chain GHG emissions reduction goal.	
Increase nonproduction supplier reporting on GHG emissions to 80% in 2014 (by spend) compared with 65% in 2013.	
Increase the number of nonproduction suppliers participating in our GHG emissions reduction training by 10% from our 2013 baseline.	
2016 goal	Progress
Implement network enhancements, mode changes, and route optimization that decrease GHG emissions from product transport by 200,000 tonnes of CO <sub>2</sub> e since the end of 2012.	We have replaced our 2016 goal with our 2020 supply chain GHG emissions reduction goal (see below).
2020 goals	
Decrease first-tier manufacturing and product transportation-related GHG emissions intensity** in our supply chain by 20% compared with 2010.	
Assist our suppliers in preventing 2 million tonnes carbon dioxide equivalent (CO <sub>2</sub> e) of GHG emissions, cumulatively between 2010 and 2020 through specific supplier environmental improvement projects.	

\* HP considers suppliers strategic based on a number of areas relating to business, engagement, and other macroeconomic indicators. This list is updated annually and never includes more than 100 suppliers.

\*\* HP calculates intensity as its suppliers' GHG emissions divided by HP's annual revenue. This method normalizes performance based on business productivity.

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# Data

	2009	2010	2011	2012	2013
<b>Reduction in first-tier manufacturing and product transportation-related GHG emissions intensity<sup>1,2</sup></b> [tonnes CO <sub>2</sub> e/\$ million of HP net revenue, 2010 = 100%]		100%	96%	93%	
<b>Supplier GHG emissions<sup>2</sup></b>					
<b>Production supplier Scope 1 and Scope 2 emissions<sup>3</sup></b> [tonnes CO <sub>2</sub> e]		4,500,000	3,500,000	3,000,000	
<b>Coverage [% of spend]</b>		95%	95%	95%	
<b>Production supplier Scope 3 emissions<sup>4</sup></b> [tonnes CO <sub>2</sub> e]			3,100,000	6,500,000	
<b>Coverage [% of spend]</b>			48%	53%	
<b>Nonproduction supplier Scope 1 and Scope 2 emissions</b> [tonnes CO <sub>2</sub> e]			480,000	450,000	
<b>Coverage [% of spend]</b>			51%	65%	
<b>Estimated GHG emissions from product transport<sup>5</sup></b> [tonnes CO <sub>2</sub> e]		1,900,000	1,900,000	1,700,000	1,600,000
<b>Supplier water withdrawal<sup>6</sup></b>					
<b>Production supplier water withdrawn for use</b> [cubic meters]			28,000,000	27,000,000	
<b>Coverage [% of spend]</b>			38%	62%	
<b>Production suppliers with water withdrawal goals</b> [% of spend]			38%	41%	
<b>Supplier waste generation<sup>7</sup></b>					
<b>Production supplier nonhazardous waste generation</b> [tonnes]				1,455,000	
<b>Coverage [% of spend]</b>				54%	
<b>Production supplier hazardous waste generation</b> [tonnes]				1,445,000	
<b>Coverage [% of spend]</b>				64%	
<b>Production suppliers with waste-related goals</b> [% of spend]				44%	

<sup>1</sup> HP calculates intensity as its suppliers' GHG emissions divided by HP's annual revenue. This method normalizes performance based on business productivity.

<sup>2</sup> Emissions are estimated based on suppliers' emissions and their dollar volume of HP business compared with their total revenue. The majority of these companies report on a calendar year basis. The year 2012 is the most recent for which data are available.

<sup>3</sup> The World Resources Institute defines Scope 1, 2, and 3 GHG emissions in its Greenhouse Gas Protocol; see [www.ghgprotocol.org/calculation-tools/faq](http://www.ghgprotocol.org/calculation-tools/faq).

<sup>4</sup> Suppliers may not report all Scope 3 categories. Their Scope 3 emissions will fluctuate as reporting becomes more accurate and categories are added. For this reason, in 2012 we saw a large increase.

<sup>5</sup> This data for transport GHG emissions is based on data reported by logistics service providers that HP contracts to deliver our products. It does not include data from all recent HP acquisitions. It differs from the larger product life cycle assessment-based estimate presented in [Energy, climate, and water on page 77](#), which includes additional upstream and downstream transport related to our products, as well as retail and storage.

<sup>6</sup> This metric reports the amount of water withdrawn by suppliers, not the amount consumed by our multi-tier supply chain as reported in our total water footprint in [Energy, climate, and water on page 77](#). Because water withdrawn can also be returned, this footprint is inherently larger. Refers to first-tier suppliers for manufacturing, materials, and components. Withdrawal is estimated based on suppliers' reported water withdrawal and their dollar volume of HP business compared with their total revenue. The majority of these companies report on a calendar year basis. The year 2012 is the most recent for which data are available; 2011 is the earliest.

<sup>7</sup> Waste data are estimated based on suppliers' waste data and their dollar volume of HP business compared with their total revenue. The majority of these companies report on a calendar year basis. The year 2012 is the most recent for which data are available.

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# Overview

This report describes HP's global citizenship policies, programs, and performance through the 2013 fiscal year (which ended October 31, 2013). It provides in-depth information to stakeholders including customers, industry analysts, socially responsible investors, nongovernmental organizations, employees, sustainability specialists, and others. We report yearly on our progress, changes to our business, emerging issues, and our responses to stakeholder feedback. To improve our disclosure, we consider external standards such as the Global Reporting Initiative and the United Nations Global Compact, as well as reporting trends and best practices.

Our [Living Progress website](#) provides summary information for readers seeking a higher-level overview of our approach and performance. Previous reports are available at the [reporting](#) page of our Living Progress website.

## Scope, dates, and measures

- The information in this report is current as of the date of its initial publication. This report has not been updated to reflect any changes that may have occurred after such date, including, among other things, any changes to HP's business or strategy. HP assumes no obligation and does not intend to update this report to reflect any such changes.
- The information in this report covers all HP operations but does not cover joint ventures.
- All references to years are to HP's fiscal year, which ends October 31, unless otherwise stated.
- All references to dollars are to U.S. dollars (USD).
- "Tonnes" refers to metric tons. (One metric ton is equivalent to 2,205 pounds.)

## Metrics and goals

The metrics and goals in this report are established by the HP teams responsible for measuring and achieving them, in consultation with internal, and in some cases external, stakeholders, and taking into account leading practices. This ensures that our metrics provide a meaningful and balanced picture of HP's performance, and that our goals are realistic yet challenging.

Collecting data from hundreds of sites worldwide is complex, and the process can vary by issue, business unit, function, and geography. As a result, it can be difficult to define and implement measures for the entire company. We continue to standardize our measurement systems and metrics. Data are rounded as needed to reflect the appropriate level of certainty.

Reporting performance beyond our immediate operations can also be challenging. For example, we must make assumptions when estimating Scope 3 greenhouse gas (GHG) emissions, product energy consumption and the resulting GHG emissions, and the percentage of HP products sold that are recycled.

Wherever possible, we describe the context for performance data so readers can understand any limitations and draw appropriate conclusions.

## Your feedback

Your comments and suggestions are important to us. Please provide your feedback on HP's Living Progress performance, website, or report using our [online form](#).

## Forward-looking statements

This report contains forward-looking statements that involve risks, uncertainties, and assumptions. If such risks or uncertainties materialize or such assumptions prove incorrect, the results of HP and its consolidated subsidiaries could differ materially from those expressed or implied by such forward-looking statements and assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including but not limited to statements of the plans, strategies, and objectives of management for future operations, including but not limited to the expected development, implementation, and achievement of environmental, social, and governance policies, goals, and objectives; any statements concerning expected development, performance, market share or competitive performance relating to products and services and the impact of those products and services on global issues, the environment, and other elements of society; any statements regarding anticipated operational and financial results; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. Risks, uncertainties and assumptions include the need to address the many challenges facing HP's businesses; the competitive pressures faced by HP's businesses; risks associated with executing HP's strategy and plans for future operations; the impact of macroeconomic and geopolitical trends and events; the need to manage third-party suppliers and the distribution of HP's products and services effectively; the protection of HP's intellectual property assets, including intellectual property licensed from third parties; risks associated with HP's international operations; the development and transition of new products and services and the enhancement of existing products and services to meet customer needs and respond to emerging technological trends; the execution and performance of contracts by HP and its suppliers, customers, clients and partners; the hiring and retention of key employees; integration and other risks associated with business combination and investment transactions;



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the execution, timing, and results of restructuring plans, including estimates and assumptions related to the cost and the anticipated benefits of implementing those plans; the resolution of pending investigations, claims, and disputes; and other risks that are described in HP's Annual Report on Form 10-K for the fiscal year ended October 31, 2013, and HP's Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 2014, and that are otherwise described or updated from time to time in HP's Securities and Exchange Commission reports. HP assumes no obligation and does not intend to update these forward-looking statements.

# Assurance

We believe that obtaining assurance helps demonstrate that the information provided in our Living Progress Report describes our performance accurately and completely.

## External verification

In 2013, HP engaged external assurance provider Ernst & Young LLP to perform an independent review of a selected number of key performance indicators in our 2013 Living Progress Report in accordance with [AT 101, Statements on Standards for Attestation Engagements](#), of the American Institute of Certified Public Accountants. HP expanded the scope of assurance from Ernst & Young's 2012 review to include our water footprint. We plan to expand the scope of this independent assurance in future years.

For a full listing of the indicators within scope of EY's review, please see their [Independent Accountants' Report on page 138](#).

In addition, the following data in this report received external assurance during the year:

- **Product reuse and recycling** In 2013, through Environmental Resources Management (ERM), HP audited 15 reuse and 25 recycling vendor facilities in 19 countries, including 18 repeat site audits to confirm vendors' ongoing commitment to responsible recycling and improved performance. Learn more in [Vendor audits on page 111](#).
- **Supply chain responsibility** HP engages third-party audit firms to conduct verification audits of our suppliers. These include suppliers associated with a specific allegation in nongovernmental organization reports. We also use third-party audit findings to validate our internal audit results. Learn more in [Supply chain responsibility on page 33](#).
- **Financial data** HP reports financial data in its [2013 Annual Report on Form 10-K](#). In accordance with the requirements of the US Securities and Exchange Commission, the Form 10-K is subject to audit by an independent registered public accounting firm. Ernst & Young's report, dated December 27, 2013, was included in the most recently reported Form 10-K. Selected data from that report is included herein. Learn more in [HP profile on page 8](#) and [Contributions to the economy on page 69](#).

## Other external reviews

As part of HP's global ISO 14001 and site OHSAS 18001 registrations, we are assessed by independent, accredited auditors, including Bureau Veritas Certification and BSI Management Systems.

## Internal Audit and review

HP Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve the company's operations. Practicing worldwide, Internal Audit assesses risk and evaluates internal control processes regarding the achievement of objectives relating to operations, reporting, and compliance in areas such as ethics, privacy, and environment, health, and safety management, depending on the nature of the business operation and the scope of the audit.

In addition, qualified HP professionals conduct internal audits of the environmental, health, and safety management systems at our operations, and we report the results to senior management.

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# Independent Accountants' Report

To the Board of Directors and Management of Hewlett-Packard Company

We have reviewed selected performance indicators (the "Subject Matter") included in Appendix A and as presented in the Hewlett-Packard Company ("HP") 2013 Living Progress Report (the "Report") for the year ended October 31, 2013. We did not review all information included in the Report. We did not review the narrative sections of the Report, except where they incorporated the subject matter. HP management is responsible for the subject matter included in the table below and as also presented in the Report, and for selection of the criteria against which the subject matter is measured and presented.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform our review to obtain limited assurance about whether any material modifications should be made to the selected performance indicators in order for it to be in conformity with the criteria referenced in the table below. A review consists principally of applying analytical procedures, making inquiries of persons responsible for the Subject Matter, obtaining an understanding of the data management systems and processes used to generate, aggregate and report the Subject Matter and performing such other procedures as we considered necessary in the circumstances. A review is substantially less in scope than an examination, the objective of which is to obtain reasonable assurance about whether the selected performance indicators for the year ended October 31, 2013, are free from material misstatement, in order to express an opinion. Accordingly, we do not express such an opinion. We believe that our review provides a reasonable basis for our conclusion.

The information included within Appendix A and as contained within corporate responsibility reports are subject to measurement uncertainties resulting from limitations inherent in the nature and the methods used for determining such data. The selection of different but acceptable measurement techniques can result in materially different measurements. The precision of different measurement techniques may also vary.

Based on our review, nothing came to our attention that caused us to believe that the subject matter described above is not presented, in all material respects, in conformity with the relevant criteria.

The logo for Ernst & Young LLP is written in a black, cursive script font. The letters are fluid and connected, with a prominent 'E' and 'Y'.

May 20, 2014

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## Appendix A

Indicator name	Unit	Reported value <sup>1</sup>	Reference																									
Scope 1 greenhouse gas (GHG) emissions <sup>2</sup>	Tonnes carbon dioxide equivalent (tonnes CO <sub>2</sub> e)	207,900	pages <a href="#">83</a> , <a href="#">116</a>																									
Scope 2 GHG emissions	tonnes CO <sub>2</sub> e	1,587,100	pages <a href="#">83</a> , <a href="#">116</a>																									
Scope 3 GHG emissions <sup>2</sup> 2012	tonnes CO <sub>2</sub> e	72,070,000	page <a href="#">84</a>																									
Scope 3 GHG emissions 2013	tonnes CO <sub>2</sub> e	60,260,000	page <a href="#">84</a>																									
Scope 1 energy consumption	Million kWh	370	pages <a href="#">117</a> , <a href="#">125</a>																									
Scope 2 energy consumption	Million kWh	3,656	pages <a href="#">117</a> , <a href="#">125</a>																									
Renewable energy consumption	Million kWh	498	pages <a href="#">119</a> , <a href="#">125</a>																									
Water consumption	Cubic meters	7,684,000	pages <a href="#">122</a> , <a href="#">126</a>																									
Recordable incidence rate <sup>3</sup>	Number of recordable incidents / 200,000 work hours	.19	pages <a href="#">62</a> , <a href="#">66</a>																									
Lost workday case rate <sup>3</sup>	Number of lost work day injuries / 200,000 work hours	.08	pages <a href="#">62</a> , <a href="#">65</a>																									
The smelters and refiners on our list were identified by a survey of HP suppliers conducted between November 2012 and December 2013 as a part of HP's conflict minerals compliance program. The suppliers we surveyed contribute material, components, or manufacturing to HP-branded products containing 3TG. Each smelter or refiner reported was identified in at least one of the Conflict Minerals Reporting Templates received from an HP supplier.	N/A - Qualitative assertion	N/A - Qualitative assertion	page <a href="#">45</a>																									
Supply chain social and environmental responsibility (SER) audit program results	Number of SER audits conducted in 2013, by type <sup>4</sup>	Initial Audits: 59 Follow up: 53 Full Re-audits: 26	page <a href="#">40</a>																									
	Distribution of major and priority nonconformances by EICC Category <sup>5</sup>	Health and safety: 30% Labor: 25% Management system: 21% Ethics: 12% Environmental: 12%	page <a href="#">42</a>																									
	Number of supplier audits performed per region <sup>6</sup>		page <a href="#">40</a>																									
	<table border="1"> <thead> <tr> <th>Region</th> <th>Initial audits</th> <th>Follow up audits</th> <th>Full re-audits</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>China</td> <td>33</td> <td>33</td> <td>12</td> <td>78</td> </tr> <tr> <td>APJ</td> <td>15</td> <td>12</td> <td>2</td> <td>29</td> </tr> <tr> <td>EMEA</td> <td>3</td> <td>4</td> <td>4</td> <td>11</td> </tr> <tr> <td>Americas</td> <td>7</td> <td>4</td> <td>7</td> <td>18</td> </tr> </tbody> </table>	Region	Initial audits	Follow up audits	Full re-audits	Total	China	33	33	12	78	APJ	15	12	2	29	EMEA	3	4	4	11	Americas	7	4	7	18		
Region	Initial audits	Follow up audits	Full re-audits	Total																								
China	33	33	12	78																								
APJ	15	12	2	29																								
EMEA	3	4	4	11																								
Americas	7	4	7	18																								
	Number of workers <sup>7</sup> at supplier sites audited	67,000	External link on page <a href="#">41</a>																									
Total cash donations	USD million	\$23.8	page <a href="#">73</a>																									
Water footprint 2012 <sup>8</sup>	Cubic meters	504,650,000	pages <a href="#">80</a> , <a href="#">85</a>																									

<sup>1</sup> All indicators are reported for the year ended 31 October, 2013 except as otherwise indicated.

<sup>2</sup> Carbon Accounting Explanations document available at: <http://h20195.www2.hp.com/V2/GetPDF.aspx/c03742931.pdf>.

<sup>3</sup> Recordable incidents and lost workday case rates are determined at December 1, 2013 for the 2013 fiscal year.

<sup>4</sup> Total initial audits and total full re-audits include one recycling audit each.

<sup>5</sup> Includes initial audits and full re-audits only; EICC stands for Electronic Industry Citizenship Coalition.

<sup>6</sup> Regions include: China, APJ (Asia Pacific and Japan), EMEA (Europe, Middle East, and Africa), and the Americas (North, Central, and South America).

<sup>7</sup> Number of workers as of the date of the site visit per the production and nonproduction supplier initial audit reports, rounded to the nearest thousand.

<sup>8</sup> Water Footprint Accounting Explanations document available at: <http://h20195.www2.hp.com/V2/GetPDF.aspx/c04278007.pdf>.

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# United Nations Global Compact index

HP is a signatory to the United Nations Global Compact, a set of voluntary commitments for companies to improve human rights, labor conditions, the environment, and anti-corruption controls. The table below links to the sections of this report that address the Global Compact's 10 principles.

"To promote higher standards across the areas of human rights, labor, environment, and anti-corruption, we endorse the United Nations Global Compact as a practical framework for the development, implementation, and disclosure of sustainability policies and practices."

— Meg Whitman  
President and Chief Executive Officer, HP

Principle	Information in report
<b>Human rights</b>	
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	<a href="#">Human rights on page 29</a> <a href="#">Supply chain responsibility on page 33</a> <a href="#">Privacy on page 50</a> <a href="#">HP people on page 54</a>
Principle 2: make sure that they are not complicit in human rights abuses.	<a href="#">Human rights on page 29</a> <a href="#">Supply chain responsibility on page 33</a>
<b>Labor standards</b>	
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	<a href="#">Human rights on page 29</a> <a href="#">Supply chain responsibility on page 33</a>
Principle 4: the elimination of all forms of forced and compulsory labor;	<a href="#">Human rights on page 29</a> <a href="#">Supply chain responsibility on page 33</a>
Principle 5: the effective abolition of child labor; and	<a href="#">Human rights on page 29</a> <a href="#">Supply chain responsibility on page 33</a>
Principle 6: the elimination of discrimination with respect to employment and occupation.	<a href="#">Human rights on page 29</a> <a href="#">Supply chain responsibility on page 33</a> <a href="#">Diversity and inclusion on page 57</a>
<b>Environment</b>	
Principle 7: Businesses should support a precautionary approach to environmental challenges;	<a href="#">Materials on page 91</a>
Principle 8: undertake initiatives to promote greater environmental responsibility; and	<a href="#">Environmental Progress on page 74</a> <a href="#">Environmental sustainability on page 76</a> <a href="#">Products and solutions on page 86</a> <a href="#">Product return and recycling on page 108</a> <a href="#">HP operations on page 114</a> <a href="#">Supply chain environmental impact on page 127</a>
Principle 9: encourage the development and diffusion of environmentally friendly technologies.	<a href="#">Environmental Progress on page 74</a> <a href="#">Environmental sustainability on page 76</a> <a href="#">Products and solutions on page 86</a> <a href="#">HP operations on page 114</a> <a href="#">Supply chain environmental impact on page 127</a>
<b>Anti-corruption</b>	
Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.	<a href="#">Anti-corruption on page 22</a> <a href="#">Supply chain responsibility on page 33</a>

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# Global Reporting Initiative index

We considered the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines when preparing this report. HP self-declares this report to the Core In Accordance level.

GRI guideline	Disclosure title	Location	Assurance scope
<b>Strategy and Analysis</b>			
G4-1	Statement from the most senior decision maker of the organization	<a href="#">Letter from CEO Meg Whitman</a>	
<b>Organizational Profile</b>			
G4-3	Name of the organization	<a href="#">HP profile</a>	
G4-4	Primary brands, products, and services	<a href="#">HP profile</a> , <a href="#">HP 2013 10-K</a>	
G4-5	Location of the organization's headquarters	<a href="#">HP profile</a>	
G4-6	Number of countries where organization operates, names of countries where organization has significant operations or that are specifically relevant to this report	<a href="#">Locations of HP geographic headquarters and major product development, manufacturing, data centers, and HP Labs, Principal Subsidiaries of Hewlett-Packard Company, by country, map of HP supplier sites</a>	
G4-7	Nature of ownership and legal form	<a href="#">HP profile</a>	
G4-8	Markets served	<a href="#">HP profile</a> , <a href="#">HP 2013 10-K</a>	
G4-9	Scale of the organization	<a href="#">HP profile</a> , <a href="#">HP operations</a> , <a href="#">HP 2013 10-K</a>	
G4-10	Employee demographics	<a href="#">Diversity and inclusion</a> , A portion of the organization's work is performed by individuals other than employees or supervised workers, including employees and supervised employees of contractors.	
G4-11	Percentage of total employees covered by collective bargaining agreements	HP follows its <a href="#">Global Human Rights Policy</a> and its <a href="#">Standards of Business Conduct</a> . In about 40% of the countries where we have employees operating, some of those employees are represented by works councils or unions, or are covered by a collective bargaining agreement. The percentage of employees covered by collective bargaining agreements is managed at a local level. HP considers this percentage on a consolidated level not relevant.	
G4-12	Description of organization's supply chain	<a href="#">Supply chain responsibility</a> , <a href="#">Supply chain responsibility: Our approach</a>	
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	<a href="#">Supply chain responsibility</a> , <a href="#">Transportation greenhouse gas emissions</a> , <a href="#">HP 2013 10-K</a>	
G4-14	Whether and how the precautionary approach or principle is addressed by the organization	<a href="#">Materials</a>	
G4-15	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	<a href="#">Supply chain responsibility: Our approach</a> , <a href="#">United Nations Global Compact</a>	
G4-16	List of memberships of associations and national or international advocacy organizations in which the organization is involved	<a href="#">Affiliations and memberships</a> , <a href="#">Supply chain responsibility: Our approach</a> , <a href="#">Transportation greenhouse gas emissions</a> , <a href="#">Privacy</a>	
<b>Identified Material Aspects and Boundaries</b>			
G4-17	Entities included in the organization's consolidated financial statements or equivalent documents	<a href="#">HP 2013 10-K</a> Differences in entities covered in different parts of the report are noted in those sections	
G4-18	Process for defining report content and Aspect boundaries	<a href="#">Materiality</a>	
G4-19	Identified material Aspects	<a href="#">Materiality</a>	
G4-20	For each material Aspect, report the Aspect Boundary within the organization	<a href="#">Materiality</a>	
G4-21	For each material Aspect, report the Aspect Boundary outside the organization	<a href="#">Materiality</a>	

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GRI guideline	Disclosure title	Location	Assurance scope
G4-22	Effect of any restatements of information provided in previous reports	Included in relevant sections as appropriate	
G4-23	Significant changes from previous reporting periods in Scope and Aspect Boundaries	The overall content in this report is similar to last year, although the structure has been updated to align with HP Living Progress. Significant additions include <a href="#">HP's water footprint</a> and reporting on several specific Disclosures.	
<b>Stakeholder Engagement</b>			
G4-24	Stakeholder groups engaged by the organization	<a href="#">Stakeholder engagement</a>	
G4-25	Basis for identification and selection of stakeholders with whom to engage	<a href="#">Stakeholder engagement</a> We identify appropriate stakeholders to engage by assessing factors such as their expertise, their willingness to collaborate, their reputation, their location, and their sphere of influence.	
G4-26	Approach to stakeholder engagement	<a href="#">Stakeholder engagement</a>	
G4-27	Key topics and concerns raised through stakeholder engagement, and organization's response	<a href="#">Stakeholder engagement</a> , <a href="#">Supply chain responsibility &gt;</a> <a href="#">Supporting workers' rights</a>	
<b>Report Profile</b>			
G4-28	Reporting period	<a href="#">About this report</a>	
G4-29	Date of most recent previous report	May 2013	
G4-30	Reporting cycle	Annual	
G4-31	Contact point for questions regarding report	<a href="#">About this report</a>	
G4-32	GRI index	<a href="#">GRI index</a> , <a href="#">Independent Accountants' Report</a>	
G4-33	Policy and current practice with regard to seeking external assurance for the report	<a href="#">Assurance</a>	
<b>Governance</b>			
G4-34	Governance structure, including committees of highest governing body	<a href="#">Living Progress governance</a> , <a href="#">Governance</a>	
G4-37	Processes for consultation between stakeholders and board on economic, environmental, and social topics	<a href="#">Living Progress governance</a>	
G4-38	Composition of the highest governance body and its committees	<a href="#">HP board of directors</a> , <a href="#">HP board committee composition</a>	
G4-39	Whether chair of the highest governance body is also an executive officer	<a href="#">Ethics and compliance</a>	
G4-40	Nomination and selection process for the highest governance body and its committees	<a href="#">Corporate Governance Guidelines</a>	
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed	<a href="#">Corporate Governance Guidelines</a>	
G4-45	Highest governance body's role in the identification and management of economic, environmental, and social impacts, risks, and opportunities	<a href="#">Living Progress governance</a>	
G4-47	Frequency of the highest governance body's review of economic, environmental, and social impacts, risks, and opportunities	<a href="#">Living Progress governance</a>	
G4-49	Process for communicating critical concerns to the highest governance body	<a href="#">Contact the board</a>	
G4-51	Remuneration policies for the highest governance body and senior executives and relation to economic, environmental, and social objectives	<a href="#">HP 2013 10-K</a>	

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<b>Ethics and Integrity</b>			
G4-56	Organization's values, principles, standards, and norms of behavior such as codes of conduct and codes of ethics	<a href="#">Policies and standards</a> , <a href="#">Corporate ethics</a> , <a href="#">Human rights</a> , <a href="#">Supply chain responsibility</a>	
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior	<a href="#">Corporate ethics</a>	
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior	<a href="#">Corporate ethics</a>	
<b>Specific Standard Disclosures</b>			
<b>Category: Economic</b>			
<b>Aspect: Economic Performance*</b>			
G4-DMA	Generic Disclosures on Management Approach	<a href="#">Contributions to the economy</a> , <a href="#">HP 2013 10-K</a>	
G4-EC1	Direct economic value generated and distributed	<a href="#">Contributions to the economy</a> , <a href="#">Social investment</a> , <a href="#">HP 2013 10-K</a>	<a href="#">Total cash donations</a>
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	<a href="#">HP's most recent CDP submission</a>	
G4-EC3	Coverage of the organization's defined benefit plan obligations	<a href="#">HP 2013 10-K</a>	
<b>Material Aspect: Indirect Economic Impacts</b>			
G4-DMA	Generic Disclosures on Management Approach	<a href="#">Contributions to the economy</a>	
G4-EC8	Significant indirect economic impacts, including the extent of impacts	<a href="#">Human Progress</a> , <a href="#">Economic Progress</a> , <a href="#">Environmental Progress</a> , <a href="#">Products and solutions</a>	
<b>Aspect: Procurement Practices*</b>			
G4-DMA	Generic Disclosures on Management Approach	<a href="#">Supplier diversity</a>	
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	<a href="#">Supplier diversity</a>	
<b>Category: Environmental</b>			
<b>Material Aspect: Materials</b>			
G4-DMA	Generic Disclosures on Management Approach	<a href="#">Design for the Environment</a> , <a href="#">Materials</a>	
G4-EN1	Materials used by weight or volume	<a href="#">Materials</a>	
G4-EN2	Percentage of materials used that are recycled input materials	<a href="#">Materials</a> , <a href="#">Printing</a>	
<b>Material Aspect: Energy</b>			
G4-DMA	Generic Disclosures on Management Approach	<a href="#">Design for the Environment</a> , <a href="#">Products and solutions &gt; Energy efficiency</a> , <a href="#">Management and compliance</a> , <a href="#">Energy and GHG emissions</a> , <a href="#">HP operations &gt; Energy efficiency</a>	
G4-EN3	Energy consumption within the organization	<a href="#">HP operations &gt; Energy efficiency</a> , <a href="#">Renewable energy</a> , <a href="#">Data dashboard</a>	<a href="#">Scope 1 energy consumption</a> <a href="#">Scope 2 energy consumption</a> <a href="#">Renewable energy consumption</a>
G4-EN5	Energy intensity	<a href="#">HP operations &gt; Energy efficiency</a>	
G4-EN6	Reduction of energy consumption	<a href="#">HP operations &gt; Energy efficiency</a>	
G4-EN7	Reductions in energy requirements of products and services	<a href="#">Products and solutions</a>	
<b>Material Aspect: Water</b>			
G4-DMA	Generic Disclosures on Management Approach	<a href="#">Energy, climate, and water</a> , <a href="#">Management and compliance</a> , <a href="#">Water</a>	
G4-EN8	Total water withdrawal by source	<a href="#">Water</a>	<a href="#">Water consumption</a>
G4-EN10	Percentage and total volume of water recycled and reused	<a href="#">Water</a>	

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GRI guideline	Disclosure title	Location	Assurance scope
<b>Aspect: Biodiversity*</b>			
G4-DMA	Generic Disclosures on Management Approach	<a href="#">Living Example: HP Earth Insights</a>	
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	<a href="#">Living Example: HP Earth Insights</a>	
<b>Material Aspect: Emissions</b>			
G4-DMA	Generic Disclosures on Management Approach	<a href="#">Energy, climate, and water</a> , <a href="#">Management and compliance</a> , <a href="#">Energy and GHG emissions</a>	
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	<a href="#">Energy and GHG emissions</a> , <a href="#">Data dashboard</a> , <a href="#">HP carbon accounting manual</a>	<a href="#">Scope 1 GHG emissions</a>
G4-EN16	Energy indirect GHG emissions (Scope 2)	<a href="#">Energy and GHG emissions</a> , <a href="#">Data dashboard</a> , <a href="#">HP carbon accounting manual</a>	<a href="#">Scope 2 GHG emissions</a>
G4-EN17	Other indirect GHG emissions (Scope 3)	<a href="#">Energy, climate, and water</a> , <a href="#">Data dashboard</a>	<a href="#">Scope 3 GHG emissions</a>
G4-EN18	GHG emissions intensity	<a href="#">Energy and GHG emissions</a> , <a href="#">Data dashboard</a>	
G4-EN19	Reduction of GHG emissions	<a href="#">HP operations &gt; Energy efficiency</a>	
G4-EN20	Emissions of ozone-depleting substances (ODS)	<a href="#">Ozone-depleting substances</a>	
G4-EN21	NOx, SOx, and other significant air emissions	<a href="#">Chemical management and releases</a>	
<b>Material Aspect: Effluents and Waste</b>			
G4-DMA	Generic Disclosures on Management Approach	<a href="#">Management and compliance</a> , <a href="#">Waste and recycling</a>	
G4-EN23	Total weight of waste by type and disposal method	<a href="#">Waste and recycling</a>	
G4-EN24	Total number and volume of significant spills	<a href="#">Chemical management and releases</a>	
<b>Material Aspect: Products and Services</b>			
G4-DMA	Generic Disclosures on Management Approach	<a href="#">Design for the Environment</a>	
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	<a href="#">Energy, climate, and water</a> , <a href="#">Materials</a> , <a href="#">Products and solutions</a>	
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	<a href="#">Product return and recycling</a>	
<b>Material Aspect: Transport</b>			
G4-DMA	Generic Disclosures on Management Approach	<a href="#">Travel</a> , <a href="#">Transportation GHG emissions</a>	
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	<a href="#">Travel</a> , <a href="#">Transportation GHG emissions</a>	
<b>Material Aspect: Supplier Environmental Assessment</b>			
G4-DMA	Generic Disclosures on Management Approach	<a href="#">Supply chain responsibility: Our approach</a>	
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	<a href="#">Supply chain responsibility: Our approach</a>	<a href="#">Number of SER audits conducted in 2013, by type</a>  <a href="#">Distribution of major and priority nonconformances, by EICC category</a>  <a href="#">Number of supplier audits performed per region</a>



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GRI guideline	Disclosure title	Location	Assurance scope
<b>Category: Social</b>			
<b>Subcategory: Labor Practices and Decent Work</b>			
<b>Aspect: Employment*</b>			
G4-DMA	Generic Disclosures on Management Approach	<u>Rewards and recognition</u>	
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	<u>Rewards and recognition</u>	
<b>Aspect: Occupational Health and Safety*</b>			
G4-DMA	Generic Disclosures on Management Approach	<u>Health and safety</u>	
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	<u>Health and safety</u>	<u>Recordable incidence rate</u> <u>Lost workday case rate</u>
<b>Material Aspect: Training and Education</b>			
G4-DMA	Generic Disclosures on Management Approach	<u>Building careers</u>	
G4-LA9	Average hours of training per year per employee by gender, and by employee category	<u>Building careers</u>	
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	<u>Building careers</u>	
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	<u>Building careers</u>	
<b>Material Aspect: Diversity and Equal Opportunity</b>			
G4-DMA	Generic Disclosures on Management Approach	<u>Diversity and inclusion</u>	
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	<u>Diversity and inclusion, HP board of directors</u>	
<b>Material Aspect: Supplier Assessment for Labor Practices</b>			
G4-DMA	Generic Disclosures on Management Approach	<u>Supply chain responsibility: Our approach</u>	
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	<u>Supply chain responsibility: Our approach</u>	<u>Number of SER audits conducted in 2013, by type</u> <u>Distribution of major and priority nonconformances, by EICC category</u> <u>Number of supplier audits performed per region</u>
<b>Subcategory: Human Rights</b>			
<b>Material Aspect: Nondiscrimination</b>			
G4-DMA	Generic Disclosures on Management Approach	<u>Supply chain responsibility: Our approach</u>	
G4-HR3	Total number of incidents of discrimination and corrective actions taken	<u>Supply chain responsibility &gt; Global findings, Audit findings, Supply chain responsibility &gt; Health and safety, HP discloses the rates of nonconformance in supplier sites audited, but not the absolute numbers. Presenting this information in this manner provides additional context for the reader.</u>	<u>Distribution of major and priority nonconformances, by EICC category</u>

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GRI guideline	Disclosure title	Location	Assurance scope
<b>Material Aspect: Freedom of Association and Collective Bargaining</b>			
G4-DMA	Generic Disclosures on Management Approach	<a href="#">Supply chain responsibility: Our approach</a>	
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	<a href="#">Supply chain responsibility &gt; Global findings</a> , <a href="#">Audit findings</a>	<a href="#">Distribution of major and priority nonconformances, by EICC category</a>
<b>Material Aspect: Child Labor</b>			
G4-DMA	Generic Disclosures on Management Approach	<a href="#">Supply chain responsibility: Our approach</a>	
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	<a href="#">Supply chain responsibility &gt; Global findings</a> , <a href="#">Audit findings</a>	<a href="#">Distribution of major and priority nonconformances, by EICC category</a>
<b>Material Aspect: Forced or Compulsory Labor</b>			
G4-DMA	Generic Disclosures on Management Approach	<a href="#">Supply chain responsibility: Our approach</a>	
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	<a href="#">Supply chain responsibility &gt; Global findings</a> , <a href="#">Audit findings</a>	<a href="#">Distribution of major and priority nonconformances, by EICC category</a>
<b>Material Aspect: Supplier Human Rights Assessment</b>			
G4-DMA	Generic Disclosures on Management Approach	<a href="#">Supply chain responsibility: Our approach</a>	
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	<a href="#">Supply chain responsibility: Our approach</a>	<a href="#">Number of SER audits conducted in 2013, by type</a> <a href="#">Distribution of major and priority nonconformances, by EICC category</a> <a href="#">Number of supplier audits performed per region</a>
<b>Subcategory: Society</b>			
<b>Material Aspect: Anti-corruption</b>			
G4-DMA	Generic Disclosures on Management Approach	<a href="#">Corporate ethics</a>	
G4-S04	Communication and training on anti-corruption policies and procedures	<a href="#">Corporate ethics</a> , <a href="#">Anti-corruption</a>	
<b>Material Aspect: Public Policy</b>			
G4-DMA	Generic Disclosures on Management Approach	<a href="#">Public policy</a>	
G4-S06	Total value of political contributions by country and recipient/beneficiary	<a href="#">Public policy</a> , <a href="#">HP political engagement</a>	
<b>Material Aspect: Anti-competitive Behavior</b>			
G4-DMA	Generic Disclosures on Management Approach	<a href="#">HP 2013 10-K (Note 17: Litigation and Contingencies; this information is as of the end of fiscal year 2013)</a>	
G4-S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	<a href="#">HP 2013 10-K (Note 17: Litigation and Contingencies; this information is as of the end of fiscal year 2013)</a>	
<b>Material Aspect: Compliance</b>			
G4-DMA	Generic Disclosures on Management Approach	<a href="#">HP 2013 10-K (Note 17: Litigation and Contingencies; this information is as of the end of fiscal year 2013)</a>	
G4-S08	Monetary value of significant fines and total number of nonmonetary sanctions for noncompliance with laws and regulations	<a href="#">HP 2013 10-K (Note 17: Litigation and Contingencies; this information is as of the end of fiscal year 2013)</a>	

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<b>Material Aspect: Supplier Assessment for Impacts on Society</b>			
G4-DMA	Generic Disclosures on Management Approach	<a href="#">Supply chain responsibility: Our approach</a>	
G4-S09	Percentage of new suppliers that were screened using criteria for impacts on society	<a href="#">Supply chain responsibility: Our approach</a>	<a href="#">Number of SER audits conducted in 2013, by type</a>  <a href="#">Distribution of major and priority nonconformances, by EICC category</a>  <a href="#">Number of supplier audits performed per region</a>
<b>Subcategory: Product Responsibility</b>			
<b>Material Aspect: Marketing Communications</b>			
G4-DMA	Generic Disclosures on Management Approach	<p>HP is committed to responsible marketing and providing consumers and businesses accurate, relevant information. Our Standards of Business Conduct and corporate guidelines set expectations regarding the company's advertising practices. These resources require that advertisements and marketing collateral be fair, factual, and complete. Advertising claims must be formally substantiated with current factual data before publishing. HP sells its products in compliance with laws in the jurisdictions in which it does business.</p> <p>Training is available for employees in relevant parts of our business as well as for agencies that act on HP's behalf. This covers aspects of responsible marketing such as proper claims, substantiation, necessary advertising disclosures, and endorsement of HP products by third parties.</p>	
G4-PR7	Total number of incidents of noncompliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	<p>HP does not consider this metric to be highly applicable to the information technology industry, given the lack of strict regulations and voluntary industry codes in this area that are applicable to some other industries. Further, the information is not currently available. HP does not believe that this information will be feasible to collect in the future.</p>	
<b>Material Aspect: Customer Privacy</b>			
G4-DMA	Generic Disclosures on Management Approach	<a href="#">Privacy</a>	
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	<a href="#">Privacy</a>	

\* Although this GRI G4 Aspect was not determined to be material in HP's materiality assessment, we recognize that it is relevant to some stakeholders and we provide information about HP's programs and performance in this area.

