Hewlett Packard Enterprise

Living Progress Positions, Policies, and Programs

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Meg Whitman President and Chief Executive Officer Welcome to Hewlett Packard Enterprise's Living Progress Positions, Policies, and Programs, an essential component of our new reporting platform—designed to ensure that our sustainability efforts are more impactful, interactive, and accessible to our many stakeholders.

The mission of Living Progress is to help solve the world's toughest challenges. It's the way we integrate sustainability into our business strategy, building on a commitment we first articulated in our company objectives in 1957, and have reaffirmed every year since. From the beginning, our founders, Bill Hewlett and Dave Packard, believed their company should create great products and help make the world a better place. That commitment lives on at Hewlett Packard Enterprise.

Our newest initiative, the Living Progress Challenge, boldly aspires to improve the lives of 1 million people by 2020 by using technology to accelerate opportunity. The global community has responded enthusiastically to the Challenge, and I can't wait to see the most innovative ideas transformed into real-world solutions.

We are living in a time when technology blurs the lines between the physical, digital, and biological. This dramatically accelerates the pace of business, creating both pressures and opportunities as we speed into the future. But no matter how powerful our technology, it is our people, customers, and partners who drive our success and determine our future. Their work is reflected in this annual summary of accomplishments.

I hope you enjoy this report and continue to follow our progress as we work to unite people, ideas, and technology to solve the world's most challenging issues.

Regards,

Meg Whynan

Meg Whitman

Introduction

With the industry's most comprehensive technology and service portfolio, Hewlett Packard Enterprise (HPE) enables customers to go further, faster, while accelerating solutions that help improve lives, drive economies, and use resources efficiently.

We're delighted to present the first Living Progress report since Hewlett Packard Enterprise was formed, following the separation of the iconic Hewlett-Packard Company into two new entities.

With our new company comes a new way of reporting. While we have retained our awardwinning Living Progress framework, we have redesigned the format of the report itself to make it more easily accessible to our many stakeholders. Instead of one single report, this year we are producing three distinct documents.



HPE Living Progress Positions, Policies, and Programs: A forward-looking document that sets out HPE's approach to the issues of most significance to our business and the ethical and environmental challenges we face. To identify the topics covered, we used a robust materiality assessment process.



HPE Living Progress 2015 Data Summary:

A summary of Hewlett-Packard Company's Living Progress performance data in 2015. This document captures the key metrics of the historical business before the separation in November 2015 and continues Hewlett-Packard Company's tradition of external reporting. Next year, we will report on HPE data only.





Living Progress 2015 GRI Index:

A summary of our performance against material aspects of the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines.

Download the report here. \square

Living Progress: our framework explained

At Hewlett Packard Enterprise, we work hard to ensure that sustainability is top of mind. The Living Progress framework is used by HPE to refer broadly to everything we do as a company. It is our vision for integrating **environmental, human, and economic** sustainability seamlessly into our corporate strategy, delivered through three themes which connect the triple bottom line directly

 Accelerating Efficiency—sustainably meeting the data needs of the future

to our business.

- Accelerating Fairness—advancing human progress through the way we work
- Accelerating Opportunity—empowering people to drive economic progress

To us, Living Progress means uniting people, ideas, and technology to help solve the world's toughest challenges.

Accelerating Efficiency

Sustainably meeting the data needs of the future

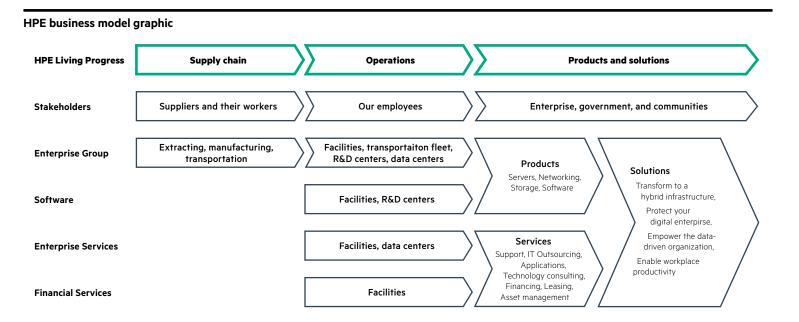
Accelerating Fairness

Advancing human progress through the way we work

ECONOMIC

Accelerating Opportunity

Empowering people to drive economic progress



Environmental: Accelerating Efficiency

We're building the information architecture of tomorrow. With fast-growing populations and an expanding middle class in emerging economies, data generation is accelerating growth which requires more and more energy and resources.

To solve this challenge, we're Accelerating Efficiency to deliver increasingly environmentally sustainable IT. Our products and services create radical improvements in data processing and storage. We're reducing waste, increasing processing power per watt, conserving water, limiting the use of hazardous substances, and actively managing products at all stages of their lifecycle.

Highlights include our game-changing server architecture <u>Moonshot</u>, which uses 65% less power, 90% less space, and 98% less cabling than a traditional system.

Our revolutionary research project, <u>The</u> <u>Machine</u>, is a multi-year, multi-faceted program which aims to reinvent computer architecture, enabling a quantum leap in performance and efficiency while lowering costs and improving stability.

Read more here.

Human: Accelerating Fairness

People are the heart of every business. Across the entire value chain, from our global suppliers and employees to customers, partners, and the communities served by HPE, we're working to enrich lives and advance human progress around the world.

Accelerating Fairness is our approach to social responsibility. It's about applying ethical principles everywhere—from the ways in which we support workers in our supply chain to the conduct of our employees at all levels, and even to how our products and services are used.

Our supply chain programs include those that both protect and elevate workers, such as our investments in financial inclusion and combating human trafficking. We were the first IT company to require our suppliers to hold direct employment contracts with <u>foreign</u> <u>migrant workers</u>, alongside prohibiting <u>worker-paid recruitment fees</u>.

We're also working to enhance data security, protect privacy, and ensure that individuals and communities feel free to express their views without fear.

And by creating a diverse and inclusive environment for our employees and suppliers, we increase our ability to understand and respond to customer needs, while enriching our capacity for innovation. We invest in developing and supporting a strong pipeline of female talent through initiatives such as our sponsorship of the <u>National Center for</u> <u>Women and Information Technology (NCWIT)</u> Aspirations in Computing program.

Economic: Accelerating Opportunity

Technology turns ideas into solutions that transform entire industries. The tools enabling this disruption, like cloud computing, mobile technology, and big data analytics, are also sparking social change at an unprecedented pace and scale.

Accelerating Opportunity means opening up economic progress to all, acting swiftly to close the gap for those excluded from technology. It's about increasing access to information and markets, along with financial and social services, education, and employment.

Solving complex problems demands diverse perspectives. One way we do this is through the <u>Living Progress Challenge</u>, an exciting new initiative with a big goal: to improve the lives of 1 million people by 2020. Through a global, crowd-sourced call to action, participants will help pick the strongest ideas to become real-world solutions, enabled by the technology and expertise of HPE.

Read more here.

Read more <u>here</u>.

Reporting on our material issues

We have structured this Positions, Policies, and Programs document around a list of the 20 issues most critical to our business and sustainable development. We focus on the areas where we can deliver the most positive outcomes for people and the environment.

Our materiality assessment conforms to best practice guidelines from reporting organizations such as the <u>Global Reporting</u> <u>Initiative</u> (GRI) and the <u>Sustainability</u> <u>Accounting Standards Board</u> (SASB).

How we created the 2016 HPE materiality map

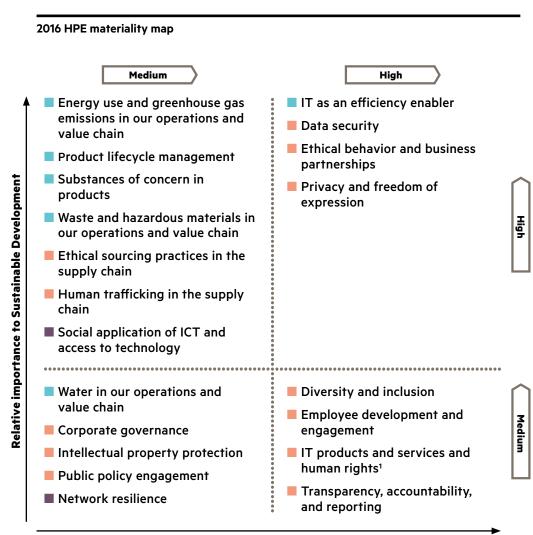
This map is a refined version of an assessment conducted in 2014 by <u>Business</u> for Social Responsibility (BSR) for Hewlett-Packard Company. After the incorporation of HPE, the Living Progress team engaged HPE's newly formed <u>Living</u> <u>Progress Strategy Council</u> (LPSC) and other internal stakeholders to reflect on the changing business focus of the new company.

We also consulted leading sustainability practitioners and technology sector companies. The Living Progress team then refined the list after an intense process of consultation. Some notable changes to the list of top 20 issues, for alignment with HPE's new business offering, are:

- The addition of "Network resilience," reflecting an increased focus on cloud computing and data servers, underscored by mobile technologies.
- Changing the title "IT as a sustainability solution" to "IT as an efficiency enabler," responding to the inclusion of customer offerings that have sustainability benefits, and solutions that make ecosystems sustainable.

We have grouped the 20 issues under each of the Living Progress Accelerating themes. Some of the issues, such as Diversity and Inclusion, could have been placed under more than one heading. We will continue to review the list as the company matures.

We have included two additional issues in this report that are fundamental to the operation of any business: <u>Employee</u> <u>health, safety, and well-being</u> and <u>Human</u> <u>rights</u>. These both appear under the Accelerating Fairness theme.



Relative importance to HPE's Business Success

¹ IT products and services and human rights is discussed in the report as a program in <u>Human rights</u>.



ENVIRONMENTAL Accelerating Efficiency

Goals and progress

IT as an efficiency enabl	er
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Energy use and greenhouse gas emissions in our operations and value chain

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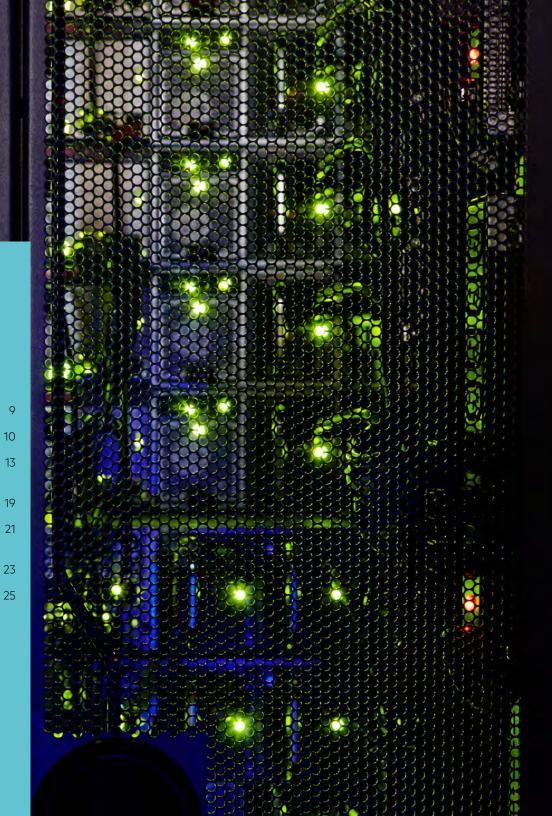
Water in our operations and value chain

Waste and hazardous materials in our operations and value chain

Substances of concern in products

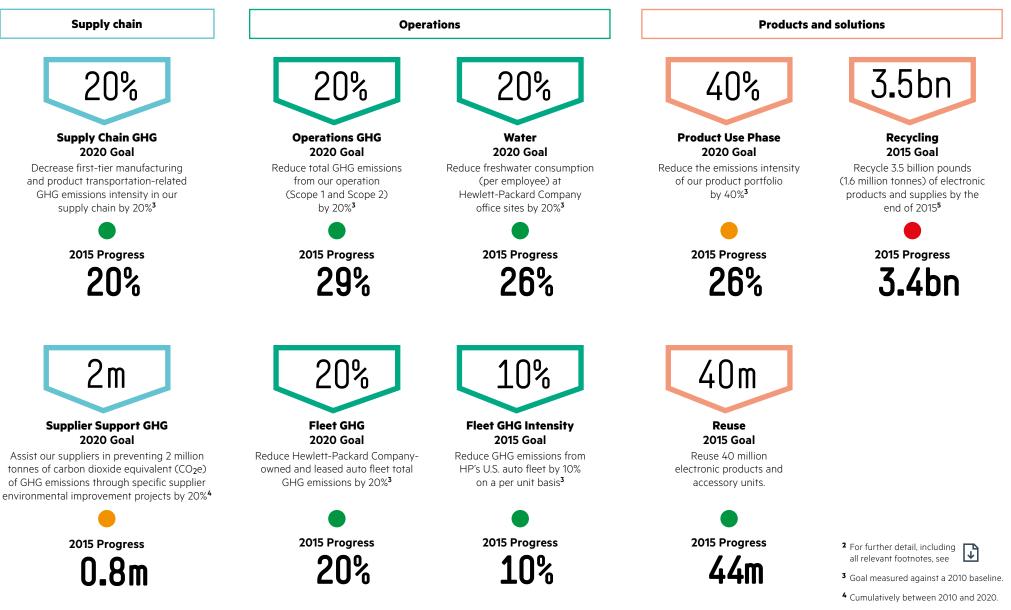
Product lifecycle management

Sustainably meeting the data needs of the future



Goals and progress

The following data relate to historical Hewlett-Packard Company performance.² In future years, we will report stand-alone Hewlett Packard Enterprise data.



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Key:

On target

Goal missed

Goal met or exceeded

IT as an efficiency enabler

Our position

We are committed to offering our customers innovative, effective business solutions that reduce impacts on the environment. Our groundbreaking products and services help our customers achieve their objectives faster, while saving them money through increased efficiency and optimized use of resources.

We harness the power of the cloud and big data analytics to deliver new insights into complex global challenges. And through our research organization, Hewlett Packard Labs, we accelerate the development of revolutionary new ICT technologies such as <u>The Machine</u>. This new "Memory-Driven Computing" architecture will enable huge leaps in processing capacity alongside significant reductions in energy and materials use.

Programs

Product energy efficiency Servers, storage, networking, and software Data centers for the modern enterprise

<u>The Internet of Things</u>

Solutions and tools for sustainable business choices Harnessing the cloud The Machine



Product energy efficiency

We help our customers move further, faster. We've already created game-changing technology and solutions to increase efficiency and decrease power consumption. Now we're going further, designing and building radical new information technology architectures to help businesses and communities succeed in a data-rich but resource-constrained world.

Building efficiency into our products starts with design. Product carbon footprinting increasingly helps us to understand impacts and informs this process.

Our range of <u>servers</u>, <u>storage</u>, <u>networking</u>, and <u>software</u> provides the foundation for efficient computing. From new approaches to cloud computing to new, more compact data centers, which are faster and more energy efficient than ever before, we're catalyzing progress. By optimizing performance and use of space, we're enabling our customers to cut their energy use and associated carbon emissions.

We spend time with our customers helping them to maximize performance and energy efficiency from our products. We work with them to:

- Optimize the utilization of computing resources
- Configure systems for maximum efficiency
- Minimize the support resources necessary

Servers, storage, networking, and software

HPE servers, storage, networking, and software solutions are the building blocks of efficient computing. Over the last five years, our high-volume servers have reduced the CO₂e emissions per unit of performance by 68%.⁶

We combine these elements into fully integrated systems that reduce energy use, as well as saving space and money:

- <u>HPE Integrated Lights-Out (iLO)</u> provides the automated intelligence to maintain complete server control, including the ability to monitor server utilization and maximize energy efficiency through advanced power and heat control.
- HPE Synergy is the world's first platform for "<u>Composable Infrastructure</u>," built from the ground up to bridge traditional and new IT with the agility, speed, and continuous delivery needed for today's applications. This technology combines computing power, storage, and infrastructure into a single flexible platform, eliminating unnecessary costs and resources.
- The <u>HPE Apollo 8000 System</u> is the world's first warm-water liquid cooling supercomputer, using 28% less energy than traditional air-cooled systems and eliminating up to 3,800 tons of carbon dioxide emissions per year.⁷

- <u>HPE ProLiant G9</u> servers match processing power to workload, reducing energy use by up to 20%.⁸ By combining these servers with <u>HPE StoreVirtual</u> software, customers can achieve a 60% saving on energy costs and use 50% less space.⁹
- <u>HPE Moonshot</u> offers game-changing server architecture. By sharing management, power, cooling, networking, and storage, the Moonshot solution uses up to 65% less power than traditional servers, reducing energy consumption and associated carbon emissions.¹⁰
- <u>HPE OneView</u> offers centralized visibility and control of every aspect of server management, including power consumption and component-level heating and cooling management.
- <u>HPE 3PAR StoreServ Storage</u> reduces space, power, and cooling needs by up to 7x¹¹ compared with equivalent products.
- <u>HPE Aruba</u> offers efficient and secure wireless networking, typically using 43% less power than wired networks.¹²



2020 Goal¹³ Reduce the emissions intensity of our product portfolio by 40% compared to 2010 levels



- **6** As measured by the industry standard SPECpower_ ssj2008 benchmark.
- 7 HPE internal estimate comparing HPE Apollo 8000 to an air-cooled data center with 3 megawatts of IT. A standard sustainability formula was used to derive CO₂e savings in tons using the KW-hr savings based on real-world data center analysis.
- 8 HPE internal lab testing conducted July 2014.
- Based on HPE internal comparative analysis of publicly available data from major competitors, June 2013.
- 10 HPE internal testing, compared to a traditional 2U/2P rack server. Numbers vary by Moonshot server cartridges and customer configuration based on HPE internal analysis. For example, the HPE Moonshot for NoSQL Databases and for Hadoop applications would utilize up to 90% less power, use 97% less space, and cost 78% less than a traditional server environment.
- Based on caparison of 12 PB usable 100% SSD array.
 48 x Pure FA450 Dual controller (24 racks) verse 1
 3PAR StoreServ 208x0 (3 racks).
- 12 "The Tipping Point Is Here—All-Wireless Workplaces Show Benefit over Traditional Wired Technology" Document #251606 © 2014 IDC. www.idc.com

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¹³ For further detail, including all relevant footnotes, see

Data centers for the modern enterprise

Traditional data centers can struggle to keep up with the power and cooling demands of big data and cloud computing. HPE innovates in the design and efficient operation of data centers for customers. Our next-generation designs optimize building and equipment configurations for efficiency and flexibility. We offer services including energy analysis, lifecycle costing, dynamics modeling, and building specifications, helping customers achieve external energy performance certifications such as LEED and ENERGY_ STAR®.

Our new powerful <u>data center solutions</u> are equipped to handle evolving processing requirements, while lowering costs and impacts on the environment:

- Our modular data center approach offers computing power in repeatable, scalable blocks—customers use as many modules as they need, saving space, energy, and hardware.
- <u>The HPE POD 240a</u> goes a step further. This revolutionary self-contained modular data center uses up to 95% less energy¹⁴ than a traditional brick-and-mortar alternative, and costs up to 75% less to build.¹⁵
- Through <u>HPE Facility as a Service</u>, customers lease data center space on a pay-as-you-go basis. We match space and energy requirements to needs, saving on the cost and environmental impact of space, power, and cooling.

HPE demonstrates the efficiency and environmental improvements possible by using these technologies ourselves. Read more about our efforts to reduce greenhouse gas emissions from <u>HPE data centers</u>.

The Internet of Things

Imagine a city where streetlights save energy by automatically matching illumination levels to the amount of traffic and ambient light. Where the lights order their own repairs and on-street Wi-Fi enables citizens to control homes from their cars.

Welcome to the emerging smart city, made possible by the accelerating growth of the Internet of Things (IoT)—a proliferation of connected devices that collect and exchange data to improve accuracy, efficiency, and insight in our fast-moving, swelling urban areas. The potential of smart cities and IoT programs is limitless.

HPE loT Platform enables customers to tap into that potential. We've partnered with DS Virgin Racing to accelerate the efficiency of their Formula E electric racing cars. HPE loT solutions deliver real-time analysis of driver, car, and track data, offering new insights and improving the performance of these zeroemission cars. Processing power is provided by our energy, space, and materials-efficient HPE Moonshot servers—ensuring that we conserve resources while meeting the data needs of this exciting new industry.

Solutions and tools for sustainable business choices

We share our knowledge and insights to help our customers manage their businesses more efficiently and make sustainable choices:

- <u>HPE Power Advisor</u> is an easy-to-use tool that estimates data center power requirements for server and storage combinations. It's available as an <u>online</u> tool or a downloadable application.
- HPE Sustainable IT Purchasing Guide is a free resource we provide to our customers to help them make efficient IT purchasing decisions. It includes guidance on operating requirements, global energy efficiency standards, and resource and packaging minimization.
- HPE Managed Print Services equips customers with centralized monitoring and management of their printer fleet, reducing power consumption and paper waste.

Harnessing the cloud

With the capacity to store and process huge amounts of information from anywhere in the world, the cloud is revolutionizing computing. This flexible, modular approach offers powerful solutions for increasingly complex data challenges.

For example, HPE cloud-based solutions are making a difference in the measurement and analysis of global biodiversity loss. Current data on wildlife and ecosystem health is complex and difficult to turn into meaningful insights quickly, making it challenging to take action. To help address this, we partnered with Conservation International, Wildlife. Conservation Society, and the Smithsonian Institute to develop Wildlife Management and Analytics (WMA), a new cloud-based solution building on learning from the HPE Earth Insights system. Wildlife Insights is the first implementation of WMA. It collates information from multiple sources, including environmental organizations, camera traps, and weather sensors, and utilizes <u>HPE HAVEn</u> technologies for efficient analysis of these vast and varied data sets.

HPE's WMA solution is contributing to a more accurate and comprehensive picture of the current state of biodiversity, and we look forward to this flexible platform being adapted to meet other complex challenges in the future.

14 Based on internal HPE testing.

15 The brick-and-mortar data center construction per-watt cost estimate is based on Uptime Institute's "Cost Model, dollars per kW plus dollars per square foot of computer floor," Turner & Brill, 2010. Data is compared with an estimated per-watt cost estimate for HPE POD 240a, including UPS and Generators (configured as 2N for power and N+1 for cooling) and installation.

Energy use and greenhouse gas emissions in our operations and value chain

Our position

Climate change can only be tackled through collective action across all sectors. We understand our climate impacts and take action to minimize them. Hewlett-Packard Company was the first IT company to publish its complete global carbon footprint, and at HPE we will continue that commitment.

Codes and policies

<u>HPE Environmental, Health, and Safety</u> (EHS) Policy

HPE Supplier Code of Conduct

<u>HPE Supply Chain Social and</u> <u>Environmental Responsibility Policy</u>

Programs

Energy and greenhouse gas emissions in our operations

Energy and greenhouse gas emissions in our supply chain

<u>Transport</u>

Product energy efficiency

Environmental, Health, and Safety (EHS) management systems

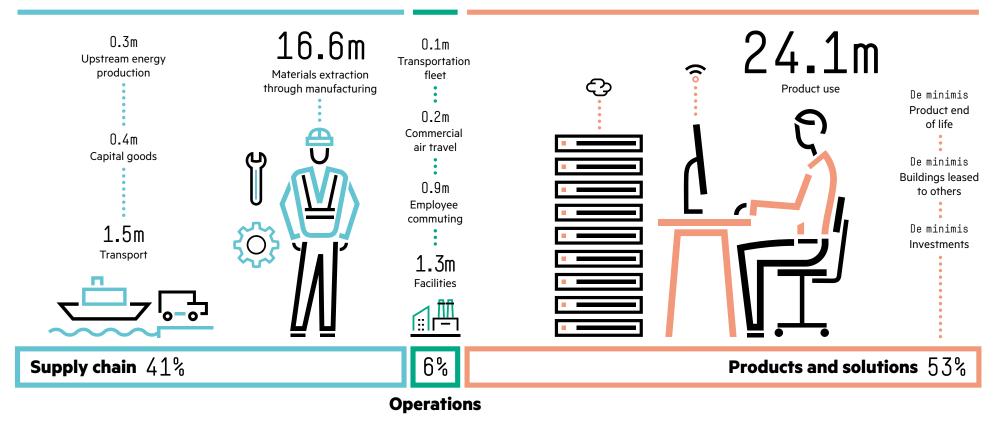
We constantly work to reduce our impact on climate change. At our facilities, we focus on sourcing and generating renewable energy, making our buildings and behaviors more efficient, and innovating cutting-edge data centers.

We partner with our suppliers to reduce their emissions as part of our broader **Supply Chain Responsibility (SCR) program**.



Our global carbon footprint

Most of the greenhouse gas (GHG) emissions in our value chain occur as a result of materials extraction and manufacturing, and energy consumed during the use of HPE products. Emissions from our own operations mainly come from energy used to power our data centers and lab and demo space. To promote the transition to a low-carbon economy, we joined the call to action championed by the <u>We Mean Business</u> <u>Coalition</u>. As part of our participation in this initiative, in December 2015 we committed to setting a science-based GHG emissions reduction target. We will provide details of our new goals and report against these in future HPE Living Progress reports.



Figures expressed as millions of tonnes of carbon dioxide equivalent (CO_2e). Total emissions in 2015 were 45, 432, 100 tonnes CO_2e .

The unrounded value for the "Facilities" category is 1,321,200 tonnes CO_2e .

The unrounded value for the "Transportation fleet" category is 110,900 tonnes CO₂e.

For further detail, including all relevant footnotes, see

Calculations based on the <u>HPE 2015</u> <u>Carbon Accounting Manual</u>.

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Energy and greenhouse gas emissions in our operations

We work to reduce energy use and related GHG emissions from our facilities, focusing on four key areas:

Renewable energy. Using and producing energy from renewable sources reduces the carbon intensity of our operations. On-site solar photovoltaics at 11 of our sites avoid an estimated 4,138 tonnes of CO₂e¹⁶ emissions annually.¹⁷

In 2015, we signed a 12-year power purchase agreement for 112 megawatts of wind power—enough to power our Texas-based data center operations and avoid more than 340,000 tonnes of CO₂e emissions annually.

We want to add more green energy to the grid where possible, and we're committed to developing more solar and wind-generated energy capacity.

We promote the global expansion of renewable energy generation and collaborated with other leading companies to issue the <u>Renewable</u> <u>Energy Buyers' Principles</u>—the result of discussions between participating companies convened by <u>WWF</u> and the <u>World Resources</u> <u>Institute (WRI)</u>. We are a cofounder of <u>BSR's</u> <u>Future of Internet Power</u>—a collaborative initiative focused on increasing the use of renewable energy to power data centers. **Data centers.** HPE's modular data center design strategy matches space and energy requirements to customer needs. This enables customers to store, process, and distribute huge amounts of data without using unnecessary resources.

Our new Neogarage solution allows modules to be tailored to diverse computing requirements. The system combines fast build time,¹⁸ rapid return on investment,¹⁹ up-todate security features, and optimized energy and cooling management, without sacrificing performance.

We constantly evaluate new opportunities to reduce the climate impacts of our data centers, including through targeted <u>energy efficiency</u> programs.

Between 2010 and 2015, we:

• Closed 101 older data centers, consolidating them into highly efficient state-of-theart facilities. This transformation has reduced our physical data center footprint by more than 55,000 square meters and avoids 151,000 tonnes of CO₂e emissions annually—equivalent to removing more than 32,000 passenger vehicles from the road for a year. In recognition of our consolidation program, we were awarded

Data Center Transformation Project of the Year in the 2016 U.S. and Canada Datacenter Dynamics Awards.

 Improved power usage effectiveness (PUE) in our global client data centers by 20%.²⁰

We actively engage in international efforts to improve data center environmental performance, and we are a founding member of <u>The Green Grid</u>, a nonprofit consortium that aims to improve the resource efficiency of data centers. Seven HPE data centers in Europe, the Middle East, and Africa are accredited to the <u>European Code of Conduct for Energy</u> <u>Efficiency in Data Centres</u>, and six of our data centers have environmental management systems certified to ISO 14001.

- 16 CO₂e refers to "carbon dioxide equivalent". A tonne of CO₂e means one tonne of carbon dioxide or an amount of any of the other greenhouse gases with an equivalent global warming potential.
- 17 For further detail on historic emissions metrics, including all relevant footnotes, see



- **18** 8–12 week increments for each capacity increase, compared with 9–24 months for a traditional data center build.
- 19 2–5 years depending on specific utilization, compared with 5–10 years typically for a traditional data center.
- **20** Power usage effectiveness is the industry accepted measure of data center energy efficiency.

Sustainable buildings. Our buildings should

be as smart as our technology. We invest in using our existing buildings more efficiently and design sustainability features into new or renovated facilities. Features such as: efficient lighting, smart monitoring, heating, and cooling optimization, all help us to do more with less energy. In 2015, installation of LED lighting fixtures in Georgia, U.S., reduced energy use from lighting by more than 82%. Smart building fault detection and diagnostics systems at our main campus in Houston, U.S., avoid approximately 4,300 tonnes CO₂e emissions annually, and retro-commissioning projects at three of our sites²¹ avoid more than 9,000 tonnes CO₂e emissions each year.²² We adhere to sustainable building standards, such as LEED®, wherever possible. Our construction guidelines and operating standards include requirements on energy efficiency.

Energy efficiency initiatives. Using less energy is the most effective way to reduce operational GHG emissions. We track energy consumption at all our facilities and perform regular audits of our data center facilities. We are constantly looking for new opportunities to reduce demand and to be more efficient. This includes energy retrofit projects such as LED lighting upgrades and building management system improvements. We expect efficiency improvements at HPE facilities in 2015 to avoid an estimated 22,000 tonnes of CO₂e emissions per year.

We disclose our GHG emissions and management approach via the <u>CDP climate</u>. <u>change program</u>.²³ In 2015, Hewlett-Packard Company received the highest possible CDP carbon disclosure score—100 points and an A rating—on carbon-reduction performance. Read more about our <u>external awards and</u> <u>accolades</u>.



2020 Goal²⁴ Reduce total GHG emissions from our operations (Scope 1 and 2) by 20% against a 2010 baseline



Scope 1 emissions arise directly from sources that are owned or controlled by HPE. Scope 2 emissions are from purchased electricity consumed by HPE.

- **21** Aguadilla in Puerto Rico, and Andover and Plano in the U.S.
- **22** Based on International Energy Agency conversion factors.
- 23 CDP (formerly the Carbon Disclosure Project) is an international nongovernmental organization (NGO) with the world's largest database of primary corporate climate change information.
- **24** For further detail, including all relevant footnotes, see



2020 Goal²⁵ Decrease first-tier manufacturing and product transportation-related GHG emissions intensity in our supply chain by 20% against a 2010 baseline.

20% First-tier suppliers account for 20% of total supply chain emissions



First-tier suppliers are those suppliers that provide HPE directly with parts, materials, or services.

Energy and greenhouse gas emissions in our supply chain

We collaborate with suppliers to reduce climate impacts as part of our broader <u>Supply</u>. <u>Chain Responsibility (SCR) program</u>. We're assessing our footprint across the value chain and will continue to create targeted programs to reduce GHG emissions, including:

- Incentivizing our suppliers to set and achieve GHG emissions-reduction goals through our social and environmentally responsible (SER) scorecard
- Building capability through our existing supplier energy efficiency programs
- Deploying efficiency initiatives for transportation suppliers
- Providing suppliers with support tools and guidance on GHG emissions reduction

In 2013, we introduced our industry's first supply chain GHG emissions-reduction goal, and we include suppliers in our global carbon footprint. By understanding where climate impacts occur in our supply chain, we can work effectively with our suppliers for maximum effect.

We work with different supplier types to improve efficiency and reduce GHG emissions:

Production suppliers. The suppliers that provide materials and components and manufacture and assemble our products are the largest source of GHG emissions in our supply chain. We work with these suppliers through our Energy Efficiency Program (EEP)²⁶ to implement energy-saving initiatives and incentivize them to set emissions targets through our SER scorecard.

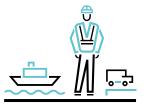
Nonproduction suppliers. Suppliers of important services such as staffing, telecommunications, and travel contribute a small amount to our overall carbon footprint. They're not included in our supply chain emissions intensity goal, but we work with them to improve data reporting and to reduce environmental impacts.

Product transportation suppliers. See <u>Transport</u>.

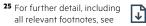
We partner with <u>CDP</u> as a <u>supply chain</u> <u>member</u>. We ask our suppliers (representing 95% of our direct spend) to report their GHG emissions and approach to climate change through the CDP system. And we do the same for HPE operations, so that together with our suppliers we can drive down the climate impact of our value chain.



2020 Goal²⁵ Assist our suppliers in preventing 2 million tonnes CO₂e of GHG emissions (measured cumulatively between 2010 and 2020)



Assist suppliers through specific supplier environmental improvement projects.



26 An HPE program to help suppliers implement energy-saving initiatives and incentivize them to set emissions targets.

Transport

Product transportation. Where practical, we manufacture and distribute HPE products within rather than between regions, enabling us to utilize efficient land-based transportation rather than air or ocean freight.

When we use air freight, such as for the transportation of component parts, we systematically consolidate shipments to avoid the use of unnecessary air transportation.

Employee travel. Smart travel saves money and reduces GHG emissions. We work with employees and transport providers to promote sustainable travel practices. Where possible, we promote the use of virtual collaboration tools and videoconferencing. This avoids unnecessary travel, is more efficient for us, and is better for the environment. To facilitate the use of electric cars we provide charging stations in some of our larger sites.

We collaborate with fleet-management suppliers to deliver our Auto Fleet transformation program. It aims to:

- Reduce fleet fuel consumption
- Improve the efficiency of our vehicles, for example by switching to more fuelefficient cars
- Reduce the total cost of ownership

To increase the accuracy and transparency of our performance reporting, we focus on improving business travel data collection. Consolidating fuel suppliers enables us to track and analyze fuel use, so that we can monitor progress effectively.

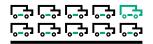


2020 Goal²⁷ Reduce total GHG emissions from our global fleet by 20% against a 2010 baseline





Reduce GHG emissions from our U.S. auto fleet on a per-unit basis by 10% against a 2010 baseline



Water in our operations and value chain

Our position

With increasing pressure on global freshwater reserves, we strive to use less of this valuable resource throughout our operations and supply chain, particularly in waterscarce regions.

Codes and policies

HPE Environmental, Health, and Safety (EHS) Policy

HPE Supplier Code of Conduct

HPE Supply Chain Social and Environmental Responsibility Policy

Programs

Responsible water usage in our operations

Responsible water usage in our supply chain

<u>Supply Chain Responsibility (SCR)</u> <u>Program</u>

Environmental, Health, and Safety (EHS) management systems

Most of our value chain water consumption is indirect—water used in the production of electricity to power the manufacture and use of our products. We design our **energy-efficient products** and innovative data centers to minimize the use of water. The water we use directly is primarily for cooling in data centers.

We measure and report our total water footprint to understand and reduce our impact on water resources.



Responsible water usage in our operations

We use relatively little water in our operations. But we share global concerns about diminishing sources of freshwater and we work to reduce our use in our operations wherever we can, with a particular focus on water-scarce regions such as India, Israel, and Singapore.

We identify HPE sites in water-scarce areas using a combination of the <u>WBCSD Global</u> <u>Water Tool</u> and a list of additional sites we know to be suffering drought. We work to reduce consumption and increase water recycling through a range of measures, including:

- Smart metering. Leak detection systems in Israel and automated meter readers in the UK
- Irrigation improvements. Moisture sensors and reduced volume of irrigation water in the U.S.
- Alternative sources. Rainwater harvesting in Singapore and India, recycled water usage in Singapore and the U.S., utilization of treated wastewater for landscaping in India, and use of NEWater (high-grade reclaimed water) in Singapore

We transparently disclose our water management approach and performance by participating in the <u>CDP water program</u>.

Responsible water usage in our supply chain

We encourage suppliers to use water sparingly as part of our broader <u>Supply Chain</u> <u>Responsibility (SCR) program</u>. We use a range of tools to help suppliers improve their water stewardship and management, as well as encouraging responsible withdrawal and discharge:

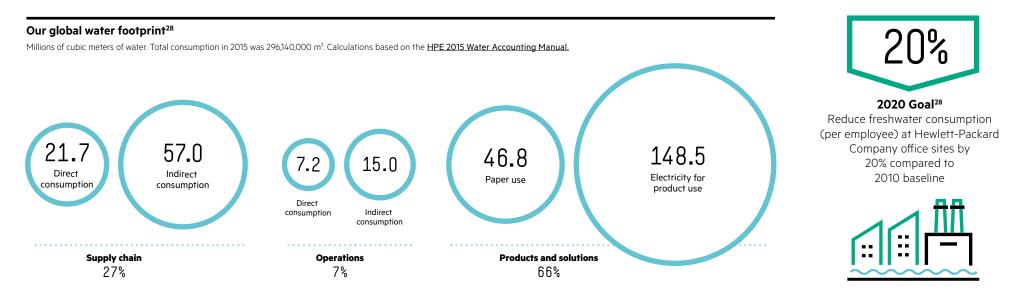
• <u>Global Social Compliance Programme</u> (GSCP) Environmental Reference

Tools—sharing best water stewardship practices and promoting the use of robust management systems

• WBCSD Global Water Tool—assessing risks to local communities and environments, and identifying key water-scarce areas in which to focus our efforts • **CDP supply chain membership**—asking our suppliers (representing 95% of our direct spend) to report their water management and stewardship practices to us through the CDP system

To track progress and identify areas for improvement, we encourage our suppliers to report water usage transparently, set goals, and improve the accuracy of their water accounting. Our production suppliers (materials, components, and assembly providers) are working hard to manage and report their water usage, which we fully support.

We work to increase awareness among our nonproduction suppliers—including staffing, telecommunications, and travel providers and to improve data reporting.



Waste and hazardous materials in our operations and value chain

Our position

We aim to reduce waste by planning the efficient use of materials. We reuse or recycle where possible, and use disposal as a last resort.

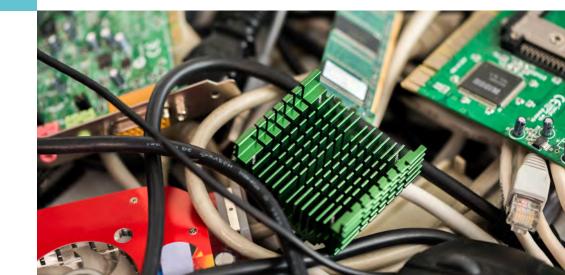
We encourage employees, suppliers, and business partners to do the same, and we provide reuse and recycling options to customers to promote responsible waste management.

Programs

Reducing waste and hazardous materials in our operations Reducing waste and hazardous materials in our supply chain Supply Chain Responsibility (SCR) Program Environmental, Health, and Safety (EHS) management systems

Codes, policies and standards

- HPE Environmental, Health, and Safety (EHS) Policy
- HPE General Specification for the Environment
- HPE Supply Chain Social and Environmental Responsibility Policy
- HPE Supplier Code of Conduct
- HPE Vendor Requirements for Hardware Recycling Standard
- HPE Vendor Requirements for Hardware Reuse Standard



Reducing waste and hazardous materials in our operations

Even though our facilities and offices create very little waste, we still work to reduce the amount as much as possible. We take a consistent approach to waste management across all of our operations:

- Reducing the amount of waste materials
- Reusing equipment where appropriate
- Recycling where possible
- Using disposal only as a last resort

Most of the waste we produce is nonhazardous solid waste, including paper, packaging, pallets, and universal waste. The relatively small amount of hazardous waste we create largely consists of lead-acid batteries from our data centers. We reuse or recycle electronic equipment through the same programs we offer customers, and we use battery recycling facilities.

Read more about our approach to the responsible management and disposal of electronic waste.

HPE employees play a big part in waste reduction. We engage them in our efforts and equip many of our buildings with recycling points for the responsible disposal of paper, plastics, and batteries. Many of our employees organize and lead local initiatives such as packaging reduction, furniture recovery initiatives, and recycling drives.

Reducing waste and hazardous materials in our supply chain

We work with our suppliers to reduce waste as part of our broader <u>Supply Chain</u> <u>Responsibility (SCR) program</u>. This improves their environmental footprints and, indirectly, those of our products. We also require our internal operations and suppliers to comply with HPE's <u>General Specification for the</u> <u>Environment (GSE)</u> Manufacturing Process Substances Requirements, to reduce the environmental, health, and safety risks from <u>manufacturing process substances</u> used to make our products.

We monitor conformance with our <u>Supplier</u> <u>Code of Conduct</u> and other <u>relevant</u> <u>requirements</u> through audits, including provisions related to environmental permits and reporting, pollution prevention and resource reduction, hazardous substances, wastewater and solid waste, and air emissions.

We use the <u>Global Social Compliance</u> <u>Programme</u> (GSCP) Environmental Reference Tools to set expectations on waste minimization and provide clear, consistent guidelines for our suppliers. Many of our suppliers support our efforts with targeted waste programs, such as reducing packaging volume and collecting old packing materials for recycling or reuse. For example:

- In multiple regions²⁹—provision of 100% of thermoformed packaging parts made from recycled resin
- In the U.S.—use of HPE and supplier's own foam waste to make new foam packaging cushions
- In Singapore—an award-winning initiative to collect, separate, and recycle electrostatic discharge bags

We track and <u>report</u> our suppliers' waste reduction goals and performance, and work to improve the quality of reporting and engagement. This drives awareness and action across our supply chain so that together we can improve resource efficiency and minimize waste.



2015 Highlight³⁰ Total waste generation from Hewlett-Packard Company operations equaled 70,020 tonnes—a 1% increase from 2014.



²⁹ Including locations in China, Czech Republic, Mexico, Singapore, and the U.S.

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30 For further detail, including all relevant footnotes, see

Substances of concern in products

Our position

The materials we choose at the product design stage influence the function, form, and lifecycle impacts of everything we make. Hewlett Packard Enterprise selects materials that are fit for purpose, with the aim of minimizing potential harm to people and the environment.

Codes and policies

HPE Supplier Code of Conduct

<u>HPE Supply Chain Social and</u> <u>Environmental Responsibility Policy</u>

HPE General Specifications for the Environment

Programs

<u>Supply Chain Responsibility (SCR)</u> <u>Program</u>

Evaluating substances of concern

<u>Collaboration and engagement on</u> <u>substances of concern</u>

Using sound scientific methods, we evaluate both substances of concern in our products and those used in manufacturing. If we have concerns, we look for better alternatives.

We require our suppliers to maintain rigorous management systems, which eliminate exposures where possible. We also ask them to educate workers using chemicals in manufacturing processes about potential risks and how to protect against exposure.

We collaborate with a range of partners and suppliers to improve industry standards and capabilities. HPE supports forward-looking legislation that allows the electronics industry to effectively phase out the most harmful environmental materials.



Evaluating substances of concern

We carefully consider the use of specific materials during the <u>design of new products</u>, and evaluate substances that may pose a significant risk to people or the environment. In some cases, we restrict a substance as a precautionary measure. We use the following to inform our decisions:

- Published lists of substances of concern
- Current and future legal requirements
- Best available scientific analysis

We also track external expectations and customer preferences. If a substance raises concerns, we look for viable alternatives with lower potential impacts for people and the environment. We share the findings of our assessments with suppliers and provide guidance on suitable alternatives.

We're working to phase out phthalates and halogen-containing materials—including brominated flame retardants (BFRs), chlorinated flame retardants (CFRs), and polyvinyl chloride (PVC)—where technically feasible. We support and always comply with relevant legislation on substances of concern, including the European Union Restriction of Hazardous Substances (RoHS) Directive, Registration, Authorization, and the Restriction of Chemical Substances (REACH), and similar legislation around the world. We have supported the inclusion of additional substances, including BFRs, PVC, and phthalates, in future RoHS legislation. Read more about our <u>REACH</u> and <u>RoHS</u> disclosures, <u>ECO Declarations</u>, and <u>Material</u> <u>Safety Data Sheets</u>.

How our products are made is as important as what they are made from. We provide clear requirements to our suppliers in our <u>General</u> <u>Specification for the Environment</u>, which includes lists of substances restricted in our products and manufacturing processes.³¹ Our science-based assessments have led us to restrict the use of particular high-risk substances across our manufacturing supply chain, including benzene and n-hexane. Where we restrict substances in products, we work with our suppliers to ensure that suitable alternatives are used.

In addition to restricting specific substances, we work to ensure the appropriate and safe use of other chemicals and materials utilized in manufacturing. Our <u>HPE Supplier Code of</u> <u>Conduct</u> and supplier audit and assessment program require suppliers to have robust environment, health, and safety management systems and controls in place. We ask suppliers to evaluate substances, eliminate or minimize risks of exposure, and—for risks that cannot be eliminated—to protect workers through training and the provision of personal protective equipment.

Collaboration and engagement on substances of concern

While we meet or exceed laws on the use of materials, as a leading global company we have a responsibility to go beyond compliance. We work with peers, governments, and nonprofits to promote high standards in the responsible use of materials in IT products and the substances used in the manufacturing process.

We actively engage in materials regulation advocacy efforts with industry trade associations, and partner with others to progress standards for materials assessments and alternatives. We use <u>Clean Production</u> <u>Action's GreenScreen®</u> for Safer Chemicals framework to identify environmentally preferable materials. In addition to our efforts around chemical substitution, we endorse and participate in the <u>Electronic Industry Citizenship Coalition</u> (EICC) chemical management task force. The task force focuses on:

- Helping facilities develop programs to eliminate and manage worker exposure to harmful chemicals
- Ensuring that workers know about potential chemical hazards and how to protect themselves from exposure
- Evaluating current standards and monitoring criteria for supplier conformance with chemical standards

31 Manufacturing process substances are used in manufacturing but not included in our products.

Product lifecycle management

Our position

We seek positive impacts for people and the environment at each lifecycle stage of HPE products: design, production of raw materials, manufacturing, distribution, use, and end-of-life options.

From our <u>Supply Chain Responsibility (SCR) program</u> to our range of reuse and recycling initiatives, we manage every step with a focus on efficiency and transparency.

Codes and policies

HPE Export of Electronic Waste to Developing Countries Policy

HPE Supplier Code of Conduct

HPE Vendor Requirements for Hardware Recycling Standard

HPE Vendor Requirements for Hardware Reuse Standard

<u>HPE General Specification for</u> <u>the Environment</u>

Programs

A lifecycle approach to design Supply Chain Responsibility (SCR) program Extending product life Responsible management and disposal of electronic waste

We're committed to helping our customers recycle responsibly, and we collect used products for resale and recycling in 73 countries. Multiple product takeback options enable us to contribute to the circular economy, where hardware is given a new lease of life and the environmental impacts of disposal are avoided. If products are not suitable for reuse, we recover recyclable material to manufacture into new products.

For recycling services, visit www.hpe.com/recycle.



A lifecycle approach to design

Knowing the extent of impacts across a product lifecycle allows us to make positive changes. Product carbon footprinting increasingly helps us to understand impacts and informs the design process.

Most of our environmental footprint occurs in our supply chain, and when customers use our products and solutions. Product design plays a crucial role in improving our overall environmental performance. Energy consumption and associated water usage are the main impacts during the use phase of our products' lives.

We focus on specific environmental impacts through our Design for Environment (DfE) program. This initiative applies an engineering perspective to optimizing the environmental performance of each product, process, or facility.

Together, HPE's product stewards and product designers consider environmental impact in the design of every product and solution, from the smallest networking products to entire data centers. Our DfE program has three priorities:

- 1. Energy efficiency—reduce the energy needed to manufacture and use our products
- 2. Material innovation—decrease the amount of materials used in our products, and use materials with lower environmental impact
- **3. Design for recyclability**—design equipment that has more value at end-oflife and that is easier to upgrade and/or recycle

We design many of our products to meet voluntary third-party <u>eco-label</u> standards such as <u>ENERGY STAR®</u>.

Read more about how we avoid <u>substances of</u> <u>concern</u> and <u>design energy efficiency</u> into our products.

Extending product life

As a global IT company, we have a strong history and continuing focus on electronics reuse and recycling.

To process, resell, and recycle returned products, we use a global network of vendors providing customer recycling capabilities in 73 countries. They all conform to our stringent global <u>reuse</u> and <u>recycling</u> standards, preventing the irresponsible disposal of used electronic equipment.

In the U.S., our entire approved network of recyclers for electronic hardware is certified to either <u>R2</u> or <u>eStewards</u> standards. And we have made significant progress in expanding our certification efforts to other countries.

We offer businesses a range of options to promote extended use, reuse, and recycling of products. These include:³²

• **HPE Renew**—We offer an extensive portfolio of remanufactured HPE products, providing as-new reliability and performance at a minimum 15% discount.

- <u>HPE Trade-In Program</u>—When buying new HPE hardware, customers can trade in their old equipment.
- HPE Asset Recovery—We manage the complex process of retiring and remarketing used data center and workplace equipment in a secure and compliant manner. This global service includes collection, transport, auditing, data cleansing, and resale.
- Hardware recycling processes—We maintain active relationships with a network of recyclers that serves 73 countries. They utilize a combination of manual and hightech dismantling, shredding, and material separation methods. We work with recyclers who demonstrate a history of compliance and good practice. We offer targeted recycling initiatives in a range of locations, including the <u>Americas</u>, <u>Brazil</u>, <u>EMEA</u>, <u>Asia</u> <u>Pacific, and Japan</u>.

Responsible management and disposal of electronic waste

We carefully audit our electronic hardware recyclers, and track materials downstream to final use or disposal. Our industry-leading recycling vendor standards prohibit landfilling of processed electronics wherever alternatives exist, and we encourage customers to take the same approach.

We believe that the solution to responsible management of electronic waste requires cooperation and collaboration. And we apply this principle in our engagement with governments and other stakeholders. We support efforts to prevent the unacceptable and unauthorized dumping of electronic waste (e-waste) and we are committed to meeting the requirements of the <u>Basel Convention</u> in control of hazardous wastes and their disposal. Since 2004, our global corporate policy bans exports of nonworking electronics e-waste³³ from developed countries (OECD and EU) to developing countries (non-OECD outside the EU) either directly or through intermediaries.

Read more about our approach to <u>waste and</u> <u>hazardous materials</u>.



2015 Highlight³⁴

In 2015, Hewlett-Packard Company recovered 155,200 tonnes of computer hardware and supplies, of which 73.5% was recycled and 26.5% was reused.



33 HPE defines e-waste as nonworking parts or devices. This does not include: materials defined as nonhazardous under the Basel Convention; working equipment and parts that are not intended for disposal or recycling, but are for donation, reuse, or resale; components being returned to the original equipment manufacturer that are under warranty; and materials to be used in manufacturing that do not require further processing or preparation.

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34 For further detail, including all relevant footnotes, see

HUMAN

Accelerating Fairness

Human rights
Ethical behavior and business partnerships
Data security
Privacy and freedom of expression
Diversity and inclusion
Employee development and engagement
Employee health, safety, and well-being
Ethical sourcing practices in the supply chain
Human trafficking in the supply chain
Corporate governance
Transparency, accountability, and reporting
Intellectual property protection
Public policy engagement

Advancing human progress through the way we work



Human rights

Our position

Respect for human rights is a core value at HPE and integral to the way we do business. We work together with our employees, suppliers, customers, and partners to ensure that they share our commitment to respecting human rights.

We engage our suppliers through the <u>HPE Supply Chain</u> <u>Responsibility (SCR) program</u>. We focus on protecting workers and improving labor standards, paying particular attention to vulnerable groups such as <u>foreign migrant workers</u>. Codes, policies, and standards

HPE Global Human Rights Policy HPE Standards of Business Conduct HPE Partner Code of Conduct HPE Supplier Code of Conduct HPE Supply Chain Social and Environmental Responsibility Policy

HPE Foreign Migrant Worker Standard

Standard for Supplier Facilities in the People's Republic of China (PRC) HPE Global Master Privacy Policy HPE Environmental, Health, and Safety (EHS) Policy HPE Harassment-Free Work Environment Policy

HPE Student and Dispatch Worker

HPE Nondiscrimination Policy

Our commitment to a **<u>diverse and inclusive culture</u>** is shared by our employees, and we have zero tolerance for harassment or discrimination.

We deliver products and services that enable a more connected world, and seek to protect the right to personal privacy. We perform ongoing due diligence to guard against potential adverse human rights impacts associated with misuse of our products and services.

The HPE Global Human Rights Policy is the foundation for our approach. It is rooted in the expectations set out by the <u>UN Guiding Principles on Business</u> and Human Rights.

Programs

Protecting human rights across our value chain IT products and services and human rights Collaboration to advance human rights Privacy and freedom of expression

Protecting human rights across our value chain

Our aim is always to safeguard human rights the fundamental freedoms and standards of treatment to which all people are entitled.

The HPE Office of the General Counsel oversees our approach to prevent, mitigate, and remediate, human rights impacts associated with our supply chain, direct operations, and customers. Our human rights program management office works across business units and global functions to address issues including employee health and safety, global trade, labor relations, privacy, sales operations, and supply chain management.

We take a risk-based approach to assessing business activities for their potential to impact human rights and focusing our resources accordingly. Anyone with a concern can use a **range of reporting mechanisms** to share these with us. We investigate any concerns swiftly, take action to resolve problems, and provide access to rights holders to file and seek resolutions to grievances. Reporting externally ensures that we hold ourselves and our partners accountable to the highest standards.

IT products and services and human rights

IT has the power to address societal challenges and enhance people's lives worldwide. But it can also be utilized for unintended purposes, with potentially detrimental human rights outcomes. Our human rights program seeks to reduce the potential for our leading-edge products and services to be used by companies, organizations, individuals, or regimes to infringe on people's human rights.

Guided by the HPE Global Human Rights Policy, we're constantly evaluating both long-term and near-term risks connected with potential and existing customers or partners. We strive to conduct due diligence on business activities where our products and services have the potential to impact human rights, and we abide by all relevant sanctions, restrictions, and embargoes in our business operations worldwide.

Hewlett-Packard Company received inquiries in 2015 alleging that it was linked to human rights impacts as a consequence of its business relationship with the Government of Israel. Based on investigations and the scope of technology and services provided, Hewlett-Packard Company believed its actions were consistent with its policies. Moving forward, HPE's business operations in Israel are regularly monitored by our Ethics and Compliance Office to ensure that we continue to act in concert with our human rights policies.

Collaboration to advance human rights

Our commitment to human rights goes beyond our business. We present our views and approach in public forums, advocating for global progress on human rights and sharing our leadership on key issues such as protecting foreign migrant workers.

We want to help embed respect for human rights in the IT industry and beyond. Collaboration with a wide range of stakeholders increases the effectiveness of our efforts. We contribute to several external initiatives, including:

- <u>Global Business Initiative on Business and</u> <u>Human Rights (GBI)</u>
- Electronic Industry Citizenship Coalition (EICC)
- Business for Social Responsibility (BSR)
 Human Rights Working Group
- Leadership Group for Responsible Recruitment

Ethical behavior and business partnerships

Our position

Strong ethics are core to our company. We set clear expectations for our employees and business partners to keep us strong and grounded. Together, we take responsibility for our actions and hold one another to the highest ethical standards.

Codes and policies

HPE Standards of Business Conduct
HPE Supplier Code of Conduct
HPE Partner Code of Conduct
HPE Contingent Worker Code of Conduct
HPE Supply Chain Social and Environmental Responsibility Policy
HPE Anti-corruption Policy
HPE Global Business Amenities Policy

Programs

Anti-corruption program

Ethics and compliance program

Training, communication, and recognition

Reporting concerns

We value honesty, respect, and integrity. We build relationships with partners and suppliers who hold the same values as HPE, and we expect them to share our approach to business ethics and accountability.

We never tolerate corruption, by anyone or at any time. We believe in accelerating business the right way, by building partnerships based on mutual trust and with a shared sense of integrity and ethical commitment.

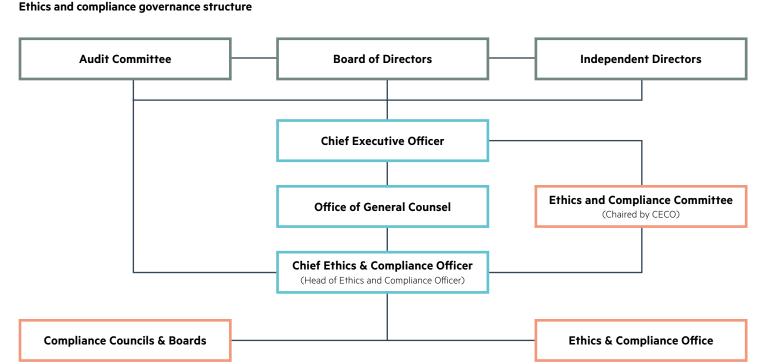


Anti-corruption program

Our Anti-corruption program reinforces our law-abiding culture. Supported by attorneys and other legal professionals, the program provides guidelines and principles for all HPE employees so that, together, we win the right way.

We benchmark our efforts against those of other companies to help us identify improvements and to make sure we remain alert to probable risks. We identify countries with high potential for corruption, using a combination of internal data and <u>Transparency International</u>'s Corruption Perceptions Index.

If issues arise, we tackle them quickly and with transparency. In 2014, Hewlett-Packard Company reached a settlement with the U.S. Department of Justice and the Securities and Exchange Commission over the isolated actions of a small number of employees at Hewlett-Packard Company subsidiaries in Russia, Poland, and Mexico. Following Hewlett-Packard Company's full cooperation with U.S. enforcement authorities, our Ethics and Compliance team took action to prevent future corrupt conduct. HPE continues to provide the enforcement authorities with an annual report on anti-corruption processes, programs, and risks.



We provide anti-corruption tools and initiatives to help employees identify and avoid potential issues. For example, to ensure that providing or receiving business amenities—including gifts, travel, and entertainment—is permissible, employees rely on HPE's Global Business Amenities Policy guidelines and use our Amenities Approval Tool where required.

Ethics and compliance program

Our business is based on the promise of integrity. We hold our employees, leaders, business partners, and suppliers to the highest ethical standards, and work to meet their expectations in return.

We require full compliance with the law and our own Standards of Business Conduct. (SBC), which sit alongside additional codes of conduct for suppliers, partners, and contingent workers. The HPE Board of Directors holds ultimate responsibility for ethics and compliance, supported by the Audit Committee and Ethics and Compliance Committee. Read more about our governance processes.

Our range of training and communications initiatives (see opposite) keeps everyone at HPE up to date with requirements, and we celebrate individuals or teams that demonstrate strong ethical performance.

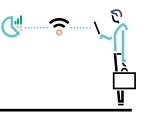
In 2016, we'll be running an Ethics Road Show, providing senior members of the Ethics and Compliance Office the opportunity to meet key business leaders across the company in different regions. They will discuss the critical role managers play in establishing a tone of ethical conduct within their organizations. We expect to expand the road show to further senior audiences in 2017.

If something does not seem right, we want to know about it. We encourage anyone with a concern or question about ethics or business conduct to speak up without fear of retaliation, and provide <u>multiple reporting channels</u> to make it easy to get in touch. All reports are confidential and are submitted **anonymously** where allowed by local law. We review every concern raised and respond promptly. If an investigation is required, we make sure the right people are involved, while respecting the need for confidentiality. We take all alleged violations of company policy seriously, carrying out disciplinary or remedial action when needed.

Our global case management system is a central record of all allegations of ethical violations. We use it to spot trends and identify any additional training or controls in particular regions or risk categories.



2015 Highlight³⁵ Hewlett-Packard Company employees and third parties reported 1,208 items to the Global SBC team or other compliance functions



Training, communication, and recognition

Everyone at HPE shares responsibility for upholding our ethical standards. We expect individuals to be accountable for their own actions and we offer support through a program of training and communications. All employees know what's expected of them and why.

Board members must take <u>Standards of</u> <u>Business Conduct</u> training every two years. New hires complete a comprehensive SBC training course, including anti-corruption content, within 30 days of joining HPE. Every year, all employees must complete the SBC refresher course, covering key policies, procedures, and high-risk issues.

To be effective, training must be relevant, timely and engaging. We pay special attention to likely challenges faced by different employees and tailor our training accordingly, enabling each person to work through real-life scenarios appropriate to their job role. Our internal ethics and compliance social media platform—part of our internal social network <u>ConnectNow</u>—enables our employees to ask questions, download resources, and participate in debates about ethics and anticorruption issues.

Celebrating achievement in ethical conduct reinforces our values and creates a shared sense of ownership over the way we do business. Each year, we recognize individuals or teams that demonstrate ethical leadership through our Ethics Champions Recognition Program.



2015 Highlight³⁵ 99.97% of active Hewlett-Packard Company employees participated in annual SBC training.



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Data security

Our position

Keeping data safe is critical to our customers' and our own success.

As technology accelerates, so does the potential for cyber threats. We stay ahead of the curve.

Codes and standards

HPE Standards of Business Conduct HPE U.S. Public Sector Code of Conduct HPE Supplier Code of Conduct

Programs

Anticipating evolving threats Helping our customers stay secure

Rather than one-time fixes, we offer our customers complete security solutions. We help them anticipate threats and reduce the time and costs associated with attempted data breaches.

Protecting data is everyone's job, so we invest in maintaining a security-conscious workforce through regular training, security awareness campaigns, and behavioral change exercises.



Anticipating evolving threats

We live and transact in a complex world whose constant changes have profound implications for cybersecurity. The cloud and big data offer new opportunities to connect, share, and rapidly analyze information. Networks are no longer contained within historical organizational boundaries.

In this shifting context, to remain safe, we need to be pragmatic and innovative. We work to keep ahead of potential security vulnerabilities, monitoring 23 billion security events each month and managing more than 1.5 million security devices through our 10 Security Operations Centers worldwide. We know how to anticipate threats because we understand how they're created. Our market-leading <u>research</u> predicts vulnerabilities and provides security intelligence, helping modern enterprises stay ahead of emerging risks.

By taking a proactive approach to security, we protect data—from personal information to intellectual property—and keep it out of the wrong hands. The HPE Privacy and Data Protection Board oversees our efforts by assessing risks annually, designing, and leading mitigation strategies.

Helping our customers stay secure

We help our customers anticipate threats where they are most likely to occur, and to act beforehand. <u>HPE Security Solutions</u> offers a systematic end-to-end approach to cybersecurity management, including:

Security Management. Our advanced security analytics enable customers to identify and manage risks, while <u>HPE ArcSight</u> software provides real-time threat prioritization and early remediation. Encryption solutions such as <u>HPE Enterprise Secure Key Manager</u> secure servers, storage, and cloud-based activities against losses, mishandling, and administrative and operational attacks.

Threat and Vulnerability Defense.

We offer an integrated approach to security for applications, networks, and remote devices, keeping today's mobile workforces connected and safe.

Enterprise Security Services. We facilitate the building and maintenance of robust security governance, risk, and compliance systems through our <u>Information Security</u> <u>Management</u> solution. <u>Global Incident</u> <u>Response</u> helps customers prevent reputational and financial damage by responding, containing, and eradicating cybersecurity incidents. Our <u>Security</u> <u>Consulting</u> and <u>Data Center Transformation</u> <u>Services</u> put the right controls, principles, architecture, and testing in place, enabling enterprises of any size to manage security proactively.

Protecting data relies on individual awareness and vigilance as much as tools and systems. To help HPE and our customers stay safe, we invest in training and behavioral change exercises for all employees. Activities such as phishing simulations and gamification courses keep our people alert to the latest threats. Our Cybersecurity Central site provides a consistent source of support and information.

Privacy and freedom of expression

Our position

Privacy and freedom of expression are basic human rights. Respect for these rights is a core value at Hewlett Packard Enterprise and is integral to the way we do business.

People sharing personal data with us trust in our ability to handle their information with care and to comply with our privacy policies, applicable laws, and contractual commitments. We have a responsibility to ensure that data is accurate, used appropriately, and kept secure.

Policies

HPE Global Master Privacy Policy HPE Privacy Statement

HPE Global Human Rights Policy

Programs

Privacy in a connected world

IT products and services and human rights

We manage our own customer and employee data, process personal information on behalf of customers, and provide the means for our customers to collect and process personal data themselves. Our approach considers the full data lifecycle including collection, processing, use, and disposal.

As technology develops, we evolve our privacy practices to keep up with change, engaging with data protection regulators, governments, and thought leaders to help modernize laws and the development of compliance frameworks. We are committed to accountability and seek to maintain a robust privacy program globally.



Privacy in a connected world

The advent of disruptive technologies is shifting business models and offering new ways to connect. Yet the importance and relevance of an individual's right to privacy and freedom of expression remain as strong as ever. Leading companies that want to succeed in the future need to sustain relationships of mutual trust with their customers and must continually adapt and change their practices to reflect shifting contexts.

HPE is at the forefront of these new technologies:

Big data. New predictive analytic tools that challenge traditional privacy strategies

Cloud-based services. Internet-based services that offer step changes in data management frameworks

The Internet of Things. Numerous connected devices that provide multiple data collection opportunities, feeding into big data and the cloud

These innovations are straining privacy frameworks and laws, many of which predate the internet. The traditional approach of seeking informed consent at the point of data collection is no longer sufficient. Companies must become more accountable for the collection, management, use, and disposal of personal data throughout its life. Growing awareness of privacy risks and rights will increasingly determine customer trust and choice.

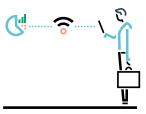
As a leader in this new business environment, HPE also needs to be a trailblazer in responsible privacy practices. We're committed to evolving our policies to ensure that they remain ethical and transparent in the face of change. Strong relationships and strategic partnerships are critical to our success. For example, we:

- Work with our peers, advocates, lawmakers, and regulators worldwide to develop new concepts of accountability for data practices
- Participate in the strengthening and modernization of privacy laws, including <u>the</u> <u>EU General Data Protection Regulation</u> and the <u>Electronic Communications Privacy Act</u>

- Provide trusted advice and industry perspective to countries and regions, including contributing to the creation of <u>Binding Corporate Rules</u> in Europe, and Asia-Pacific Economic Cooperation <u>Cross</u> <u>Border Privacy Rules</u>
- Partner with regulators, academics, and other thought leaders with the aim of establishing industry best practices for the design and use of analytic tools. This includes our partnership with a leading privacy think tank, the <u>Information</u> <u>Accountability Foundation</u>, on the <u>Big Data</u> <u>Code of Ethics initiative</u>.



2015 Highlight³⁶ There were two substantiated complaints to Hewlett-Packard Company regarding breaches of customer privacy and losses of customer data from outside parties.



This is a decrease from six in 2014. Substantiated complaints from regulatory or other official bodies remained at zero.

Diversity and inclusion

Our position

Diversity fuels invention, drives new business, and helps us attract and retain the best employees.

We're committed to maintaining a <u>diverse workforce and</u> <u>a culture of inclusion</u>, where courtesy, dignity, and respect come naturally.

Policies and standards

HPE Global Human Rights Policy

<u>HPE Harassment-Free Work</u> <u>Environment Policy</u>

HPE Nondiscrimination Policy

HPE Standards of Business Conduct

Programs

An environment of inclusion
Employee Resource Groups
People with disabilities
Women in technology
Leadership and accountability
Supplier diversity

We recognize that our industry needs to make improvements. We're working, with others, on issues including the underrepresentation of women in technology roles.

Our approach to diversity includes our supply chain. A diverse supplier base brings us competitive advantage, catalyzes innovation, and supports local economic development.

We work to ensure that our handling of customer data and big data analytics does not result in discriminatory outcomes. Read more about our approach to privacy and <u>data security</u>.



An environment of inclusion

The HPE global community of employees is one of our greatest strengths. We want HPE to be an employer of choice for underrepresented groups, where we celebrate the power of our differences and work together to accelerate progress.

Our **inclusive culture** relies on every employee to share expectations of conduct and to support one another.

We provide a range of formal and informal training to help our employees understand the value of a diverse culture, and apply this to our working environments. Our online program, Cultural Navigator, helps teams increase cultural competence across every part of our business. Understanding and celebrating our cultural differences increases self-awareness, improves communications, and strengthens relationships, ultimately offering HPE a competitive advantage. Dandelion, our partnership with Denmark's Specialisterne, a pioneering employment enabler, and the Australian Department of Human Services opens the door to opportunity for people with autism.

People on the autistic spectrum often have excellent skills that lend themselves naturally to jobs that require focus, but they can find it difficult to access jobs. Dandelion aims to change that. Through the program, HPE is building the ability to attract, hire, and retain these high-potential people in testing, analytics, IT operations, and cybersecurity positions. So far, the program has provided 37 talented people with fulfilling roles, supplying HPE and our customers with muchneeded specialized skills. We are committed to continuing to grow and expand the Dandelion program.

Read more about why <u>diversity and inclusion</u> <u>matters to us</u>.

Employee Resource Groups

HPE Employee Resource Groups (ERGs) help our people stay connected and provide one another with mutual support. With more than 130 chapters in over 30 countries, these employee-generated volunteer communities come together to learn together through:

- Global webcasts on topics including leadership and diversity
- Mentorship programs
- **Regional campaigns** focusing on issues such as lesbian, gay, bisexual, and transgender (LGBT) equality
- Regular meet-ups, including more than 50 Lean-In Circles where peer groups share in their goals and ambitions in a supportive environment

Read more about our <u>ERGs and other</u> activities.

People with disabilities

People with disabilities should be empowered to succeed in the IT industry in the same way as every other employee.

To attract and retain a diverse employee base, in 2015, we established the HPE Global People with Disabilities Program Office. The program office focuses on developing initiatives, programs, and processes that enable people with disabilities to succeed and perform. It has five clear objectives, which we aim to achieve by the end of 2018:

- Relaunch the Able@HPE program to improve self-identification rates and identify key geographies for further focused activities
- **2. Establish** a new global governance model for our People with Disabilities Employee Resource Group, to fuel growth and participation
- **3. Grow** partnerships with external nonprofits in key geographies
- **4. Leverage** a data-driven approach to track metrics and benchmark activities
- **5. Influence** accessibility improvements in our facilities, IT systems, training, and collaboration tools

Women in technology

Our priority is to make HPE the number one technology company for women. We invest in developing and supporting a strong pipeline of female talent, including coders, designers, engineers, and technology executives. For example, we:

- Invest in science, technology, engineering, and math (STEM) education
- Target recruitment at key universities and technical conferences
- Leverage <u>HPE initiatives</u> such as HPE Codewars and Living Progress Challenge to reach out to STEM communities
- Offer a technical buddy program to new hires
- Make relevant learning solutions visible to technical women through targeted communications
- Sponsor HPE women to attend technical conferences

We partner with external organizations to enhance opportunities and support for women in ICT at all stages of their career. For example, we sponsor the <u>National Center for</u>. <u>Women and Information Technology (NCWIT)</u> <u>Aspirations in Computing</u> program, a talent development pipeline that supports technically inclined young women in the U.S. toward fulfilling their ambitions and potential.

Leadership and accountability

Maintaining an inclusive environment is everyone's responsibility. Our holistic approach to diversity encompasses our people, our customers, our suppliers, and the community at large. It requires us to communicate a clear vision and be transparent about where we can do better.

Our Chief Diversity Officer and Global Diversity and Inclusion board set the standards to which we hold one another accountable often to a higher level than is legally required in countries where we operate. We report detailed workforce demographics, and each business unit sets strategies with measurable goals aligned with our Global Diversity and Inclusion Strategy and our <u>diversity and</u> <u>inclusion policies</u>. We invest in a pipeline of technical talent and executive leadership to



2015 Highlight³⁷ Helwett-Packard Company female new hires increased to 36.5%.



ensure that women and minority groups are properly represented across every level of our business.

We encourage employees to report any concerns to their human resources department or by contacting the Ethics and Compliance office at <u>corporate.compliance.hpe@hpe.</u> <u>com</u>. We do not tolerate discrimination or harassment in any form.

Our confidential <u>Voice of the Workforce</u> survey helps us to understand whether diverse employees' experiences match their and our own expectations of an inclusive and supportive workplace.

Read more about our diversity and inclusion leadership activities and strategic partners.

Supplier diversity

Through the HPE Global Supplier Diversity Program, we actively encourage small companies and diverse suppliers to compete for our business. This includes enterprises owned by aboriginal or indigenous people, minorities, veterans, and women, as well as LGBT individuals.

We focus on increasing diversity regionally through targeted programs in Australia, South Africa, the United Kingdom, and the United States. Highlights include:

Mentor-Protégé. Provides guidance and support to select minority- and woman-owned suppliers, increasing opportunities to compete for HPE business

SMEngage. Established in 2012 to support small and medium enterprises in the UK and Ireland in developing long-term business relationships with HPE

We submit an annual commercial small business subcontracting plan to the U.S. Government. To better understand our wider supplier base and to encourage a more diverse, inclusive, and robust supply chain, we request that all strategic suppliers report their annual spend with small and diverse businesses.

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Employee development and engagement

Our position

The passion and innovation of our employees drive our business forward. We want our people, at the leading edge of our fast-moving industry, to constantly feel inspired and motivated as they help our customers make ideas happen.

Standards

HPE Standards of Business Conduct

Programs

Employee development

Engagement and recognition

Maintaining open channels of engagement and communication builds long-term partnerships with our employees, based on shared values. We invest in substantial programs and experiences to enable them to fulfill their potential and realize their ambitions.

Development and engagement programs enable our people to grow personally and professionally, and to stay connected to their communities and customers.



Employee development

The IT industry operates at a rapid pace of change, requiring a special combination of technical knowledge and skills. Our ability to attract and train highly skilled employees to match these evolving requirements is key to our success, and is a global priority for us.

We enable our employees to learn and develop so that we can stay ahead of the curve, matching employee skills to the needs of our business. We encourage them to fulfill their professional and personal development goals at every stage of their career with us.

Our key areas of focus are:

Leadership development and management excellence. Our leaders play a number of crucial roles. They keep us aligned and facing forward, inspire ideas and innovations, and take actions that contribute to our success. The Leading at HPE program equips all of our leaders with a deep understanding of HPE Strategy. Targeted development experiences for new or existing managers, directors, and vice presidents contribute to a sense of shared focus and a high-performance culture.

Mentoring. The HPE Mentoring Network enables employees to share, collaborate, and interact—contributing to one another's progression and learning. Through this global social network, leaders and emerging leaders are empowered to connect. Participants can post conversations, topics, articles, videos, and questions on the dedicated online platform, challenging and supporting one another to fulfill their maximum potential.

Professional development and continuing education. Whether it's excelling in a current role or exploring new avenues, we offer training and development opportunities to extend our employees' knowledge and skills.

Our virtual university—Accelerating U —provides end-to-end development opportunities for every employee, from new hires to senior leaders. The university is divided into nine colleges covering areas matched to our strategic priorities, including business and professional skills, supply chain, and engineering. Learners can choose from thousands of self-directed or instructorled online courses, matched to their own development goals.

For employees wishing to extend their further education, our Degree Assistance Program offers financial contributions to qualifying bachelor's, master's, and doctorate degrees at accredited institutions. We also partner with many academic institutions that offer special programs or discounts for HPE employees. Our success depends on high performance. We encourage all managers to hold regular performance review conversations with employees, set clear goals together, and discuss ongoing feedback. We also utilize Workday, a cloud-based human capital management software.

We turn to our talented employees first when looking to fill new positions, and offer ongoing support during changes such as restructuring and realignment. We encourage utilization of all available advisory resources, including our redeployment services, and support employees in making decisions based on their own long-term interests.

Engagement and recognition

Our best achievements are accomplished through partnership, and a connected workforce catalyzes new ideas and inspires achievement. We work to ensure that everyone at HPE shares our core values, so that we can grow and succeed together. Ongoing engagement activities include:

Culture web page. This internal website enables all employees to share in our culture and values, and to access essential human resources programs.

ConnectNow. Our internal corporate social network utilizes the Microsoft Yammer platform to keep our people connected. Similar to other popular social media sites, it allows the use of hashtags, online chat, file sharing, and much more. It also enables employees to give one another shout-outs and recognition, so that we can celebrate one another's successes together.

Voice of the Workforce (VoW) survey.

Our annual confidential survey provides employees with the opportunity to share views and insights about our strengths and priorities for improvement. Available online in 28 languages, the survey covers key areas such as ethics and inclusion, work environment, leadership, and innovation.

Take Our Children to Work. We encourage our employees to share their passion for work and pride in HPE by introducing young people to our workplaces, people, and technologies through organized local events and virtual experiences. In 2015, more than 14,000 children attended 100 on-site events in 31 countries, and over 36,000 participated online. The program's impact included generating 4,000 extra donations to our <u>Matter to a</u> <u>Million</u> program. HPE Sustainability Network. Our largest environmental volunteer and engagement group, this network of 30 chapters connects employees who want to take action to protect our natural world. Members coordinate localized sustainability activities, including annual Earth Day celebrations, on-site wastereduction events, and community projects.

HPE News Now. This online news service keeps employees up to speed with the latest information on our business, people, products, and services.

Read about other employee engagement activities: the <u>Global Wellness Challenge</u>, <u>Employee Resource Groups</u>, and <u>volunteering</u>.

We actively show our appreciation for employees' contributions to HPE. Our Recognition@HPE program celebrates behaviors that reinforce our values, as well as recognizing employment milestones, achievements, and leadership.

Employee health, safety, and well-being

Our position

Access to a healthy, safe, and secure working environment is a basic right and a shared responsibility for everyone at HPE.

Policies

<u>HPE Environmental, Health, and Safety</u> (EHS) Policy

Programs

Ensuring a healthy and safe workplace

Health and safety communications and training

Employee well-being

Environmental, Health, and Safety (EHS) management systems

We work with our employees to ensure that our approach to health and safety is understood and delivered in every part of our business. HPE training and education programs aim to keep everyone alert and responsive to health and safety risks.

Our comprehensive health, safety, and well-being initiatives support a resilient, productive, and engaged workforce.



Ensuring a healthy and safe workplace

Healthy and happy employees are essential to HPE's success. We have a fundamental responsibility to ensure that our policies and programs enable our people to do their best work in a safe environment.

Our occupational health staff in many countries across the globe provide a range of services, including:

- First aid and medical treatment
- Health promotion and disease prevention programs
- Specialized services such as medical testing, immunizations, travel advice, disability management, ergonomics, and more

Our Environmental, Health, and Safety (EHS) Policy and management systems align with internationally recognized Occupational Health and Safety Assessment Series (OHSAS) 18001 and ISO 140001, as well as <u>American</u> National Standards Institute (ANSI) Z10 and International Labour Organization (ILO) OSH 2001. Eight sites were OHSAS 18001 registered in 2015. We collect, track, and monitor injury trends regionally and globally, in line with the ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases. We work with our business partners to monitor and improve the health and safety of contractors and of HPE employees working at non-HPE locations. We provide guidance through the HPE Global Contractor Environment, Health, Safety, and Security (EHS&S) Handbook, available on our intranet, which complements our EHS training programs.

Our risk-based approach to health and safety policies and programs takes into account regional and country-specific requirements. To stay up to date with current legislation and external guidance—such as the <u>Globally</u> <u>Harmonized System of Classification and</u> <u>Labeling of Chemicals</u>—we regularly review and improve our risk assessment activities and management processes, adapting these to specific regions and countries as needed.

Health and safety communications and training

We want our employees to know where we stand on health and safety in the workplace, so that together we take responsibility for one another's well-being.

To keep everyone current with the latest health and safety issues and compliant with regulatory requirements, we offer comprehensive instructor-led and web-based training.

We stay prepared for global events such as the spread of communicable diseases. When a global disease event arises, we communicate quickly and clearly with our employees, as well as maintaining open engagement externally.

We also focus on ongoing health and safety issues such as ergonomics. Regular training offerings, assessment, and mitigation reduces risks for our office-based employees and those manually handling goods or materials.

Employee well-being

We look beyond basic health and safety to enhance the well-being of our employees through our Winning with Wellness initiative, which focuses on three key areas:

Physical health. We run preventive health programs, screenings, and global programs to support the maintenance of optimum fitness and health. For example, our Power of Prevention initiative combines cancer screening with education about the causes and risk reduction strategies for the disease. The Global Wellness Challenge encourages every HPE employee to set achievable fitness goals across a six-week period each year. Working in teams, participants support one another to monitor progress and celebrate success via a dedicated social network.

Stress management. We provide assistance programs and work-life balance services to help employees maintain emotional resilience and deal with personal issues. These include

meQuilibrium, which offers personalized management tools for assessing and handling stress effectively. Our personal assistant services and backup child and adult care offer employees practical everyday help with managing their busy lives.

Financial wellness. Employees can consult our online finance guide, My HPE Financial Wellness. This offers support and advice on all aspects of financial management, including saving, investing, retirement planning, and debt management.

Our Winning with Wellness webpage available to all employees on our intranet provides news, programs, and guidance on resilience and well-being.



2015 Highlight³⁸ Hewlett-Packard Company lost workday case rate decreased to 0.06 (from 0.07 in 2014).





2015 Highlight³⁸ Hewlett-Packard Company global recordable incidents decreased to 0.14 (from 0.21 in 2014).



Ethical sourcing practices in the supply chain

Our position

At HPE, we believe that all people should be treated with respect. We partner with our **suppliers** to protect and elevate workers, communities, and the environment across our value chain.

Our respected **Supply Chain Responsibility (SCR)** program evolves continually, equipping us to meet our commitments and alerting us to new risks. The program empowers and protects the rights of the workers making and delivering our worldclass products, services, and solutions. Through our conflict minerals program, our SCR approach extends to tin, tantalum, tungsten, and gold at the very beginning of our supply chain. It also addresses environmental impacts in our supply chain, including **energy and greenhouse gas (GHG) emissions, waste**, and **water**.

Our efforts ensure that we remain a trusted partner to our customers by providing them with high-quality products and confidence in our SCR program.

We communicate our expectations to suppliers, and monitor their performance with an audit and scorecard system. We work with our first-tier and strategic commodity suppliers to share our expectations with their own suppliers—our sub-tier suppliers —and to improve social and environmental performance deeper in our supply chain.

Partnering with our suppliers, we invest in their workers' well-being. Where extra support is needed to meet our requirements, we work together to strengthen social and environmental responsibility management system capabilities.

To elevate industry standards, we share our experiences, collaborating with peers and other stakeholders. Working together, we develop tools to drive best practices in social and environmental management and monitoring.

Codes, policies, and standards

HPE Supplier Code of Conduct

HPE Supply Chain Social and Environmental Responsibility Policy

HPE Foreign Migrant Worker Standard

<u>HPE Student and Dispatch Worker</u> <u>Standard for Supplier Facilities in the</u> <u>People's Republic of China (PRC)</u>

HPE Global Human Rights Policy

<u>HPE General Specifications for the</u> <u>Environment</u>

Programs

Supply Chain Responsibility (SCR) program

Supplier audit and assessment

Supporting workers and capability building

Transparency and leadership

Conflict minerals

Human trafficking in the supply chain

Substances of concern in products



Supply Chain Responsibility (SCR) program

The HPE Supply Chain Responsibility (SCR) program is fundamental to accelerating fairness in our sourcing activities. Our SCR mission is simple:

- Protect and elevate workers
- Reduce global and community environmental impact
- Benefit HPE, our business partners and customers

Read more about our <u>approach to supply</u> <u>chain responsibility</u>.

In a fast-evolving world, we must keep up to date with the many changing issues in our supply chain. Using a risk-based approach, we invest efficiently, where we can make the most difference. We work to identify and address risks as they emerge.

We assess social and environmental responbility (SER) risks at many levels, including location and procurement category. We also consider supplier-specific factors, such as the nature of the workforce, the type of business relationship with HPE, and the volume of business. To determine the risk profile of our suppliers, we combine this information with <u>supplier self-assessments</u>, <u>on-site performance results</u>, external data, stakeholder input, and supplier key performance indicator program. We pay special attention to the suppliers with whom we have a direct contractual relationship, such as final assembly and strategic component suppliers. We engage more deeply in our supply chain when we have the opportunity to prevent a specific risk, such as <u>human trafficking</u>. We also monitor risks further along our supply chain, including those associated with sub-tier suppliers.

We engage closely with our supply chain partners to understand the challenges they face, and to take appropriate action to manage SER issues including:

- Continually evolving our own policies and standards and collaborating with industry and other stakeholders to <u>elevate our</u> industry's standards
- Working with suppliers to integrate our social and environmental requirements into their business practices and requiring that they pass along those requirements in their own supply chains, to our sub-tier suppliers
- Developing mitigation or remediation strategies for emerging risks
- Supporting suppliers and workers in our supply chain with additional training and structured capability-building programs
- Transparently reporting our supply chain composition, risks, performance, and initiatives

Globally, we pay attention to emerging risks for worker populations with specific vulnerabilities to potential abuse, including students, dispatch workers, young workers, and foreign migrant workers. We recognize that these groups need enhanced support and protection, and we respond by strengthening our standards, monitoring, and performance indicators. We were the first IT company to issue specific supply chain requirements to protect student and dispatch workers in China as well as to require our suppliers to directly <u>employ</u> <u>foreign migrant workers</u>.

Read more about our focus on supporting foreign migrant workers and preventing <u>human trafficking</u>.

By addressing environmental impacts in our supply chain, we meet customer expectations and regulatory requirements, enhance resource efficiency, and reduce our overall impact on the environment. For example, we use the <u>Global Social Compliance Programme</u> (GSCP) Environmental Reference Tools to encourage good practice and provide a clear understanding of fair labor and environmental requirements and their implementation.

We work closely with our first-tier suppliers to ensure that their own suppliers—our sub-tier suppliers—meet our standards on issues such as air quality, water pollution, and waste. This includes partnering with the **Institute of Public** and Environmental Affairs (IPE) in China to asses supply chain environmental risks. We use the IPE pollution database to assess and review our sub-tier suppliers for environmental violations and to ensure corrective actions where needed.

In 2015, Hewlett Packard Company ranked in the top 10% of companies assessed by IPE via its Corporate Information Transparency Index (CITI). We transparently **report** the number of sub-tier suppliers assessed, alongside violations and corrective actions.

Learn more about HPE's approach to supply chain environmental impact here.

Supplier audit and assessment

Understanding and influencing supplier social and environmental performance depends on robust monitoring. We work with our suppliers to collect and assess data in four ways:

Comprehensive audits. Our ongoing supplier risk assessment practice includes commissioning independent audits against our Supplier Code of Conduct. In the case of significant nonconformances, we agree on corrective action and arrange a follow-up audit. Zero-tolerance items, such as issues related to child labor, forced labor, severe discrimination, and serious environment, health or safety risks, require immediate escalation, and may result in suppliers being downgraded on our SER scorecard (see below). If a supplier does not partner with us on remediation, the scale of their business opportunity with HPE will be impacted. We require that suppliers have a process to communicate the requirements and monitor compliance in their own supply chain based on our Supplier Code of Conduct.

Targeted assessments. We supplement audits with assessments on specific risk areas, such as foreign migrant workers and fire safety.

KPI program. We require our key suppliers in high-risk locations to provide additional monthly reporting on key performance indicators (KPIs) such as working hours, vulnerable workers, and GHG emissions. Social and Environmental Responsibility (SER) scorecard. All types of final assembly suppliers and strategic commodity suppliers participate in our SER scorecard. This is a five-tier ranking system that complements our general supplier management score. Suppliers with strong SER performance are rewarded with enhanced opportunities for new or expanded HPE business, while suppliers with poor performance risk a reduction in the business they are awarded.

We encourage our suppliers to place best practices in health and safety, labor, environment, and ethics standards at the core of their businesses, achieving more than monitoring can alone. We support them with guidance and training on specific issues, such as the use of <u>manufacturing process</u> <u>substances</u>, and <u>combating forced labor and</u> <u>human trafficking</u>.

Collaboration on these issues begins during our first contact with a potential supplier. We undertake initial on-site (onboarding) assessments with selected suppliers to give them the opportunity to identify and correct nonconformance with our standards as business begins.

By publishing <u>supply chain performance</u> <u>data</u>, we hold our suppliers and ourselves accountable, and work together to improve outcomes.



2015 Highlight³⁹ Hewlett-Packard Company conducted 192 audits and assessments at supplier facilities.



Supporting workers and capability building

Investing in our supply chain improves the lives of workers, and benefits communities and the environment. It also helps ensure that we can source high-quality products and services in the years to come.

We develop targeted training and capability programs for suppliers. These address identified SER needs, enable suppliers to prepare for new and emerging requirements, and help to elevate and empower workers by enhancing their well-being.

Supplier-specific capability building.

We implement targeted programs with suppliers to help them develop sustainable management systems and further develop their remediation plans to address and prevent specific issues. This includes providing access to the **EICC eLearning Academy** and direct virtual and on-site consultation, often with the assistance of qualified, credible nongovernmental organizations (NGOs).

Broad topic capability building. We deliver a range of programs and training events to address key issues, emerging risks, and new requirements across our supply chain. Recent initiatives include training on our HPE Code of Conduct requirements and supplier summits on preventing forced labor.

Worker well-being. We work with suppliers to have a positive impact on the lives of their workers. Highlights include the <u>HERfinance</u> partnership with <u>BSR</u> to strengthen workers' financial literacy.

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³⁹ For further detail, including all relevant footnotes, see

Transparency and leadership

Accelerating change requires transparency and collaboration. Clear monitoring and reporting on our supply chain composition and performance are central to our SCR program. Our approach enables external scrutiny, enhances customer relationships, and catalyzes improvements. In turn, this leads to a more robust and resilient supply chain, with a positive impact on people and the environment.

We publish:

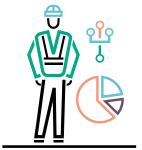
- A <u>list of suppliers</u>. Since its first publication in 2007, we have added details such as names, addresses, information about sustainability programs, and more.
- An interactive map of our final assembly suppliers, showing the number of reported hourly employees dedicated to the production of HPE products at each facility
- Our Supply Chain Responsibility dashboard here
- Results of supplier audits here
- Results of our SER Scorecard here
- A list of <u>3TG (tin, tantalum, tungsten,</u> <u>and gold) smelters and refiners</u> and their locations
- Summary information about our capability-building programs here

We identify and quickly react to emerging supply chain risks, resulting in continuous development of our <u>SCR program</u> and standards. As first-movers on issues such as protecting <u>foreign migrant</u> and <u>student</u> workers, we lead wider progress across the IT and other industries.

We <u>clearly communicate new initiatives</u> to address emerging risks. We work closely with the <u>Electronic Industry Citizenship Coalition</u> (EICC), <u>Institute for Human Rights and</u> <u>Business</u> (IHRB) and others to encourage the adoption of leading programs and standards. An HPE representative currently sits on the EICC Board of Directors as Vice Chair.



2015 Highlight ^{40,41} 3TG production suppliers reported 297 total 3TG smelters and refiners, of which 215 are Conflict-Free Smelter Program (CFSP) compliant and 38 are in process to become CFSP compliant.



Conflict minerals

Our conflict minerals program engages closely with our extended supply chain and we are working to advance the responsible sourcing of minerals used in our products, specifically tin, tantalum, tungsten, and gold (3TG).

Governments and campaigners have called for an end to the sale and use of 3TG from the Democratic Republic of the Congo (DRC) (or an adjoining country) that is linked to the funding of violent groups who commit human rights atrocities in those countries. Any link between the manufacture of our products and the funding of armed conflict is unacceptable.

We're aiming to achieve DRC conflict free⁴² status for our products. Working closely with our suppliers, we want to ensure that the 3TG used in our products and services is sourced responsibly and does not contribute to conflict in the region.

Like in most IT products, 3TG metals are found in relatively small amounts in most of our products. We set clear conflict minerals expectations with our production suppliers in our <u>Supply Chain Social and Environmental</u> <u>Responsibility Policy, Supplier Code of</u> <u>Conduct</u> and <u>General Specifications for the</u> <u>Environment</u>. We require our suppliers to source tantalum only from smelters compliant with the <u>Conflict-Free Sourcing Initiative</u>'s (CFSI) <u>Conflict-Free Smelter Program</u> (CFSP).

Our annual Conflict Minerals Report,

required by the United States Securities and Exchange Commission (SEC), provides a full list of smelters and refiners provided by our suppliers, including any that source minerals from the DRC, or an adjoining country. The report shows the status of the smelters' participation in an independent assessment and compliance program and its publication puts pressure on smelters not yet participating.

The supply chain associated with conflict minerals is complex and several manufacturing steps away from us. By collaborating with our suppliers, businesses, nongovernmental organizations (NGOs), and government agencies, we can together advance the use of conflict-free minerals from the DRC and adjoining countries. All of the tantalum smelters reported to be in HPE's supply chain, whether or not they are sourcing from the DRC or an adjoining country, are compliant with the CFSP.

Hewlett-Packard Company was instrumental in establishing the CFSI, and as Hewlett Packard Enterprise we continue to be an active, engaged and contributing member (CFSI member ID: HPE), as well as participating in steering CFSI through our EICC Board of Directors seat. Additionally, we engage with Kemet Partnership for Social and Economic Sustainability, Responsible Sourcing Network's Multi-Stakeholder Group, and the Solutions for Hope project.

- 40 This figure for smelters and refiners includes recyclers and scrap processors in the 3TG supply chain.
- 41 For further detail, including all relevant footnotes, see
- ⁴² "DRC conflict free" as defined in the U.S. Securities and Exchange Commission's conflict minerals rule to mean products that do not contain conflict minerals that directly or indirectly finance or benefit armed groups in the DRC or an adjoining country.

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Human trafficking in the supply chain

Our position

HPE is committed to protecting all workers in our supply chain, and we believe all work should be freely chosen. We set clear standards and processes designed to prevent forced labor and human trafficking, and encourage others to do the same.

Codes, policies, and standards

HPE Global Human Rights Policy

HPE Supplier Code of Conduct

<u>HPE Supply Chain Foreign Migrant</u> <u>Worker Standard</u>

<u>HPE Student and Dispatch Worker</u> <u>Standard for Supplier Facilities in the</u> People's Republic of China (PRC)

HPE Contingent Worker Code of Conduct

Programs

Supply Chain Responsibility (SCR) program

Supporting workers and building capability

<u>Working with suppliers to avoid human</u> <u>trafficking</u>

Advocating for stronger industry standards

Reporting grievances

Working closely with our suppliers, we clearly convey our expectations, assess risks, monitor progress, and take corrective actions where needed. We provide support and training for suppliers, to build a resilient supply chain and avoid conditions that might contribute to human trafficking or forced labor.

Building on our legacy of industry-leading standards, we were the first IT company to require our suppliers to hold direct employment contracts with **foreign migrant workers**, alongside prohibiting worker-paid recruitment fees. We constantly look for opportunities to reduce the risk of exploitative labor practices and we build strong partnerships with others to advocate for industry-wide improvements. We're also engaged in leading efforts to raise standards for ethical recruitment outside of our industry.



Working with suppliers to avoid human trafficking

We engage with our suppliers to ensure that they protect workers and improve labor standards. Our training programs help suppliers recognize human trafficking risks and take the right actions to prevent them.

We make it clear we have zero tolerance for all forms of forced labor and human trafficking. Our <u>Supply Chain Foreign Migrant Worker</u> <u>Standard</u> requires that:

- Any foreign migrant workers in the supply chain hold a direct contract with the supplier, not a recruitment agency
- Suppliers seek to minimize the use of recruitment agencies, and to conduct due diligence and monitoring of any agents used in sending and receiving countries
- Migrant workers keep their passports and personal documentation, and must be treated the same as local workers, with access to grievance mechanisms and the freedom to join a union, per local law
- Suppliers pay all costs associated with recruitment, travel, processing, and repatriation at the end of the migrant workers' contracts

Insisting on direct employment of foreign migrant workers enables us to minimize risks associated with forced labor. It removes another party from the system of management for these workers and ensures that our suppliers take direct responsibility for conditions of employment. Student workers in China are another group potentially vulnerable to exploitation. Our Student and Dispatch Worker Standard for Supplier Facilities in the People's Republic of China (PRC) sets out specific requirements to protect these workers at our suppliers' plants.

Our <u>supplier monitoring program</u> involves regular assessments of high-risk suppliers on key issues, including labor practices. We act immediately if we discover issues related to human trafficking or forced labor. The supplier must cease the relevant activities immediately and report corrective action to HPE within 30 days or risk discontinuation of business with HPE. We then visit the supplier to check that the correct actions have been taken.

Anyone concerned about human trafficking or forced labor in our supply chain—or any other issue—can use a range of publicly available <u>reporting channels</u> to tell us. We keep the information confidential, respond promptly to any grievances, and work with our suppliers to address any allegations that are proven.

We keep a central record of all allegations, which helps us to identify risks and <u>report our</u> <u>activities</u> transparently where appropriate. Read more about our <u>ethics and compliance</u> <u>program</u>.

Advocating for stronger industry standards

Standing up for human rights is our responsibility and core to our values. We publicize our views on labor practices and advocate for a shift in policy and process across all sectors.

We believe that all workers should be treated with dignity and respect during their employment. This starts with their recruitment. One of the key risks for forced labor is debt incurred by workers during their recruitment process. We established a policy requiring our suppliers to cover these costs, which may include agent service fees, travel, taxes, and permits as well as other charges.

In 2015, we partnered with our competitors, peers and suppliers on this issue through the <u>Electronic Industry Citizenship Coalition</u> (EICC) to push for a collective standard banning worker-paid recruitment fees across our industry. Led through the EICC Board of Directors and Forced Labor Taskforce, these efforts resulted in further strengthened Freely Chosen Employment provision in the EICC Code of Conduct. As of January 1, 2016, the provision now prohibits all worker recruitment fees, in line with HPE's policy.

We now call on other industries to do the same.

By encouraging extensive adoption of the "employer pays" principle, we can catalyze the development of a wider network of ethical recruiters. In addition to removing a critical risk of forced labor, this will further protect companies from risks of corruption and other unethical practices. We are part of the Institute for Human Rights and Business (IHRB) <u>Leadership Group for</u> <u>Responsible Recruitment</u>, a collaboration between leading global companies and expert organizations to drive positive change in the recruitment of migrant workers. The Leadership Group challenges companies across all sectors to prohibit fee charging in their operations and supply chain.

In 2015, Hewlett-Packard Company presented its Foreign Migrant Worker program at the White House Forum on Combating Human Trafficking in Supply Chains. At HPE, we continue to engage with organizations such the EICC and IHRB to share our approach and exchange ideas with other industry leaders. Collaboration with peers, suppliers, nonprofits, and government leverages our combined strength, tackling forced labor and human trafficking in the IT industry and beyond.

Increasingly, external stakeholders want to see transparent disclosure of industry efforts to tackle labor issues. We disclose information required by relevant legislation, including the <u>California Transparency in Supply Chains</u> <u>Act of 2010</u> and—from 2016 onwards—the <u>UK Modern Slavery Act</u>.

Corporate governance

Our position

How we work at Hewlett Packard Enterprise is as important as what we do.

Our leaders and employees work in partnership to drive our Living Progress strategy, demonstrating our shared values through everyday behaviors and actions.

Codes and policies

<u>HPE Standards of Business Conduct</u> HPE Corporate Governance Guidelines

Programs

Oversight Living Progress governance Economic governance Management systems

Detailed policies, codes, and management systems provide everyone at HPE with clear and consistent guidance. A robust **governance** structure provides the foundation, enabling us to accelerate progress across our value chain while working to benefit and protect people and the environment.

Our business success contributes to the economies in which we operate. Sustainable growth for HPE delivers long-term positive impacts for the millions of people touched by our supply chain, operations, products, and services.



Oversight

High standards of business conduct and corporate governance are essential to our ongoing success. Our business affairs and policies are overseen by our Chief Executive Officer and <u>Board of Directors</u>, the majority of whom are <u>independent</u> of HPE.

The Board demonstrates good governance and HPE values for our employees worldwide. It oversees specific aspects of our work through five standing committees:

- Audit
- Finance and Investment
- Human Resources (HR) and Compensation
- Nominating, Governance, and Social Responsibility
- Technology

We think our leadership should reflect the diverse society in which we operate, and have worked to ensure strong representation of women and a mix of ethnic backgrounds on the HPE Board of Directors.

Living Progress governance

Our Chief Sustainability Officer leads our efforts to engage internal and external stakeholders in our Living Progress strategy, supported by a robust governance structure.

HPE Board of Directors' Nominating, Governance, and Social Responsibility Committee:

- Reviews, assesses, reports, and provides guidance to management and the Board regarding
 - HPE policies and programs relating to Living Progress and public policy matters
 - The impact of HPE operations on employees, customers, suppliers, partners, and communities worldwide

Living Progress governance structure

- Reviews the HPE Living Progress Positions, Policies, and Programs and Data Summary reports
- Identifies, evaluates, and monitors social, political and environmental factors that could significantly affect HPE public affairs, including trends, issues, concerns, legislative proposals, and regulatory developments
- Oversees the HPE Political Action Committee
- Oversees HPE government affairs activities and related policies

HPE Executive Council (led by our CEO):

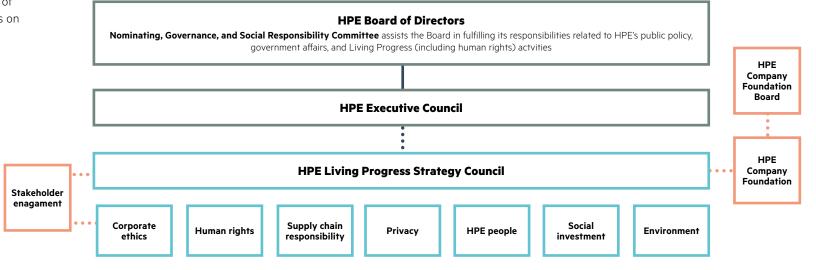
• Has overall responsibility for Living Progress

HPE Living Progress Strategy Council:

- Ensures company-wide commitment to and alignment with HPE Living Progress objectives
- Communicates HPE Living Progress coherently to stakeholders inside and outside HPE

Senior leaders from Ethics and Compliance Office, and Corporate Affairs organizations:

• Provide the interface to the Nominating, Governance and Social Responsibility Committees and other relevant Executive Council-level committees



Economic governance

Our global presence directly supports local markets through employment and tax revenues—we want to contribute to thriving economies that catalyze innovation and sustainable growth. HPE fulfills, taxation responsibilities in every location where we operate. We support tax reforms for a modern marketplace. Read more about our approach to <u>tax and economic incentives</u>.

Our Human Resources and Compensation Committee regularly reviews executive compensation at HPE, including for our CEO and other named executive officers. This ensures that we reward strong performance and offer a competitive level of remuneration consistent with our peers. We balance rewarding for near-term results with long-term success, enabling us to attract, retain, and focus our executive team on achieving strong business performance now and in the future.

Management systems

We ensure that every HPE employee and facility shares the same approach to environmental, health and safety (EHS) performance.

Our comprehensive EHS management system is integrated into every part of our business, tailored to local, regional, and global considerations. It provides a structured approach to:

- Identifying EHS priorities
- Managing risk
- Improving performance
- Meeting external requirements

Based on current international models including ISO 140001 and OHSAS 18001 our EHS management system promotes continuous improvement through regular risk-based audits and employee training. Our global EHS organization oversees delivery, including collaborating across the business to set improvement goals, deliver audits, and implement corrective or preventive actions where needed.

We always comply with legal minimum standards on environment, health, and safety wherever we operate, and often go beyond. Whenever we acquire a new site or company, we introduce our EHS management system during the integration process to ensure that every part of our business adheres to the same high standards.

Read more about our approach to <u>energy use</u> and greenhouse gas emissions, waste, water, and <u>employee health, safety, and well-being</u>.

Transparency, accountability, and reporting

Our position

Effective communication is key to our success. It helps us innovate, fuels collaboration, and reminds us to stay focused on what's important.

Programs

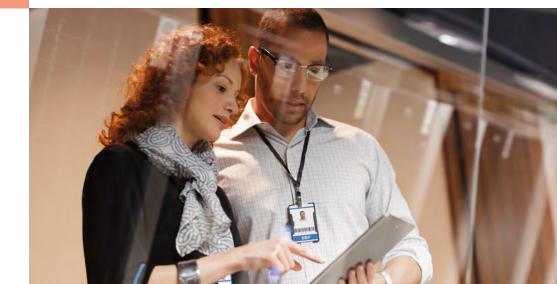
Staying open and accountable

Stakeholder partnerships and engagement

We accelerate progress by partnering with others who inspire and challenge us, and by setting goals in areas such as greenhouse gas (GHG) emissions and water usage.

We assess, monitor, and report our performance on key issues. This enables us to identify where we need to do more, and to be held accountable for our actions.

Through regular **assessments** involving internal and external stakeholders, we evaluate the ethical and environmental issues that are most material to our business.



Staying open and accountable

As a global IT company, connectivity is central to our business and our relationships with customers, partners, and the communities where we operate.

Maintaining transparent channels of communication enables us to stay ahead of external trends, surpass expectations, and keep in touch with the world around us.

We report externally to share our progress and performance, clarify our approach to key issues, and tell our story. <u>Read more about</u> <u>this report</u>.

Our leaders and employees work together to embed our culture and values across every business function worldwide. A robust governance structure ensures that we hold each other to account for our behaviors and actions. Read more about <u>our approach to</u> <u>corporate governance</u>.

Stakeholder partnerships and engagement

Everything we do is built on partnership with customers, employees, leaders, suppliers, policy makers, industry bodies, nonprofits, and sector experts.

Clear communication, ongoing dialogue, and close collaboration strengthen these relationships. By connecting openly with our stakeholders, we:

- Understand external priorities
- Share expectations of conduct and performance
- Learn and innovate
- Contribute to industry-leading initiatives accelerating efficiency, fairness, and opportunity
- Hold ourselves and others accountable to the highest standards

We map and engage key stakeholders involved in our most material issues and

seek feedback from them to identify trends, evaluate progress, and influence our strategy. We share updates on our progress and invite engagement on Twitter at <u>@HPE_LivingProg</u> and through our Inspiring Progress <u>blog</u>.

Since 2014, our Living Progress Exchange (LPX) has brought together creative thinkers and sustainability leaders from diverse industries and organizations to discuss progress toward a better future. Facilitated by independent third parties, the biannual online sessions focus on discovering fresh ideas and solutions for accelerating efficiency, fairness, and opportunity. Read more about LPX.

Our regular engagements with internal and external stakeholders include audits, industry working groups, training, and lobbying. Read more about our <u>external memberships and</u> <u>affiliations</u>.

Intellectual property protection

Our position

Hewlett Packard Enterprise has a vast and expanding intellectual property (IP) portfolio. We're committed to protecting the IP that drives our services, solutions, and products, including more than 10,000 patents worldwide.

Standards

HPE Standards of Business Conduct

Programs

Advocating for intellectual property protection

As one of the U.S.'s largest patent holders, we know firsthand the critical role patents play in the global economy and that strong patent rights are central to maintaining a competitive advantage. Effective frameworks that safeguard IP encourage creativity and innovation, generating value for our customers and businesses. We support the protection of intellectual property rights in every market.

Our advocacy complies with all applicable national and international laws, as well as our own Standards of Business Conduct.



Advocating for intellectual property protection

Hewlett Packard Enterprise engages directly with governments on counterfeiting, particularly in high-risk regions. We:

- Support the elimination of counterfeit products
- Encourage awareness campaigns about counterfeiting
- Advocate for the best practices in procurement to avoid counterfeit products

In the United States, we encourage Congress to pass bipartisan legislation that modernizes intellectual property frameworks. We support reforms that:

- Strengthen the U.S. patent system
- Encourage technological innovation
- Improve patent quality
- Deter excessive patent litigation in the courts and at the International Trade Commission

Read more about our broader **<u>public policy</u>** <u>**engagement**</u> activities.

Public policy engagement

Our position

We engage with government officials around the world to promote effective public policies that encourage growth and innovation, provide access to technology, and benefit people and communities.

Codes, policies, standards, and guidelines HPE Political Contributions, Criteria, and Approvals Policy

HPE Standards of Business Conduct

HPE U.S. Public Sector Code of Conduct HPE Corporate Governance Guidelines

Programs

Policy priorities Collaboration Political engagement

As a leading global technology solutions company, we share our business perspective and expertise, advising policy makers on creating robust policies in areas such as technology development, taxation and economic incentives, market access, and IT sustainability.

Hewlett Packard Enterprise's public policy work complies with all applicable national and international laws, as well as our own strict Standards of Business Conduct.



Policy priorities

We focus our public policy work on four critical areas: technology, tax and economic incentives, market access, and IT sustainability.

Technology. We support policy frameworks that encourage growth of innovative technologies, such as the cloud, big data, cybersecurity, and the Internet of Things. We encourage an outcomes-based regulatory approach and international collaboration to strengthen cybersecurity. We advocate for robust privacy and data protection frameworks.

Tax and economic incentives. We promote tax policies and economic incentives that encourage innovation, research and development, economic growth, and job creation. For several years we have engaged with global tax reform efforts through the <u>G20</u> and <u>Organisation for Economic Co-operation</u> <u>and Development (OECD). In the United</u> States, we support comprehensive tax reform that reflects the modern marketplace. In other markets, we stand ready to assist governments as they deliberate the implications of the OECD recommendations.

Market access. In order to encourage global innovation and access to technology, we support open markets for IT goods and services, promote globally accepted, technology-neutral standards and seek to maintain free flow of data across borders. We encourage negotiation and approval of trade agreements, such as the Trans-Pacific <u>Partnership</u>, that remove IT-related barriers, protect and enforce intellectual property rights, promote regulatory transparency, and facilitate global supply chains.

IT sustainability. We promote public policies that accelerate efficiency, fairness, and opportunity. We promote the use of <u>energy-</u> <u>efficient data centers and renewable</u> <u>energy</u>, and support global energy efficiency standards. We advocate for <u>ethical supply</u> <u>chain practices</u> and promote <u>workforce</u> <u>diversity</u>. We actively seek opportunities to leverage technology to solve societal challenges such as economic inclusion.

Collaboration

Our Corporate Affairs team leads our public policy engagement with government officials around the world. We also often work with industry associations on issues faced by multiple companies. We list our major memberships and coalitions on our <u>Corporate Affairs</u> website.

In regions where we have significant business interests, we may engage external consultants, including professional contract lobbyists, whom we expect to abide by national and regional lobbying regulations as well as the <u>HPE Standards of Business Conduct</u>.

Political engagement

Engagement in the political process and global public policy debate is consistent with our core values. In our view, such activity represents an important, necessary, and appropriate part of doing business.

In the United States, we contribute corporate funds to U.S. state and local candidates, committees and ballot measures, where allowed. These contributions are consistent with our **political contributions policies**, criteria, and approvals.

U.S. law prohibits corporate contributions to federal political candidates. Eligible employees can make individual donations to the Hewlett Packard Enterprise Political Action Committee (HPE PAC). The HPE PAC is a separate legal entity and donations are voluntary. HPE PAC makes bipartisan contributions to campaigns and committees for congressional candidates who share our policy views.

Hewlett Packard Enterprise does not generally make political contributions outside the United States.

We disclose our political contributions as follows:

- Candidates and groups that received Hewlett Packard Enterprise <u>corporate</u> <u>contributions</u>
- Candidates and groups that received Hewlett Packard Enterprise <u>PAC</u> <u>contributions</u>
- Section 527 organizations that received <u>corporate contributions</u> from Hewlett Packard Enterprise.



2015 Highlight⁴³ Hewlett-Packard Company political contributions totaled nearly \$790,000.



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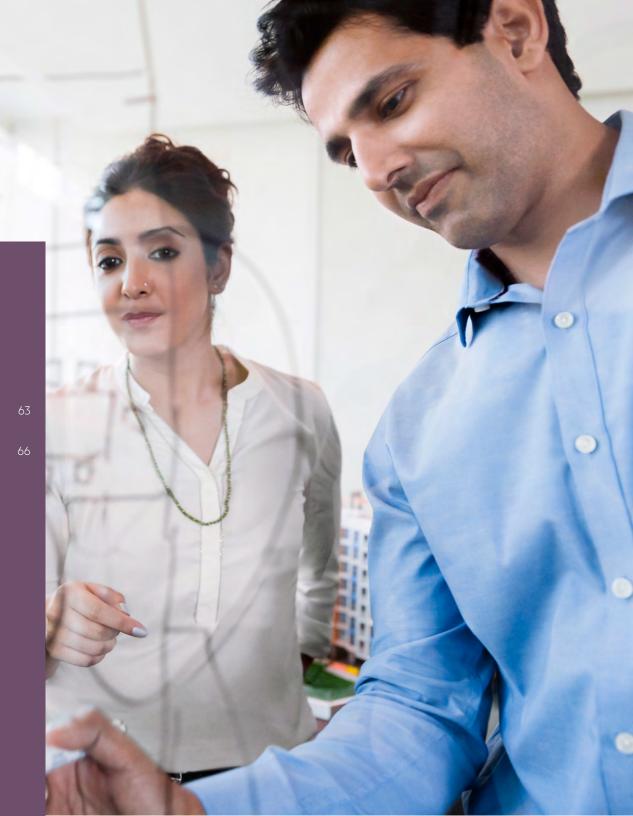
ECONOMIC

Accelerating Opportunity

Social application of ICT and access to technology

Network resilience

Empowering people to drive economic progress



Social application of ICT and access to technology

Our position

We harness the power of our people, products, and solutions to meet society's toughest challenges.

Through partnerships with nonprofits, governments, and international agencies, we develop pioneering programs focused on global needs such as education, entrepreneurship, and healthcare.

Programs

Living Progress Challenge Transformative technology People power Digital skills

Technology can change lives, but only if it is accessible to people and communities. We seek to close the digital divide by investing in skills and increasing access to technology for those who will benefit most. Through our **Living Progress Challenge**, for example, we're enabling people with great ideas and skills to contribute innovative, practical solutions which will improve people's lives.

We draw upon the skills and generosity of our employees to support entrepreneurs. We also encourage underrepresented individuals such as women and the young to develop IT skills and improve their career prospects in technology.



Living Progress Challenge

Millions of people are being excluded from a world of opportunity because they can't access the power of technology. We're harnessing ideas and inspiration from people and organizations all over the world to change this.

Our <u>Living Progress Challenge</u> asks a simple question: what software applications and digital services would you create to improve people's lives?

From agriculture to world poverty, education to ecosystems, anyone can submit an idea via our online portal. We then invite detailed proposals designed to bring these ideas to life.

In May 2016, we selected 20 of the strongest ideas to be worked into prototypes, and up to five winners will have their designs built into solutions, deployed with the help of HPE people and technology by 2018.

Read more about how the innovative ideas from <u>this year's winners</u> are set to change the world.

Transformative technology

Every day the world creates 2.5 quintillion bytes of data, information that has the potential to transform lives for the better. We use our expertise and technology to interpret this big data, connect people with the information they need, and improve access to essential services.

Our eHealth Centers are helping underserved communities that lack access to primary healthcare services including skilled people and equipment. By leveraging HPE knowhow we're bringing high-quality, affordable healthcare to these people, many of whom live in communities situated far from adequate services.

These centers are equipped with essential diagnostic tools, linked to cloud-based IT and data-sharing systems. Using technology such as videoconferencing, doctors are able to effectively diagnose conditions, and then connect patients with specialists for more detailed consultations.

Making sense of big data is essential to improving social services. Our Visual Survey Platform is a cloud-based data collection and management system. It enables the collation and analysis of large sets of information including visual images and Global Positioning System data. The platform was codeveloped with the nonprofit **Fundación Paraguaya** to identify financial and social service needs in Paraguay, and has helped to lift 20,000 people out of poverty. The platform is now commercially available, providing effective data analysis in industries such as aviation and healthcare.



2015 Highlight⁴⁴

Hewlett-Packard Company invested nearly \$90 million in social initiatives, including more than \$17 million in cash and more than \$72 million in products and services.



> Social application of IT and access to technology

People power

Our employees care about our world and their fellow global citizens. They're generous with their skills, knowledge, and time, and we support them to tackle social challenges.

Funding from the Hewlett Packard Enterprise Foundation and our partnership with Kiva enables employees to contribute to local economic development in more than 85 countries. Called Matter to a Million, the program involves the HPE Foundation providing every HPE employee with a \$25 credit⁴⁵ that they can lend to entrepreneurs selected through the Kiva online platform. Borrowers then use the money fund to finance their microbusinesses and work to pay back the loan. Employees can learn about the stories of the entrepreneurs they support via the Kiva platform. Our involvement continues the original Matter to a Million initiative started by Hewlett-Packard Company.

NGOs and other organizations participating in the <u>Living Progress Challenge</u> can tap into the co-innovation crowd in HPE Spark, made up of architects, designers, and developers, to further their ideas. Some of the winners will have access to HPE's world-class Data Analytics team to accelerate the impact of their solutions through the power of big data.

The HPE Gives global platform enables employees to support their favorite causes and double the power of their donations. The Hewlett Packard Enterprise Foundation has provided up to \$5 million in funding to match employee donations of time or money, up to a cap of \$1,000 for most employees. Our ability to support our communities is also enhanced by HPE's expanded volunteerism policy, which enables every employee to use 60 hours of paid time a year to spend on volunteering activities. Volunteer hours logged by employees are matched at US\$5 per hour, with the rate increasing to US\$10 per hour for board service.

Major natural disasters such as floods and earthquakes can overwhelm communities or entire countries. To bring relief to people around the world, our employees, company, and the Hewlett Packard Enterprise Foundation dig deep to contribute services and skills, along with financial support. The Hewlett Packard Enterprise Foundation will continue to fund disaster relief in 2016.

The Hewlett Packard Enterprise Foundation is also a generous supporter of the <u>American</u> <u>Red Cross</u> Annual Disaster Responder Program, which helps secure a reliable funding base that enables the Red Cross to provide relief services, both in the U.S. and around the world, immediately when disaster strikes.

Digital skills

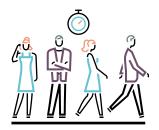
IT skills such as programming and coding vital to our business and society—are in short supply. This must change, and we take a proactive approach by focusing our efforts on student engagement and increasing the number of women with these valuable skills.

- Our annual CodeWars event aims to spark an early interest in science, technology, engineering, and math (STEM). At several locations around the world, teams of high school students compete to solve programming problems.
- We invest in the <u>National Center for Women</u> <u>& Information Technology</u>'s Aspirations in Computing program. This initiative provides a long-term community for women in technology, through higher education and beyond. It offers a source of ongoing engagement and encouragement at each stage of educational and professional development. Read more about our <u>focus on</u> <u>female talent</u> in the workplace.

Read more about our approach to <u>diversity</u> and inclusion.



2015 Highlight⁴⁶ More than 38,000 Hewlett-Packard Company employees participated in volunteer activities, donating more than 1.2 million hours of time.



45 Each employee is provided with an initial \$25 credit to loan to an entrepreneur, and may receive an additional \$25 credit if they use the first loan within 48 hours.



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Network resilience

Our position

Today's IT systems are built on connectivity. With the advent of cloud computing and the acceleration of mobile technology, downtime is not an option.

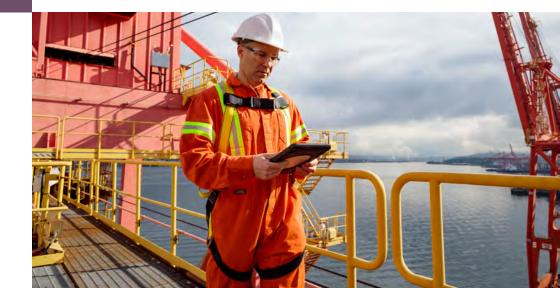
Programs

Keeping our customers connected

HPE networks

Our leading network services help to secure resilience at global organizations, from innovative start-ups to those that are too big to fail. We design and engineer robust networks for our customers, working with them to continuously improve systems that adapt to the modern world.

Our own networks are built to keep our employees connected wherever they are, providing uninterrupted support to customers.



Keeping our customers connected

IT systems are no longer constrained by wires and walls. In the age of 24-hour connectivity, communications and data transfers must be reliable and fast, in all locations.

Complex networks supporting critical infrastructure, public goods, and financial institutions must perform, even when threatened by risks such as cyber-attacks, weather events, and server downtime.

We help our customers to embrace the fastchanging world by designing and engineering networks that have both redundancy and resilience. We work with them to understand their risks and needs, balancing cost, availability and quality to develop robust networks which can continue to perform well, in all contexts. Our lifecycle approach focuses on continuous improvement across three key areas:

Advise. We work with our customers to create and deliver plans for systems that are efficient, flexible, and resilient.

Transform. We enable our customers to stay ahead of the curve, facilitating the shift to mobile and wireless working without losing network reliability or security.

Manage. We manage our customers' IT environments—including mobile computing and the cloud—providing industry-leading service levels, effective risk management, and work-anywhere productivity.

HPE networks

Our approach to building resilient networks starts with our own business. At every HPE facility, we carry out a risk assessment based on size, function, and location. We balance network requirements with cost to design IT systems that deliver connectivity around the clock.

We pay close attention to evolving workplace trends. As the internet and cloud computing become increasingly critical to business, we continuously update our networks to give our employees access to the data they need, whenever they need it.

The hardware and software we put in place at each HPE location are designed to:

- Optimize the pathway between our customers and our people
- Withstand minor and major disruptions
- Maintain consistent levels of productivity and quality of service

Networks are the fabric of modern business. By building ours to be up to date, secure, and resilient, we keep HPE and our customers fit for the future and able to create value from ideas faster.

This report

This report provides a summary of HPE's current positions and programs relevant to our most material issues. It forms part of a suite of HPE Living Progress communications, which also includes the HPE Living Progress 2015 Data Summary 🗟 and the HPE 2015 GRI Index 🗟.

The information in this report is current as of the date of initial publication. This report has not been updated to reflect any changes that may have occurred after such date, including any changes to HPE's business or strategy. Information within this report adheres to the following specifications:

- Contents covers all HPE operations but does not cover joint ventures.
- All references to years are to HPE's fiscal year, which ends October 31, unless stated otherwise.
- All references to dollars are to U.S. dollars.
- "Tonnes" refers to metric tons. One metric ton is equivalent to 2,205 pounds.

The goals in this report were established prior to the split of Hewlett-Packard Company into Hewlett Packard Enterprise and HP Inc. Hewlett-Packard Company as a whole remained in operation until the end of fiscal year 2015. Where possible, we provide performance data based on operations applicable to HPE only. See individual data points for detail. Data are rounded to reflect the appropriate level of certainty.

This is a forward-looking report setting out HPE's current approach to key issues. It therefore contains many statements that involve inherent assumptions, risks and uncertainties. HPE assumes no obligation and does not intend to update these forwardlooking statements based on changes resulting from the materialization of any of these risks or uncertainties, or in the case of assumptions proving incorrect.

Seeking external assurance is an important part of our commitment to transparent reporting. HPE engaged external assurance provider Ernst & Young LLP (EY) to perform an independent review of a selected number of key performance indicators, included in the <u>HPE Living Progress 2015 Data Summary</u> and those referred to in this document. This is in accordance with attestation standards established by the American Institute of Certified Public Accountants, including AT-101 Statements on Standards for Attestation Engagements, of the American Institute of Certified Public Accountants.

Defining our material issues

The following table summarizes the material issues included in this report—<u>read more</u> about how these were chosen. The definition of each issue takes into account input from internal and external stakeholders, as well

as best practice guidelines from reporting organizations such as the <u>Global Reporting</u> <u>Initiative</u> (GRI) and the <u>Sustainability</u> <u>Accounting Standards Board</u> (SASB). An index of our reporting to GRI guidelines can be found here.

Key Accelerating Efficiency Accelerating Fairness Accelerating Opportunity

lssue

Description

High importance to sustainable development, high importance to HPE's business success

IT as an efficiency enabler	Providing IT services, products, and solutions and engaging with customers to solve customer business challenges, alongside providing sustainability benefits. Increasing the energy efficiency of HPE products and enabling customers to reduce their energy use. Developing IT solutions that customers can use to manage and reduce their environmental sustainability impacts.
Data security	Working to protect information managed by HPE and customers from unwanted parties and unauthorized access, such as security threats and cyber-attacks—including data collection, use, processing, storage, transfer, sharing, and end-of-life disposal.
Ethical behavior and business partnerships	Promoting high standards of ethics in employee, business partner, joint venture, and customer relationships. Working against corruption, extortion and bribery in employee, business partner, joint venture, and customer relationships.
Privacy and freedom of expression	Managing and processing personal data throughout its lifecycle in a manner that upholds the right to privacy and freedom of expression and is protected from unwanted parties. This includes commercial and government relationships.

Medium importance to sustainable development, high importance to HPE's business success

Diversity and inclusion	Ensuring that the HPE workforce reflects our global business and customers. Maintaining a supply chain that is diverse, inclusive, and global. Preventing discriminatory outcomes resulting from the use of customer data and big data analytics.
Employee development and engagement	Promoting professional growth and matching employee skills to the needs of the business. Addressing the need to train and retrain at the pace required for the ever-evolving technology industry. Maintaining a connected workforce through open engagement and communication.
IT products and services and human rights	Taking measures to prevent the use of HPE products and services by individuals, groups or entities that are restricted, or who may use IT to infringe on human rights.
Transparency, accountability, and reporting	Providing clear and comparable business and sustainability information on products, operations and the supply chain in an accessible manner. Engaging and partnering with external stakeholders openly and transparently.

Key 📕 Accelerating Efficiency 📕 Accelerating Fairness 📕 Accelerating Opportunity

ssue	Description
ligh importance to sustainable development, medium imp	portance to HPE's business success
Energy use and greenhouse gas emissions in our operations and value chain	Improving energy efficiency and reducing greenhouse gas emissions across the HPE value chain, including operations, data centers, and buildings, employee travel and transportation logistics. Using renewable energy sources to reduce GHG emissions.
Product lifecycle management	Managing the impacts of HPE products and services through their entire lifecycle, including production of raw materials, engineering, design, manufacture, use, and end-of-life options.
Substances of concern in products	Designing and developing products and solutions that use alternatives to materials and substances of concern to human healt and the environment.
Waste and hazardous materials in our operations and value chain	Managing and disposing of hazardous and nonhazardous waste responsibly across the HPE value chain.
Ethical sourcing practices in the supply chain	Maintaining and elevating ethical standards in the supply chain, including services and manufacturing supply chains. Achieving fair and beneficial outcomes for supply chain participants, especially workers and communities. Implementing and enforcing codes and standards that set a baseline for supplier social and environmental responsibility, including labor, health and safety, environmental, and ethical standards.
Human trafficking in the supply chain	Taking measures to avoid slavery and forced labor in the HPE supply chain.
Social application of ICT and access to technology	Providing IT solutions that improve access to health, finance, food, government services, education, information, and markets. Taking account of ethical considerations in the social applications of big data. Addressing the "digital divide" by increasing access to affordable, durable, low-impact, and locally appropriate technology for people of all ages, abilities, regions, languages, and income groups.
1edium importance to sustainable development, medium i	importance to HPE's business success
Water in our operations and value chain	Taking measures to conserve water usage and implement water-saving measures across the HPE value chain.
<u>Corporate governance</u>	Ensuring independent oversight of the company, as led by the Board of Directors and Chief Executive Officer. Enabling effective governance of sustainability efforts. Improving the diversity of HPE's board structure. Ensuring appropriate executive compensation and the fulfillment of taxation responsibilities to the economies in which HPE operates.
Intellectual property protection	Managing patents and patent litigation to protect intellectual property without restricting competition.
Public policy engagement	Influencing public policy development through direct engagement and multi-stakeholder associations or initiatives.
Network resilience	Managing reliable information networks—including those that support critical infrastructure and public goods—to reduce and rapidly respond to systemic risks and disruptions such as programming errors or server downtime.
Additional fundamental issues covered in this report ⁴⁷	
	Upholding the fundamental freedoms and standards of treatment to which all people are entitled, across the HPE value chain.
Human rights	opholding the rundamental needons and standards of nearment to which an people are entitled, across the FFE value chain.

⁴⁷ The headings of the material issues included in the materiality matrix evolved as a result of the process of external and internal assessment and refinement described <u>here</u>. Human rights is a topic that cuts across a number of our material issues. Employee health, safety and well-being appeared in the materiality matrix as an issue of high importance to our business but of less importance to sustainable development. We have included these two issues in the report because we think they are fundamental to the operation of any business, and as such we want readers to be able to access relevant information quickly and transparently.

Acronyms and definitions

3TG tin, tantalum, tungsten and gold—known as "conflict minerals"

BFRs brominated flame retardants

CDP formerly Carbon Disclosure Project

CFRs chlorinated flame retardants

CO₂e carbon dioxide equivalent. A tonne of CO₂e means one tonne of carbon dioxide or an amount of any of the other greenhouse gases with an equivalent global warming potential.

DfE Design for Environment program

DJSI Dow Jones Sustainability Index

EEP Energy Efficiency Program. An HPE program to help suppliers implement energy-saving initiatives and incentivize them to set emissions targets.

EHS Environmental, Health and Safety

EICC Electronic Industry Citizenship Coalition

ENERGY STAR® A U.S. Environmental Protection Agency (EPA) voluntary program that helps businesses and individuals save money and protect the climate through superior energy efficiency

ERGs Employee Resource Groups

EU European Union

GHG greenhouse gas

GRI Global Reporting Initiative

GSCP Global Social Compliance Programme

GSE General Specification for the Environment

Hewlett-Packard Company our legacy company, which separated into HPE and HP Inc. in November 2015

HPE Hewlett Packard Enterprise—one of two companies created from the separation of Hewlett-Packard Company in November 2015, alongside HP Inc.

HPE PAC Hewlett Packard Enterprise Political Action Committee

HP Inc. Also known as HP—one of two companies created from the separation of Hewlett-Packard Company in November 2015, alongside HPE

IoT Internet of Things

 $\textbf{IP} \hspace{0.1 cm} \text{intellectual property} \\$

LGBT Lesbian, gay, bisexual and transgender

Living Progress our framework for building a sustainable business

LPX Living Progress Exchange—biannual online sessions bringing together creative thinkers and sustainability leaders to discover fresh ideas and solutions for accelerating efficiency, fairness, and opportunity

NGO nongovernmental organization

OECD Organisation for Economic Cooperation and Development

PUE power usage effectiveness—the accepted measure of data center energy efficiency

PVC polyvinyl chloride

REACH an EU regulation concerning the registration, evaluation, authorization, and restriction of chemicals

RECs renewable energy credits

RoHS EU Restriction of Hazardous Substances Directive

SASB Sustainability Accounting Standards Board

SCR Supply Chain Responsibility program

SER social and environmental responsibility (with reference to HPE's SER scorecard for suppliers)

STEM science, technology, engineering and math

VoW Voice of the Workforce survey

Resources

HPE reports and online content

HPE Living Progress 2015 Data Summary

HPE Living Progress 2015 GRI Index

HPE Annual 10-K Report

HPE Investor Relations

External ratings

Search for Hewlett-Packard for historical Hewlett-Packard Company submissions, and Hewlett Packard Enterprise for post-separation HPE submissions.

<u>CDP</u>

Dow Jones Sustainability Index (DJSI)

Feedback

We welcome feedback on any aspect of our Living Progress reporting and performance. Contact us <u>here</u>.



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