HP 2012 Global Citizenship Report

Contents

Indicates Ernst & Young has reviewed this indicator/value. See Report of Independent Accountant on page 137 for details of the work performed and values assured.

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Governance

Employees, customers, and other key stakeholders increasingly look to HP for leadership in helping to address many of the world's major environmental and social challenges. We believe that profitable and responsible operations make a positive impact on communities worldwide.

Contents

Welcome to the HP 2012 Global Citizenship Report.

Our founders, Bill and Dave, first put Global Citizenship on the list of HP's corporate objectives in 1957. And we still know today that being a good corporate citizen is integral to our innovation and performance. It is central to our corporate purpose of advancing the way people live and work.

The world is facing many challenges: climate change and rising energy costs, the need for economic development and social equality, and increasing information security and privacy concerns—just to name a few.

HP is leading the way with a strong commitment to providing solutions for our customers that address business issues in ways that can also positively impact society and the planet.

We've made great progress in 2012.

We launched the first commercialized product from our Project Moonshot, which will truly revolutionize the data center with an entirely new category of server. We expect it to consume up to 89% less energy and 80% less space at 77% less cost, and I am confident it will be an extreme improvement over anything else on the market.

We also launched new responsible supplier guidelines for student and dispatch workers in China. This is an industry-first initiative that protects high-risk workers and promotes responsible labor practices. This initiative is part of HP's larger commitment to ensuring that our suppliers meet high ethical standards and treat our extended workforce with dignity and respect, reducing turnover and supporting product quality.

This past year, we also published our complete carbon footprint, a measure of our environmental impact as a corporation. This includes the footprint of our extended supply chain, our own operations, and the footprint of our products and services in use. This is another first in the IT industry.

The saying goes that you can't manage what you can't measure, and we can now measure our complete carbon footprint. This insight allows us to commit to new goals like reducing the carbon dioxide emissions of our operations by another 20% by 2020. Achieving this goal will help lower HP's operating costs and energy-price risk, providing business benefits as well as environmental benefits.

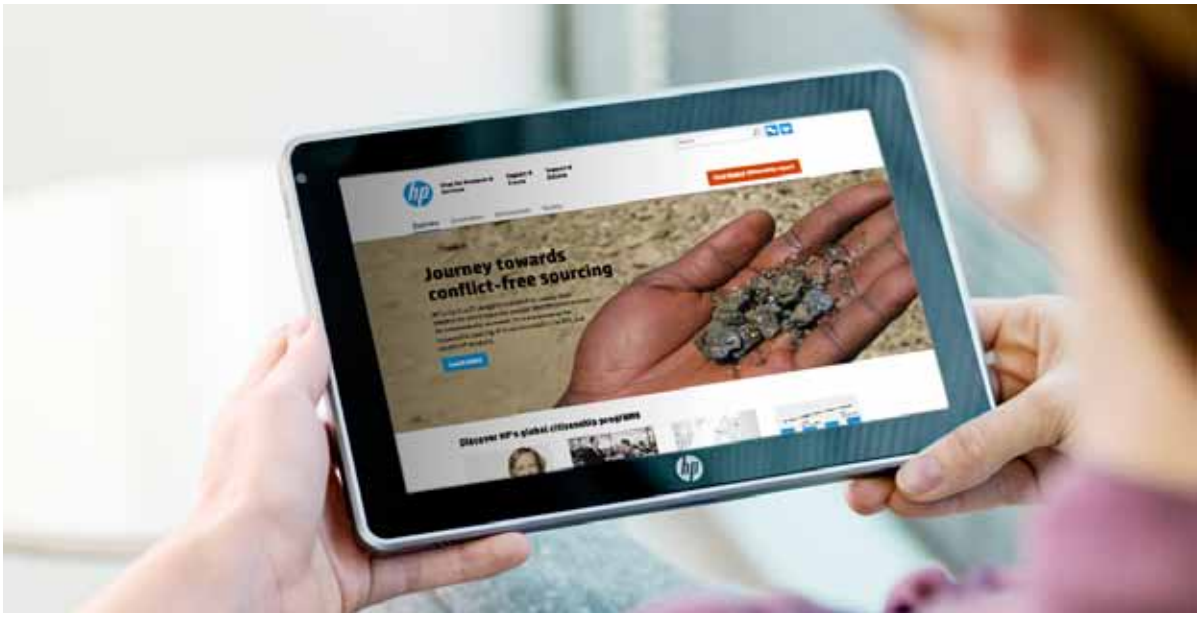
In our Global Citizenship Report, you'll learn about these examples and many others. In addition, to promote higher standards across the areas of human rights, labor, environment, and anticorruption, we endorse the United Nations Global Compact as a practical framework for the development, implementation, and disclosure of sustainability policies and practices.

The contributions we make to benefit people, communities, and the planet also create value for HP, our employees, our customers, and our shareholders.

It's not just good values, it's good business—and that means a path to sustainable growth.

Sincerely,

Meg



Executive summary

HP has long been a leader in global citizenship—it has been one of our seven corporate objectives since 1957. We fully embrace our social and environmental responsibilities, and we are committed to conducting our business in ways that positively impact society and the planet. Our global citizenship agenda covers a broad spectrum, including governance, environment, and society.

Below are our most significant achievements towards this vision in 2012.

Governance

Global citizenship strategy

HP demonstrates clear leadership and governance to achieve consistently strong global citizenship performance. This effort begins at the top and depends on active participation and support throughout HP.

- Conducted a formal materiality assessment to review and update our understanding of HP's global citizenship issues
- Launched the External Global Citizenship Council to provide external input and guidance
- Scored 92 out of 100 for disclosure in 2012 Carbon Disclosure Project Leadership Index
- Included in the 2012 Dow Jones Sustainability Index (DJSI) World Index and North America Index
- Included in four FTSE4Good indexes for the tenth consecutive year

Corporate ethics

HP emphasizes ethics in everything we do, making employees aware that we are accountable for our actions, responsible for the consequences, and proud of our efforts.

- Scored 99% in the 2012 DJSI category of Codes of Conduct/Compliance/Anticorruption & Bribery
- 99% of HP employees completed the ethics and compliance annual training session
- 25,000 employees viewed the Integrity Matters videos on handling ethical issues

Public policy

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

- Promoted public policy priorities, including working with governments around the world on technology, tax, trade, intellectual property, and social and environmental policies

Environment

Environmental sustainability

HP continues to improve the efficiency of our products, supply chain, and operations.

- Published our complete carbon footprint, making HP among the first companies globally to disclose this level of information (released in early 2013)
- 100% of HP Everyday Office Papers are FSC®-certified in the Americas (as of early 2013)
- Held a top spot in the *Newsweek* Green Rankings for the third consecutive year

Products and solutions

HP works to reduce the environmental footprint of products and solutions across our portfolio—from single-user personal computing devices and printers to enterprise servers, storage equipment, and data centers.

- The HP Moonshot system uses up to 89% less energy compared to traditional servers[1]
- HP's Energy-Star qualified, latest OfficeJet range of printers use up to 50% less energy than the majority of comparably priced laser printers[2]
- Most HP PCs, printers, and servers are more than 90% recyclable by weight[3]

Product return and recycling

HP provides broad geographical coverage of take-back programs and ensures an environmentally responsible option for processing HP products at the end of their life.

- Reached 2.5 billion pounds of electronic products and supplies recycled since 1987
- Increased the number of U.S. take-back locations for HP print cartridges to more than 7,000 through partnerships with Walmart, OfficeMax, and Staples – and Office Depot in early 2013
- Established a new recycling facility to process used HP ink cartridges in São Paulo, Brazil

HP operations

HP continues to increase efficiency in our operations, reducing energy use and greenhouse gas (GHG) emissions and improving our landfill diversion rate.

- Established a goal to reduce total GHG emissions from our operations (Scope 1 and 2) by 20% by 2020, compared to 2010
- Reduced total GHG emissions from our operations by 8% from our 2010 baseline
- Achieved an 88.1% landfill diversion rate

[1] According to internal HP engineering that compares HP Moonshot servers with traditional x86 server technology.

[2] Majority of color laser printers <$800 USD and color laser MFPs <$1,000 as of August 2012. Energy use based on HP and HP commissioned third-party testing. Actual cost and energy usage may vary. For details, see www.hp.com/go/officejet. HP OfficeJet Pro 8600 e-All-in-One series compared with majority of color laser AiOs <$600 and HP OfficeJet Pro 8100 ePrinter compared with majority of color laser printers <$300, March 2011. HP OfficeJet Pro X Series compared with majority of color laser printers <$800 and color laser MFPs <$1,000, August 2012.

[3] Calculated using HP's Recyclability Assessment Tool.

Society

Human rights

HP maintains a centralized human rights program in our Ethics and Compliance Office to identify and manage our own impacts in this area and provide leadership in multi-stakeholder forums promoting respect for human rights in business.

- Developed a human rights risk assessment process tailored to our operations and potential human rights risks
- Continued external advocacy and leadership through the Global Business Initiative on Human Rights and BSR

Supply chain responsibility

HP advances efforts to significantly improve social and environmental responsibility (SER) standards throughout the IT supply chain

- Developed new supplier guidance on appropriate use of student and dispatch workers (released in early 2013)
- Conducted first independent management system assessments of HP supplier facilities
- Rated #2 in the Enough Project's survey "Taking Conflict Out of Consumer Gadgets: Company Rankings on Conflict Minerals 2012"
- First IT company to publish its supply chain smelter list (released in early 2013)
- First IT company to publish its supply chain water footprint (released in early 2013)

Privacy

HP works to protect customers' privacy and personal information through employee training and external engagement.

- More than 99% of permanent employees completed privacy training
- Led a consortium that was awarded European Community funding for research on accountability models for cloud services
- Served as a Trusted Advisor to the European Commission and data protection regulators to influence the development of new privacy legislation
- Our Privacy Office handled more than 70,000 inquiries

HP people

HP hires, develops, and retains the employees we believe will make our business continue to thrive, offering supportive, motivating workplaces where everyone can flourish.

- Engaged 10,000 employees in leadership training
- Increased participation in our mentoring programs by 40%
- 40,000 employees in 80 countries participated in global wellness exercise challenges
- Delivered more than 200 events for employees on diversity topics through our Employee Resource Groups

Social innovation

HP continues to expand our contribution to finding solutions to environmental and social issues by uniting the power of people and technology.

- Reached more than 2 million entrepreneurs since 2007, helping to establish and expand more than 25,000 businesses and create over 57,000 jobs through HP LIFE
- Tested more than 200,000 infants in Kenya and Uganda for HIV/AIDS through the HP Early Infant Diagnosis (EID) project
- HP employees donated more than 1.4 million hours to volunteer projects
- $118.6 million USD in social investments made through cash, products, and services[4]

[4] Social investments include all grants made to nonprofit organizations from the HP Company and the Hewlett-Packard Company Foundation, plus the valuation of employee volunteer hours. Data exclude contributions to the Hewlett-Packard Company Foundation and employee donations but include HP's matching contributions and contributions from the Hewlett-Packard Company Foundation to other organizations.

HP profile

HP delivers innovation in printing, personal computing, software, services, and IT infrastructure. We offer the industry's broadest portfolio, most expansive scope, and deepest industry expertise to deliver value and improved outcomes for customers in almost every country in the world. HP is at the forefront of technological innovations that advance the way we live and work, enabling us to play a vital role in creating sustainable growth.

Key capabilities

HP applies core competencies in solutions, services, software, and infrastructure to address the IT challenges our customers face.

Solutions	Customer-centric solutions that make it work
Services	Industry and technology services solving key customer problems
Software	Leading software provides confidence, insight, and agility
Infrastructure	World's largest provider of technology hardware infrastructure

Build the core

HP infrastructure HP's hardware franchises, market-leading server, storage, and networking business, and PC, imaging, and printing groups account for about 65% of our revenue. Everything we do either amplifies or builds on this unique strength.

Expand the core

Software HP provides leading software to expand, improve, and manage the core. Our software differentiates our hardware to improve its performance and help solve customer problems. We also make software to manage heterogeneous infrastructure environments and—via Autonomy technology—address customers' information management challenges.

Add value to the core

Services HP services envelop our core infrastructure and software to enable customers to get increased value from HP. Through broad offerings such as outsourcing, application, consulting, and technology services, we work to ensure that our technology meets customer needs. We build relationships that can last for decades.

Make it work

Solutions Our solutions add value by combining our technologies to advance customers' business objectives in a holistic and compelling way. We have packaged our capabilities into five key solution areas: converged infrastructure, application transformation, enterprise security, information optimization, and hybrid delivery.

HP strives to define markets and lead in innovation, with a strategic focus on assisting customers with cloud technologies, information optimization, and security. We increased research and development spending again in 2012, to $3.4 billion USD, and expect to continue to bring the very best innovations to market.

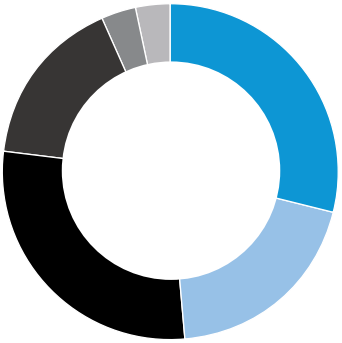
Shared values

HP's shared values and company-wide objectives include a long-standing commitment to global citizenship. Broader than any single organization or program, global citizenship at HP determines how we capitalize on our technologies and expertise to help address the world's major social and environmental challenges and accelerate positive change.

HP corporate summary

- # 10 on Fortune 500 US
- # 31 on Fortune 500 Global
- President and Chief Executive Officer: Meg Whitman
- Employees: Approximately 331,800 worldwide[1]
- Incorporated in Delaware, United States
- Ticker symbol: HPQ on New York Stock Exchange
- Corporate and regional headquarters
- FY12 net revenue: $120 billion USD

Net revenue by segment, fiscal year 2012* [$million USD]



Personal Systems	$35,650	28.9%
Printing	$24,487	19.8%
Services	$34,922	28.3%
Enterprise Servers, Storage, and Networking	$20,491	16.6%
Software	$4,060	3.3%
HP Financial Services	$3,819	3.1%
Corporate Investments	$108	—

* The total of segment revenue, $123,537 million USD, includes intersegment net revenue and other of ($3,180 million USD). Total HP consolidated net revenue in fiscal year 2012 equaled $120,357 million USD.

[1] As of October 31, 2012.

Global citizenship strategy

HP operates in more than 170 countries. We have long been a leader in global citizenship—it has been one of our seven corporate objectives since 1957. We fully embrace our social and environmental responsibilities, and we are committed to conducting our business in ways that positively impact society and the planet. Our Global Citizenship program covers a broad agenda, including governance, environment, and society.

During the coming decade, we intend to continue to focus on:

- Enhancing environmental sustainability across the product life cycle
- Building a leading human rights program
- Driving strong and sustained social and environmental responsibility in our supply chain
- Advancing an accountability approach to ensure respect for privacy
- Addressing global health and education issues through social innovation

Building on the size and scale of our company and our deep history in global citizenship, we are uniquely positioned to create these positive outcomes. Our approach to global citizenship includes:

- **Technology** HP's innovative technology provides the foundation for many of our global citizenship initiatives.
- **People** Our 331,800 dedicated employees worldwide[1] are committed to making a difference. Global citizenship improves our competitiveness and our ability to attract and retain the best people.
- **Partnerships** Our collaborative spirit creates powerful partnerships across institutions, industries, sectors, and borders. These improve our collective capability to address the serious challenges that the world faces.

Global citizenship reporting

We are committed to transparent reporting on global citizenship that demonstrates accountability to our stakeholders. HP has reported on our global citizenship programs, performance, and goals every year since we published our first Global Citizenship Report for 2001. Over that period, we have progressively broadened the scope, increased the level of detail, and expanded the metrics in our report. We refer to the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines in the development of our report. See the 2012 Global Reporting Initiative index on page 140.

See Overview on page 135 for more detail about the scope of our report and our approach to assurance.

[1] As of October 31, 2012.

Materiality

In 2012, we commissioned a formal materiality assessment, conducted by BSR and GlobeScan. Our objective was to take a fresh look at the wide range of global citizenship issues that HP faces, to reconfirm our long-standing areas of focus, determine any gaps in our current programs, and identify emerging issues and new leadership opportunities for our business.

The assessment included insights from four main sources:

- Interviews and workshops with internal stakeholders and HP leaders
- Interviews with members of our newly formed External Global Citizenship Council
- Reviews of public and internal HP documents
- Quantitative surveys of more than 230 external stakeholders and opinion leaders and more than 650 HP employees

The following graphic illustrates the results of this assessment. Each issue is linked to one of HP's three global citizenship pillars—governance, environment, and society.

Overall, the materiality assessment illustrates the wide scope of global citizenship issues. These are all relevant to how HP conducts business in a way that positively impacts society and the planet. The assessment also helped confirm the issues that HP should prioritize going forward.

Key findings included:

- Product-related opportunities, such as improving product energy efficiency and expanding access to technology, represent the leading areas where HP can create value for society and for our business.
- Managing our operations responsibly—from decreasing environmental impacts and protecting customer privacy to promoting diversity and ensuring ethical behavior—remain important areas for HP.
- Enhancing labor conditions in our global supply chain is among the important ways we can drive sustainable development.

HP 2012 materiality assessment

Based on this assessment, HP is also expected to focus on issues such as the human rights implications of the sale and misuse of IT products and services.

We plan to use the assessment results to help shape our global citizenship strategy and reporting efforts moving forward, and to help ensure that we continue to focus on areas of greatest importance to HP and to our stakeholders.

Global citizenship and business value

Global citizenship is an important source of business value for HP. Our efforts in this area strengthen our business by contributing to sales growth, helping us achieve cost savings, and enhancing our reputation.

How global citizenship can contribute to business value

Sales growth

- **Better business opportunities** result from HP's ability to service customers' increasing expectations for high-performing products that contribute to sustainable development, and from our ability to help customers meet their own global citizenship objectives.
- **Improved market access** results from our ability to better anticipate legislation, participate in public policy discussions, maintain legal compliance, and innovate and collaborate to meet societal needs.
- **Long-term contracts** are formed with enterprise customers and government agencies in the United States and worldwide that include environment, privacy, supply chain responsibility, and other global citizenship factors in their procurement criteria. In 2012, of customer requests for proposal that included questions about environmental and social performance, HP found that 36% asked for information regarding materials use in our products, and 31% asked about product recycling.[2]
- **Access to capital** is supported by our relationship with major investors, which are increasingly assessing global citizenship-related performance and risk.

Cost savings

- **Energy and resource efficiency** in HP's operations and those of our suppliers reduces costs and increases productivity.
- **Risk management** related to global citizenship issues helps HP to avoid expenses associated with crisis management.

Reputation enhancement

- **Strengthened relationships** with customers, governments, nongovernmental organizations, investors (see Global citizenship indexes below), and others improve our ability to conduct business effectively.
- **Increased employee engagement** enables us to attract and retain a talented workforce.
- **Expanded influence** among policy makers and thought leaders helps us promote issues important to our industry, our customers, and the world.

Global citizenship indexes

Analysts from socially responsible investment (SRI) firms and other investment-focused organizations regularly report on HP's global citizenship performance. These assessments help us to benchmark our global citizenship programs and initiatives against other companies. In 2012, the following were among the ratings and rankings that included HP:

- **Carbon Disclosure Project** HP placed in the top 10% of companies on this year's Carbon Disclosure Leadership Index, which ranks companies on the transparency and progress they have made on their carbon emissions and climate change goals. HP scored 92 out of 100—an eight point improvement over our 2011 score.
- **Dow Jones Sustainability Index** HP was among the top 10% of the companies named to the 2012 Dow Jones Sustainability World Index and was also named to the North American Index, which measures a company's economic, environmental, and social performance.
- **FTSE4Good** Included on four FTSE4Good indexes for the tenth consecutive year.
- **Interbrand** For the second consecutive year, HP ranked the highest among electronics companies and again placed fifth overall on the 50 Best Global Green Brands 2012 list from Interbrand, a leading brand consultancy.
- **NEWSWEEK 2012 Green Rankings** For the third year in a row, HP ranked 2nd on Newsweek's listing of the top 500 U.S. companies, in recognition of our commitment to environmental sustainability. In addition, HP placed 22nd on the Global 500 list.

[2] Does not include requests for proposal for which environmental and social questions were addressed directly by customers or our sales force.

Global citizenship governance

A company as diverse and complex as HP needs clear leadership and governance to achieve consistently strong global citizenship performance. This begins at the top and depends on active participation and support throughout our organization.

HP Board of Directors' Nominating and Governance Committee

The Board of Directors' Nominating and Governance Committee assists the board in fulfilling its responsibilities related to public policy, government relations, and global citizenship (including human rights). The committee identifies, evaluates, and monitors social, political, and environmental trends and concerns as well as domestic and foreign legislative proposals and regulatory developments that could significantly affect HP's business. The committee may also report and make recommendations to the board with respect to activities, policies, and programs relating to matters of local, national, and international public policy affecting HP's business. These may include:

- Trade policy and major legislative and regulatory developments
- Relations with regulators, governmental agencies, public interest groups, and other stakeholders
- HP's policies with respect to global citizenship
- General guidelines for political contributions

HP Global Citizenship Council

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

The Global Citizenship Council is sponsored by a member of the HP Executive Council. Co-chairs are HP's vice president of sustainability and social innovation and the senior vice president and chief ethics and compliance officer.

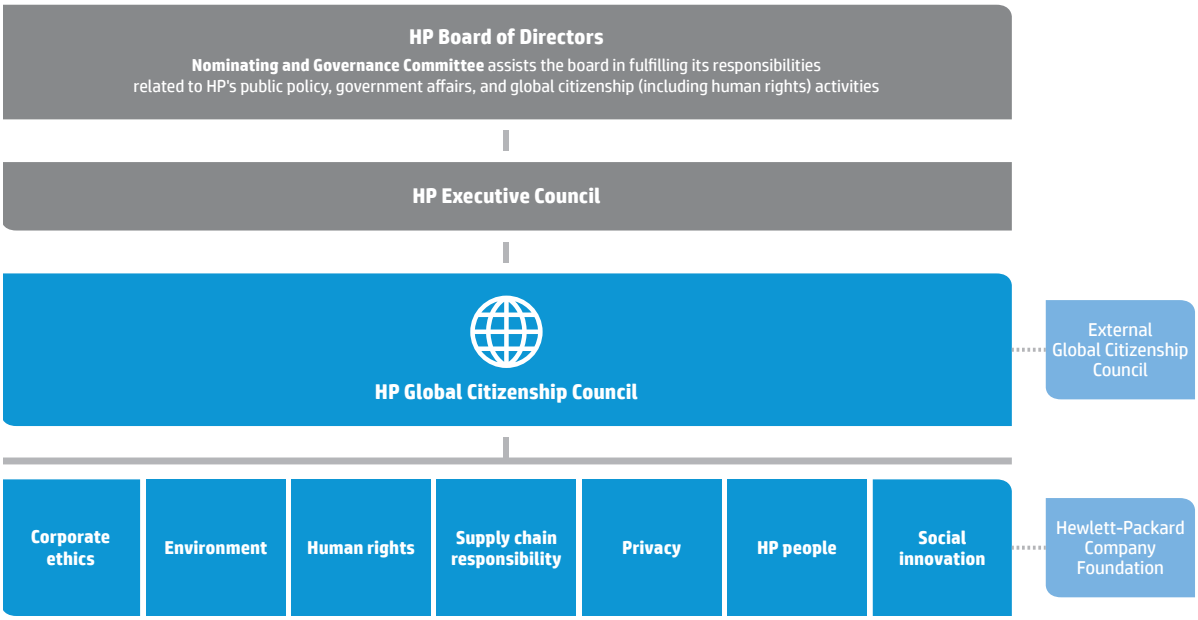
Other executives and subject matter experts represent the following areas:

- Corporate Communications
- Corporate Ethics
- Enterprise Risk Management
- Environmental Sustainability
- Government Relations
- Human Resources
- Human Rights
- Investor Relations
- Global Security
- Privacy
- Supply Chain Responsibility
- Social Innovation

Topic-specific councils

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

Global citizenship governance



Stakeholder engagement

It is impossible for one organization alone to tackle the full breadth of global citizenship issues. HP therefore collaborates with a diverse range of stakeholders to pursue long-term, scalable solutions to major environmental and social challenges.

This collaboration happens across borders and between industries and institutions. From these relationships, we gain valuable insights into emerging trends, external standards and regulations, and environmental and social risks and opportunities facing our business. We use these insights along with our own materiality assessment (see Materiality on page 11) to inform our global citizenship approach and broader business strategy.

External Global Citizenship Council

In 2012, we established a new stakeholder council of external experts to provide input on our global citizenship strategy. The External Global Citizenship Council (EGCC) membership comprises leaders from across the academic, business, and nongovernmental organization (NGO) communities. The eight members are:

- Aron Cramer, president and CEO of BSR
- John Elkington, founding partner and executive chairman of Volans and co-founder of SustainAbility
- Peter Graf, chief sustainability officer and executive vice president of sustainability solutions at SAP
- Peggy Liu, chairperson of Joint U.S.-China Collaboration on Clean Energy
- Malini Mehra, founder and CEO of the Center for Social Markets
- Kevin Moss, head of corporate responsibility at BT Americas
- Steve Westly, founder of The Westly Group and former controller and chief fiscal officer of the State of California
- Andrew Winston, founder of Winston Eco-Strategies and author of *Green Recovery*

The EGCC replaces the Executive Environmental Advisory Council (EEAC), which was formed in 2010 to provide objective insight to HP leadership on broad environmental trends and our own strategies and programs. The EGCC expands upon the EEAC's original scope to address global social as well as environmental issues.

Meeting twice a year, the council helps HP leadership evaluate opportunities, set priorities, and assess progress with regard to global citizenship. EGCC members also provide input on key initiatives. For example, the council's first major task was to inform and review HP's recent materiality assessment (see Materiality on page 11).

HP values external stakeholder feedback, and we carefully consider the recommendations of our stakeholder councils.

HP's stakeholder engagement

Stakeholder group	Types of engagement	Example of issues raised	Example of HP's response
Academics	Collaborations Sponsorships	Support and promote access to STEMx education. See Education on page 121.	In 2012, HP Catalyst multiversity consortium member, Northwestern University, developed Project Access to enhance STEMx education to underfunded public middle and high schools. See Social innovation on page 120.
Customers	Customer surveys Joint initiatives Requests for proposal	Help enterprise customers decrease resource consumption and carbon emissions.	We expect HP Project Moonshot servers to consume up to 89% less energy than traditional x86 servers. See Design on page 39.
Employees	Employee surveys Volunteer programs	Capitalize on employee skills to help address social challenges.	In 2012, 200 employees volunteered for an HP Hackathon. The winning team developed a valuable tool that can legally locate registered blood donors with rare blood types using information those individuals have already provided voluntarily. See Social innovation on page 120.
Investors	Rankings and indices	Provide details of HP's environmental performance to benchmark against peer companies and competitors.	In 2012, HP was again included on the CDP S&P 500 Carbon Disclosure Leadership Index. See Global citizenship and business value on page 12.
Legislators and regulators	Lobbying governments Research Responding to public consultation on regulations Participating in working groups	Use of conflict minerals.	In 2012, HP participated in a multi-stakeholder group to create consensus opinions and communications that were provided to the U.S. State Department and to the U.S. Securities and Exchange Commission. See Conflict minerals on page 96.
Local communities	Cash and in-kind donations Volunteer programs	Provide ongoing support to rebuild and recover after disasters.	In 2012, HP volunteers taught basic IT skills to tsunami victims in Shinonome, Japan, so that they could reach relatives, stay up to date with current events, search for jobs, and more. See Community engagement on page 125.
Nongovernmental organizations	Collaboration on programs and initiatives Collaboration on innovative solutions to social challenges Rankings and reports	Use technology to promote access to healthcare.	In 2012, HP joined with Clinton Health Access Initiative (CHAI), Kenya Ministry of Health, and Strathmore University on the Early Infant Diagnosis project to expedite early HIV testing and treatment for infants. See Health on page 124.
Peer companies	Collaboration on industry initiatives and working groups	Reduce excessive working hours in supplier facilities.	In 2012, HP cochaired the Electronic Industry Citizenship Coalition's (EICC) new working group on excessive working hours. See Supply chain responsibility on page 75.
Professional organizations	Participation and sponsorship of initiatives	Promote industry-wide efforts to eliminate use of emerging substances of concern.	In 2012, HP participated in the Green Chemistry and Commerce Council (GC3) to identify alternative plasticizers. See Materials on page 41.
Social entrepreneurs	Participation at conferences Mentoring	Bridge the gap between NGO and corporate expertise.	In 2012, HP Advisors paired seasoned HP professionals with social entrepreneurs to share expertise. See Community engagement on page 125.
Suppliers	Audits Participation at business development events Capability-building programs Mentoring Quarterly business reviews Supplier surveys	Reduce supplier nonconformances to HP's EICC Code of Conduct.	In 2012, HP worked with suppliers to develop corrective action plans to address nonconformances. We conducted follow-up audits to check items were resolved. See Supply chain responsibility on page 75.

Affiliations and memberships

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

Asia-Pacific Economic Cooperation, the premier forum for facilitating economic growth, cooperation, trade, and investment in the Asia-Pacific region

BSR, a global nonprofit organization that helps member companies enhance business performance while respecting ethical values, people, communities, and the environment

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

Center for Corporate Citizenship at Boston College, a membership-based research organization associated with the Carroll School of Management, which is committed to helping businesses leverage their social, economic, and human assets to ensure both their success and a more just and sustainable world

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

The Centre for Information Policy Leadership, an organization that develops initiatives that encourage responsible information governance necessary for the continued growth of the information economy

Change the Equation, an organization that pledges to create widespread literacy in science, technology, engineering, and math (STEM) as an investment in our nation that empowers us all

The Climate Group, an independent, nonprofit organization working internationally with government and business leaders to advance smart policies and technologies to cut global emissions and accelerate a clean industrial revolution

Climate Savers Computing Initiative (CSCI), a nonprofit organization committed to reducing carbon dioxide emissions through the development, deployment, and adoption of smart technologies to improve efficiency and reduce the amount of energy a computer consumes

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

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

Combat Climate Change (3C), a business leaders' initiative to support the negotiation process led by the United Nations Framework Convention on Climate Change to establish a new global agreement

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

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

CSR Europe, a business membership network that promotes the business case for corporate social responsibility across the region and globally

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

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

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

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

European Academy of Business in Society (EABIS), a network of companies and business schools committed to putting business-in-society issues at the heart of management practice

European e-Skills Association, an organization representing the information and communications technology sector's contribution to the development and implementation of a long-term e-skills and digital literacy agenda in Europe

European Recycling Platform (ERP), the first ever pan-European take-back scheme to effectively implement the European Union's Waste Electronic and Electrical Equipment (WEEE) Directive

Forest Stewardship Council (FSC®), an independent, nongovernmental, nonprofit organization established to promote the responsible management of the world's forests

Global Business Initiative on Human Rights (GBI), an initiative led by major global corporations to support action-learning activities that promote the implementation of the UN Guiding Principles on Business and Human Rights

Global e-Sustainability Initiative (GeSI), an independent, nonprofit association that fosters global and open cooperation, informs the public of its members' voluntary actions to improve their sustainability performance, and promotes technologies that advance sustainable development

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

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

The Green Grid Association, a nonprofit, open industry consortium of global IT companies, policy makers, and end users seeking to improve energy efficiency in data centers and unite industry efforts to develop a common set of metrics, processes, and new technologies

IDH: The Sustainable Trade Initiative, a multi-sector process that aims to improve the sustainability of international supply chains

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

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

mothers2mothers, an NGO that helps prevent mother-to-child transmission of HIV. Since 2001, mothers2mothers has grown from one site in Cape Town to more than 400 sites in seven countries

National Association for Environmental Management (NAEM), a nonprofit, nonpartisan professional association dedicated to educating corporate environmental, health and safety, and sustainability decision makers

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

Public-Private Alliance for Responsible Minerals Trade, a joint initiative between governments, companies, and civil society to support supply chain solutions to conflict minerals challenges in the Democratic Republic of Congo (DRC) and the Great Lakes Region (GLR) of Central Africa

Sustainable Silicon Valley, an organization leading Silicon Valley to a more sustainable future through collaboration with local government agencies, businesses, and community organizations to identify and address the highest-priority environmental issues

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

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

World Economic Forum, an independent, nonprofit foundation committed to improving the state of the world by engaging societal leaders in partnerships to shape global, regional, and industry agendas

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

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

Corporate ethics

At HP, how we do things is as important as what we do. We are accountable for our actions, responsible for their consequences, and proud of our efforts. Our values guide us to behave ethically and with respect toward our stakeholders and wider society. We use our scale and influence to encourage similar behavior beyond our own operations. Read more in Human rights on page 73.

We strive to maintain a strong culture of integrity and trust globally, whatever the local culture, laws, and regulations. Our robust ethics and compliance program requires HP employees, partners, and suppliers worldwide to use only lawful and ethical business practices.

99%

of HP employees completed the ethics and compliance annual training session

25,000

employees watched Integrity Matters videos on handling ethical issues

99/100

scored in the 2012 Dow Jones Sustainability Index category of Codes of Conduct/Compliance/ Anticorruption & Bribery

Doing the right thing is central to our brand and culture. We do not tolerate corrupt behavior and will never trade our integrity for a business opportunity. We refuse to pay bribes or kickbacks even when it requires walking away from a deal (see Anticorruption on page 21). We have systems and processes in place for employees, partners, suppliers, and others to report ethics issues, and we work quickly to resolve them according to our policies and local laws.

In the 2012 Dow Jones Sustainability Index, HP scored 99 out of 100, the highest score in the IT sector, in the category of Codes of Conduct/Compliance/Anticorruption & Bribery. We also earned high ratings in Transparency International's Defence Companies Anticorruption Index for 2012.

HP codes of conduct

Employees

Standards of Business Conduct (20+ languages)

HP U.S. Public Sector Employees

U.S. Public Sector Code of Conduct

Contingent Workers

Contingent Worker Code of Conduct (20+ languages)

Suppliers

HP Electronic Industry Citizenship Coalition (EICC) Code of Conduct

Partners

Partner Code of Conduct (20+ languages)

Ethics and compliance

Every day, the actions of our employees impact HP's reputation. We are proud of our record for integrity and hold ourselves and our business partners to very high standards. Legal and regulatory compliance is required from all our employees, partners, and suppliers, and we promote a culture of integrity, trust, and ethical decision making wherever we operate. To put these principles into practice we employ rigorous standards, governance structures, training, communications, and reporting and investigation procedures.

HP's Standards of Business Conduct (SBC), available in 20+ languages, sets clear expectations for employees and provides guidance in difficult situations. We use additional codes of conduct for contingent workers, partners, and suppliers, and for employees working with the U.S. public sector.

Governance structure and responsibilities

HP's commitment to the highest ethical standards starts at the top. The Board of Directors heads our ethics and compliance governance structure and, along with company executives, sets the tone for employees. Our Ethics and Compliance Office oversees the day-to-day work on this issue across our global operations. The board's Audit Committee provides nonexecutive input on our program and guidance to our chief ethics and compliance officer.

During fiscal year 2012, the Board of Directors was led by executive chairman, Raymond Lane, and lead independent director, Rajiv Gupta. On April 4, 2013, Mr. Lane ceased serving as chairman, and the board appointed Ralph Whitworth, an independent member of the board, to serve as nonexecutive chairman on an interim basis while the board conducts a search for a permanent nonexecutive chairman. With Mr. Whitworth serving as an independent nonexecutive chairman, the board determined that the role of lead independent director was no longer necessary and eliminated it. For further information, see HP board membership, board committees and composition, and corporate governance guidelines. These documents address various board-related issues, including board governance and director independence.

Ethics and compliance governance structure

Asking questions and reporting concerns

We encourage employees to raise concerns and ask questions whenever they are uncertain of the best course of action—without fear of retaliation.

In keeping with HP's long-standing "open door" approach to communication, we provide guidance on asking questions and reporting concerns in our SBC, accompanying training module, corporate policy directory, and ethics and compliance website. Employees can also talk to their manager or more senior managers if ethics issues arise, or they may seek advice from our ethics and compliance experts or regional or business SBC liaisons.

We provide formal, confidential communication reporting channels for employees and third parties, including e-mail, an online form, and a global 24-hour toll-free hotline with translators available. Where allowed by law, reporting can be anonymous. See the table "Items reported to the Global SBC team or other compliance functions" at right.

See how to ask a question or report a concern.

Investigating concerns

We use a Global Case Management System to record allegations of ethical violations. Managers receive access to incident details as needed, while protecting personal information. These data help us identify any geographical hotspots of ethics- and compliance-related incidents that may require additional action.

We respond promptly to all alleged violations and conduct investigations as appropriate. Investigations may involve local, regional, or corporate-level employees and include members of other relevant functions. HP's Investigations team oversees all escalated, corporate-led investigations. Details and results of investigations are kept as confidential as is practically possible. We take appropriate disciplinary action based on the results of our investigations. When necessary we terminate employees and review relationships with partners and suppliers.

Progress in 2012

Ethics and compliance training

Everyone at HP is accountable for his or her actions—regardless of position in the company. Our main training initiatives in 2012 included:

- **Mandatory ethics and compliance annual refresher course** Ninety-nine percent of employees (excluding new hires, those on leave of absence, and people leaving HP) completed a one-hour online training session that covered SBC and key policies, procedures, and high-risk issues. This number includes senior officers and executives. New hires completed a comprehensive course within 30 days of joining us. Board members complete the training every two years and were not included in the 2012 course.
- **Training videos** Approximately 25,000 employees viewed our Integrity Matters videos. These depict typical scenarios where ethical issues arise and provide guidance from senior leaders on how to respond.
- ***IonETHICS*** We published our newsletter *IonEthics* twice in 2012, featuring anonymous case studies and "what if?" scenarios to educate employees on handling ethically challenging situations.

Items reported to the Global SBC team or other compliance functions, 2008–2012
[percentage of total by topic]

	2008	2009	2010	2011	2012
Human resources	56%	35%	44%	42%	39%
Misuse of assets	19%	14%	11%	10%	12%
Fraud	5%	12%	10%	9%	8%
Sales channel violations	1%	3%	3%	3%	1%
Conflicts of interest	4%	7%	6%	8%	13%
Confidentiality	4%	6%	5%	6%	4%
Customer relationships	0%	2%	2%	3%	4%
Financial and public reporting	1%	4%	3%	2%	2%
Competition	1%	1%	1%	3%	3%
Other	9%	16%	15%	14%	14%

Investigation process overview

Form team and plan
- Review the allegation and prepare a notification memo
- Form the investigation team and assign a case owner
- Put together an investigation plan
- Commence investigation

Remote investigation
- Develop informants and other witnesses
- Background work
  - Obtain remotely available information
  - E-mail/HDD search and analysis
  - Informational interviews by phone
- Plan for on-site investigation

On-site investigation
- Obtain and review evidence only available on-site
- Interview witnesses and subjects

Review, analyze, and conclude
- Assess credibility
- Reach reasonable conclusions in good faith
- Discuss initial recommendations and disclose as required

Report and close
- Write the report
- Solicit inputs
- SBCCT Leadership Team and applicable regional and business unit SBC liaisons review report and confirm recommendations
- Close case
- Implement

Anticorruption

Corrupt behavior impedes legal compliance and social and economic development, and undermines the very foundation upon which HP was built. We do not tolerate any bribery or kickbacks to win business or influence a business decision.

HP is committed to complying fully with all anticorruption laws and regulations, including the U.S. Foreign Corrupt Practices Act and the UK Bribery Act. We ensure compliance with all applicable anticorruption laws wherever we do business through our Anticorruption Compliance Program, which is reviewed and revised each year to ensure that HP has adequate procedures in place to prevent bribery. HP also has policies for Global Business Gifts, Travel, and Entertainment and Political Contributions.

We use internal data and Transparency International's Corruption Perceptions Index to identify high-risk countries and raise awareness of potential ethical issues in each market. We participate in and speak at anticorruption conferences around the world, including events outside of our industry. We also benchmark our program with those of other companies to identify ways to improve and strengthen our anticorruption compliance program.

Training

Anticorruption training is part of our mandatory ethics and compliance induction process for new hires and is an important part of the annual refresher course for all employees. Additionally, nearly 34,000 HP employees worldwide received comprehensive scenario-based anticorruption training in 2011 and 2012 that covered relevant anticorruption laws. Employees who work with the U.S. public sector complete additional training tailored to the unique requirements of conducting business with the government.

Our Ethics and Compliance Office provides specific guidance and training for growth markets and specialists teams, including face-to-face training and materials that may be adapted for localized training to address the SBC and Global Business Gifts, Travel, and Entertainment Policy. In 2012, we focused on enhancing and expanding our controls related to third-party due diligence and other areas.

We require all employees, partners, and suppliers to report corrupt activity and to adhere to our anticorruption policies. We encourage employees to consult the Ethics and Compliance Office over any potential misconduct, and we promptly investigate alleged violations of our policies or relevant laws.

Ongoing investigation

The German Public Prosecutor's Office, the U.S. Department of Justice, and the Securities and Exchange Commission are currently investigating allegations of misconduct in connection with a 2003 transaction between a former HP subsidiary in Germany and the Russian General Prosecutor's Office (GPO). HP takes such matters very seriously and continues to cooperate fully with the authorities in their ongoing investigations.

Goals

2012 goals	Progress
Assess effectiveness of training and consulting programs.	We seek feedback on our programs through surveys, e-mails, and other means to assess relevance and understanding. We also analyze case data to identify areas for remediation and then assess whether that remediation is effective.
Lead growth market compliance.	We provided additional focused compliance-related support and dedicated anticorruption training to the Growth Markets Organization team.
Improve localization of training and programs.	We continue to increase our outreach and reinforce our relationships with the region and country leaders to ensure that our training and programs are relevant and address current issues.
Begin expanding Wellness Assessments to HP subsidiaries.	HP expanded its Wellness Assessment Program to assess the compliance programs and top legal and regulatory risks of four of its subsidiaries across all three geographic regions. We will continue to expand our program to assess additional subsidiaries in 2013.
Mature HP's Human Rights program to mirror other compliance programs.	We made significant progress aligning the pan-HP Human Rights Program with the Corporate Compliance Program framework and will continue to drive implementation and alignment in 2013.
2013 goals	
Increase business-led ethics and compliance messaging and communications.	
Showcase "ethics champions."	
Continue assessment of effectiveness of training and consulting programs.	
Continue expanding controls relating to third-party due diligence, including initiating rescreening of existing channel partners.	
Revise and consolidate anticorruption policies.	
Enhance event and hospitality screening processes.	

Public policy

As a global company, we are in a unique position to influence public policies that can have a positive impact on people and communities worldwide. We share our deep industry knowledge and experience with government agencies and regulators to help shape effective policies in areas such as technology development, taxation, market access, environment, and intellectual property rights. Our objective is to promote laws and regulations that encourage industry growth and innovation in a socially and environmentally responsible manner. HP's public policy work complies with all applicable national and international laws as well as our own strict Standards of Business Conduct (SBC).

Collaboration

While our in-house Government Relations team leads our public policy engagement, we also work with IT industry associations. These organizations provide a unified voice in discussions with government agencies. We list the major memberships and coalitions HP belongs to worldwide on our Government Relations website.

In regions where we have significant business interests, we also engage external consultants, including professional contract lobbyists. These experts work closely with Government Relations and abide by national and regional lobbying regulations as well as HP's SBC.

Policy priorities in 2012

Our recent public policy work focuses on the five areas described below.

Technology policy

Cloud technology's continued growth is a strategic priority for HP and was a key policy focus in 2012. The rapid expansion of cloud computing is attracting attention from governments and regulatory agencies worldwide. HP is helping shape policies and regulatory frameworks that support the adoption of this new style of IT. Our approach is customer-focused and environmentally aware. We advocate for strong privacy and data protection regulations, robust cybersecurity standards, and energy efficient cloud delivery.

HP encourages policies and regulatory frameworks based on open standards that do not require a particular type of technology. We also support regulatory frameworks that deliver standardization, interoperability, and portability across IT systems and solutions. This helps our global customers while improving cloud functionality. Likewise, we promote government procurement standards and policies that take into account the speed of innovation and life cycle costs of technology, and that enable the free flow of data across borders, when permissible by law.

Highlights in 2012 included:

- Sharing our cybersecurity practices in response to an inquiry from U.S. senator John D. Rockefeller IV, who chairs the Senate Committee on Commerce, Science, and Transportation
- Contributing our insight on cybersecurity in response to the European Union (EU) Consultation on Network and Information Security
- Publishing a response to the EU Commission's public consultation on cloud computing, highlighting our work on protecting privacy and personal data

Tax and economic incentives

HP promotes tax policies and economic incentives that encourage innovation, growth, and job creation. In the United States, such tax policies include support for an international tax system that reflects the 21st-century global marketplace and incentives for innovation such as the research and development tax credit. HP also works with national governments, NGOs, and multinational organizations around the world to support policies that encourage job creation, higher living standards, and expanded business activity.

Market access

In fiscal year 2012, approximately 65% of HP's overall net revenue came from outside the United States. We support comprehensive and progressive trade agreements between countries and regions that liberalize markets for our products and services and increase transparency in government procurement, regulations, and standards. We also support agreements that include clear rules to protect intellectual property, labor standards, and the environment.

Highlights in 2012 included:

- HP supported the continuation of U.S. negotiations with eight Asia-Pacific countries toward the completion of a Trans-Pacific Partnership free trade agreement, which addresses key issues such as cross-border data flow, privacy, technology standards, government procurement, and protection of intellectual property rights. We welcome the commencement of negotiations on a Transatlantic Free Trade Area, which we believe can help lower barriers to trade between the United States and the European Union.
- HP supported Russia's official membership in the World Trade Organization (WTO) in 2012. This development will allow the United States and other WTO members to work with Russia to spread international trade obligations in areas such as intellectual property, market access for goods and services, and investment rules. The United States subsequently approved Permanent Normal Trade Relations with Russia, allowing U.S. companies to realize the benefits of Russia's WTO membership.

Intellectual property and anticounterfeiting

Our business is based on innovation and relies on fair and efficient intellectual property protection. However, existing patent systems across different regions do not provide adequate protection for legitimate intellectual property. We support changes to patents and copyright regimes worldwide that would better balance the interests of consumers, technology equipment manufacturers, and intellectual property rights holders. In the United States, we also support reform to strengthen the patent system and curb abusive patent litigation. Additionally, we support the introduction of more effective fair compensation systems in jurisdictions that still use analog copyright levies.

A related issue, counterfeiting, costs the IT industry an estimated $100 billion USD in annual revenue globally.[1] It poses a sizable challenge to HP and is more sophisticated and pervasive than ever before. The sale of fake goods can damage our customers and our brand, and the loss of income lessens our ability to create jobs and develop new technologies.

To fight the trend of counterfeiting, HP developed the Anticounterfeiting Program to partner with governments and law enforcement agencies to encourage the strengthening of IP law and the prosecution of counterfeiters, whether small vendors or large manufacturers.

Social and environmental policies

Working closely with governments and other progressive companies, HP helps drive advances in public policy that address global environmental and social concerns.

Highlights in 2012 included:

- As part of the technical working group within the International Organization for Standardization, we helped develop standards for calculating the carbon footprint of products, slated for publication in 2013.
- HP continued to engage governments and stakeholders, directly and through trade associations, to help improve national and international approaches to controlling the movement of electronic waste while also allowing legitimate movements of used equipment for repair and reuse to continue. See Product return and recycling on page 50.

[1] Managing the Risks of Counterfeiting in the Information Technology Industry, page 2, KPMG LLP and the Alliance for Gray Market and Counterfeit Abatement.

Political engagement

In 2012, HP contributed $1,422,375 USD to state and local candidates, political memberships or sponsorships, and ballot measure campaigns in the United States. These contributions aligned with our policy positions and complied with HP's political guidelines, SBC, and applicable laws.

U.S. law prohibits corporate contributions to federal political candidates. However, eligible employees can make voluntary donations to the HP Political Action Committee (PAC). HP PAC is a separate legal entity from HP that contributes to both Democratic and Republican campaign committees, PACs, and party committees who share our policy views. In 2012, HP PAC dispersed a total of $529,450 USD.[2]

As a general rule, HP does not make political contributions outside the United States.

See historical data on page 130.

Learn more on our Government Affairs website, including:

- Policies for corporate and PAC political contributions
- Criteria and responsibilities for approving political contributions
- List of candidates who received corporate or PAC contributions in 2012
- List of Section 527 organizations that received contributions from HP in 2012[3]

The website also discloses the proportion of our membership fees that each trade association we belong to in the United States used for lobbying purposes in 2012.

[2] Includes minimal operating expenditures.

[3] The term "527 organization" refers to a U.S. political organization that is not regulated by the Federal Election Commission. These organizations are created under Section 527 of the Internal Revenue Code.

Policies and standards

Accessibility

HP Accessibility Policy

Business ethics

HP Standards of Business Conduct

Corporate governance

Corporate Governance Guidelines

Diversity

HP Nondiscrimination Policy

HP Harassment-Free Work Environment Policy

Environment

Climate Change Policy

Environmental, Health, and Safety Policy

Environmentally Preferable Paper Policy

Hardware Recycling Standards

HP General Specification for the Environment

Printing Supplies Recycling Policy

Global citizenship

HP Global Citizenship Policy

Human rights

HP Global Human Rights Policy

Labor practices

HP Open Door Policy

Privacy

HP Global Master Privacy Policy

Supply chain

HP Supply Chain Social and Environmental Responsibility Policy

HP Electronic Industry Citizenship Coalition (EICC) Code of Conduct

Environment

From our products designed for the environment and extensive return and recycling programs, to innovations within our own operations and supply chain, we're committed to reducing our environmental impact—and that of our customers.

Environmental sustainability

With more than 7 billion people seeking greater prosperity worldwide, balancing economic growth with environmental sustainability calls for innovation and leadership. HP is responding to this challenge by improving the efficiency of our products and solutions, supply chain, and operations. By combining the expertise of our people, our innovative technology portfolio, and collaborative partnerships, we are working to create solutions that reduce environmental impact and expand opportunities.

We are working with our customers, suppliers, and other stakeholders to develop and share solutions that streamline and replace resource-intensive processes. We will move our business forward by reducing HP's own environmental footprint while helping people prosper and companies thrive.

Published our complete carbon footprint, among the first companies globally to disclose this level of information (released in early 2013)

24%

improvement in production supplier GHG emissions intensity over four years*

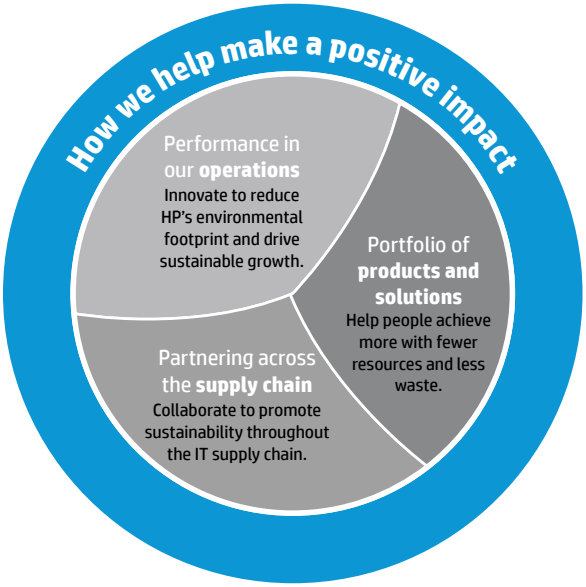
20%

targeted reduction in total Scope 1 and Scope 2 GHG emissions from operations by 2020, compared to 2010

* Refers to first-tier suppliers for manufacturing, materials, and components. The majority of these companies report on a calendar year basis. The year 2011 is the most recent for which data are available.

Our approach

Our approach has three pillars, as shown below:



Products and solutions

Our products and solutions help people achieve more with fewer resources and less waste. This enhances how our customers live and work while helping them reduce their environmental impact. We strive to improve the environmental performance of products and solutions across our portfolio—from single-user personal computing devices and printers to enterprise servers, storage equipment, and data centers. Over a five-year period, HP reduced energy consumption of our product portfolio by 50% on average.[1]

"Long before [sustainability] was an area that people were asking about, HP was trying to find ways to build equipment that is more energy efficient and produces less waste at end of life. That was important to us."

—Bill Thomas, global head HTS sustainability, HSBC
See video.

We also offer a wide range of services and solutions that help customers improve their environmental performance. Customers can use our free online Carbon Footprint Calculator to compare products and identify steps to reduce the environmental impact and cost of computing and printing. Our free Power Advisor tool does a similar job for customers who use HP servers.

From end users to entire organizations, enterprises can get what they need from HP to improve environmental performance and meet their business goals. Customers also rely on HP solutions and expertise for insight into how their IT systems and even their entire enterprise can perform better while using fewer resources. With HP, enterprises can reengineer processes and transform their businesses to create faster, more cost-effective, and sustainable ways to work and serve their customers.

Learn more in Products and solutions on page 35.

Supply chain

We look beyond the use of our products to also measure and improve environmental performance with partners throughout our supply chain and the IT industry as a whole, from sourcing, manufacturing, and shipping all the way through to return and recycling. Working with suppliers and other companies, we also continue to improve our return and recycling programs to expand availability, reduce waste, and capture value from used technology products.

Learn more in Environmental impacts on page 81, Transport on page 45, and Product return and recycling on page 50.

Operations

We're improving the performance of our operations by deploying many of our most promising technologies to reduce our own footprint and drive sustainable growth. Managing our global operations responsibly is a cornerstone of our commitment to environmental sustainability, and it strengthens our business. We work to reduce our consumption of energy, water, paper, and other resources and to cut GHG emissions through new programs and technologies as well as sustainable facility design.

Learn more in HP operations on page 55.

Aron Cramer
president and CEO, BSR

Aron describes his views on sustainability and how HP has built it into technology solutions that reduce energy usage and waste for our customers.

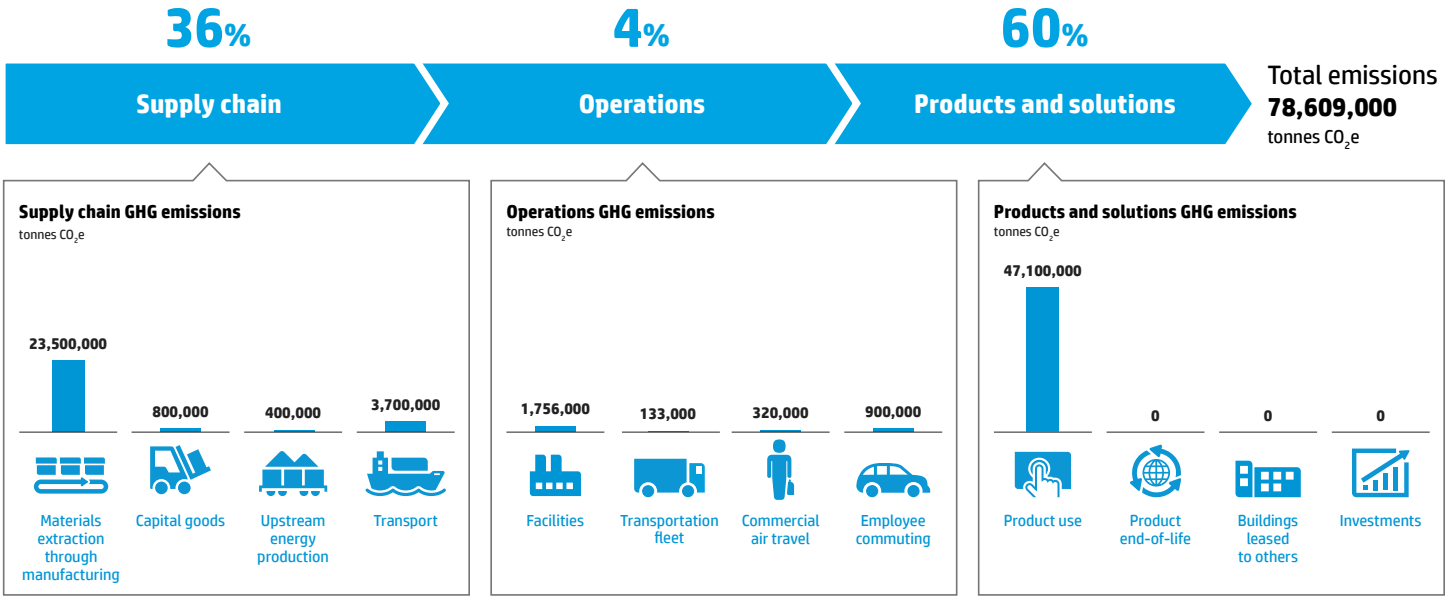
[1] The average energy consumption of HP products was estimated annually between 2005 and 2010 using high-volume product lines representative of the overall shipped product volume. The high-volume product lines include notebook and desktop computers, Inkjet and HP LaserJet printers, and industry-standard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

Energy and climate

HP believes it is in the interest of society and business to limit global temperature increase by the end of this century to avoid the most severe environmental, social, and economic impacts of climate change. Governments, businesses, and other organizations must meet the challenges of climate change with ingenuity and through the power of information technology. See HP's Climate Change Policy.

During 2012 we completed a comprehensive carbon footprint analysis to better understand the impact of our company and our products. HP is among the first companies globally to publish this level of information. This builds on years of leadership in this area. For example, in 2008 HP became the first major IT company to measure and publish aggregated supply chain greenhouse gas (GHG) emissions. Learn more in Environmental impacts on page 81.

Our carbon footprint*



Greenhouse gas emissions in this phase are primarily due to materials use and manufacturing. Through innovative design, we work to decrease materials volume and impacts. We collaborate with suppliers to improve their environmental performance—resulting in a 24% decrease in production supplier GHG emissions intensity over four years.** View complete data and goals in Data dashboard: Environment on page 67 and Goals on page 66.

Greenhouse gas emissions from HP operations are primarily due to facility energy use. We met our goal two years early to reduce absolute GHG emissions from HP-owned and leased facilities by 20% relative to 2005 levels by the end of 2013. This year, we set a new goal to decrease total GHG emissions from operations (Scope 1 and Scope 2) by 20% by 2020, compared to 2010. View complete data and goals in Data dashboard: Environment on page 67 and Goals on page 66.

More than half of HP's total carbon footprint is due to the energy our products and solutions consume during use. We reduced product energy consumption across our portfolio by 50% on average over five years, and we continually work for further improvement.*** View complete data and goals in Data dashboard: Environment on page 67 and Goals on page 66.

*Emissions from Facilities and Transportation fleet (Scope 1 and Scope 2) are from 2012. Emissions in the other categories included in this graphic (Scope 3) are from 2011. To calculate Scope 1, Scope 2, and Scope 3 emissions, HP has followed the principles outlined in the Greenhouse Gas Protocol. Ernst & Young has assured HP's global Scope 1, 2, and 3 GHG emissions for the years noted. Additional details on calculations and methodology can be found in HP's "Carbon Accounting Explanations" document.

**Refers to first-tier suppliers for manufacturing, materials, and components. The majority of these companies report on a calendar year basis. The year 2011 is the most recent one for which data are available.

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

Supply chain

Greenhouse gas emissions in this phase are primarily due to materials use and manufacturing. Through innovative design, we work to decrease materials volume and impacts. We collaborate with suppliers to improve their environmental performance—resulting in a 24% decrease in production supplier GHG emissions intensity over four years.[2] View complete data and goals in Data dashboard: Environment on page 67 and Goals on page 66.

Supply chain categories	Emissions [tonnes CO_2e]	Description
Materials extraction through manufacturing 	23,500,000	Emissions associated with all levels of our supply chain from materials extraction through the manufacture of HP products. In addition to our work with suppliers, HP's Design for Environment program considers environmental impact in the design of every product and solution, from the smallest print cartridge to entire data centers. Learn more in Environmental impacts on page 81.
Capital goods 	800,000	Emissions associated with capital goods, from raw materials extraction through manufacturing and building construction. HP practices sustainable building design to decrease these impacts. For example, two HP facilities received LEED® certification in 2012, and four more are due to be certified in 2013. Learn more in Sustainable building design on page 64.
Upstream energy production 	400,000	Upstream emissions of purchased energy, from raw material extraction up to the point of combustion, as well as transportation and distribution losses in the grid.
Transport 	3,700,000	Emissions from upstream and downstream product transportation and distribution, including retail and storage. To reduce impacts, we work to maximize the efficiency of our supply chain network, shift to less energy-intensive modes of transport, and influence our logistics service providers. Learn more in Transport on page 45.

Operations

Greenhouse gas emissions from HP operations are primarily due to facility energy use. We met our goal two years early to reduce absolute GHG emissions from HP-owned and leased facilities by 20% relative to 2005 levels by the end of 2013. This year, we set a new goal to decrease total GHG emissions from operations (Scope 1 and Scope 2) by 20% by 2020, compared to 2010. View complete data and goals in Data dashboard: Environment on page 67 and Goals on page 66.

Performance categories	Emissions [tonnes CO_2e]	Description
Facilities 	1,756,000	Scope 1 and Scope 2 emissions associated with energy consumption, PFCs, and HFCs in facilities under HP's operational control. In 2012, we decreased these emissions 8% from our 2010 baseline. Learn more in Energy and GHG emissions on page 57.
Transportation fleet 	133,000	Emissions associated with HP owned or leased vehicles. As part of the Clinton Global Initiative's Fleets for Change, we have committed to reducing GHG emissions from our U.S. auto fleet by 10% by 2015 from 2010 levels on a per-unit basis. Learn more in Travel on page 60.
Commercial air travel 	320,000	Emissions associated with employee business travel by commercial aircraft. We promote digital communications such as video-conferencing as an alternative to travel when feasible and encourage less carbon-intensive forms of travel when possible. Learn more in Travel on page 60.
Employee commuting 	900,000	Emissions from employee transportation between their homes and their worksites (in vehicles not owned or operated by HP) and teleworking. We promote programs in some locations such as ride-sharing, bike storage, and free shuttles from local public transportation to help employees reduce commuting emissions. Learn more in Travel on page 60.

[2] Refers to first-tier suppliers for manufacturing, materials, and components. The majority of these companies report on a calendar year basis. The year 2011 is the most recent one for which data are available.

Products and solutions

More than half of HP's total carbon footprint is due to the energy our products and solutions consume during use. We reduced product energy consumption across our portfolio by 50% on average over five years, and we continually work for further improvement.[3] View complete data and goals in Data dashboard: Environment on page 67 and Goals on page 66.

Products and solutions categories	Emissions [tonnes CO_2e]	Description
Product use	47,100,000	Emissions associated with energy consumption of HP products across each of our major business groups, as well as the impact of paper and print cartridges. We work to design increasingly efficient products and solutions that help customers reduce the environmental impact of their operations and personal lives. Learn more in Use on page 46.
Product end of life	0	Emissions associated with the disposal and treatment of sold products. HP's product return and recycling programs, which recovered 159,550 tonnes of hardware and supplies in 2012, reduce and potentially make this impact net positive. For example, through our "closed loop" recycling process, Original HP ink and LaserJet toner cartridges are reduced to raw materials that can then be used (along with recycled plastic from bottles) to make new cartridges as well as other metal and plastic products. Learn more in Product return and recycling on page 50.
Buildings leased to others	0	Emissions associated with the operation of assets leased to other entities. This amount is de minimis.
Investments	0	Emissions associated with corporate investments in business intelligence solutions, HP Labs, software, and certain business incubation projects. This amount is de minimis.*

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

We have disclosed our Scope 1 emissions (mostly from fuel burned onsite and by employee-owned vehicles), Scope 2 emissions (from the electricity we purchase), and selected Scope 3 emissions in past years, for example first-tier production supplier GHG emissions based on supplier surveys. This year, we substantially expanded the categories of Scope 3 emissions reported to provide a more complete picture of our GHG impact as a company.[4] See the page 69 for full detail.

Our analysis followed the guidelines of the Greenhouse Gas Protocol developed by the World Resources Institute and the World Business Council on Sustainable Development. Ernst & Young has reviewed the results and we detail our methodology and assumptions in HP's Carbon Accounting Explanations document. The results will inform our climate change strategy moving forward.

Beyond the impacts of our company, we realize it is essential to move toward a clean energy economy and are advocating for comprehensive climate action. HP is a signatory to the 2°C Challenge Communiqué, which calls for international government action to stabilize global average surface temperatures at a maximum of 2°C above preindustrial levels.

We also support the development and promotion of climate change policies through our participation in global and local organizations. For instance, we are working with WWF's Climate Savers program to set aggressive GHG emissions reduction goals for our company and also to help define effective HP and governmental policies to curb climate change. HP has hosted roundtables with other leading information and communications technology (ICT) companies to determine ways to collectively influence energy and climate policy.

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

[4] The World Resources Institute defines Scope 1, 2, and 3 GHG emissions in its Greenhouse Gas Protocol; see www.ghgprotocol.org/calculation-tools/faq.

Paper

HP has one of the industry's most extensive supply chains, and we are committed to the responsible sourcing and use of paper products. We also want to reduce the environmental impact associated with producing the paper that we sell. We work with leading environmental organizations to promote responsible forestry, increase the use of sustainably sourced paper, and encourage paper recycling. And as a leading supplier of imaging and printing equipment, we make it easy for our customers to reduce paper waste.

Our Environmentally Preferable Paper Policy details HP's principles for buying, selling, and using paper and paper-based packaging. We seek to source from suppliers who demonstrate responsible forestry and manufacturing practices. Our environmental strategy for packaging prioritizes renewable, recycled, and recyclable materials (see Packaging on page 44 for more information).

Responsible paper sourcing and sales

HP sells approximately 243,000 tonnes of HP-branded printer and copier papers annually. We require suppliers to verify the source of fiber used in HP-branded papers to ensure it is legally and responsibly sourced. We are working to increase both the percentage of postconsumer recycled fiber in HP-branded papers and our use of fiber that is certified as sustainable by the Forest Stewardship Council (FSC®).

HP is a member of the FSC, and we strongly encourage our paper suppliers to pursue FSC certification. We are on track to meet our goal of having 50% of HP-branded paper FSC-certified[5] and/or contain at least 30% postconsumer waste by the end of 2015. As of early 2013, 100% of HP Everyday Office Papers are FSC-certified in the Americas, as the new North American certification of the entire portfolio joins the existing FSC-certified portfolio of HP-branded office papers in Latin America. This makes HP one of the region's first major original equipment manufacturer (OEM) office paper brands[6] to offer a complete portfolio of papers that is entirely FSC certified. In addition, the majority of our photo and specialty papers have achieved FSC "chain of custody" certification (SCS-COC-002255), demonstrating that the fiber is responsibly sourced from forests that are managed to FSC principles and criteria.

An increasing amount of HP-branded papers use FSC-certified fiber. HP also participates in WWF's Global Forest & Trade Network (GFTN), through which we gain valuable expertise to help us achieve our responsible paper-sourcing goals. To learn more about certifications for HP-branded paper products, as well as the percentage of recycled content in our papers, see HP Eco Highlights Products.

In 2012 HP raised customer awareness about responsibly managed forests and FSC certified products through our sponsorship of the animated film *The Lorax*, which uses the Dr. Seuss character to encourage more responsible printing and paper use. Learn more.

Helping customers conserve resources

HP technology and services help customers use printing materials and paper more efficiently.

We enable customers to:

- Reduce paper and ink use through the HP EcoSMART Console and EcoSMART Fleet—online tools that provide usage data and options for saving energy and paper.
- Ensure optimum paper use through automatic two-sided printing, and by setting two-sided printing as the default across entire print fleets through tools such as HP Universal Print Driver and HP Web Jetadmin.
- HP Smart Print, free software that helps users print only the webpage content they need, reduces paper waste for print jobs using supported browsers.

Additionally, we are working to advance the analog-to-digital transformation of the printing and publishing industry, as well as in other commercial and industrial sectors that produce materials such as marketing materials and labels. A recent HP life cycle assessment showed that return rates for paperback books can drop from 30% to 5% or lower by shifting to digital printing, since shorter runs on a digital press are economically feasible and can be more closely matched to actual market demand for a book.

Optimizing paper use across HP

As well as helping customers use paper more efficiently, we are shifting to more environmentally sustainable printing and paper use across HP. Focus areas include:

- **Paper used in our offices** We use HP Everyday Papers—typically made from fiber procured through responsible forestry practices—for internal office printing. Two-sided printing is the default.
- **Paper shipped "in the box"** By changing specifications, reducing document length, and switching to electronic delivery (where legally permissible), we have eliminated the printing of 1.4 billion pages of product manuals, guides, and warranties included with our products, saving over 300 tonnes of paper (assuming printing on both sides).

[5] FSC (license code FSC®-C017543).

[6] According to NPD data 2012 (www.npd.com).

- **Print on demand** We have switched to this approach for most of our sales and marketing literature, only printing materials when needed. This reduces storage requirements and paper waste associated with discarding obsolete documents.

Deinking research aids paper recycling

To support the shift from newsprint and offset printing to digital press, HP works to demonstrate the recyclability of digital prints. We are a leader in research in this area and actively promote industry-wide collaboration to improve ink, paper, and recycling processes as digital prints become a larger part of the paper recycling stream.

As a part of this effort, we have a research and development program focused on deinking printed paper for recycling. Deinking removes dirt, ink, and other contaminants and is particularly important when the deinked pulp is intended for use in high-grade recycled products.

In 2012, we worked with Arjowiggins Graphic in Europe on two successful deinking trials using printed paper from our HP Indigo digital presses. These trials resulted in the production of high-quality deinked pulp and further demonstrated that printed matter from HP Indigo presses can be deinked.

A major European deinking company, UPM, also published results in 2012 showing that our recently introduced A50 ink for the HP Color Inkjet Web Press product line has significantly improved deinkability over previous generations of HP ink. Furthermore, HP collaborations with deinking paper companies, combined with results from the independent test lab PTS (Paper Technology Specialists), enabled HP to conclude that over 30 papers printed on the HP Color Inkjet Web Press have demonstrated "Good Deinkability" as defined by the European Recovered Paper Council (ERPC) scorecard.

Employee engagement

Our employee engagement strategy in the environmental area is evolving rapidly. More than five years ago, we recognized that while it is imperative to engage our employees on sustainability issues, we have an even bigger opportunity to capitalize on their knowledge and enthusiasm to help customers change their behavior.

Around the world, HP creates opportunities for employees to learn about, demonstrate, and share beneficial environmental practices—while helping HP make a positive impact. The HP Sustainability Network is the centerpiece of this approach. With more than 3,000 members, it is one of the largest Employee Resource Groups at HP.

Hilde Allman

HP employee since 1983

As an HP Imaging and Printing Technology Consultant based in Mississauga, Canada, Hilde Allman works with customers to help them make choices about HP products. Through the Eco Advocates program, she also helps them identify ways to improve their environmental performance.

HP's Eco Advocates program trains employees to discuss environmental issues with customers and demonstrate how HP's environmental initiatives, products, and business solutions can help them reduce their impacts. Hilde has been involved in the program for eight years and has incorporated it into many facets of her work.

"Being an Eco Advocate has really enriched my knowledge of sustainability and the importance of doing the right thing from a corporate perspective," says Hilde. "How can we improve our business processes to mitigate our environmental impacts? I spend a lot of time working with our customers to answer that question."

HP provides a suite of tools that help users manage paper and printer energy use, and Hilde helps customers take full advantage of them. The suite includes duplex printing; pull-printing, a technology that holds a print job until a user comes to pick it up; Intelligent Print Management, which helps enterprise customers select sustainable printing options; and Smart Web Printing, which allows users to select areas of a web page for printing.

Hilde also directs customers to HP's Carbon Footprint Calculator, which enables them to calculate their own impacts, and to the HP Planet Partners Program, which helps customers recycle computer equipment, printing supplies, and other items.

"I'm very proud of the fact that HP has taken a leadership position in the area of sustainability," she says. "It differentiates us as a company."

For Hilde, the rewards of being an Eco Advocate are immeasurable—including opportunities to team up with colleagues at HP she might not otherwise have met and sharing her knowledge with top enterprise clients. She also has collaborated with organizations such as World Wildlife Fund (WWF), participating in WWF's Living Planet @ Work championed by HP, and helps to drive sustainability initiatives at the Canadian Head Office HP campus where she works.

Hilde knows her work has had an impact. "I have a tremendous sense of accomplishment from participating in Eco Advocates and from being able to share what I've learned with my colleagues and knowing that we are making a difference."

Chapters of the Sustainability Network in 14 countries, led by a global steering committee, coordinate efforts to engage employees on sustainability issues, such as alternative commuting programs, electronics recycling, volunteering initiatives, on-site composting, educational workshops, and site events. During 2012, 36 sites ran World Environment Day or Earth Day events attended by thousands of employees.

Many of the Sustainability Network chapters have Bicycle Users Groups, which run initiatives for employees ranging from seminars on safe cycling and bike maintenance to employee bike share programs.

Expanding on our efforts in this area, in 2008 we launched the second phase of our environmental employee engagement plan—our Eco Advocates program—through which our sales teams help customers reduce their impacts. In 2012, we educated more than 1,500 employees in this area, mainly through webcasts. We also provided materials in two more languages in addition to the original offerings in English, furthering the program's reach in Europe, and created podcasts that have been widely used by our sales teams worldwide.

In 2011, we began the third phase of our strategy, which will expand engagement beyond our customers to focus on sharing our expertise in this area with other businesses. We are championing WWF's Living Planet @ Work employee engagement program to offer free guidance and web content to hundreds of businesses on how to drive employee engagement on environmental sustainability. As of March 2013, 495 companies have signed up to the program, and we are exploring potential opportunities to expand program delivery to other regions. As part of Living Planet @ Work, in 2012 we ran a Change the Equation campaign in Canada which supports and celebrates the efforts of companies to produce their first sustainability reports.

"The HP Eco Advocates Program provides me with a wide range of opportunities to work on projects at HP and in my community. It connects the dots for people to live and work sustainably. Small business owners I have worked with through this program are impressed by HP's commitment to the environment and want to find ways to implement similar programs within their businesses."

—Wendy Wheeler, R&D manager, HP Software

Goal

Paper

2015 goal	Progress
50% or more of HP-branded paper will be FSC-certified or have at least 30% postconsumer waste content by the end of 2015.	We are currently at over 40% and on track to meet this target.

Products and solutions

HP's products and solutions help customers achieve more with fewer resources and less waste. We work to minimize the environmental footprint of products and solutions across our portfolio—from single-user personal computing devices and printers to enterprise servers, storage and networking equipment, and data centers.

We consider the entire life cycle to identify opportunities to improve environmental performance, from the earliest stages of development through manufacturing and customer use to end of life. We deploy insights from research and development, life cycle assessment, and stakeholder consultation to inform product design and foster innovations in materials use, manufacturing, and transport.

Our services help enterprise customers measure and manage resource consumption and carbon emissions across their processes and operations.

up to 89%

less energy used by HP Moonshot system compared to traditional servers*

up to 50%

less energy used by HP OfficeJet Pro 8600 e-All-in-One series, HP OfficeJet Pro 8100 ePrinter, and HP Officejet Pro X Series printers than the majority of comparably priced laser printers**

>90%

recyclable, by weight (most HP PCs, printers, and servers)***

* According to internal HP engineering that compares HP Moonshot servers with traditional x86 server technology.

** Majority of color laser printers <$800 USD and color laser MFPs <$1,000 as of August 2012. Energy use based on HP and HP commissioned third-party testing. Actual cost and energy usage may vary. For details, see www.hp.com/go/officejet. HP OfficeJet Pro 8600 e-All-in-One series compared with majority of color laser AiOs <$600 and HP OfficeJet Pro 8100 ePrinter compared with majority of color laser printers <$300, March 2011. HP OfficeJet Pro X Series compared with majority of color laser printers <$800 and color laser MFPs <$1,000, August 2012.

*** Calculated using HP's Recyclability Assessment Tool.

- HP Energy and Sustainability Management (ESM) addresses the use of energy, water, and other resources across a customer's organization.
- Critical Facilities Services (CFS) focuses on improving data center energy consumption and efficiency, as well as water usage.
- HP IT Infrastructure Consulting Services help organizations decrease the physical footprint of their IT and adapt energy efficient technologies.
- HP Carbon Emissions Management Service helps customers calculate, record, and analyze energy use and carbon emissions across their IT infrastructure—from desktop to mainframe.
- HP Carbon Calculator allows customers to calculate the energy and carbon dioxide equivalent (CO_2e) use of PC and printing products for both individual products and product fleets.

To learn more about environmental innovation across the infrastructure, software, services, and solutions HP offers, visit our EcoSolutions page.

Sustainability initiatives across the life cycle

Learn more below about how HP approaches sustainability at each stage of the life cycle to improve environmental performance, illustrated by recently released next-generation innovative PC, printer, and server products.

Improving environmental performance across the life cycle

Life cycle stage	HP t410 All-in-One Smart Zero Client	HP OfficeJet Pro X Series Printers	HP ProLiant Gen8 Servers
			
Research, development, and design Across HP, we conduct research and development on products and solutions—from ink cartridges to data centers—that require less energy, use more sustainable materials, and are easier to recycle than the previous generation of HP products.	ENERGY STAR® qualified EPEAT® Gold registered* Design collaboration with 3M Display Solutions to utilize new light-amplification film technology to enable usable display brightness on reduced power budget	ENERGY STAR qualified EPEAT Bronze registered Uses thin-wall molded parts to decrease product weight	ENERGY STAR qualified Toolless access aids servicing, life-extension maintenance, and end-of-life dismantling
Materials and manufacturing We collaborate with our manufacturing partners and suppliers to understand, reduce, and report the environmental impact of product manufacturing. Read more about the environmental performance of our production and nonproduction suppliers in Environmental impacts on page 81.	Manufactured at supplier facilities that participate in HP's Energy Efficiency Program Manufactured using low-halogen materials and with 10% postconsumer recycled plastic (by weight)	Manufactured at supplier facilities that participate in HP's Energy Efficiency Program Manufactured with 5% postconsumer recycled plastic from recycled HP printers	Manufactured at supplier facilities that participate in HP's Energy Efficiency Program
Packaging and transport We strive to develop more sustainable packaging options and make product transport choices that decrease fuel use and associated greenhouse gas emissions.	Surface transport within the United States and Canada uses a 100% SmartWay carrier network**	Efficient package design incorporating 75-85% recycled content fibers Cushion size minimized to only 2-3% of total package weight, while providing excellent product protection Surface transport within the United States and Canada uses a 100% SmartWay carrier network**	Eliminated some packaging altogether by using racks to provide required protection between manufacturing sites and to customers Use of 100% recycled thermoformed cushions Surface transport within the United States and Canada uses a 100% SmartWay carrier network**
Use We make it easy for customers to reduce their environmental impact by improving the energy efficiency and resource consumption of our products and solutions.	Provides the same performance as a traditional PC but runs on just 13 watts of power Most of the computing work occurs on servers, so HP Zero Clients typically have a longer life cycle than desktop PCs, reducing the frequency of replacement	Using page-wide print array technology, achieves printing speed comparable with color laser printers with low energy consumption Uses less than one watt of energy in off mode	Consumes 10% less energy and achieves 1.7 times the computing power per watt compared to the HP ProLiant G7 server Energy efficiency features: • Technology that adjusts power and cooling dynamically • Location-aware racks and servers, intelligent power distribution units, and rack-level power capping
Return and recycling We work with a global network of vendors in 69 countries and territories worldwide to collect, process for resale, and/or recycle returned products, as well as to qualify recycled materials for use in new products.	Designed to be more than 90% recyclable by weight***	Designed to be more than 94% recyclable by weight*** Supplies are recyclable	Designed to be more than 90% recyclable by weight*** Toolless access reduces time required to service, install, and remove components and dismantle at end of life***

* EPEAT Gold registered models of this product are available where HP registers thin client computers.
** Certification based on actions to reduce transportation-related emissions.
*** Using the HP Recyclability Assessment Tool.

Life cycle assessment

HP increasingly uses life cycle assessment (LCA) to better understand and provide guidance for reducing the environmental impacts of our products. LCA covers every stage of a product's life, from raw materials extraction through manufacture, transportation, and use, to end-of-life recovery or disposal.

We follow the International Organization for Standardization's ISO 14040/14044 and ISO 14025, which define universal standards for LCA methodology. In 2012, we conducted LCAs of more than 50 printing products to better understand how we can reduce environmental impacts across our product portfolio.

We use insights gained through LCAs to:

- Assess our current materials, packaging, and products; model alternatives; and target areas for improvement
- Develop tools to estimate the carbon footprint of our products
- Determine which processes, components, and materials have the greatest environmental impact and prioritize these for analysis, with the goal of reducing these impacts
- Develop metrics to help product designers compare design options
- Support Design for Recycling initiatives

Collaboration

HP is working to enhance product environmental comparability across the IT industry. This will help customers make choices using objective information. We believe a transparent and universally accepted approach to LCA and product carbon footprint (PCF) assessment is needed.

We collaborate with other industry leaders, academia, nongovernmental organizations, and governments to develop standardized LCA and PCF methodologies as well as to promote and share best practices. Working with the IT industry also helps us to better understand and reduce the environmental impacts of our shared supply chains.

Examples in 2012 included:

Electronic Industry Citizenship Coalition We launched a pilot PCF project in which key HP suppliers and other original equipment manufacturers will develop guidance documents for collecting LCA data by component or product.

PAIA Consortium The Product Attribute to Impact Algorithm (PAIA) methodology is an approach to streamlined LCA that aims to provide an efficient and cost-effective estimate of the carbon impact of a product class, including notebooks, desktops, and LCD monitors. PAIA was developed by collaboration between the Massachusetts Institute of Technology's Materials Systems Laboratory and equipment manufacturers, suppliers, government organizations, and NGOs.

International Organization for Standardization (ISO) As a member of ISO's graphic technology committee working group, we contributed to completion of a commercial printing PCF standard, ISO 16759, and the carbon footprint of print media products standard, ISO 14067. Both are due to be published in 2013.

Underwriters Laboratories Environment We completed product category rules for printers and imaging products.

Progress in 2012

Printing product assessments

In 2012, we completed life cycle assessments on 53 HP LaserJet printers, one Inkjet printer, and one scanner. The results show the dominance of printer use in overall life cycle impacts, particularly paper consumption, and underscore the importance of past and current efforts to reduce energy consumption and optimize for duplexing. We continue to conduct LCAs on other scanner products. We have engaged PE International to develop Environmental Product Declarations (EPDs) for all printing product LCAs. An EPD is a summary of the LCA that communicates the results in a simplified format developed in line with ISO 14025.

Instant Ink Program

HP Instant Ink replacement service allows customers to sign up to receive new ink cartridges delivered to their door before they run out. Customers who use the HP Instant Ink service and mail their used HP ink cartridges in the postage-paid return envelopes can reduce the carbon footprint of purchase and disposal of HP ink cartridges by up to 75%.[1]

Challenges

Although HP uses the best available data and industry standard methodologies, LCA has limitations for assessing IT equipment due to the amount of uncertainty in results. This uncertainty stems from the use of different methodologies and assumptions, the lack of accurate and consistent life cycle data, and product complexity. The rapid rate of technological innovation and the large number of suppliers for some products also pose challenges. HP is working to reduce the uncertainties that limit the reliability, consistency, and comparability of LCAs.

[1] Based on a 2012 study commissioned by HP performed by Four Elements Consulting. Analysis includes the CO_2 equivalent associated with customer trips to purchase ink cartridges at a retail store versus delivering directly to a customer's house, and it includes recycling empty ink cartridges versus throwing them away.

Research and development

At HP, we help customers achieve more with less through cutting-edge research and development (R&D) that includes the exploration and application of innovative technologies and services for a more sustainable world.

Innovation and R&D occur throughout our business groups as well as at HP Labs—HP's central research organization—and are essential to our ongoing ability to deliver leading products and services. Our researchers work internally and in collaboration with leading universities, governments, and companies worldwide to develop breakthrough solutions for businesses and customers.

At HP Labs, we look at emerging trends to understand where our industry—and our world—is headed; invest in an ambitious research agenda for tomorrow; and build a pipeline to fuel the next generation of HP products, services, and solutions, delivering breakthroughs that can transform current businesses and create new ones.

Sustainability innovation takes place across many of our research areas and has contributed to a variety of sustainable technologies and solutions—ranging from breakthroughs in energy-optimized computing systems to a leading deinking method for recycling digitally printed materials.

Progress in 2012

Net-Zero Energy Data Center

In 2012, our sustainable data center project unveiled the architecture for the first HP Net-Zero Energy Data Center. The technology combined local renewable energy and cooling sources with a demand-management approach that scheduled IT workloads based on resource availability and performance requirements. At the HP Labs test bed in Palo Alto, California, deployment of the net-zero data center technology was found to use 30% less power overall and 80% less energy from the traditional utility grid. The remaining energy used from the traditional grid was offset by photovoltaic power generated onsite. By decreasing dependency on nonrenewable energy, our model reduced challenges related to location, energy supply, and energy costs, holding the potential to increase access to data centers and related IT services in parts of the world where access to energy is limited.

National Renewable Energy Laboratory (NREL) demonstration project

In 2012, the U.S. Department of Energy's National Renewable Energy Laboratory (NREL) selected HP as one of two companies to provide a new High Performance Computing (HPC) system. The system advances renewable energy innovations and energy efficient technologies. Through this groundbreaking project, NREL is exploring innovative new ways to power and cool data centers.

Amip Shah

HP employee since 2007

Amip Shah, based in Palo Alto, California, spends a lot of time gazing into the future. As a principal research scientist at HP Labs, his job requires him to imagine how the cities of tomorrow will look. He often wonders: How will cities function in a world where sustainable, efficient systems are a necessity and everybody and everything is interconnected? What sorts of technologies will support them? How will the avalanche of data from smart appliances, buildings, and grids be managed?

The answers may lie in a city with a seamlessly integrated technology infrastructure, equipped with sensors delivering real-time data that allow efficient optimization of environments. Cooling a room right before its occupants get too warm, gradually brightening streetlights as the sun begins to set, irrigating green space when the soil turns dry (and not moments before an anticipated rain), improving quality of life while reducing waste. This vision is not far away.

"In the future, it's not going to be enough to separately build a thermostat, a smart phone, and a building management system," says Amip. "All of these will need to be integrated together to create customizable, personalized, efficient, and sustainable buildings. Our customers will want full solutions... it's not about a single piece of technology, or a single device. It's about bringing it all together."

This vision of future cities grew out of life cycle assessment and real-time environmental control systems that HP Labs had developed for data centers—taking into account carbon emissions, water use, resource consumption, and human health impacts to analyze and manage a data center's environmental footprint from cradle to cradle. He and his colleagues quickly realized that the approach had broader implications and could also be used in buildings and even cities. Amip and the HP Labs team are already conducting pilot programs.

Working with a multidisciplinary team mapping out sophisticated solutions to complex problems puts Amip right where he wants to be. "I work with people who are experts in product design, control theory, data mining, machine learning, and engineering. I am really driven by the opportunity to learn and to work on complex problems," says Amip. "Working with this team, I learn something new every day."

The heat generated from running the HPC system will be reused to heat office space and labs. This heat recycling, together with other efficiencies, such as eliminating water consumption in cooling and increasing hot water generation to heat adjacent buildings, are expected to reduce NREL's overall energy costs. The system will initially include HP ProLiant SL230s and SL250s Generation 8 (Gen8) servers, followed by HP's next generation HPC platform. NREL will be the first customer to deploy this new technology in 2013.

Resource Management as a Service (RMaaS)

In 2012, HP also pursued scalable and customizable solutions to help cities more efficiently manage resources such as electricity, gas, water, and waste across residential, commercial, and industrial facilities. Through the Resource Management as a Service (RMaaS) project, we explored smarter resource management solutions at our own HP Labs facilities in Palo Alto, California. In 2012, we developed and installed an integrated hardware, software, and services monitoring prototype into one of the site buildings. The "smart metering" infrastructure provided real-time information about energy consumption, enabling remote control of energy use down to a single desk light. The new system significantly reduced energy consumption in the pilot building—for example, it increased lighting efficiency by 30%.

Design

We apply sustainability principles throughout the product life cycle, beginning with design. This reduces our corporate environmental impact and helps our customers reduce theirs.

In 1992, HP adopted a pioneering company-wide Design for Environment program that considers environmental impact in the design of every product and solution, from the smallest ink cartridge to an entire data center. Over the past 20 years, the program has led to innovations in material selection for products and their packaging, as well as in product transportation, use, and return and recycling capabilities. More than 50 environmental product stewards work alongside our design teams in a concerted effort to improve product performance, measure progress, and communicate our results.

We apply the same holistic design approach to our information technology (IT) infrastructure and data center services for enterprise customers. We design complex IT systems to help organizations consume less energy, reduce greenhouse gas emissions, conserve water, and operate more efficiently.

Progress in 2012

Project Moonshot

One of our groundbreaking design initiatives is Project Moonshot, a multiyear, multiphase program first launched in November 2011 to develop a new generation of extreme low-energy and high-density servers. The mission is to respond to four technology megatrends—social, mobile, cloud, and big data—and deliver innovations in server design that revolutionize energy use, density, cost, and complexity. We are pursuing this through the collaborative HP Pathfinder Innovation Ecosystem, which includes third-party computing, storage, networking, and software technology providers to contribute their innovations to HP Moonshot.

In April 2013, we brought the latest innovation from HP Labs and our Enterprise Group to market: the first commercialized product and the second generation of our HP Moonshot servers. We expect this to revolutionize the economics of the data center with an entirely new category of software defined server architecture that for targeted workloads consumes up to 89% less energy and uses 80% less space, and costs 77% less than a traditional server environment.[2] If just 10 large web services providers switched their traditional servers to Moonshot, they could save a combined $120 million in energy operating expense and more than 900,000 tonnes of CO_2e emissions annually. This would be the equivalent of taking over 180,000 cars off the road for a year.

Customers and partners can explore the new extreme low-energy, software-defined HP Moonshot servers at the HP Discovery Lab, which opened in Houston, Texas, in January 2012. Participants can investigate, test, and optimize applications in a secure and confidential environment to determine which computing infrastructure is best suited to their applications. The site is accessible in person or online and staffed by HP technology experts available for consultation and support.

Design for recyclability

We're making it easier for customers to reduce waste by designing easily recyclable products. Where feasible, we use common fasteners and snap-in features to avoid applying glues, adhesives, or welds. This makes it easier for recyclers to dismantle, separate, and identify different plastics.

Most HP PCs, printers, and servers are more than 90% recyclable, by weight.[1] In addition, HP workstations and the Elite and Pro series desktop PCs have a chassis that can be easily disassembled without using any tools. This makes it simpler to upgrade the computers and extend their useful life as well as facilitating recycling.

To enhance the recyclability of paper, we also work with industry partners to improve ink removal from printed paper through research into innovative inks, additives, paper design, and deinking processes. See Paper on page 32 for more information.

[1] Calculated using HP's Recyclability Assessment Tool.

[2] According to internal HP engineering that compares HP Moonshot servers with traditional x86 server technology.

HP Latex Inks and A50 Inkjet Web Press Inks

In 2012, HP Latex Inks and A50 Inkjet Web Press Inks became the first in the industry to achieve Sustainable Product certification from Underwriters Laboratories, an independent safety science company. The water-based inks used in HP commercial color Inkjet printing systems meet a range of stringent criteria related to human health and environmental considerations, including low volatile organic content. The inks do not require special handling, contain no materials requiring hazard warning labels, and are nonflammable and noncombustible.

Technology Services: Data Center Consulting

Our customers demand the highest performance from the most efficient data centers to minimize capital and operational expenditure and achieve the lowest possible energy consumption and carbon footprint.

HP Data Center Consulting (DCC) embraces IT infrastructure, Critical Facilities Services (CFS), and Cloud Consulting. DCC fully integrates the IT and facilities technologies that define data center performance, enabling customers to manage IT and facility infrastructure as a single entity. We help customers achieve a standardized and streamlined operational strategy that can decrease physical footprint (such as power and cooling infrastructure) and improve environmental performance while enabling much greater operational efficiency.

IT infrastructure

HP's IT infrastructure Services team helps customers define and implement their infrastructure strategy. This includes migrating, upgrading, consolidating, virtualizing, automating, managing, securing, and cloud-enabling IT data center assets. In addition to improving performance, each of these activities can enhance energy efficiency and decrease related GHG emissions. We provide services across servers (see ProLiant8 case study), storage, networking management, and security.

HP Converged Infrastructure, which provides a seamless experience in virtualization, cloud computing, and data management, is central to our approach. The converged platform brings together the key elements of computing—networking, power and cooling, servers, storage, and management—into one consolidated infrastructure, enabling customers to reduce costs and improve efficiency in energy consumption, resource use, and space utilization.

Critical Facilities Services

HP Critical Facilities Services (CFS) provides customers with strategic consulting, design-build expertise, and operational assurance resources to build highly efficient new facilities and upgrade existing data centers. CFS has designed more than 50 million square feet of energy efficient data centers. Through Energy Efficiency Analysis, CFS compares customers' energy use efficiency to industry best practices and recommends improvements. CFS also helps customers achieve prominent energy-efficiency certifications such as LEED® and ENERGY STAR® for Data Centers. In addition, the team contributed to the U.S. Department of Energy's "Save Energy Now" data center tools and provides assessments in support of that initiative. As of April 2012, our team had designed more than 60% of all LEED-certified data centers worldwide.

For example, in 2012 HP CFS worked with the University of Iowa (UI) to design the first LEED Platinum educational institution data center, the Information Technology Facility. The facility consolidates two data centers with room for additional servers currently scattered across the campus, as well as space for high-performance research computing. The facility is a part of UI's 10-year commitment to energy conservation and campus sustainability. Learn more about UI's 2020 Vision.

We also help customers plan and manage growth in a data center. Instead of overbuilding in anticipation of future demand, HP's flexible data center provides a modular system that allows the facility to expand in stages, so the size of the facility always closely matches the demand. This approach can employ capital expenditure more efficiently, cut energy costs, and reduce GHG emissions.

Managed and outsourcing services

HP offers ongoing data center management and infrastructure services at the company's energy efficient and ISO-certified data centers. We optimize our data centers to support a combination of cloud, traditional IT, and in-house solutions for hundreds of clients worldwide.

Design for accessibility

We strive to create products, solutions, and online materials that are accessible to everyone, including people with disabilities and seniors with age-related limitations. Our product design teams explore ways to enhance usability, productivity, user comfort, and accessibility. Examples of accessibility features on HP products include buttons identifiable by touch, ports and switches positioned within easy reach, and large adjustable displays. Our customer support programs incorporate assistive technologies such as Telecommunications Relay Service, Video Relay Service, and Web Captioned Telephone Service to help users who are deaf or hard of hearing. We also participate in the development of worldwide standards and policies through industry and government efforts to improve the accessibility of information and technology for people with disabilities.

See the HP Accessibility website for more information and examples.

HP Performance Optimized Data Centers

HP Performance Optimized Data Centers (HP PODs) are a portfolio of modular data centers that help enterprises rapidly and efficiently expand data center capacity and meet increasing service-level agreements. Compared with traditional brick-and-mortar data centers, HP PODs help customers scale capacity more quickly on demand, reduce capital expenditures, and use less space.

Customers can have their IT configured, loaded, cabled, and tested using HP Factory Express to help ensure quality, increase deployment speed and lower cost, while saving on unnecessary onsite labor and materials associated with unboxing and assembling and testing. HP is one of the few qualified global suppliers that can offer customers this integrated approach, saving up to 50% in total cost of ownership over traditional data center deployments.

Cloud consulting

Depending on customers' business needs and service model requirements, we support a wide range of professional services solutions, from traditional private data center designs to cloud frameworks (private, public, or managed). Regardless of the operational model, there are always requirements to deploy highly streamlined and consolidated IT infrastructures and critical facilities environments to enhance efficiency and improve overall environmental performance. Some of our services in this area include Converged Cloud Workshop, Cloud Roadmap Service, Cloud Design Service, and Cloud Implement Service.

Supporting industry efforts

HP also supports international efforts to improve the environmental performance of the IT industry. For example, HP reviewed and contributed recommendations to the data center section of the International Telecommunication Union "Guidelines for Environmental Sustainability for the ICT Sector," released in November 2012.

See numerous additional examples of innovative designs for products and solutions that enhance environmental performance on the following pages: Products and solutions on page 35, Materials on page 41, Packaging on page 44, and Use on page 46.

Materials

HP evaluates environmental impact across the product life cycle when selecting materials for use in our products. Our objective is to minimize environmental impacts and any potential for human health impacts. We design products to use less material, and we seek alternatives to substances of concern. We strive to use recycled materials when possible, and we comply with all relevant government regulations wherever we do business.

Using less material

Through innovations in technology and product design, HP works to use materials more efficiently in product manufacture and also to help customers optimize paper and supplies consumption. For example, HP thin client computing devices can require up to 65% less material to produce and ship than HP's smallest commercial desktop PC.

For the first time, we are reporting the estimated weight of materials used in HP high-volume computers and printers normalized by company revenue. These data will provide a baseline to measure progress in coming years.

Estimated materials use in HP high-volume computers and printers, 2012 [tonnes/$ million USD of net revenue]*

	Metal	Plastic	Wires/ cables	PCAs	LCDs	Batteries
Computers	6.2	2.6	0.84	0.81	1.6	0.34
Printers	8.3	10.7	0.41	0.74	0.12	-

* Estimates are based on several specific computer and printer products that are representative of the main HP product categories. Estimates for computer volumes do not include servers. Estimates for printer volumes do not include graphic arts, industrial, or webpress printers, or ink or toner cartridges.

Nanotechnology

Nanotechnology holds long-term promise for creating electronics applications that require fewer materials and consume less energy. Since 1995, HP Labs has led research in the areas of nanoarchitecture, nanoelectronics, nanomechanics, and nanophotonics. Outcomes of this research include advances in memristor-based computer memory, which has the potential to run 10 times faster and use 10 times less power than an equivalent flash memory chip.

We recognize that properties of matter can depend on size and shape at the nanoscale level. We consider potential health and safety issues of nanostructured materials as an integral part of our research program that seeks to find applications for such materials in our business. In 2012, HP developed a nanomaterial risk assessment tool to help assess and manage health and safety risks associated with the use of these materials. The tool helps determine the best way to handle hazards using previous findings and applications and accounting for potential incomplete information on health hazards and exposure scenarios.

Evaluating substances of concern

HP proactively evaluates materials of concern. We may restrict substances because of customer preferences, legal requirements, or because we believe it is appropriate based on a precautionary approach. When scientific analysis reveals a potential impact to human health or the environment, we seek to replace substances with commercially viable alternatives. Following the principle of informed substitution, HP carefully assesses the environmental, health, and safety risks of these alternatives.

Implementing HP materials restrictions

To help ensure HP meets legal requirements as well as our own materials standards, we follow a compliance process that has three key pillars:

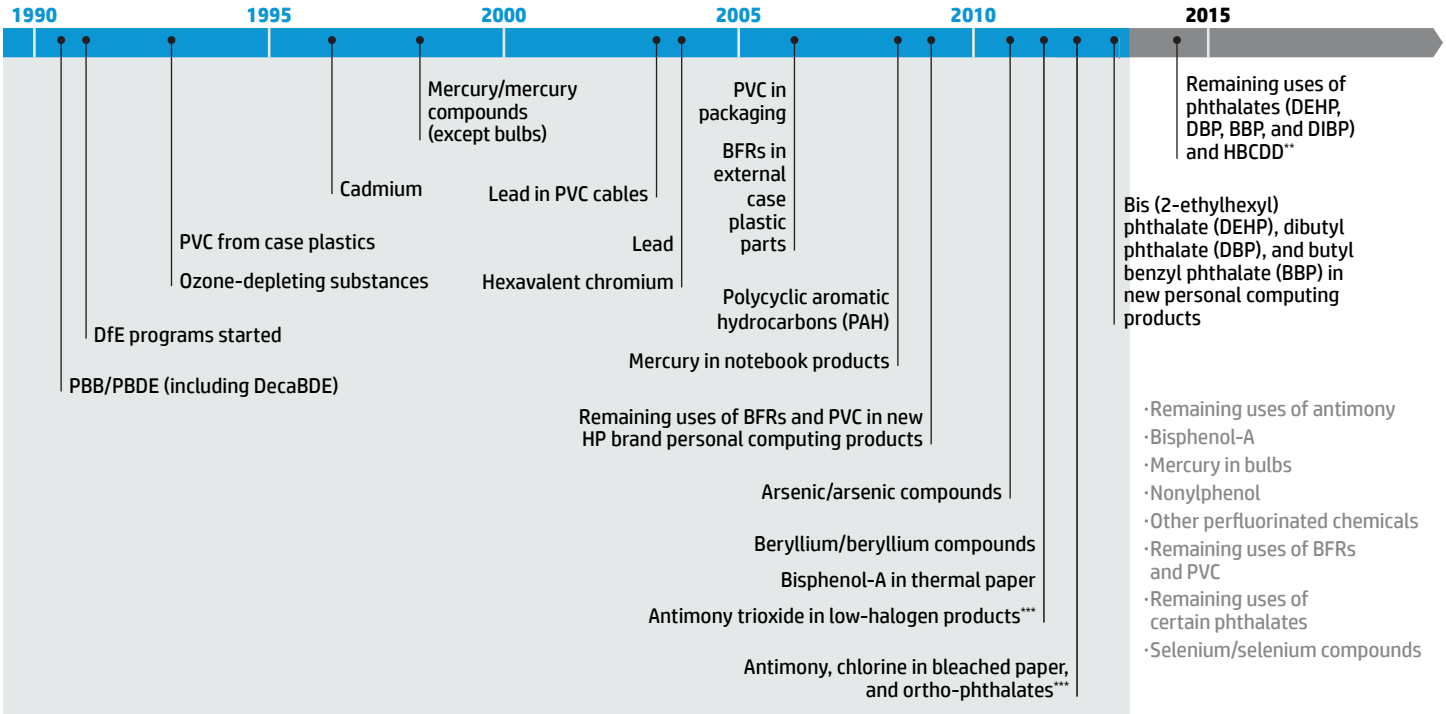
- **The HP Supplier Safe and Legal Standard** provides a consistent management system standard for the design, manufacture, and delivery of products. It specifies how to meet product regulations concerning restricted materials and other regulated areas including electromagnetic compatibility, safety, telecommunication authorization, and energy efficiency.
- **The HP General Specification for the Environment (GSE)** includes substance and materials requirements for parts and components that are used in HP products, packaging, and manufacturing processes.
- **The HP Active Verification Materials Testing Specification** defines our requirements for testing materials used in HP products for specific substances restricted under the GSE.

Phasing out phthalates, BFRs, and PVC

In 2012, we added restrictions to the HP GSE on the use of certain phthalates in plastic parts in HP products. We are considering additional future restrictions.

HP is working to phase out halogens, which include brominated flame retardants (BFRs) and polyvinyl chloride (PVC), where technically feasible in new products. For example, 96% of HP Compaq business PCs and HP notebooks launched since 2011 are low-halogen as defined by the International Electronics Manufacturing Initiative (iNEMI).[3]

HP product proactive materials restriction/substitution timeline*



* Dates refer to when proactively adopted materials restrictions were first introduced on an HP product, ahead of regulatory requirements. Materials in gray text beyond April 2013 have been identified by stakeholders as potential materials of concern. Future possible restriction of those materials depends, in part, on the qualification of acceptable alternative materials. For a comprehensive list of HP's materials restrictions, including numerous materials restricted by HP on a worldwide basis in response to regional regulations, refer to HP's General specification for the environment.

** Limited to products within the scope of the EU RoHS Directive.

*** These requirements apply only when specified by the HP Business.

[3] In accordance with the "iNEMI Position Statement on the Definition of 'Low-Halogen' Electronics." Plastic parts contain < 1,000 ppm (0.1%) of bromine [if the Br source is from BFRs] and < 1,000 ppm (0.1%) of chlorine [if the Cl source is from CFRs or PVC or PVC copolymers]. All printed circuit board (PCB) and substrate laminates contain bromine/chlorine total < 1,500 ppm (0.15%) with a maximum chlorine of 900 ppm (0.09%) and maximum bromine being 900 ppm (0.09%). Service parts after purchase may not be low-halogen. Power supply and power cords are not low-halogen.

Assessing alternative materials

When replacing substances of concern, we seek to identify alternatives with a reduced risk of potential human health and environmental impacts, and that also meet our performance and cost criteria. To support these objectives, we have developed an integrated assessment approach to analyzing potential materials replacements. Established in 2007, our approach begins with a hazard-based screening to help rule out alternatives that are of equal or greater concern than the substances they would replace. This screening is based on the GreenScreen™ for Safer Chemicals framework developed by the nongovernmental organization (NGO) Clean Production Action.

Integrating the GreenScreen framework into our overall alternatives assessment protocol has enabled HP to more easily select replacement materials with a reduced risk of human health and environmental impacts. Since the program began in 2007, we have completed more than 160 assessments of materials that account for more than 80% of the weight of our products, including for low halogen power cords, brominated flame-retardant alternatives, and general plastic resins, as well as for cleaners used in the manufacturing process. We are also implementing an alternatives assessment program for solder paste and fluxes. See the articles "Reducing Risk by Reducing Hazard – Use of Chemical Hazard Screening as the First Step in the Assessment Process"[4] and "Hewlett Packard's Use of the GreenScreen™ for Safer Chemicals"[5] to learn more about HP's approach.

We collaborate with suppliers and industry associations to create market demand for materials with reduced human health and environmental risk. If acceptable alternatives do not yet exist, we work closely with suppliers to develop formulations that meet HP's specifications.

HP also advances the industry-wide elimination of substances of concern by working with external stakeholders to promote the integration of the GreenScreen tool into eco label certification and government regulation. In 2012, we continued to participate in the Green Chemistry and Commerce Council plasticizer alternatives assessment project, which employs GreenScreen. HP is an active member of the Business-NGO Working Group for Safer Chemicals and Sustainable Materials, which published the chemical alternatives assessment protocol that other industries can use to improve their materials selection processes.

Using recycled materials

HP continues to expand the use of recycled materials in its products. Examples from 2012 include:

- The HP Deskjet 3050A e-All-in-One printer, manufactured with 25% postconsumer recycled plastic
- The HP Compaq Pro 6300 desktop PC, manufactured with 37% postconsumer recycled plastic

Through our "closed loop" recycling process, Original HP ink and LaserJet toner cartridges are reduced to raw materials that can then be used to make new cartridges as well as other metal and plastic products. Over the past two years, HP has shipped 600 million Inkjet cartridges containing recycled plastic from this process.[6]

In 2012, HP initiated a pilot program to use recycled content plastic recovered from our hardware recycling facilities in new HP electronic products. In partnership with an HP electronics recycling supplier and a recycled plastics compounder, we developed a recycled resin, acrylonitrile butadiene styrene (rABS) in three colors. We determined the resin to be an appropriate material for use in internal printer components and external case parts. The HP OfficeJet Pro X series Inkjet printer, released in early 2013, is the first HP product manufactured with rABS (5% of the product's total plastic by weight). HP plans to expand the program to cover additional colors, materials, and printers in 2013.

Supporting and advocating for relevant government regulations

HP complies fully with materials regulations worldwide that are applicable to IT products. We were among the first companies to extend the controls in the European Union Restriction of Hazardous Substances (RoHS) Directive to our products worldwide through the HP General Specification for the Environment (GSE). We also provided key inputs to related legislation in Europe, as well as China, India, Korea, and Vietnam.

We believe the RoHS Directive and similar laws play an important role in promoting industry-wide elimination of substances of concern. We are working with the industry to advocate for the inclusion of additional substances—including PVC, BFRs, and certain phthalates—in future RoHS legislation covering electrical and electronics products. (See our compliance statement.)

HP also complies with the European Union's Registration, Evaluation, Authorisation, and Restriction of Chemical substances (REACH) legislation, which sets requirements for assessing and managing risks posed by chemicals. We accomplish this by working closely with suppliers to gather information on listed substances that may be in HP

[4] Wendschlag, H.; Robertson, C.; Holder, H.; Wray, C., "Reducing Risk by Reducing Hazard – Use of Chemical Hazard Screening as the First Step in the Assessment Process," Electronics Goes Green 2012+ (EGG), Berlin, 9-12 Sept. 2012.

[5] Holder, H.A.; Mazurkiewicz, P.H.; Robertson, C.D.; Wray, C.A., "Hewlett Packard's Use of the GreenScreen™ for Safer Chemicals," Chemical Alternatives Assessments (Issues in Environmental Science and Technology), R.M. Harrison (Editor), R.E. Hester (Editor), RSC Publishing, available May 2013, http://www.rsc.org/Shop/books/2013/9781849736053.asp.

[6] The recycled plastic used in Inkjet cartridges also contains recycled plastic from bottles.

product materials and providing related safety information to customers. We have completed the necessary substance registrations required by May 2013 and have already begun the registration process for the next deadline in May 2018.

HP's comprehensive approach to regulatory compliance also includes due diligence for some minerals used in our supply chain. The minerals of concern are the raw materials for tin, tantalum, tungsten, and gold. Beyond regulatory requirements, we are working with a range of stakeholders to help ensure that conflict minerals—minerals originating from the Democratic Republic of Congo (DRC) and its neighbors—do not directly or indirectly fund groups responsible for human rights abuses in the DRC (see Conflict minerals on page 96).

Packaging

Innovation in packaging design provides the opportunity to significantly reduce environmental impacts. We continually work to improve all environmental performance aspects of packaging while achieving adequate product protection, respecting regulatory requirements, and managing cost.

We include environmental considerations in our guidelines for our packaging suppliers, encouraging them to create more innovative and environmentally responsible packaging designs. Our General Specification for the Environment (GSE) restricts substances of concern, such as polyvinyl chloride (PVC),[7] and requires all materials used in HP packaging to be recyclable.[8]

To decrease the environmental impact of our packaging, we strive to reduce material use, optimize shipping densities, and utilize recycled materials. These objectives are achieved through our underlying principles: remove, reduce, reuse, recycle, replace, and influence.

Remove

We strive to eliminate the use of substances of concern when lower-impact alternatives are readily available. For example, HP restricts the use of PVC in packaging with minor exceptions. (See related information in Materials on page 41.)

Reduce

Using less packaging reduces materials consumption, the carbon footprint of transportation, and customer waste. We meet or exceed local legal standards for packaging minimization where they exist. We are also reducing the amount of paper delivered with products, such as warranties and manuals, making the information available in electronic form instead.

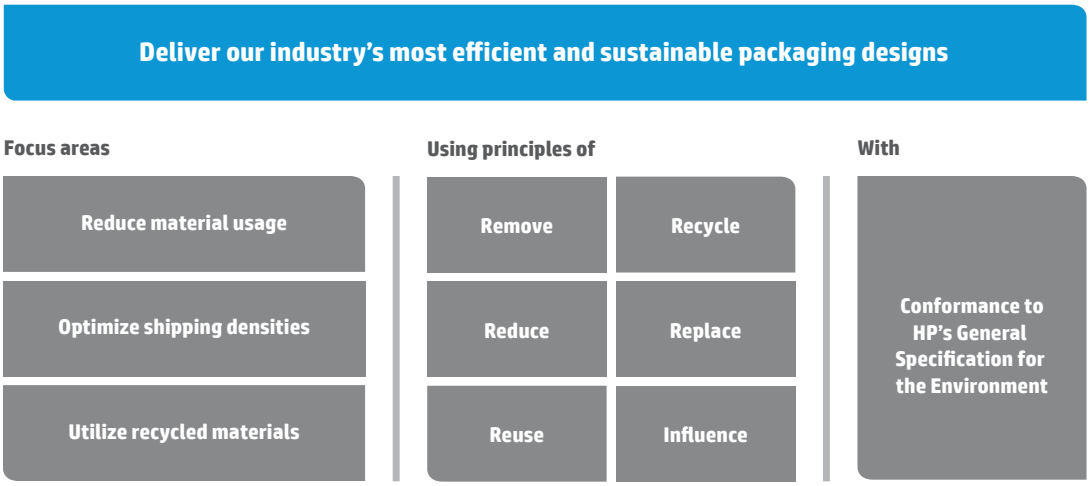
Reuse

We design packaging for reuse where feasible, enabling retailers, distributors, and enterprise customers to return packaging materials to HP or redeploy the materials for future shipments. When our suppliers are located close to HP manufacturing facilities, we also work to design reusable packaging.

Recycle

We are committed to increasing the proportion of recycled content in our packaging materials. The amount of recycled content in our packaging varies widely by region, as well as by material and product type. Where feasible, HP is shifting from plastic packaging to paper and molded pulp alternatives that contain recycled content and are certified as meeting a sustainable forest management standard. In some instances, however, light plastic packaging may have a smaller carbon footprint than the molded pulp alternative because of the quantity of molded pulp needed to provide the same level of protection. In such cases, we increasingly use expanded polystyrene (EPS) or expanded polyethylene

HP environmental packaging mission



[7] The restriction on PVC in HP packaging does not apply to protective tape covers with a surface area equal to or less than 15 square centimeters (2.35 square inches) and/or weighing less than 1g (0.035 ounce).

[8] Not all locations have suitable recycling infrastructure to recycle all materials used in HP packaging.

(EPE) foam cushions that contain recycled plastic. In 2011, we implemented 100% recycled cushions for some consumer and commercial desktops in the Americas.

Replace

We are working to replace hard to recycle materials with more easily recycled substitutes. While all HP packaging materials are capable of being recycled, this is only possible where appropriate collection and recycling infrastructure is in place. We therefore take ease of curbside recyclability into account when selecting packaging materials. We also evaluate the total life cycle of materials when assessing the merits of a packaging change, weighing factors such as the potential to reduce greenhouse gas (GHG) emissions as well as recyclability.

Influence

As a major purchaser of packaging materials, we encourage vendors to use more recycled fiber content and sustainably harvested fiber in our paper-based packaging. We are also working with providers of 100% recycled EPS and PE foam cushions to broaden industry adoption and build the infrastructure required to make these more available.

Progress in 2012

The following examples from more than 25 separate packaging projects undertaken in 2012 illustrate the range of packaging innovation across our product portfolio.

Packaging innovation	Summary of benefits in 2012
Designed HP LaserJet Pro 300/400 color multifunction printer packaging to achieve a smaller, more efficient design	Eliminated nearly 500 ocean container shipments Reduced CO_2e emissions by 1,730 tonnes
Implemented high-performance, low-density foam for 25 HP LaserJet products	Reduced packaging part weight by 33% Reduced CO_2e emissions by 936 tonnes
Reduced size of OfficeJet 4620 product and box while increasing protection	50% more units shipped per ocean container Reduced weight by 20%
Eliminated printed in-box documentation in many products across all business groups	Avoided printing of 1.4 billion sheets of 8.5" x 6" paper Reduced annual CO_2e emissions by 10,500 tonnes
Implemented use of recycled pallets for part of our business in the Americas	Avoided use of 640,000 new pallets annually Diverted 12,700 tonnes of lumber waste from landfills
Replaced paper insert in Inkjet supplies product with cardboard shelf built into the box	Reduced CO_2e emissions by 65 tonnes
Increased recycled content of paperboard and corrugated boxes for Inkjet supplies products	Paperboard boxes are 100% recycled fiber, of which 35% is postconsumer Corrugated boxes are 35% recycled fiber
Replaced single product packaging with multiproduct cases for some Enterprise Group products	Reduced packaging weight per unit by 60% Reduced CO_2e emissions by 44 tonnes Reduced packaging cost per unit by 82%
Introduced "thin box" design for notebook products	Decreased packaging volume by nearly 30% Reduced package weight by 10% Increased density of products per pallet by 25-33%, decreasing transport CO_2e emissions

Transport

HP conducts business in more than 170 countries. On a typical day, we ship over 1 million products around the world. Our products travel from manufacturing locations to distribution centers and then on to customer destinations worldwide.

We are committed to reducing transport-related GHG emissions and other environmental impacts associated with these activities. As a global IT company with one of the most extensive transportation networks in the sector, we also help develop new industry standards for environmentally responsible transportation management. We work with logistics service providers (LSPs) to optimize our global supply chain and select the best modes of transport and routings for our shipments.

In 2012, GHG emissions from transporting HP products totaled an estimated 1.7 million tonnes of carbon dioxide equivalent (CO_2e).[9] This is about 10% less than GHG emissions from our own operations. Since the end of 2008, we have implemented projects that cut emissions from product transport collectively by 190,000 tonnes CO_2e, exceeding our goal to reduce emissions by 180,000 tonnes of CO_2e by 2013.

We use three strategies to reduce fuel use: maximizing the efficiency of our supply chain network, shifting to less energy-intensive modes of transport, and influencing our LSPs. We also work to reduce the size and weight of our product packaging while retaining high-quality protection, since this decreases the volume of goods we transport. Learn more in Packaging on page 44.

Progress in 2012

Maximizing the efficiency of our supply chain network

HP reduces fuel use and GHG emissions by decreasing the distance our products travel. We accomplish this by working with suppliers to locate manufacturing facilities closer to customers and consolidating distribution centers to optimize the use of trailer space for our shipments. For example, we opened a factory in Turkey (shifting from other parts of Asia) to service customers in Africa and the Middle East partially via ocean as opposed to air shipment. In the United States, we consolidated three West Coast warehouses into one—improving operational and energy efficiency, and streamlining outbound freight.

[9] This figure for transport GHG emissions is based on data reported by LSPs that HP contracts to deliver our products. It differs from the larger product life cycle assessment-based estimate presented in Energy and climate on page 29, which includes additional upstream and downstream transport related to our products, as well as retail and storage.

Estimated GHG emissions from product transport, 2012*

	Air			Ocean			Road (includes rail)		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
GHG emissions [million tonnes CO_2e]	1.2	1.3	0.9	0.2	0.2	0.3	0.5	0.4	0.5
GHG emissions [percentage of total from transport]	65%	70%	50%	10%	10%	20%	25%	20%	30%
Shipment mix by weight-distance [approximate, kg-km]**	10%	10%	5%	70%	70%	80%	20%	20%	15%

* Table does not include data from all recent HP acquisitions.

** All figures rounded; improvements in efficiency of the mode of transportation may not be fully reflected.

Shifting to less energy-intensive modes of transport

We typically ship HP products by ocean or air from the manufacturing location to regional distribution centers, and then by truck or rail to their final destinations. Because emissions vary greatly by type of transport, with air being the most GHG intensive, shifting to less energy intensive modes of transport can reduce climate impacts substantially (see chart above).[10] In 2012, select shipments of notebook PCs traveled by ocean instead of air from China to Europe, Latin America, and the United States (as well as intra-Asia), resulting in an estimated savings of approximately 20,000 tonnes of CO_2e.

In 2011, we began using a new international freight train network from China to Europe to reduce emissions, time, and costs. The train route begins in Chongqing, China, and ends in Duisburg, Germany (see case study: Chongqing region presents opportunities for supply chain SER in China on page 94). This alternative rail solution reduces CO_2e emissions by more than 90% compared with air freight and cuts costs by over 60%. The route is also 10 days faster than ocean transport. Since its launch, we have transported more than 4 million notebooks by rail (approximately 30% of notebook shipments from China to Europe) and will begin printer shipments through this route in 2013.

Influencing logistics service providers

HP selects logistics service providers (LSPs) that maintain high standards in social and environmental responsibility. These LSPs sign and adhere to HP's Supplier Social and Environmental Responsibility Agreement and agree to conform to the expectations and standards in HP's EICC Code of Conduct and applicable laws and regulations, while meeting our other business requirements. To improve environmental performance, LSPs strive to use optimal routings and engine technologies, and we require them to track GHG emissions associated with the transport of HP products.

In the United States, we ship all HP consumer and commercial products using SmartWay surface transportation carriers—a collaboration between the U.S. Environmental Protection Agency (EPA) and the freight transportation industry.[11] In 2012, HP was one of only 40 companies among the SmartWay Transport Partnership's nearly 3,000 partners to receive the SmartWay Excellence Award.

Use

HP is aware that the energy and materials consumed by customers when using our products have a significant environmental impact. Therefore, we work to design increasingly efficient products and solutions that help customers reduce the environmental impact of their operations and personal lives. This approach covers everything we sell, from single-user personal computing devices and printers to enterprise servers, storage equipment, and entire data centers.

For many of our products, customer use generates more greenhouse gas emissions than any other stage of the life cycle. However, understanding the carbon footprint of our products is complex. Large corporate customers and private consumers have very different usage patterns, and the carbon intensity of electricity varies by location. This year, we are for the first time publishing a comprehensive estimate of the GHG emissions related to the use of HP products. See Energy and climate on page 29 for detail.

Our web-based HP Carbon Footprint Calculator, developed in 2009, allows customers to compare estimated paper and energy use and costs, along with CO_2e emissions for HP and Compaq branded products, taking into account user location.[12] The tool can also estimate users' printer-related electricity and paper costs.[13] The calculator, which receives more than 10,000 visits per month, covers more than 9,000 HP and non-HP devices.

[10] According to the World Resources Institute GHG Protocol. Calculation methodology based on GHG Protocol distance-based method.

[11] This designation is based on actions to reduce transportation-related emissions.

[12] Power, cost, and carbon calculations are estimates. Results will vary based on variables, which include information provided by the user, time PC is in different power states (on, standby, off), time PC is on AC, hardware configuration, variable electricity rates, and utilities provider. HP advises customers to use information reported by this Carbon Footprint Calculator for reference only and to validate impact on their environment. For more information about calculation assumptions, see www.hp.com/large/psg/toolassumptions.pdf.

[13] The Carbon Footprint Calculator also estimates the user's costs for the electricity and paper a printer consumes. It is based on certain key assumptions and makes use of data and models generated by third parties.

Collaboration

HP also contributes to the development of industry-wide standards to reduce the environmental impact of IT products. Eco-labels are one important driver of improvements, encouraging the IT industry to invest in innovations in energy and resource efficiency. For example, in 2012 we contributed to the development of the latest ENERGY STAR® rating criteria for PCs, Displays, and Imaging Equipment products. Working with industry associations and directly with the EPA, HP was a leader in the development of these updated standards. HP is now a cochair of the ITIC (Information Technology Industry Council) energy efficiency working group. Over the past four years, HP has also been a key participant in a stakeholder consensus process to develop the EPEAT® standard for imaging devices. This standard was published in December 2012, and HP has begun to register imaging devices at EPEAT.NET.

Progress in 2012

We made significant progress in 2012 helping customers decrease the environmental impact of their HP IT products by providing more energy and resource efficient products. As illustrated by several of the examples below, efficiency improvements frequently offer cost savings as well.

Personal computers and devices

HP is an industry leader in energy efficient options for personal computers and associated products. We strive to develop products that meet ENERGY STAR™ and EPEAT Gold qualifications, the highest international standards for environmental attributes in electronics such as material selection and energy savings. In 2012, 43.7% of commercial PCs shipped by HP were EPEAT Gold qualified, and an additional 10.9% were EPEAT Silver qualified.

Recent developments in "thin client" networks are making significant energy efficiency gains possible by individual workstations accessing a central server in place of the conventional PC hard drive. The HP t410 All-in-One Smart Zero Client provides the same performance as a traditional PC but runs on just 13 watts of power. It meets both EPEAT Gold and ENERGY STAR standards.

Imaging and printing

HP has pioneered IT industry efforts to help customers reduce the carbon footprint of printing. Examples include:

- Our ENERGY STAR qualified products improve the sustainability of office printing by using less energy and generating less waste.
- HP digital on-demand printing solutions, such as Indigo and Web Press, enable our customers to print exactly what they need, when and where they need it, as opposed to analog printing, which encourages overproduction, resulting in large volumes of marketing collateral, books, and labels being wasted.
- Our Managed Print Services solutions enable customers to save 30%-80% in energy use and significantly reduce paper waste.

HP's ENERGY STAR qualified HP OfficeJet Pro 8600 e-All-in-One series, HP OfficeJet Pro 8100 ePrinter, and HP Officejet Pro X Series printers compete with office laser printers. Based on our own testing, these models use up to 50% less energy than the majority of comparably priced laser printers.[14] All models are capable of two-sided printing, providing an opportunity to save paper. The Officejet Pro X Series generates 50% less supplies waste[15] compared to competitors' color laser printers. For details, see www.hp.com/go/officejet.

We also provide energy efficient solutions for large organizations that use multiple printing and imaging devices. HP Web Jetadmin used with the HP EcoSMART Fleet centralizes printing activity and allows the organization to control energy-saving features such as sleep and wake-up settings and double-sided printing as default. The system provides user data that can support environmental goals.

Data centers

HP Data Center Consulting, including IT infrastructure, Critical Facilities Services, and Cloud Consulting, helps customers achieve a standardized and streamlined operational strategy that can decrease physical footprint (such as power and cooling infrastructure) and improve environmental performance while enabling much greater operational efficiency. See Design on page 39 for detail.

[14] Majority of color laser printers <$800 USD and color laser MFPs <$1,000 as of August 2012. Energy use based on HP and HP commissioned third-party testing. Actual cost and energy usage may vary. For details, see www.hp.com/go/officejet. HP OfficeJet Pro 8600 e-All-in-One series compared with majority of color laser AiOs <$600 and HP OfficeJet Pro 8100 ePrinter compared with majority of color laser printers <$300, March 2011. HP OfficeJet Pro X Series compared with majority of color laser printers <$800 and color laser MFPs <$1,000, August 2012.

[15] Compares weight of empty cartridge and packaging materials needed for 15,000 pages using highest-capacity cartridges of major in-class competitors' color laser MFPs <$1,000 USD and color laser printers <$800 USD as of October 2012. Tested by Buyers Lab Inc. For details, see www.hp.com/go/officejet.

Storage

HP storage products incorporate the latest materials, technology, architectural, and design advances to help reduce power consumption within the data center. For example, replacing legacy storage with HP 3PAR StoreServ Storage can reduce disk capacity requirements and energy use by 50% or more.[16] Support for nonspinning media further decreases the energy footprint of these systems. The all-solid state drive (SSD) HP 3PAR StoreServ 10000 Storage system reduces client cost per input/output operations per second by 70%, and energy use by more than 80%.[17]

As the industry's broadest tape storage portfolio, HP StoreEver Tape Storage features HP's market-leading tape products and technologies.[18] By choosing tape instead of spinning media for long-term data archiving, the energy savings alone can pay for the cost of an organization's entire tape system investment within 12 years.[19] For many organizations, a combination of tape and disk backup provide the most energy- and cost-efficient approach to meeting data protection and archiving needs and can be met both simply and economically by combining HP StoreEver Storage with HP StoreOnce Backup.

Software

HP software products can help customers save energy, costs, and other resources by reducing unnecessary computing and storage capacity.

With HP Software as a Service (SaaS), HP hosts and operates software for our customers, sharing the systems on which the software runs among multiple users and multiple applications. Because customers are not running software through their data centers, they save power, cooling, energy, and floor space.

SaaS is a component of cloud computing that provides on-demand access to configurable shared resources, including software. A study by CDP estimated that "U.S. businesses with annual revenues of more than $1 billion can cut CO_2 emissions by 85.7 million tonnes annually by 2020 as a result of spending 69% of infrastructure, platform, and software budgets on cloud services."[20]

HP SaaS can reduce environmental impacts related to software disk and packaging manufacture, distribution, and shipping, also resulting in greater operational efficiency and better resource management. And by offering remote access to software via the Internet, SaaS expands opportunities for telecommuting and remote IT support, which can reduce the need for travel.

The HP Vertica AppSystem is a scalable, high-speed, relational data analytics platform that helps companies store and analyze vast amounts of data, while using fewer resources. Running on energy-efficient HP ProLiant DL380 Gen8 servers with local disks, this platform reduces storage costs by up to 90%. Due to the platform's advanced columnar-based storage architecture, it requires 25-50% less hardware and storage space compared to alternative technologies, which decreases related power and cooling costs. The HP Vertica Analytics Platform also helps companies achieve compression rates of 50-90%—allowing them to store the same amount of data using fewer resources.

HP Business Service Automation (BSA) is software that customers use to manage IT services and capacity to improve efficiency across domains and virtual environments. BSA can be used in conjunction with data center hardware to dynamically adjust capacity, switching off equipment when it is not needed. This can save energy and reduce associated CO_2 emissions. Companies that have used HP BSA for storage provisioning report that they have regained up to 40% of space from existing storage.[21]

HP Service Health Optimizer is capacity-planning software that makes recommendations on how to reduce the number of systems in an IT environment. It proposes configurations for the ideal size, placement, and allocation of virtual machines relative to physical space. This increased density can decrease the system footprint space and energy consumption.

Case study

HP Energy and Sustainability Management

In 2012, HP Energy and Sustainability Management worked with a major American city to assess its energy consumption and develop a cost reduction strategy. During the year, we completed a baseline assessment of the city's highest energy consuming facilities, reviewed energy management processes and governance structures, and performed a functional needs assessment for an enterprise energy software system.

[16] See http://www8.hp.com/us/en/products/data-storage/data-storage-solutions.html?compURI=1284392#.US5MeFf4J8E for details.

[17] Based on HP internal comparison of an HP 3PAR 10000 V800 system with all Fibre Channel drives and an equivalently sized HP 3PAR 10000 V800 system with all solid state drives. See http://www8.hp.com/us/en/hp-news/press-release.html?id=1266636#.US5HDVf4J8E for full details.

[18] According to the IDC Branded Tape Tracker CQ2 2012, HP is the market share leader in units and revenue for Linear Tape-Open (LTO) tape worldwide across individual tape drives and tape automation products.

[19] Source: "In Search of the Long-Term Archiving Solution—Tape Delivers Significant TCO Advantage over Disk," Clipper Group, December 23, 2010. David Reine and Mike Kahn.

[20] 2011 Carbon Disclosure Project Study, "Cloud Computing –The IT Solution for the 21st Century."

[21] Dimensional Research "HP Customers Reveal Real-Life Benefits of IT Automation," 2010.

Goals

Life cycle assessment

2012 goals	Progress
Calculate and disclose Product Carbon Footprint (PCF) values using the Product Attribute to Impact Algorithm (PAIA) tool for new HP notebook, desktop, and monitor products.	We used the PAIA tool to calculate PCF values in response to bids and tenders, as well as customer inquiries. We have not yet disclosed these calculations because there is a lack of product category standards for PC products. Product category standards establish comparable methodologies for credible and transparent disclosure. HP is leading an effort to develop a consistent methodology for computers that will support credible and transparent disclosure in the future.
Complete life cycle assessments on 20 additional HP LaserJet printers, one HP scanner, and one book vs. e-reader.	We exceeded our goal, completing life cycle assessments on 53 HP LaserJet printers, one HP scanner, and one book versus an e-reader. We also completed an LCA on one HP Inkjet printer.
Work with industry to establish product category rules (PCRs) for imaging products.	Collaborated with Underwriters Laboratories Environment to complete PCRs for printers and imaging products.
2014 goal	
Promote and support the development of an IEC Technical Report to establish harmonized product category PCF standards for PCs and displays.	

Materials

2012 goal	Progress
Complete the phase-out of bis (2-ethylhexyl) phthalate (DEHP), dibutyl phthalate (DBP), and butyl benzyl phthalate (BBP) in newly introduced personal computing products by the end of 2012.	Complete: All personal computing products to be newly introduced in 2013 meet the HP GSE requirement for phasing out the phthalates DEHP, DBP, and BBP.

Transport

2012 goal	Progress
Implement network enhancements, mode changes, and route optimization that decrease greenhouse gas emissions from product transport by 180,000 tonnes of CO_2e, since the end of 2008.	We exceeded our goal by achieving a CO_2e reduction of 190,000 tonnes through air-to-ocean and truck-to-rail conversions, direct ship programs, warehouse consolidations, and other network enhancement programs.
2016 goal	
Implement network enhancements, mode changes, and route optimization that decrease greenhouse gas emissions from product transport by 200,000 tonnes of CO_2e since the end of 2012.	

Product return and recycling

HP aims to provide take-back programs with broad geographical coverage and ensure an environmentally responsible option for processing HP products at the end of their life. We verify the quality of our global recycling network through third-party vendor audits, and we increasingly rely on third-party recycling certifications when available. We continue to evaluate expansion of our product take-back programs into additional countries, but this depends in part on the availability of local recyclers that meet our standards or export regulations that allow for legal transport of materials to recycling facilities in other countries. Additionally, we are striving to capture a larger quantity of e-waste through partnerships with major retailers in some locations.

69

countries and territories with HP take-back programs

2.5 billion

pounds of electronic products and supplies recycled since 1987

30 million

units and accessories refurbished for reuse since 2003

3,700+

locations throughout the United States, making drop off for computer recycling close, easy, and free

Our approach

Addressing the end of life of our products is a priority for HP and central to our efforts to decrease environmental impacts across our value chain. We sell hardware products globally that have typical life spans of between three and ten years. Consequently, at the time of disposal, the age and condition of products vary greatly. Our challenge is to provide a broad choice of product take-back solutions with the widest geographical reach. Our take-back programs are currently available in 69 countries and territories.

After a customer returns his or her hardware product, our priority is to determine the best recovery solution for it. When equipment has resale value, we prefer to refurbish and resell it, the option with the lowest environmental impact. When reuse is not viable, we extract as much value as possible by breaking it down and recycling the constituent materials.

Specialist third-party companies provide reuse and recycling programs on our behalf. HP requires that our recyclers process all material according to best practice and in full compliance with relevant regulations. In particular, HP monitors product take-back programs to ensure there is no "leakage" of material to facilities or organizations outside of our approved vendor network. We undertake due-diligence audits of our recycling vendors to ensure compliance with our Printing supplies recycling policy, Hardware recycling standard, Hardware reuse standard, Policy on export of electronic waste to developing countries, and Supplier code of conduct. HP also requires certification to third-party recycling standards (R2 and e-Stewards) in the many countries where they are available.

Promoting product take-back in the United States

HP is increasing recovery of end-of-life products by collaborating with leading retail chains. In 2012, HP and Staples announced a partnership to offer consumers free, convenient, and responsible recycling every day throughout the United States regardless of the brand or purchase location. The program covers a wide range of products, from desktop PCs to tablets and fax machines to digital camcorders. The partnership leverages Staples' stores and logistics network to collect the devices and consolidate them at its distribution centers and HP's certified recycler network to process the material responsibly. The recyclers were selected in part for their proximity to Staples distribution centers, reducing transportation and corresponding GHG emissions resulting from the program.

At the same time HP is extending the range of options for returning printer cartridges. In 2012 we added partnerships with OfficeMax and Walmart to our existing arrangement with Staples.

See data regarding these programs in the table on the next page.

Expanding the global reach of our recycling network

We are working with governments and nongovernmental organizations to improve local recycling capabilities in important emerging markets including Africa, Asia, Eastern Europe, Latin America, and the Middle East. As these economies grow and demand for electronic products continues to increase, we are focused on expanding HP's return and recycling programs in these regions (see case studies below). In 2012, HP increased the number of countries and territories in which take-back programs are available from 67 to 69.

Capabilities in developing countries vary widely, with many lacking adequate collection and recycling systems. It is common in the developing world for electronic waste to be collected and treated in an informal economy with inadequate controls to safeguard human health and the environment. As we expand our programs, we work to improve local capabilities and standards. Establishing responsible recycling facilities creates employment in disadvantaged communities while helping protect workers and the environment. A third-party firm audits all potential recyclers to make sure they meet our global standards and policies. We require recyclers to provide plans to address any gaps in their approach identified in the audits.

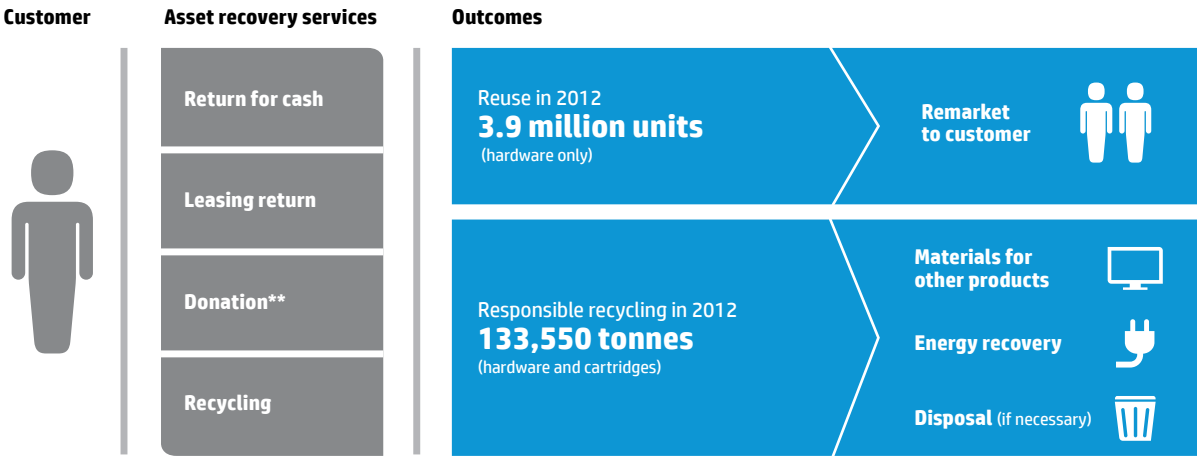
Video: How HP is developing recycling facilities in East Africa

Case study

New recycling facility in Brazil

In Brazil, customers may return HP print cartridges to HP Planet Partners via authorized retail collection locations (such as Kalunga, Saraiva, HP Stores, Contabilista, and Carrefour), authorized reseller collection points or by requesting a pickup at www.hp.com.br/reciclar. HP has established a new recycling facility at the Flextronics facility in São Paulo to process the used HP ink cartridges collected. The facility, employing 20 people, uses HP technology to process used HP ink cartridges in a multiphase recycling process. The cartridges are reduced to raw materials which can be used to make new metal and plastic products. The recycled plastic is used in new printer parts manufactured in Brazil as well as new HP ink cartridges. Any remaining material is disposed of responsibly through energy recovery. No original HP cartridges returned through HP Planet Partners are ever sent to a landfill.

Product return and recycling options*



* Segments in this graphic are not drawn to scale.

** The relationship is directly between customer and charity.

HP take-back programs

We use a global network of vendors in 69 countries and territories to collect, process for resale, and recycle returned products. Our main programs include:

Service	Overview	Scope
Hardware reuse* (trade in, return for cash, leasing return, donation)**	We resell refurbished products, from PCs to data center equipment, at the end of leasing terms or as part of trade-in agreements. We offer remarketed equipment for many HP and non-HP products and follow strict processes set out in our Hardware reuse standard to protect user data and meet environmental requirements.	This service is available in 53 countries and territories.
Hardware recycling	We recycle returned products that are not suitable for reuse. Consumer recycling services vary by country, depending on local regulations and infrastructure. We are co-founders of the European Recycling Platform, which provides pan-European take-back and recycling services and recycled more than 32,700 tonnes of electronic equipment on HP's behalf in 2012. In the United States, our Consumer buyback program allows consumers to return IT equipment of any brand and check online to see how much money or purchase credit they can receive in exchange. Even if the product is not eligible for buyback, consumers can recycle HP and Compaq products at no cost and other brands for a small charge. In 2012 we added the ability for consumers to drop-off hardware products at Staples and FedEx Office, increasing the total to more than 3,700 drop off locations throughout the United States, making recycling close, easy, and free. We also provide recycling services to commercial customers. Our Hardware recycling standard, Policy on export of electronic waste to developing countries, and Supplier code of conduct set out strict processes to safeguard the environment and protect consumer and commercial customers' data. See a list of recycling options by country.	This service is available in 55 countries and territories.
HP ink and toner cartridge recycling	Customers can return used HP ink and LaserJet toner cartridges to authorized retail and other collection sites through the HP Planet Partners program. In North America, for example, HP is partnering with Staples to collect used HP ink and LaserJet toner cartridges. In 2012 we added new retail drop-off options for HP cartridge recycling at Walmart and OfficeMax, making a total of more than 7,100 locations in the United States where consumers can drop cartridges for recycling.*** For some products and in selected countries, we offer free, postage-paid return options including printable labels, shipping envelopes, collection boxes, and the option to order bulk pickup. Learn more. Through our "closed loop" recycling process, Original HP ink and LaserJet toner cartridges are reduced to raw materials that can then be used to make new cartridges as well as other metal and plastic products. Over the past two years, HP has shipped 600 million Inkjet cartridges containing some recycled plastic from this process.**** In 2012, HP initiated a pilot program to use recycled content plastic recovered from our hardware recycling facilities in new HP electronic products. (See Materials on page 41 for more information.) See a list of recycling options by country.	We provide free recycling for HP cartridges in 56 countries and territories.

* Availability of each reuse offering varies by location.

** The relationship is directly between customer and charity. Available in the United States only.

*** As of March 2013.

**** The recycled plastic used in Inkjet cartridges also contains recycled plastic from bottles.

Advocating for regulations that promote reuse and responsible recycling

HP is engaging governments and stakeholders, directly and through trade associations, to help improve national and international approaches to controlling the movement of electronic waste while also allowing legitimate movements of used equipment for repair and reuse to continue. To that end, HP has provided thought leadership regarding the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal and supports its objective to prevent the dumping of waste in less developed countries that do not possess suitable recycling and treatment facilities. HP also advocates for legitimate movements of used equipment, which promotes repair and reuse of electronics, thereby reducing the generation of electronic waste.

The value of electronic waste has increased substantially due to the value of the underlying commodities. This is creating competition for collection of used electronic products in developed as well as developing countries. However, most existing legislation holds manufacturers exclusively responsible for collection and treatment of all of their used products. HP is helping regulators understand the impact of this trend on both current and future e-waste regulations.

See HP's position on Individual Producer Responsibility.

Progress in 2012

In 2012, we recovered 159,550 tonnes of hardware and supplies.

This included:

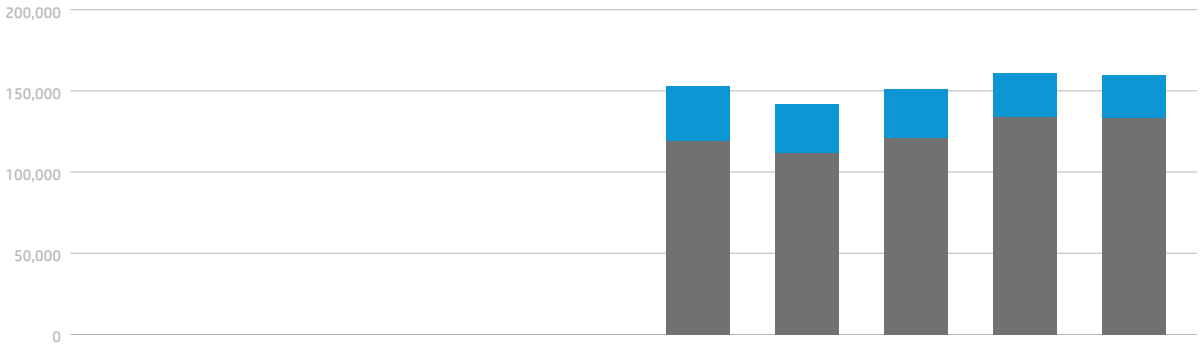
- Approximately 3.9 million hardware units weighing 26,000 tonnes (57.2 million pounds) for reuse and remarketing; more than 60% returned by business customers
- Approximately 133,550 tonnes (295 million pounds) for recycling; more than 80% of hardware recycling volume by weight returned by consumers

Overall, we have recovered a total of 1,390,950 tonnes (3.066 billion pounds) of computer hardware (for reuse and recycling) and supplies (for recycling) since 1987.

We achieved a total reuse and recycling rate in 2012 of approximately 14% of relevant HP hardware sales worldwide.

See Product return and recycling* on page 67 for detailed performance information.

Product return and recycling, 2008–2012* [tonnes]



	2008	2009	2010	2011	2012
Total reuse of equipment**	34,000	30,000	30,000	26,700	26,000
Total recycling—computer hardware and supplies combined	119,000	112,000	121,000	133,900	133,550
Total reuse and recycling combined	**153,000**	**142,000**	**151,000**	**160,600**	**159,550**

* Recycling totals include all hardware and supplies returned to HP for processing; with ultimate dispositions including recycling, energy recovery, and, where no suitable alternatives exist, responsible disposal. Hardware recycling data from Europe, Middle East, and Africa, and HP LaserJet recycling data are calendar year. The remaining data are based on the HP fiscal year.

** The decrease in tonnage from 2008–2012 is due to a reduction in the average weight of returned units, rather than a decline in the total number of returned units. Returned units during that period were: 2008: 3.46 million units; 2009: 3.58 million units; 2010: 3.81 million units; 2011: 3.44 million units; 2012: 3.9 million units. Tonnage numbers are approximate.

Vendor audits

We have direct relationships with about 75 first-tier reuse and recycling vendors, who in turn manage hundreds of subvendors in their own networks.

We contract Environmental Resources Management (ERM), a third party, to audit our first-tier vendors and ensure they conform to our Hardware recycling and reuse standards covering the storage, handling, and processing of returned electronic equipment, as well as our Policy on export of electronic waste to developing countries and Supplier code of conduct.

The audits also include an assessment of environmental, health, and safety practices and performance, as well as checks on downstream material flows based on shipment and receipt records. When audits identify areas of nonconformance, vendors must create corrective action plans and respond quickly to improve their performance. Once we receive a vendor's report of corrective actions taken, ERM conducts a verification audit to ensure that adequate changes have been made. Although we prefer to work with vendors to improve their capabilities, in extreme cases we stop using vendors who lack transparency or the willingness to make the required changes.

ERM's audit training program also helps our first-tier vendors to understand our audit process and teaches them how to improve their operational performance and how to audit their own vendors. Our vendor audit program conforms to and exceeds the practices described in the EPA's Sustainable Materials Management Electronics Challenge. These guidelines have also been incorporated into the IEEE 1680.1 optional criteria of EPEAT® for personal computers.

The recently implemented IEEE 1680.2 criteria for imaging products require the use of recycling vendors that have obtained certification by a qualified third-party auditor in the countries where HP sells EPEAT-registered products. All HP recycling facilities for imaging products in Australia, Canada, China, Mexico, Singapore, and the United States already meet this requirement. While we support the EPEAT third-party certification program, we will continue to supplement it with our own audits of certified vendors and will continue to audit our noncertified vendors.

2012 audits and findings

In 2012, ERM audited 18 reuse and 13 recycling vendor facilities in 17 countries. Twenty-two were repeat site audits to check vendors' ongoing commitment and improved performance. All of the site audits evaluated both the vendor facilities and their material disposition network. In addition to those site audits, another 12 audits were conducted remotely (by phone and e-mail) to evaluate vendor disposition networks (these sites had all been previously audited with no major gaps found).

Eleven of the 22 re-audited sites had previously experienced major nonconformances. ERM re-audits confirmed that all major nonconformances had been addressed at seven of these sites. HP vendor managers continue to work with the others to resolve open issues, and in two of the remaining four cases, vendors had addressed some of the major nonconformances identified.

Most gaps in conformance to HP standards are found in the areas of environmental, health, and safety, followed by security, logistics, and asset tracking, and then management systems. Combined, the first three areas accounted for more than 84% of the gaps found during audits in 2012.

We have received and reviewed 136 vendor-generated corrective action plans following the 208 audits conducted since we enhanced our vendor audit program in 2008.

Read a statement from ERM.

Goals

2015 goals	Progress
Recycle 3.5 billion pounds (1.6 million tonnes) of electronic products and supplies by the end of 2015 (since 1987).	In 2012, HP recycled 295 million pounds of electronic products and supplies, bringing the total since 1987 to 2.54 billion pounds.
Reuse 40 million electronic products and accessory units by the end of 2015 (since 2003).	In 2012, HP reused 3.9 million electronic products and accessory units, bringing the total since 2003 to 30.95 million.

HP operations

HP is working hard to reduce our environmental footprint and drive sustainable growth. One of the most significant environmental impacts from our operations is the greenhouse gas (GHG) emissions that result from energy generated to run our offices, data centers, and manufacturing facilities. (See Energy and GHG emissions on page 57 for details.) Other environmental impacts from our operations are those associated with waste disposal, paper use, water consumption, site remediation, and the use of ozone-depleting substances.

Some of our manufacturing facilities have additional impacts, including wastewater discharges and permitted releases of regulated substances.

20%

reduction in total Scope 1 and Scope 2 GHG emissions from operations by 2020, compared to 2010

88.1%

landfill diversion rate achieved in 2012

Our approach

We are working to improve our environmental performance by:

- Enhancing energy efficiency and reducing GHG emissions
- Increasing resource efficiency
- Creating new opportunities and markets by sharing successes in our own operations with partners and customers

HP's environmental, health, and safety (EHS) management system is designed to ensure that all our facilities comply with applicable regulations and meet company standards.

See Awards for details of the recognition HP has received for its environmental management and performance.

About our operational data

Data relating to HP operations are based on our fiscal year, which ends October 31.

On that date, HP owned and leased more than 700 sites in 98 countries. In 2012, we collected data from 332 sites (including all HP-owned manufacturing sites and our largest owned and leased office, warehouse, data center, and distribution sites). These sites represent 87% of our total floor space of approximately 6.7 million square meters. We extrapolated data from comparable data centers and offices for the remaining floor space, unless stated otherwise.[1]

See a list of HP's major operations in our 2012 Annual Report (page 35).

The quality of our data and trend analysis continues to improve. In the summer of 2012, we completed the implementation of Hara energy and sustainability management software. Hara is helping HP more accurately measure and monitor our environmental performance and identify areas with the greatest potential for improvement. We can now measure energy and water use at the site level and at more frequent intervals. As a result, we have reset the baseline for our operational data[2] to 2010, as that is the first full year of data in the system. We applied our new methodology to 2010 and 2011 retroactively to ensure consistency across the years reported. We also adjust our baseline as needed to account for acquisitions and divestitures, using accepted methodologies such as the Greenhouse Gas Protocol.

HP's Energy and Sustainability Management group was involved in the Hara rollout and is applying the insights we have gained to benefit customers undertaking similar deployments. For example, we used our experience from the Hara implementation to inform our Resource Management as a Service research project. This project aimed to find opportunities for HP to combine hardware, software, and services to help cities more efficiently manage utilities and waste (see Research and development on page 38).

Environmental risk assessment

HP's Enterprise Risk Management program identifies critical risks and suitable mitigation programs at the enterprise, business, and functional levels. This process includes environmental risks.

Our last major assessment of environmental risks took place in 2011. We evaluated our 26 most critical operations for the consequences of regulatory changes, physical changes, energy costs, and water availability. The assessment showed that although issues such as climate change may pose risks to our business, we have in place measures to mitigate those risks. These measures include long-term, fixed-price energy contracts and the purchase of energy from renewable sources. We also have implemented numerous energy and water conservation programs and projects that help meet the common objectives of cost reduction, goal attainment, and risk management.

While we expect that our operations will become increasingly subject to regulatory and cost challenges related to climate change and water scarcity, we do not believe these changes will disproportionately affect HP relative to the market.

Beyond our direct operations, we also have programs to manage environmental risks and opportunities in our supply chain and related to our products and solutions.

[1] The availability of data varies by location and utility. Electricity data are most commonly available and cover 87% of our square footage. For other components of Scope 1 and 2 GHG emissions, plus water and solid waste, HP develops intensity factors for nonreporting locations based on the actual performance of reporting sites. This ensures the most complete and accurate representation of environmental performance in operations possible.

[2] All operational data have been restated except for perfluorocarbons released during semiconductor manufacture, diesel fuel use and related GHG emissions, and GHG emissions related to fleet.

Management and compliance

HP is committed to leadership standards in environmental, health, and safety (EHS) performance, which include conducting our operations in an environmentally responsible manner and enabling our employees to work without injury at our facilities and other locations.

Our EHS management system helps us achieve these objectives and ensures that we comply with regulations and meet company standards across all HP facilities. At its core is our EHS policy.

HP manufacturing operations in owned and leased space worldwide are certified to ISO 14001, the international standard for environmental management systems.

To help ensure that we continue to meet our EHS objectives as we grow, newly acquired companies must implement our EHS management system as a part of their integration.

We investigate any allegations of noncompliance with the law to correct any issues, determine the root causes, and, if applicable, implement corrective action to help prevent recurrence.

Our management of health and safety and also wellness are covered in HP people on page 108.

Energy and GHG emissions

Greenhouse gas (GHG) emissions from our operations account for less than 5% of HP's total carbon footprint, including our supply chain, operations, and customer use of our products. However, emissions from operations are most within our control, and we believe it is important to take every opportunity to help tackle global climate change.

HP is committed to reducing our emissions by making our global operations more energy efficient, using low-carbon energy sources, where possible, and reducing employees' business travel. These activities also help reduce costs.

In 2012, we set new GHG emissions-reduction goals, having reached our goal to cut absolute emissions from our operations (not including the HP transportation fleet) to 20% below 2005 levels by 2013—two years earlier than originally committed.

We have established a new goal to reduce HP's total greenhouse gas emissions from our operations (Scope 1 and Scope 2) by 20% by 2020, compared to 2010 levels. This includes emissions from our operational real estate and the company's transportation fleet, as well as emissions from our 78 client-serving (or "trade") data centers.

Progress in 2012

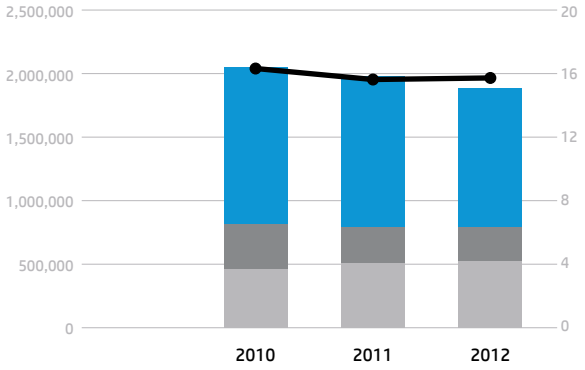
In 2012, our operations produced a total of 1,889,000 tonnes of carbon dioxide equivalent (CO_2e) emissions, a decrease from 1,990,000 tonnes of CO_2e in 2011 and an 8% reduction from our 2010 baseline.

Our total GHG emissions normalized against net revenue equaled 15.7 tonnes of CO_2e per $ million USD in 2012, broadly in line with 2011 and a 4% reduction compared with 2010.

Our emissions continued to fall as a result of energy-efficiency efforts globally, reflecting good practice throughout HP rather than any single, large-scale effort. As just one example, in 2012 HP's UK operations received the Carbon Trust Standard for achieving a 10.6% reduction in absolute GHG emissions during 2011. The Carbon Trust Standard is a robust and independent methodology for measuring and reducing GHG emissions.

In 2013, we will prioritize energy and sustainability as an organizational initiative. Our objective is to increase accountability for environmental impacts at every stage of an HP facility's life cycle and to enable the sharing of strong practices company-wide. The initiative will be sponsored and monitored at a senior level to reinforce its importance.

Greenhouse gas emissions from operations, 2010–2012* [tonnes CO_2e]



	2010	2011	2012
Americas	1,238,000	1,197,000	1,098,000
Europe, Middle East, and Africa	355,000	282,000	264,000
Asia Pacific and Japan	464,000	510,000	527,000
Total	**2,057,000**	**1,990,000**	**1,889,000**
GHG emissions intensity** [tonnes CO_2e/$ million USD of net revenue]	**16.3**	**15.6**	**15.7**

* Total includes HP's Scope 1 and Scope 2 emissions.

** Historical emissions intensity values were calculated using HP's annual revenue as characterized in financial reporting and Scope 1 and Scope 2 GHG emissions.

Sources of GHG emissions from operations

Energy use (see Energy efficiency at right) accounts for 98% of the GHG emissions our operations generated in 2012 and represents one of our largest operational costs.

The remaining 2% of emissions come from refrigeration equipment and a small number of HP manufacturing processes, such as semiconductor manufacture, which uses perfluorocarbons (PFCs). See Data dashboard: Environment on page 67 for detail.

Sources of GHG emissions from HP operations, 2012*

	2010	2011	2012
Electricity (Scope 2)**	84%	84%	87%
Natural gas (Scope 1)	4%	4%	3%
Transportation fleet (Scope 1)	7%	7%	7%
Refrigerant emissions (Scope 1)	4%	4%	2%
Diesel (Scope 1)	<1%	<1%	<1%
Perfluorocarbons (Scope 1)	<1%	<1%	<1%

* Numbers do not equal 100% due to rounding.

** Takes into account electricity generated from renewable energy.

About our GHG emissions data

We calculate our GHG emissions according to the Greenhouse Gas Protocol of the World Business Council for Sustainable Development and the World Resources Institute.[3] In this section, we report Scope 1, 2, and 3 GHG emissions[4] arising from HP's operations, transportation fleet, and employee business travel.

- Scope 1 emissions include those from the direct use of natural gas, diesel fuel, refrigerants, and PFCs in operations and from fuel used by HP's transportation fleet.
- Scope 2 emissions are from purchased electricity used in our operational real estate and trade data centers.
- Scope 3 emissions in our operations result from employee business travel by commercial airlines and rental cars, in addition to other categories. In other sections of this report, we also disclose estimated Scope 3 emissions from product manufacturing by suppliers, product transport, product use, and product recycling.

View HP's carbon footprint for more detail. See Data dashboard: Environment on page 67 to view HP's GHG emissions grouped by Scope.

This year, we commissioned independent auditor Ernst & Young to verify our energy use and GHG emissions across our global facilities as well as our annual reporting under the GHG measurement and reporting protocols of the World Resources Institute and the World Economic Forum. See Report of Independent Accountant on page 137.

We report our GHG emissions yearly through the Carbon Disclosure Project (CDP) and in 2012 were again included in the CDP's S&P 500 Carbon Disclosure Leadership Index. The Index highlights constituent companies within the S&P 500 Index based on the level and quality of their climate change information-disclosure practices. Our 2012 Carbon Disclosure Score increased to 92 (out of a maximum 100) from 84 the previous year.

Energy efficiency

Improving energy efficiency in HP's operations will enable us to grow our business and save costs while reducing our environmental impact.

Becoming more energy efficient is a fundamental part of our environmental strategy, and one we are pursuing by consolidating our sites into fewer, bigger, more efficient locations. We continued this approach in 2012.

In addition, we employ energy-saving measures such as installing energy-efficient technology and lighting in offices, research labs, and data centers.

Based on estimates made at the time of deployment, investments and actions such as these could save HP about $4.5 million USD in 2013 and approximately 46,000 MWh in energy use. Additional benefits may include helping improve employees' experience at work, increasing collaboration, and making our facilities more productive.

Progress in 2012

HP operations consumed 4,109 million kilowatt hours (kWh) of energy in 2012, slightly less than 4,239 million kWh in 2011 and a 5% drop from 4,334 in 2010. The decrease from our 2010 baseline is the result of a 25% reduction in natural gas use combined with a 3% decrease in electricity consumption during that period.

Our energy intensity relative to net revenue was 34.1 kWh per $ million USD of net revenue, a 2% increase on 2011 and a 1% drop from our 2010 baseline.

Examples of energy-efficiency initiatives carried out in 2012 include:

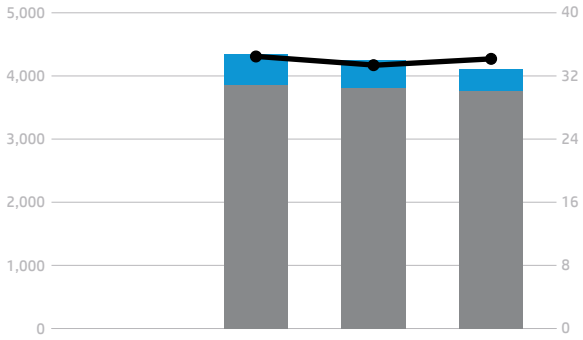
- Installing enLightened wireless heating and lighting controls in HP Labs' Palo Alto, California, building, minimizing the need to install hardware and therefore reducing installation costs. We estimate this technology will save 155 MWh of energy and nearly $24,000 USD each year, paying for itself in less than three years.
- Adjusting air volume, heating, cooling, and humidification in our Böblingen, Germany, facility, reducing GHG emissions by an estimated 1,400 tonnes and saving about $750,000 USD each year. The facility made these

[3] HP reports actual performance each year. Historical values are restated for the impacts of acquisitions and divestitures when deemed material.

[4] The World Resources Institute defines Scope 1, 2, and 3 GHG emissions in its Greenhouse Gas Protocol; see www.ghgprotocol.org/calculation-tools/faq.

modifications in response to employee feedback about comfort levels. The changes paid for themselves in about three months.

Energy use from operations, 2010–2012* [million kWh]



	2010	2011	2012
Natural gas	476	428	355
Electricity**	3,858	3,811	3,753
Total	**4,334**	**4,239**	**4,109**
Energy intensity [thousand kWh/$ million USD of net revenue]***	**34.4**	**33.3**	**34.1**

*Some segments do not add up to total due to rounding.

**Includes purchased electricity and energy consumed during on-site electricity generation.

***Historical energy intensity values were calculated using HP's annual revenue as characterized in financial reporting and direct and indirect energy use.

Making data centers more efficient

We operate 78 client-serving (or "trade") data centers worldwide, in addition to our six internal data centers located in three cities in the United States. Growing customer demand for the services of our trade data centers makes consolidating, building, retrofitting, and operating highly energy-efficient data centers all the more important. A typical data center consumes 20 to 40 times more energy per square meter than an office.

Our design teams for all new data centers are responsible for ensuring that energy efficiency is considered throughout the design and build process. HP Enterprise Services, HP Global Real Estate, and HP Critical Facilities Services have established design criteria for new data centers, including the use of modular designs to accommodate future growth, which has enabled us to increase capacity at existing data centers and avoid the need to build on new sites. Another criterion is to locate data centers in more temperate climates to reduce cooling requirements. As many of our enterprise customers require our facilities to be in certain locations, we often cannot control where they are sited. In these cases, we invest in the best available technologies to reduce energy consumption. Examples include our Sydney and Toronto data centers, where we installed new cooling technologies that had not yet been used elsewhere. Wherever we build our data centers, we always seek opportunities to use ambient air for cooling. Learn more in Sustainable building design on page 64.

During 2012, we completed energy-efficiency initiatives at our data centers that we estimate could save approximately 13.5 million kWh on an annual basis. These measures included improving airflow management and control, replacing an infrared humidification system with a more energy-efficient ultrasonic technology, replacing cooling and air-conditioning systems with more efficient alternatives, and redesigning server rack layouts to better regulate temperatures.

HP's next-generation internal data centers in Georgia and Texas, United States, are using the HP Pod 240a—nicknamed the EcoPOD—to reduce energy consumption while increasing capacity. Each EcoPOD offers the equivalent of more than 800 square meters of traditional data center IT in an 84-square-meter package[5] and uses 95% less facilities energy compared with traditional data centers.[6]

Our six internal data centers can expand to more than double their existing area to accommodate future growth. Each one is built with the environment in mind, and our data center in Hockley, Texas, United States, has obtained U.S. Green Building Council Leadership in energy and Environmental Design (LEED®) Gold sustainable building certification. See Sustainable building design on page 64.

In 2012, HP Labs' groundbreaking sustainable data center in Fort Collins, Colorado, United States, was recognized by the local Chamber of Commerce with a Ripple Award, an annual award for businesses that demonstrate the value of environmental responsibility. The data center was built as a showcase for sustainability. Learn more.

Six HP data centers in the UK have achieved European Union Data Centre Code of Conduct accreditation, which is a voluntary initiative aimed at reducing data center energy consumption.

Data center consolidation

Data center consolidation helps us reduce costs, phase out older technologies, and improve service levels, while decreasing energy use and associated GHG emissions.

In 2012, HP Enterprise Services continued to reduce the number of internal and customer-facing data centers it operates worldwide, in addition to making them more energy efficient. We reduced our data center and computer lab floor space by more than 7,000 square meters this year, while maintaining our ability to support customers worldwide.

[5] Values based on 1.3 megawatts of IT load at five kilowatts per rack, where one rack equals three square meters; there are an estimated 260 racks in a traditional data center.

[6] New POD technology from HP offers 95% greater energy efficiency compared with a traditional brick-and-mortar data center, based on internal HP testing.

Renewable energy

Switching to renewable energy sources supports HP's goal to reduce absolute greenhouse gas emissions from our operational real estate, though increasing energy efficiency remains our priority.

Progress in 2012

We purchased 496 million kWh of renewable energy worldwide in 2012, in addition to 3 million kWh generated on-site, equivalent to 13% of our total electricity consumption and a 60% increase since 2010. As a result, we achieved our target to double renewable energy purchases to 8% of our electricity use by 2012 (we actually reached this goal in 2011, one year ahead of schedule).

This figure includes a small amount of energy generated on-site, but more than 99% is through energy contracts in Ireland, the UK, and other European countries, plus renewable energy credits in the United States. Our reporting excludes renewable energy provided by default in the power grid.

We are committed to maintaining renewables as a part of our energy mix to make continued emissions reductions. Though we implemented no major new installations in 2012, our use of renewable energy increased due to projects completed in 2011. In the United States alone, several sites have rooftop solar panels:

- Hockley, Texas: annual capacity 341,000 kWh
- Palo Alto, California: annual capacity 225,000 kWh
- San Diego, California: annual capacity 1,766,000 kWh
- Suwanee data center, Georgia: annual capacity 395,000 kWh

See more about renewable-energy purchasing in Data dashboard: Environment on page 67.

Travel

Approximately one-third of HP employees travel as part of their work, for instance to meet with customers or colleagues from other parts of the business. To decrease the environmental impacts of business travel, we encourage the use of digital communications such as video-conferencing technology. In addition, we are rolling out desktop video conferencing throughout HP and increasing the number of meeting rooms with video-conferencing facilities.

When HP people do need to travel, we promote more efficient forms of transport such as smaller cars and rail travel instead of air. Our travel-booking system provides information about the emissions associated with a journey so employees can choose the option with the least environmental impact.

Pascale Legros
HP employee since 2008

Pascale Legros, based in Montreal, Canada, has played a variety of roles since joining HP Global Procurement about five years ago. Beginning March 2012, she has served as HP's Sustainable Procurement Program manager, focusing on developing and implementing environmentally sustainable procurement strategies. As social and environmental responsibility issues are increasingly central in the global marketplace, companies including HP are using their buying power to improve the performance of their supply chains.

"We want our suppliers to clearly understand our goals and our strategies so that they can help us reach our targets and reduce our footprint," says Pascale.

This past year, switching HP's car rental service contract to hybrid and other fuel-efficient vehicles certified by the U.S. Environmental Protection Agency's SmartWay program reduced fuel consumption and related GHG emissions by 15% per day driven, compared with 2011. This will save HP an estimated $1 million USD by the end of 2013. The team also worked with HP's preferred office consumables supplier to devise a plan enabling HP data centers in the United States to purchase recertified mainframe data tapes at a reduced cost from the office supply store, reducing waste and saving energy.

"These actions taken as a whole can amount to a major impact. And I'm glad I can play a part. It's great to know that what we do will have an impact on the world," she says.

Pascale is also committed to supplier diversity and served as the Supplier Diversity Program lead in Canada, earning distinction from *Diversity Canada Magazine* as one of the Most Influential Women in Diversity and Human Resources in 2013.

These efforts are just the start. Pascale is passionate about setting her sights on greater targets, and she is always looking ahead. "I know we can accomplish much more, and that motivates me."

Collaboration

As part of the Clinton Global Initiative's Fleets for Change, we have committed to reducing GHG emissions from our U.S. auto fleet by 10% by 2015 from 2010 levels on a per-unit basis. We are on track to achieve this goal, primarily through introducing more fuel-efficient vehicles into our U.S. auto fleet.

We continue to work with our U.S. rental car supplier to reduce fuel consumption and related GHG emissions, for example by choosing hybrid and other fuel-efficient vehicles certified by the U.S. Environmental Protection Agency's SmartWay program. In 2012, we achieved our target of 15% fewer emissions per day driven, compared with 2011. We estimate the associated cost savings will be more than $1 million USD by the end of 2013.

Employee commuting

In 2012, emissions from our employees commuting to work totaled an estimated 900,000 tonnes of CO_2e. We have various programs to help employees find alternatives and reduce their commuting emissions.

HP locations worldwide support carpooling options, such as our partnership with rideshare.org in the San Francisco Bay Area and our "2+" car parking incentive, where parking spaces close to the building entrance are reserved for cars carrying at least two employees. Other initiatives for commuters can include:

- Promoting cycling to work by providing routes and maps, bike storage and loan facilities, and discounts on bikes and related equipment
- Taking advantage of WageWorks in the United States, through which HP employees can use pretax income to pay for public transport costs
- Providing free shuttles from local public transportation
- Encouraging employees to commute outside of peak periods, reducing travel time, stress, and GHG emissions

Progress in 2012

In 2012, employee business travel (excluding commuting) generated 404,000 tonnes of CO_2e, a 13% decrease from 2011. Emissions per employee decreased 8% during the year and have dropped by 12% since 2010. The majority of GHG emissions from business travel are from commercial air travel (67%).

Employee use of videoconferencing at HP facilities avoids CO_2e emissions that would have been generated from air and car travel had the meetings taken place in person.

See detailed travel data in Data dashboard: Environment on page 67.

GHG emissions from employee business travel, 2010–2012 [tonnes CO_2e]

	2010	2011	2012
Total emissions	**448,800**	**464,800**	**404,000**
Transportation fleet (Scope 1 emissions)	144,800	142,800	133,000
Commercial air travel (Scope 3 emissions)	304,000	322,000	271,000
Emissions per employee*	**1.38**	**1.33**	**1.22**

*Based on employee numbers as reported in past Global Citizenship Reports.

Waste and recycling

HP generates nonhazardous waste such as paper, pallets, metals, and packaging, as well as hazardous waste[7] consisting mainly of liquid waste from our ink-manufacturing facilities and batteries from our data centers.

The two types of waste require different approaches, but we aim to reduce the environmental impact of both through a policy of reduce, reuse, and recycle.

The transportation, tracking, treatment, and disposal of our hazardous waste is managed by a combination of HP employees and competent external contractors. HP employees audit this process, and we also commission independent audits as appropriate. These audits are carried out as part of the approval process for all new facilities and periodically for approved facilities.

We reuse electronic equipment when appropriate; otherwise we recycle it responsibly through the same programs we offer our customers. See Product return and recycling on page 50.

Recycling programs

Our global recycling programs are key to our efforts to reduce waste sent to landfill. HP employees can recycle paper, plastics, and batteries at convenient recycling points within many of our buildings. We also recycle glass, plastic, and aluminum containers disposed of in our dining rooms and conference facilities. Some sites organize additional recycling programs for materials such as wood, batteries, and oils.

Additional recycling activities in 2012 included:

- Introducing a cell phone recycling program in Canada and the United States, through which HP employees recycled 10,000 mobile devices. In 2013, we plan to expand the initiative to Europe, with a target of recycling more than 15,000 devices.
- Collaborating with our preferred office consumables supplier to recertify mainframe data tapes at HP trade data centers in six U.S. states. We purchased more than 54,000 recertified tapes in 2012, reducing both landfilled waste and the energy and materials needed to create new tapes.
- Arranging for a carpet supplier to collect and recycle our unwanted carpets, which in turn enables them to provide new carpets containing between 22% and 29% postconsumer waste.

[7] Hazardous waste classification varies by country. For ease of calculation, HP data include some waste not considered hazardous in the country where it is generated.

Progress in 2012

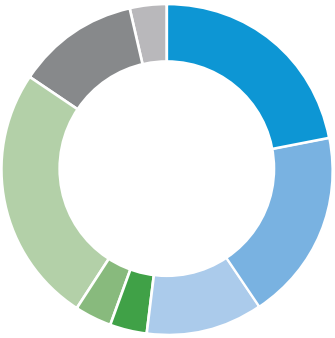
In 2012, HP generated approximately 125,500 tonnes of total waste compared with 90,300 in 2011. The vast majority (94%) was nonhazardous solid waste.

HP generated approximately 117,400 tonnes of nonhazardous waste in 2012, a 42% increase compared to 2011. This considerable rise is the result of two major building demolition projects in the Americas region that will not be repeated. We expect waste volumes to substantially reduce again next year.

Despite the increase in waste created, we reused, recycled, or incinerated for energy around 103,500 tonnes of nonhazardous waste, achieving a landfill-diversion rate of 88.1%. This is an increase from 82.0% in 2011.

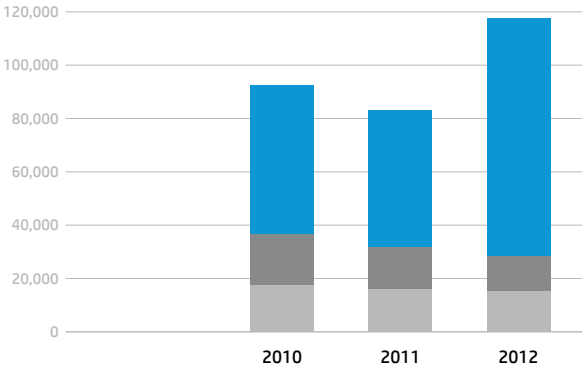
Almost 20% of the nonhazardous waste we generated in 2012 was paper. We continue working to drive down our paper use to lessen our environmental impact and save money. Read about our efforts to reduce paper use and purchase paper from sustainable sources.

Nonhazardous waste composition, 2012* [percentage of total]



Reused or recycled	
Metals	22.2%
Paper	18.6%
Pallets	11.4%
Electronic equipment	3.6%
Packaging materials	3.5%
Other	25.2%
Landfill	11.9%
Incineration	3.6%

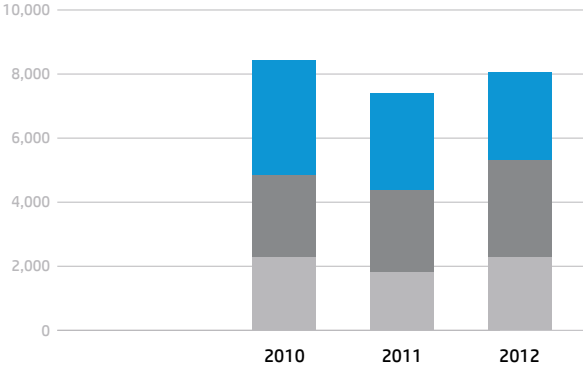
Nonhazardous waste, 2010–2012* [tonnes]



	2010	2011	2012
Americas	55,800	51,300	88,900
Europe, Middle East, and Africa	19,400	15,900	13,500
Asia Pacific and Japan	17,300	15,800	15,100
Total	**92,500**	**82,900**	**117,400**

*Some segments do not add up to total due to rounding.

Hazardous waste, 2010–2012* [tonnes]



	2010	2011	2012
Americas	3,600	3,030	2,760
Europe, Middle East, and Africa	2,570	2,560	3,040
Asia Pacific and Japan	2,260	1,810	2,270
Total	**8,430**	**7,400**	**8,060**

*Some segments do not add up to total due to rounding.

Water

HP's operations are not water intensive, but we recognize that water availability is a growing concern globally. We are aware that some of our operations are in water-stressed regions, making water availability and quality an issue for our business, customers, and communities. We purchase the vast majority of water we use through well-regulated municipal sources[8] and participate in the CDP water program to enhance our understanding of the issue and develop a clearer picture of our water use.

Our approach to managing water use takes into account water availability at a facility's location, as well as the facility's usage, to reflect the fact that water impacts are local. We used the Global Water Tool developed by the World Business Council for Sustainable Development (WBCSD) and data produced by the University of New Hampshire to identify sites in water-stressed locations.

By 2015 we will have implemented water-saving measures at a select number of sites that these tools indicate are in water-stressed regions. Examples include flow restrictors, waterless urinals, and rainwater harvesting. We expect these measures to reduce water use across those sites by 3% from 2011 levels. This expected decrease represents a 82,600 cubic meter[9] saving—more than the 77,700 cubic meters we estimated last year as we have recalculated our baseline water use data. We don't expect large reductions at all the sites identified, as many have already made considerable savings or are office-based locations with limited potential to decrease water use.

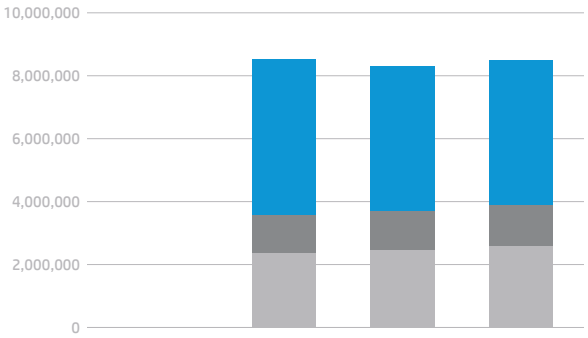
Progress in 2012

In 2012, HP's total water use was just under 8.5 million cubic meters worldwide, predominantly for domestic use in buildings, cooling, and landscape irrigation. This represents a 2% increase from 2011.

Consumption at our priority sites in water-stressed locations increased in 2012 by 3.1%, primarily due to higher production levels at one site in the Asia Pacific region. We are determining additional measures to reduce water use at this site so that we can accommodate the increased production and still achieve our 2015 goal.

Our supply chain uses a significant amount of water compared with HP's operations. In 2012, we collected water use data from first-tier production suppliers representing 38% of our total supplier spend. These suppliers reported using 28 million cubic meters of water in 2011. We continue to improve our understanding of supplier water impacts and to identify ways to reduce our total water footprint. See Environmental impacts on page 81.

Water consumption, 2010-2012* [cubic meters]



	2010	2011	2012
Americas	4,977,000	4,609,000	4,602,000
Europe, Middle East, and Africa	1,205,000	1,245,000	1,287,000
Asia Pacific and Japan	2,353,000	2,455,000	2,603,000
Total	**8,535,000**	**8,309,000**	**8,493,000**

* Some segments do not add up to total due to rounding.

Wastewater

Wastewater is not a significant environmental impact for HP. Our six imaging and printing product-manufacturing facilities discharge some treated wastewater related to these manufacturing processes.

In 2012, these manufacturing facilities generated 1,335,000 cubic meters of wastewater. These effluents are discharged under permits and treated at local treatment plants. We have procedures in place to prevent unauthorized discharges of chemicals to wastewater systems and ensure we do not discharge wastewater directly from HP operations to surface water or groundwater. Consolidating our manufacturing operations allowed us to eliminate wastewater discharges from our Boise, Idaho, United States, facility in 2012. However, production changes increased our wastewater generation at three other manufacturing sites. Globally, our total wastewater generation increased by 3% over 2011.

See performance data, including regional breakdown, in Data dashboard: Environment on page 67.

[8] Even though most water is procured from municipal sources, HP recognizes the opportunity to differentiate sources in some cases. In 2013, HP will move toward more fully using Global Reporting Initiative indicator EN8 as the protocol for tracking water by source where possible.

[9] We changed our reporting unit from liters to cubic meters following the introduction of the Hara system.

Sustainable building design

We continue to reduce the environmental footprint of our operational real estate by using our offices more efficiently and improving the design of new and existing buildings.

Our sustainable building design checklist guides project managers when planning office improvements. It covers cost-effective, sustainable design features related to energy and materials use, waste management, and water efficiency. A scorecard completed at the end of each project notes the building's performance in each area and helps identify areas for further enhancement.

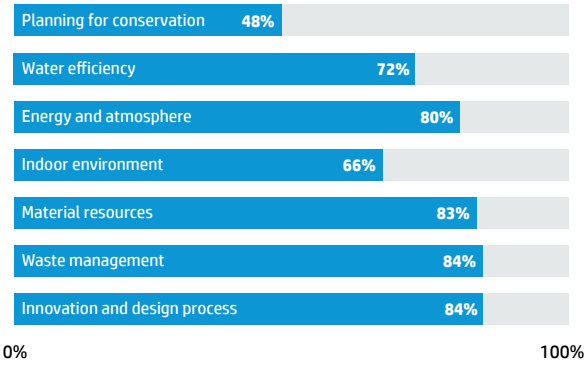
Progress in 2012

In 2012, we extended our internal sustainability survey of scorecard results from the Americas into our Europe, Middle East, and Africa (EMEA) and Asia Pacific and Japan (APJ) regions. Twelve HP facilities (eight in the Americas, three in EMEA, and one in APJ) completed the survey, and the average score globally across all areas assessed was 74%.

We seek suppliers of office furnishings and furniture who can support sustainable design. Some of our suppliers apply the e3 Furniture Sustainability Standard developed by the Business and Institutional Furniture Manufacturer's Association, which includes criteria for evaluating the social and environmental impacts of different materials. One of our vendors uses a high proportion of recycled content in its products, including 100% of preconsumer waste fabric and granite, and 41% postconsumer waste in steel products. The furniture we bought from another supplier contained 33.5% recycled content.

In some cases, we apply for LEED® certification. In 2012, two HP facilities received LEED certification: In the United States, our Sunnyvale, California, facility achieved gold certification; in France, our Paris Metro facility received silver classification. These certifications brought the total number of HP LEED–certified facilities from four to six. Four additional facilities are due to become certified in 2013 and one in 2014, across our APJ and EMEA regions.

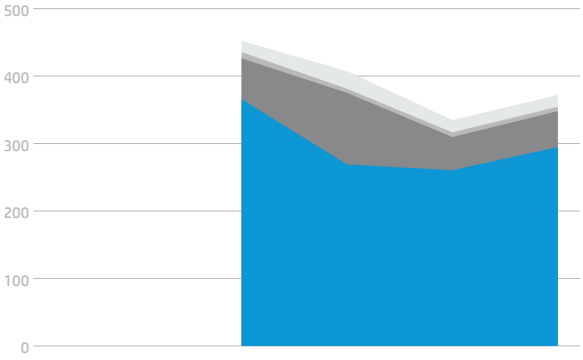
Sustainable building design progress summary
[Percentage of 12 projects tracked addressing each scorecard element in 2012]



Toxics Release Inventory

Five HP operations worldwide that are responsible for the manufacture of imaging and printing products require the use of several chemicals listed on the U.S. Environmental Protection Agency Toxics Release Inventory (TRI). Together, these sites account for all of HP's reportable TRI releases. In 2011, the quantity sent for off-site recycling increased due to a change in production activity at one of our manufacturing operations. However, we expect TRI releases to continue to decrease as we eliminate or scale down the HP processes that use those chemicals, due to changes in our business operations.

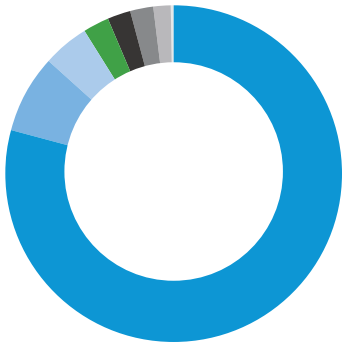
TRI releases, 2008-2011* [tonnes]



	2008	2009	2010	2011
Off-site recycling	365.8	269.0	260.5	294.7
Off-site treatment	60.5	106.1	49.1	53.3
Wastewater	9.3	6.1	6.9	6.5
Air	16.7	26.1	18.3	17.5
Total	**452.2**	**407.3**	**334.8**	**372.0**

* TRI reports are due to the U.S. EPA July 1 each year, so the most recently completed reporting year is 2011. Some segments do not add up to total due to rounding.

TRI releases by substance, 2011* [tonnes]



N-methyl pyrrolidone (off-site recycle)	294.6
Glycol ethers (off-site treatment)	27.9
Xylene (off-site treatment)	17.4
Xylene (air emissions)	9.0
Glycol ethers (air emissions)	8.5
Nitric acid (off-site treatment)	8.0
Nitrates (wastewater)	6.5
Lead (off-site recycle)	0.1
Total	**372.0**

* TRI reports are due to the U.S. EPA July 1 each year, so the most recently completed reporting year is 2011.

Ozone-depleting substances

HP facilities use ozone-depleting substances (ODSs) in cooling and air-conditioning systems. Although these systems are sealed, leaks during operation and maintenance could result in emissions. We continue to replace chlorofluorocarbons (CFCs) in our systems with hydrofluorocarbons (HFCs). Although HFCs are greenhouse gases, they do not deplete the ozone layer. We are also starting to replace HFC-based cooling systems with HFC-free equivalents when they reach the end of their operational lives. These HFC-free equivalents are not ODSs and have no or very low global warming potential.

In 2012, we began to calculate ODS emissions by tracking those sites that have reported replacing refrigerants due to leakage. We apply an intensity factor based on those actual quantities for nonreporting sites. Previously, we estimated the level of leakage across the entire real estate portfolio based on the inventory of refrigerants in equipment and in storage. Between this change and the ongoing replacement of CFCs we saw a significant reduction in estimated ODS emissions in 2012. This was particularly true among refrigerants with high ozone-depleting potential values (Halon 1301, R11).[10]

See performance data, including regional breakdown, in Data dashboard: Environment on page 67.

Remediation

Where needed, HP conducts or contributes to soil and groundwater remediation to clean up contaminated sites. These sites include former HP and legacy manufacturing locations where contamination took place beginning in the late 1970s. We are also involved in remediation at sites where third parties managed both our wastes and those generated by other organizations. Globally, HP conducted or contributed to remediation at 20 sites in 2012.

We apply the risk-prevention and management procedures of our environmental, health, and safety (EHS) management system to help prevent future releases at our facilities and to avoid sending wastes to third-party facilities that may not handle them responsibly. HP had no significant spills in 2012 that adversely impacted soil or groundwater.

Biodiversity

HP's direct operational impact on biodiversity is minimal because we build very few facilities relative to our size and growth. When we do build, we often use previously developed land, which reduces our expansion into undeveloped areas.

However, we have an indirect impact on biodiversity through forestry because we sell and use significant amounts of paper. Our Environmentally Preferable Paper Policy sets out our standards for buying, selling, and using paper and paper-based packaging. We increasingly source paper from suppliers that demonstrate sustainable forestry and responsible manufacturing practices, and we strive to reduce the amount of paper we use in our operations and recycle paper when possible. Read more about paper use at HP.

[10] We use various tools and sources for global warming potential and ozone-depletion values, including the Greenhouse Gas Protocol's GHG Emissions from Refrigeration and Air Conditioning tool, IPCC Second Assessment Report (1995).

Goals

Energy and GHG emissions

2012 goal	Progress
Double voluntary purchases of renewable energy to 8% of electricity use (in addition to the renewable energy available by default in the power grid).	We purchased 496 million kWh of renewable energy worldwide in 2012, in addition to 3 million kWh generated on-site, equivalent to 13% of our total electricity consumption. This performance continues to exceed our goal, first reached in 2011, and represents a 60% increase since 2010. We expect to maintain this level of commitment moving forward; purchasing renewable energy will be an important strategy toward meeting our new long-term GHG emissions reduction goal.
2013 goal	
Reduce the greenhouse gas emissions from HP-owned and HP-leased facilities by 20% relative to 2005 levels by the end of 2013 on an absolute basis.	We achieved this goal in 2011, two years early. In 2012, our operations produced 1,889,000 tonnes of carbon dioxide equivalent (CO_2e) emissions, an 8% reduction from our new 2010 baseline.
2015 goal	
Reduce GHG emissions from HP's U.S. auto fleet by 10% on a per unit basis, compared to 2010.	We are on track to achieve this goal, primarily through introducing more fuel-efficient vehicles into our U.S. auto fleet.
2020 goal	
Reduce total greenhouse gas emissions from our operations (Scope 1 and Scope 2) by 20%, compared to 2010.	

Water

2015 goal	Progress
Reduce freshwater use at sites identified as water-stressed by 3%, compared to 2011 consumption at those locations.	Consumption at these locations increased by 3.1% in 2012, primarily due to higher production levels at one site in the Asia Pacific region. We are determining additional water-saving measures to meet our 2015 goal.

Data dashboard: Environment[1]

Products and solutions	2008	2009	2010	2011	2012
GHG emissions from product transport (estimated)* [tonnes CO_2e]	1,800,000	1,700,000	1,900,000	1,900,000	1,700,000

* These figures for transport GHG emissions are based on data reported by logistics service providers that HP contracts to deliver our products. They differ from the larger product life cycle assessment-based estimate presented in Energy and climate on page 29, which includes additional upstream and downstream transport related to our products, as well as retail and storage. These data do not include data from all recent HP acquisitions.

Product return and recycling*	2008	2009	2010	2011	2012
Total cumulative recycling-computer hardware and supplies combined [tonnes]	651,000	763,000	884,500	1,018,400	1,152,000
Total cumulative recycling-computer hardware and supplies combined [million pounds]	1,435	1,682	1,949	2,245	2,540
Total reuse and recycling combined [tonnes, approximate]	153,000	142,000	151,000	160,600	159,550
Reuse of equipment**	34,000	30,000	30,000	26,700	26,000
Recycling-hardware and supplies	119,000	112,000	121,000	133,900	133,550
Number of countries and territories with HP return and recycling programs	53	56	58	60	69
Total recycling, by region [tonnes]	119,000	112,000	121,000	133,900	133,550
Americas	36,000	37,500	38,600	49,600	60,165
Europe, Middle East, and Africa	76,700	69,300	76,300	77,100	67,700
Asia Pacific and Japan	6,700	5,600	5,900	7,200	5,685
Total recycling, by type [tonnes]	119,000	112,000	121,000	133,900	133,550
Hardware	98,600	90,500	99,100	113,650	114,455
HP LaserJet toner cartridges ***	19,000	20,100	19,600	18,550	17,350
HP ink cartridges ***	1,850	1,800	2,200	1,700	1,745
HP LaserJet toner cartridge recycling					
Percentage of HP LaserJet market covered by program	90%	90%	92%	94%	94%
Composition					
Percentage of materials recycled into new products	76%	80%	85%	82.1%	80.1%
Percentage of materials used for energy recovery	24%	20%	15%	13.9%	15.9%
Percentage reuse of components****				4.0%	4.0%
Percentage material in storage-pending processing****				0.0%	0.0%
Percentage incineration****				0.0%	0.0%
Percentage landfill****				0.0%	0.0%

continued

[1] Some segments do not add up to total due to rounding.

Product return and recycling*	2008	2009	2010	2011	2012
HP ink cartridge recycling					
Percentage of ink market covered by program	88%	88%	87%	88%	88%
Composition					
Percentage of materials recovered for recycling	59%	64%	73%	74.2%	69.1%
Percentage of materials used for energy recovery	38%	31%	23%	21.6%	29.3%
Percentage reuse of components****				0.0%	0.0%
Percentage material in storage-pending processing****				0.2%	0.0%
Percentage incineration****				4.0%	1.5%
Percentage landfill****				0.0%	0.0%

* Recycling totals include all hardware and supplies returned to HP for processing; with ultimate dispositions including recycling, energy recovery, and, where no suitable alternatives exist, responsible disposal. Hardware recycling data from Europe, Middle East, and Africa, and HP LaserJet recycling data are calendar year. The remaining data are based on the HP fiscal year.

** The decrease in tonnage from 2008–2012 is due to a reduction in the average weight of returned units rather than to a decline in the total number of returned units. Returned units during that period were: 2008: 3.46 million units; 2009: 3.58 million units; 2010: 3.81 million units; 2011: 3.44 million units; 2012: 3.9 million units.

*** Includes cartridges returned by customers and cartridges from HP internally through 2010. The 2011 and 2012 figures are cartridges returned by customers only.

**** This category of data was added in 2011.

HP operations (also see GHG emissions below)	2010	2011	2012
Energy use [million kWh]	4,334	4,239	4,109
Energy intensity* [thousand kWh/$ million USD of net revenue]	34.4	33.3	34.1
Direct energy use in operations (corresponds to Scope 1 emissions)	512	450	379
Electricity (generated on site) [million kWh]	36	22	24
Natural gas [million kWh]	476	428	355
Americas	283	249	202
Europe, Middle East, and Africa	185	171	145
Asia Pacific and Japan	8	8	9
Renewable (generated on-site) [million kWh]	2	2	3
Diesel/gas/oil**	34	19	21
Indirect energy use (corresponds to Scope 2 emissions)	3,822	3,789	3,729
Electricity (purchased) [million kWh]	3,822	3,789	3,729
Americas	2,224	2,187	2,111
Europe, Middle East, and Africa	1,006	952	944
Asia Pacific and Japan	592	650	674
Voluntary purchases of renewable energy*** [million kWh]	309	467	496
Nonhazardous waste [tonnes]	92,500	82,900	117,400
Americas	55,800	51,300	88,900
Europe, Middle East, and Africa	19,400	15,900	13,500
Asia Pacific and Japan	17,300	15,800	15,100
Nonhazardous waste landfill diversion rate [percentage of total produced]			
Global	84.8%	82.0%	88.1%
Americas	81.8%	80.4%	88.9%
Europe, Middle East, and Africa	89.3%	87.4%	89.1%
Asia Pacific and Japan	89.6%	81.8%	82.5%
Nonhazardous waste composition, 2012 [percentage of total] (See Waste and recycling on page 61.)			

continued

HP operations (also see GHG emissions below)	2010	2011	2012
Hazardous waste [tonnes]	8,430	7,400	8,060
Americas	3,600	3,030	2,760
Europe, Middle East, and Africa	2,570	2,560	3,040
Asia Pacific and Japan	2,260	1,810	2,270
Water consumption [cubic meters]	8,535,000	8,309,000	8,493,000
Americas	4,977,000	4,609,000	4,602,000
Europe, Middle East, and Africa	1,205,000	1,245,000	1,287,000
Asia Pacific and Japan	2,353,000	2,455,000	2,603,000
Wastewater generation [cubic meters]	1,225,000	1,296,000	1,335,000
Americas	562,000	587,000	533,000
Europe, Middle East, and Africa	264,000	259,000	290,000
Asia Pacific and Japan	399,000	450,000	512,000
Ozone depletion potential of estimated emissions[****] [kg of CFC-11 equivalent]	9,619	6,782	535
Americas	6,307	5,963	354
Europe, Middle East, and Africa	70	96	54
Asia Pacific and Japan	3,242	723	127
TRI releases by disposition and by substance (See Toxics Release Inventory on page 64.)			

[*] Historical energy intensity values were calculated using HP's annual revenue as characterized in financial reporting and direct and indirect energy use.

[**] Diesel is mostly used at HP for testing generators. In limited cases, diesel is also used for long-term onsite energy generation.

[***] Renewable energy and renewable energy credits, in addition to the renewable energy available by default in the power grid.

[****] In 2012, we began to calculate ODS emissions by tracking those sites that have reported replacing refrigerants due to leakage. We apply an intensity factor based on those actual quantities for nonreporting sites. Previously, we estimated the level of leakage across the entire real estate portfolio based on the inventory of refrigerants in equipment and in storage. Between this change and the ongoing replacement of CFCs we saw a significant reduction in estimated ODS emissions in 2012. This was particularly true among refrigerants with high ozone-depleting potential values (Halon 1301, R11) that were assumed to be leaking but reported much lower or even zero quantities in 2012. We use various tools and sources for global warming potential and ozone-depletion values including the Greenhouse Gas Protocol's GHG Emissions from Refrigeration and Air Conditioning tool, IPCC Second Assessment Report (1995).

GHG emissions (Scopes 1-3, including from operations)[*]	2010	2011	2012
GHG emissions from operations[**] [tonnes CO_2e]	2,057,000	1,990,000	1,889,000
Americas	1,238,000	1,197,000	1,098,000
Europe, Middle East, and Africa	355,000	282,000	264,000
Asia Pacific and Japan	464,000	510,000	527,000
GHG emissions intensity[***] [tonnes CO_2e/$ million USD of net revenue]	16.3	15.6	15.7
GHG emissions by scope [tonnes CO_2e]			
Scope 1			
Scope 1 emissions, by region [tonnes CO_2e]	327,300	310,800	246,000
Americas	192,800	185,200	144,500
Europe, Middle East, and Africa	104,700	102,400	84,000
Asia Pacific and Japan	29,900	23,100	17,500
Scope 1 emissions, by type			
Natural gas [tonnes CO_2e]	86,500	77,900	64,700
Americas	51,400	45,400	36,800
Europe, Middle East, and Africa	33,600	31,200	26,300
Asia Pacific and Japan	1,500	1,400	1,600

continued

GHG emissions (Scopes 1-3, including from operations)*	2010	2011	2012
Diesel/gas/oil [tonnes CO_2e]	15,600	6,800	7,400
Americas	3,200	1,400	2,400
Europe, Middle East, and Africa	500	400	300
Asia Pacific and Japan	11,900	5,000	4,700
Transportation fleet [tonnes CO_2e]	144,800	142,800	133,000
Americas	80,300	77,200	78,900
Europe, Middle East, and Africa	63,700	61,700	51,100
Asia Pacific and Japan	800	3,900	3,100
Refrigerants (HFCs) [tonnes CO_2e]	77,000	75,100	37,500
Americas	54,500	53,100	23,100
Europe, Middle East, and Africa	6,800	9,200	6,300
Asia Pacific and Japan	15,700	12,900	8,100
PFCs** [tonnes CO_2e]	3,440	8,200	3,400
Americas	3,400	8,160	3,400
Europe, Middle East, and Africa	40	40	0
Asia Pacific and Japan	0	0	0
Scope 2			
Scope 2 emissions, by region [tonnes CO_2e]	1,730,000	1,679,000	1,643,000
Americas	1,046,000	1,012,000	954,000
Europe, Middle East, and Africa	250,000	180,000	180,000
Asia Pacific and Japan	434,000	487,000	509,000
Scope 2 emissions, by type	1,730,000	1,679,000	1,643,000
Purchased electricity for operations [tonnes CO_2e]	1,950,000	1,973,000	1,962,000
Americas	1,124,000	1,108,000	1,070,000
Europe, Middle East, and Africa	391,000	378,000	382,000
Asia Pacific and Japan	434,000	487,000	509,000
Reductions from voluntary purchases of renewable energy and renewable energy credits [tonnes CO_2e]	-165,000	-245,000	-268,000
Americas	-79,000	-96,000	-116,000
Europe, Middle East, and Africa	-86,000	-149,000	-152,000
Asia Pacific and Japan	0	0	0
Reductions from voluntary upgrades to other no/low-carbon energy sources (such as large hydro) [tonnes CO_2e]	-55,000	-48,000	-51,000
Americas	0	0	0
Europe, Middle East, and Africa	-55,000	-48,000	-51,000
Asia Pacific and Japan	0	0	0

continued

GHG emissions (Scopes 1-3, including from operations)*	2010	2011	2012
Scope 3 [tonnes CO_2e]		76,720,000	
Materials extraction through manufacturing (Scope 3, category 1; also see Production supplier GHG emissions performance in Supply chain responsibility) [tonnes CO_2e]		23,500,000	
Capital goods (Scope 3, category 2) [tonnes CO_2e]		800,000	
Upstream energy production (Scope 3, category 3) [tonnes CO_2e]		400,000	
Transport (Scope 3, categories 4 and 9; also see GHG emissions from product transport in Products and solutions) [tonnes CO_2e]		3,700,000	
Waste generated in operations (Scope 3, category 5) [tonnes CO_2e]		De minimis†	
Commercial air travel (Scope 3, category 6)†† [tonnes CO_2e]	304,000	320,000	271,000
Employee commuting (Scope 3, category 7) [tonnes CO_2e]		900,000	
Upstream leased assets (Scope 3, category 8) [tonnes CO_2e]		De minimis†††	
Processing of sold products (Scope 3, category 10) [tonnes CO_2e]		De minimis	
Product use (Scope 3, category 11) [tonnes CO_2e]		47,100,000	
Product end of life (Scope 3, category 12) [tonnes CO_2e]		0	
Buildings leased to others (Scope 3, category 13) [tonnes CO_2e]		0	
Franchises (Scope 3, category 14) [tonnes CO_2e]		Not applicable	
Investments (Scope 3, category 15) [tonnes CO_2e]		De minimis	

* HP has followed the principles outlined in the GHG Protocol corporate and value chain standards. We have also had our global Scope 1, 2, and 3 GHG emissions assured by Ernst & Young. Additional details on Scope 3 calculations and methodology can be found in HP's "Carbon Accounting Explanations" document.

** Total includes Scope 1 and Scope 2 emissions in table.

*** Historical emissions intensity values were calculated using HP's annual revenue as characterized in financial reporting and Scope 1 and Scope 2 GHG emissions.

**** Use of updated industry standard emissions factors for process tools resulted in a considerable increase in estimated emissions in 2011. Estimated emissions decreased in 2012 because of changes in process activity. These data are based on the calendar year.

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

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

††† All facilities accounted for in Scope 1 and 2.

Society

We apply our talent, technology, and partnerships to improve communities and address social challenges. We promote responsible practices in our supply chain, respect human rights, and strive for a workplace where all of our employees can flourish.

Human rights

HP takes an uncompromising view on human rights: we must always respect them ourselves and work tirelessly to influence others to do the same. Due to our scale and scope, our business can impact a wide range of human rights. Consequently, we have established a centralized human rights program in our Ethics and Compliance Office. In addition to identifying and managing our own impact on human rights, we devote significant time and resources to providing leadership in multi-stakeholder forums promoting the effective implementation of processes to ensure respect for human rights in business.

Respecting human rights in everything we do is a core principle at HP. Human rights are the fundamental rights, freedoms, and standards of treatment to which all people are entitled and are outlined in international conventions, declarations, and treaties including the United Nations Universal Declaration of Human Rights (UDHR). In addition to defining these rights, the UN has also published its "protect, respect, remedy" framework. This outlines a conceptual and policy framework for business and human rights as well as guiding principles for its implementation.

HP's respect for human rights is not new. HP has been a signatory to the UN Global Compact, which includes 10 universally accepted principles in the areas of human rights, labor, environment, and anticorruption, since 2002 (see UN Global Compact index on page 139).

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

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

Several other HP policies and standards also guide our approach to respecting human rights. See "Human rights–related policies" below for links to these.

Beyond the basic responsibility to respect human rights across our business, we also support and promote the enjoyment of rights in the communities where we operate. From local community and employee engagement programs to large-scale social innovation programs, we focus the collective power of our people, portfolio, and partnerships for greatest impact (see Social innovation on page 120). We also participate in industry leadership initiatives and organizations advancing a common understanding of respect for human rights in business such as the Global Business Initiative on Human Rights (GBI) and BSR.

Human rights management

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

- Corporate ethics on page 18
- Supply chain responsibility on page 75
- Privacy on page 103
- HP people on page 108

HP's Global Citizenship Council ensures company-wide commitment and alignment to HP's global citizenship objectives including governance of our human rights program.

2012 progress

Building on earlier third-party assessments, in 2012 HP developed a human rights risk assessment process tailored to our operations and potential human rights risks. We plan to conduct assessments annually to continually improve our understanding of human rights risks in our various business operations. We will include the results from these reviews in updates to the Office of the General Counsel and Global Citizenship Council on the status of human rights management across our business.

During 2012, external advocacy and leadership remained an important part of our program, and we focused our efforts through GBI and BSR. Leadership engagements included:

- Contributing to the State of Play Report "The Corporate Responsibility to Respect Human Rights in Business Relationships" published by the Institute for Human Rights and Business and GBI.
- Presenting on "Implementing Corporate Respect for Human Rights in Practice" at the East African Roundtable for Business Leaders, held in Nairobi, Kenya, in November 2012. Delegates from the UN and leading global corporations discussed integrating human rights into company operations with East African business representatives.
- Participating in the BSR Human Rights Working Group for company practitioners. HP assisted in the development of a standard human rights training document for the working group, which provides a "safe space" for learning and sharing information between companies.

We also pursued specific initiatives to secure conflict-free mineral sources from the Democratic Republic of Congo (see Conflict minerals on page 96).

In 2013, we will add a human rights module to HP's Standards of Business Conduct refresher training taken by all employees to raise awareness of potential issues employees may encounter.

Human rights–related policies

HP policies with particular relevance to human rights include:

- HP Standards of Business Conduct
- HP Global Human Rights Policy
- Contingent Worker Code of Conduct
- HP Environmental, Health, and Safety (EHS) Policy
- HP Global Citizenship Policy
- HP Global Master Privacy Policy
- HP Harassment-Free Work Environment Policy
- HP Nondiscrimination Policy
- HP Open Door Policy
- HP Electronic Industry Citizenship Coalition (EICC) Code of Conduct (supplier code of conduct)
- HP Supply Chain Social and Environmental Responsibility Policy
- Partner Code of Conduct

Supply chain responsibility

HP has one of the industry's most extensive supply chains. Comprising more than 1,000 production suppliers and tens of thousands of nonproduction suppliers,[1] HP's supply chain spans six continents, more than 45 countries and territories, and many cultures. The breadth and depth of our supply chain is a core part of HP's success, but it also brings challenges. We embrace the opportunity and our responsibility to address them.

HP has worked with suppliers for more than 12 years to improve social and environmental responsibility (SER) standards throughout the information technology (IT) supply chain (see HP supply chain SER milestones). In a constantly evolving supplier landscape, our supply chain SER program seeks innovative ways to approach SER issues and to increase the positive impact of our efforts. We use our scale, purchasing power, and knowledge to achieve our objectives.

1st

in the IT industry to issue supplier guidelines for the responsible management of student and temporary workers (released in early 2013)

1st

independent management system assessments of HP supplier facilities conducted

#2

rating in the Enough Project's survey "Taking Conflict Out of Consumer Gadgets: Company Rankings on Conflict Minerals 2012"

[1] HP uses the terms "production suppliers" and "nonproduction suppliers" throughout this report. "Production suppliers" refers to suppliers that provide materials for HP products. "Nonproduction suppliers" refers to suppliers that provide goods and services that do not go into the production of HP products, excluding logistics service providers.

Our program addresses the full range of SER issues—combining rigorous auditing with collaborative capability-building initiatives and targeting both production and nonproduction suppliers. For complete information regarding our approach to managing our Supply Chain SER program, see HP's approach to supply chain responsibility, a separate document on our website.

We have made strong progress in several areas. Our audit results over time show a decrease in the number of nonconformances to our code of conduct between initial and full re-audits of supplier facilities. We have also led the IT industry in efforts to eliminate conflict minerals from our supply chain, while targeting high-risk issues such as student labor. We have enhanced our auditing program to cover a larger number of supplier sites more efficiently, and to include our first independent management system assessments. We have also expanded our program beyond production suppliers to also cover nonproduction suppliers. But we recognize that if we want to achieve a truly sustainable supply chain—one in which strong SER performance is self-perpetuating—we need to take more significant steps (see Program direction at right).

Our approach

This section provides the latest updates to our approach to supply chain social and environmental responsibility (SER) in 2012. For complete information regarding our approach, see HP's approach to supply chain responsibility, a separate document on our website. That document includes detailed information regarding our work to:

- Assess SER risks in our supply chain
- Measure suppliers' SER performance
- Promote sustained supplier SER improvement through capability-building initiatives
- Conduct stakeholder engagement to research and better understand supply chain SER issues and to formulate responsive programs and initiatives
- Develop leading policies and standards
- Integrate SER into our procurement process.

We have used this approach—and we will continue to use it—to manage our supply chain SER program since its inception. However, we have identified a few high-risk situations that are beyond our traditional sphere of influence through the program. These issues demand a course that considers the unique factors that make them so important. Conflict minerals is one such issue, relating to suppliers many tiers deep in our supply chain. While many aspects of our traditional approach to supply chain SER management—such as risk assessment—are also part of our approach to conflict minerals, the supplier engagement aspect of our program in that area is unique. Read about our approach to conflict minerals, which emphasizes industry collaboration and intensive government engagement, in Conflict minerals on page 96.

Program direction

HP's vision is for a sustainable supply chain, with empowered partners that own and prioritize the well-being of the people, communities and environment around them. We have been working toward this vision for more than a decade, evidenced by the 12-year history of our supply chain SER program.

In 2012, we introduced a series of fundamental changes to the way we manage supply chain SER. These are intended to deliver lasting value to our suppliers, customers, and the communities in which they operate.

Increased supplier ownership of SER and management system discipline

Supply chain SER programs have traditionally focused on helping suppliers pass audits. Although audits can be an excellent measurement tool, they only provide a snapshot of performance and do not lead to lasting performance improvements on their own. Our data show that suppliers that take ownership of improving their audit scores, and invest in effective management systems, have stronger long-term SER performance.

Since we began our auditing program in 2005, we have used trained and dedicated HP SER auditors and have validated our approach periodically with third-party audits. Our internal auditors have always supported post-audit remediation efforts at supplier facilities.

Beginning in 2013, we will encourage suppliers to take greater ownership of improving their performance by requiring them to schedule and pay for quality-controlled, independent third-party audits and corrective action management on a regular basis. Over time this transition will increase the number of audits and free up HP resources and expertise to focus on direct supplier engagement that supports supplier ownership, including hosting and supporting capability-building initiatives (see Capability building on page 93) and helping suppliers develop supplier management systems that will produce sustained SER performance improvements. Transparently sharing the results of supplier audits and the associated corrective actions remains a central part of our supplier performance management system (see HP's approach to supply chain responsibility).

In 2013, we will begin implementing a five-tier rating system for supplier facilities that draws on the results of third-party supplier audits and remediation efforts, alongside other SER performance indicators. Business incentives will encourage suppliers to achieve higher ratings, while poor ratings could result in a reduction of business for suppliers. This system will be integral to our regular business reviews and award cycles with suppliers.

Tackling new and persistent issues

Audit trends and external stakeholder input, among other sources, underscore several critical, persistent SER issues in the IT supply chain that require increased attention and investment. These include:

- Excessive working hours
- Wages and overtime payments

- Student, dispatch, and foreign migrant labor rights protection
- Industrial relations
- Supplier SER management systems (including health and safety)
- Measuring and mitigating greenhouse gas emission and water use impacts

We are using a variety of approaches to address these issues, including enhanced policies and standards, industry collaboration, public/private partnerships, and independent assessments. We are also increasing investment in our existing capability-building programs.

For example, in early 2013 we introduced the "HP Student and Dispatch Worker Guidance Standard for Supplier Facilities in the People's Republic of China." This document directs suppliers on how to properly manage student and temporary agency workers in China, and it is part of a broader program that includes capability-building and assurance mechanisms to improve conformance.

We are also expanding our efforts to improve the environmental performance of our supply chain. In particular, we are beginning to focus on reducing waste and water use (see Environmental impacts on page 81). For the first time, we have reported supplier water consumption data in this 2012 Global Citizenship Report. Similar to our work on supplier greenhouse gas (GHG) emissions, capturing and reporting water consumption data will help our suppliers better understand their environmental impacts and eventually implement reduction targets.

Beyond our immediate suppliers

Social and environmental performance risks exist deep in our supply chain, not just with our first- and second-tier suppliers. Our stakeholders expect us to know the source of materials used in our products and the major suppliers involved. Examples of key issues regarding our products and packaging are responsible sourcing of minerals and paper and wood products. HP conducts due diligence on these issues, which clarifies how these materials are sourced and demonstrates that HP supports responsible trade. We are committed to increasing our understanding of our extended supply chain. In this report, we have for the first time published a list of the tantalum, tin, tungsten, and gold smelters we have confirmed to be in our supply chain (see Conflict minerals on page 96).

Transparency

HP has a long history of transparency in our supply chain SER program. Examples include:

- In 2005, we believe we were the first electronics company to publish aggregated supplier audit results.
- In 2008, we were the first electronics company to publish a list of suppliers, and we were the first major IT company to disclose our supply chain GHG emissions.
- In 2013, we became the first IT company to publish our supply chain water footprint.
- In 2013, we became the first IT company to publish its supply chain smelter list.

We maintain each of these disclosures in our annual Global Citizenship Report.

In addition, this year we are expanding the level of detail in our supplier list to include the locations and addresses of product assembly sites and the HP product types that are manufactured at each of these locations. See HP's list of suppliers.

Supplier visits

In 2012, we continued our emphasis on transparency by providing third-party stakeholders, including the media, access to our supplier facilities. In December 2012, we invited the *New York Times* (NYT) to tour one of our largest supplier manufacturing facilities, in Chongqing, China. This visit focused on the improved conditions that HP and our suppliers are providing to workers. The NYT documented the trip and published a video. In 2012, we also requested independent assessments of our suppliers' facilities by notable external stakeholders, including:

- Social Accountability International (SAI): Labor rights NGO SAI assessed three of our suppliers, one each in China, Europe, and Latin America. See Supplier SER management systems (including health and safety) on page 80 for more information.
- IDH: The Sustainable Trade Initiative: IDH assessed five HP suppliers. The assessments evaluated suppliers' operations and identified areas of improvement. See Industrial relations on page 95 for more information.

Independent management system assessment

Understanding that mature and well-implemented management systems are key to sustained performance improvement, HP commissioned SAI to perform independent assessments of our supply chain SER management system, as well as the labor and health and safety management systems of several of our suppliers.

Overall, HP's management system for supply chain SER scored higher than the average SAI member company measured in 2012. Details include:

Above-average results

- Sourcing and compliance integration between HP and suppliers scored higher than average for SAI member companies. In addition to a strong commitment from senior supply chain management, HP demonstrated a solid degree of integration in decision-making and performance evaluations between compliance and sourcing functions. In 2013, we will further enhance our integration efforts through the establishment of a five-tier supplier rating system that integrates SER with business performance (see Program direction on page 76).

- Our complaint management system development and implementation score was among the highest achieved based on the maturity of our transparency, worker communications, and external stakeholder dialogue program efforts.
- Annual supplier improvement efforts received an above-average rating. SAI cited HP's key capability-building programs, including the Health Enables Returns project, the Gender Equity Model (Modelo de Equidad de Genero) certification program, and the Hepatitis B Antidiscrimination Training (see Capability building on page 93).
- Our overall supplier SER performance scored well due to our collaborative improvement efforts that address critical issue areas, including health and safety and working-hours management.

Average results

- HP's supply chain SER program scope and risk management process scored equally to the average SAI member company measured in this category. Our five-tier supplier rating system will elevate the priority of SER in supplier performance reviews and further complement our risk assessment process.

Below-average results

- The link between our purchasing practices and excessive supplier overtime impacts scored below average, and SAI identified this as an improvement that HP could make (see Excessive working hours at right).

In addition to reviewing HP's management system for supply chain SER, SAI was also invited to review the management systems of HP suppliers in 2012 (see About our operational data on page 56).

"After participating in the Social Fingerprint assessment, suppliers told us that they appreciated the opportunity to benchmark themselves against other companies and learn about leading practices. They saw this as another concrete example of HP's commitment to collaboration and capability building. HP's commitment is also evident in the fact that it underwent the Social Fingerprint assessment of its own supply chain management system. This points to the company's understanding that buyers and suppliers have a shared responsibility for improving labor standards in the workplace."

—Jane Hwang and Craig Moss, Social Accountability International

Transparency down the supply chain

We strive to help suppliers become more transparent. In 2012, we met our goal to engage with suppliers representing 90% of final assembly spend to develop strategies and/or participate in training for publication of annual corporate responsibility reports based on the Global Reporting Initiative (GRI) standard. (See HP's supplier list for information on which suppliers currently publish GRI-based reports).

We were instrumental in calling for and creating an Electronic Industry Citizenship Coalition transparency task force aimed at developing membership reporting requirements and eliminating barriers to supplier transparency. We are also creating incentives for improved corporate responsibility reporting through our new five-tier rating system and requirements in our procurement process.

Our commitment to openness endures, and we will continually enhance the transparency of our supply chain SER program, including sharing increased detail on our supplier network, publicly releasing new and revised policies such as our "HP Student and Dispatch Worker Guidance Standard for Supplier Facilities in the People's Republic of China (PRC)," continuing consultation and supplier site access by third parties, disclosing key performance indicators, and including the results of our broadening set of assessment types with our existing audit data reporting.

Progress in 2012

Throughout this section, we provide updates on each of the most critical labor and environmental supply chain issues. The section includes third-party input into those issues from academia, nongovernmental organizations, socially responsible investors, the media, and other external stakeholders, as well as HP's initiatives to address them. Third-party input provides not only an important barometer of current and emerging supply chain issues but also a partnership platform to further assist supplier management and workers in SER performance improvements.

In this section, we also report updated audit results from 2012.

Labor impacts

Excessive working hours

The most commonly found major nonconformances at supplier facilities in several regions relate to excessive working hours. HP's EICC Code of Conduct states that workweeks are not to exceed the maximum set by local law. It also states that a workweek should not be more than 60 hours, including overtime, except in emergency or unusual situations.

Electronic Industry Citizenship Coalition (EICC) working group

HP is making a concerted effort to reduce instances of excessive working hours in our supply chain. In 2012, the EICC reinstated its working group to address the root causes of excessive working hours. HP is cochair of the group, which aims to make a measurable impact on reducing excessive working hours by 2014. We will help by implementing:

- Data collection that will demonstrate progress, guide training efforts, and identify gaps and trends
- Training to help suppliers set up management systems and monitoring processes
- Cross-industry collaboration to promote best practices outside the IT industry
- The EICC's latest independent auditing system that treats the most egregious working-hours nonconformances as zero-tolerance items, meaning that suppliers must rectify the situation within 30 days of the original audit

The working group's deliverables and HP's program will focus initially on China-based manufacturing facilities of EICC members and their first-tier suppliers.

Working hours key performance indicators (KPIs)

Since 2009, we have required supplier sites in China with major nonconformances related to working hours to report monthly KPIs that track the amount of overtime and the number of days each worker has off per week. The data we have received have shown that the proportion of people working less than 60 hours in 2012 was 70%, an improvement of 15% over the past three years. In particular, we have seen positive results when a facility's management has acknowledged the benefits of reporting and monitoring these KPIs. These positive results are not necessarily yet reflected in our audit findings because although improvements have been made, the results may not meet the thresholds required by our audit process.

HP verifies suppliers' KPI data reported to us against local data found on-site during SER supplier audits. In 2012, we did not find any inconsistencies between our audit findings and the self-reported data from our suppliers.

Currently, approximately 30 production supplier sites in China with major nonconformances related to working hours report monthly KPIs to us. These 30 sites represent more than 75% (by spend) of production supplier sites with major working-hours nonconformances, which meets our 2012 goal.

By the end of 2013, we aim to expand our KPI program by including another 20 supplier sites. We will focus on our first-tier final assembly sites. We also plan to increase data collection frequency and to include KPI measurements for high-risk workers (for example, student and juvenile workers).

HP procurement professionals will increase collaboration with suppliers to solve issues more effectively through the program's expanded KPI visibility and intensified KPI management processes. We work with suppliers that report KPIs to us on capability-building programs to encourage lasting improvements (see Capability building on page 93).

Wages and overtime payments

A number of reports issued in the media and by NGOs have raised concerns about low wages and insufficient or no payments for overtime to workers in the electronics supply chain. We believe that the first step to improving this situation is to understand the gaps that exist between actual wages, the concept of a living wage (which takes into consideration living costs for certain regions or cities), and wages desired by workers in major sourcing regions.

In 2012, we commissioned an independent study looking into these issues in China. When complete in 2013, the study will allow us to establish recommendations for wage systems at major manufacturing suppliers.

Student, dispatch, and foreign migrant labor rights protection

The changing supplier landscape around the world is characterized by a shifting worker base that includes a number of categories of workers who we consider to be at high risk of mistreatment. These include migrants, students, temporary workers, and women.

One of the most significant changes occurring in our supply chain is a shift in manufacturing from the eastern regions of China, such as the Pearl River Delta, to western China. Suppliers throughout the ICT industry are moving their facilities west. This shift has resulted in fewer migrant workers. However, it has also brought new challenges for HP and our peer companies. In particular, the use of student workers by electronics company suppliers has increased.

The NGO China Labor Watch released a report in 2012 describing underage, student, and temporary labor at several electronics manufacturing locations in China. This report was released during a time when a first-tier HP supplier admitted publicly to using underage student workers. HP confirmed that neither of these incidents related to facilities in which HP products or components are made. Nonetheless, we have taken steps to promote the correct use of student workers by our suppliers.

HP's student worker guidelines

In response to the growing focus on student labor management violations in the electronics industry supply chain, HP has developed specific student and dispatch worker guidance for supplier facilities in China. "HP Student and Dispatch Worker Guidance Standard for Supplier Facilities in the People's Republic of China (PRC)" is an industry-leading initiative and was communicated to suppliers in early 2013.

In addition to mandating fair remuneration and social insurance, HP's guidelines state:

- All work must be voluntary.
- Local regulations must be complied with or exceeded.
- The number of student and dispatch workers must be limited.
- Work must complement primary study areas.

HP has asked suppliers to conform to the guidelines immediately. We will measure their conformance through our audit and key performance indicator programs and will provide training through a series of in-country events in 2013. HP developed the guidelines in consultation with key stakeholders, including the Center for Child Rights and Corporate Social Responsibility in China.

CA Transparency in Supply Chains Act of 2010

HP's response to the California Transparency in Supply Chains Act of 2010 details our work to ensure that there are no instances of slavery and human trafficking in our supply chain.

Industrial relations

HP supports the rights of workers at our supplier facilities to associate freely on a voluntary basis, seek representation, join or be represented by works councils, join or not join labor unions, and bargain collectively as they choose as established by local law. Ongoing research by the Centre for Research on Multinational Corporations has found shortcomings with regard to industrial relations in electronics industry factories. Freedom of association was also one of three priorities in 2011-2012 for makeITfair, an NGO-led campaign to encourage electronics companies to improve labor rights and environmental conditions in their supply chains.

Worker-management communications

To raise awareness around freedom of association, HP introduced our worker-management communications training in 2008 (see Capability building on page 93), which continues to help workers better understand their labor rights and how they can raise grievances about their working environment.

In 2012, we continued our partnership with the Dutch Sustainable Trade Initiative, along with other electronics manufacturers. The program focuses on building management systems to encourage better worker-management communications by assessing suppliers' operations and identifying areas for improvement.

HP's EICC Code of Conduct

HP endorses the EICC Code of Conduct in its entirety, but we have supplemented it with additional requirements specific to freedom of association (standard A7). See HP's approach to supply chain responsibility.

Supplier SER management systems (including health and safety)

HP commissioned the labor rights NGO Social Accountability International (SAI) to independently assess the social management systems of three key production suppliers from China, Europe, and Latin America. SAI uses its Social Fingerprint tool, which rates companies on a scale of 1 to 5, with "1" indicating that the company has little or no awareness of systems or repeatable processes, and "5" indicating the company has mature systems that are implemented inside and outside the company with continual improvement. The average SAI independent evaluation score across all three suppliers was 3.0, indicating that these suppliers have adopted a systems approach, but with mixed levels of development and/or implementation.

The findings included:

- Supplier worker involvement and communication programs scored among the top categories for all three suppliers. Although suppliers showed that they had worker-management communication channels and procedures in place, increasing workers' utilization of these channels is important to take these programs to the next level.
- Suppliers demonstrated varying levels of employee labor rights training, and SAI recommended increasing the frequency at which suppliers refresh content and the level of training provided to ensure greater awareness among all levels in the workplace.
- Suppliers demonstrated that they had the appropriate teams in place to improve SER performance, but SAI recommended enhancing training for these teams.
- Suppliers' management of contractors and their own suppliers scored below average, and SAI recommended enhancing SER communications and risk assessment processes with this group.

HP and SAI continue to work with these suppliers to improve their social management systems and to track the impact on their audit results. These pilot results will also help us define our broader independent assessment plan, which includes adding management system evaluations at new supplier locations in Chongqing, China, in 2013.

Health and safety

Through our auditing results and dialogue with peer companies in the Electronic Industry Citizenship Coalition (EICC), HP recognizes that health and safety, such as emergency preparedness, continues to be an area of widespread concern in the IT supply chain. During our annual supplier summit in 2012, HP executives requested suppliers to renew their focus on safe work environments. In 2013, we will focus on providing assistance for health and

safety management system development, and increase the frequency of our surveillance events for this specific EICC Code of Conduct provision. See Detailed audit findings on page 88 for region-specific details.

Environmental impacts

Reducing the environmental impact of our product manufacturing and supply chain operations is a key objective of our supply chain social and environmental responsibility (SER) program and HP's efforts to reduce our overall environmental footprint (see Our carbon footprint* on page 29). We work closely with our manufacturing partners and component suppliers, providing support and training to improve environmental performance and transparency.

Our work to date has focused on reducing greenhouse gas (GHG) emissions, which continues to be a priority. In 2012, we have begun to see the benefits of this work, with a clear reduction in the GHG intensity of our first-tier emissions. As part of our new vision for a sustainable supply chain, we are extending our focus to also include a broader range of suppliers' environmental aspects, starting with water. Below, we report for the first time the progress of our data-collection program for water use.

Collaboration

HP engages in industry-wide initiatives to decrease the environmental footprint of the information technology (IT) industry's global supply base.

Global Social Compliance Programme (GSCP) Environmental Reference Tools

As a long-standing member of the GSCP, we supported the development of reference tools and implementation guidelines based on current best environmental practices to help suppliers improve their performance (see HP's approach to supply chain responsibility). The GSCP Reference Tools aim to encourage convergence of environmental and social systems across industries. They provide a common interpretation of fair labor and environmental requirements and explain how these requirements should be implemented. They also reduce potential duplication in auditing and encourage members to collaborate on capability-building programs in the future.

HP has adopted the GSCP Environmental Reference Tools for use with our suppliers. The tools provide guidance to organizations for achieving specific performance levels across multiple environmental impact categories, including but not limited to:

- Emissions to air
- Energy use, transport, and greenhouse gas emissions
- Environmental management systems
- Major incident prevention and management
- Pollution prevention, hazardous and potentially hazardous substances

Sofia Kelly
HP employee since 2010

As an HP Supply Chain Social and Environmental Responsibility (SER) Program Manager, Sofia Kelly has a unique perspective on the evolving supply chain landscape, one in which environmental factors such as energy and water use are increasingly important alongside traditional labor and ethics issues.

Sofia relishes having an impact on these issues. "I've always had a passion for environmental conservation," says Sofia, based in Palo Alto, California. "It's just one of those things I was born with. I know that the idea of sustainability and creating a world that we can pass on is a necessity."

Sofia began her career working at the factory level implementing environmental management systems (ISO14001) in the telecommunications industry, before moving on to a field that was rapidly growing in importance: supplier ethics and environmental requirements. HP is helping pioneer this field, which is why the past three years have been a great fit for Sofia.

HP is one of few IT companies reaching out to first- and second-tier suppliers to build capabilities that drive substantial environmental improvements. Through the Electronic Industry Citizenship Coalition (EICC), Sofia looks for new and better ways to help suppliers report and reduce greenhouse gas emissions. And through the Energy Efficiency Program and the Global Social Compliance Programme (GSCP), she and her team encourage suppliers to improve their environmental practices.

Motivating suppliers to participate in new efforts can be challenging. HP addresses this through close relationships with suppliers as well as by partnering with industry organizations such as the EICC. This helps the company align its message, reduce redundancy, and synchronize expectations. "Year-over-year, suppliers have been getting better at sharing metrics," she says, "and we are now seeing high interest as well in our new GSCP initiative."

Water is next on her list of focus areas. "We've been talking a lot about energy, but water is the next frontier and something that all companies need to quickly understand and manage," says Sofia. This year, HP published water consumption data from its first-tier suppliers for the first time.

Sofia is proud of her contribution to these many efforts: "It's great to see that in a relatively short period of time global companies such as HP have done so much to benefit the environment. It's about conserving our resources, which ultimately benefits not only our industry, but the global economy as a whole. So, it's incredibly rewarding for me."

- Waste management
- Wastewater/effluent
- Water use

Beginning in 2013, HP is asking first-tier assembly suppliers to use these tools to assess the overall health of their environmental management practices and to target specific performance levels based on environmental impact category. Our goal is also to encourage management at our suppliers to be more proactive in improving environmental performance.

Energy efficiency initiatives

We were the only IT company to become a charter member of the BSR Energy Efficiency Partnership Program in China in 2010. The program helps major suppliers conduct energy audits, develop energy improvement action plans, and share best practices that enable companies to reduce energy use, cut greenhouse gas emissions, and lower costs.

In 2012, HP expanded our participation in the Energy Efficiency Program in China through a low-carbon manufacturing capability building workshop co-organized with WWF-Hong Kong. We now have 47 suppliers and 50 sites across China taking part in the program, up from eight suppliers and 12 sites in 2011. To date, participating HP suppliers reported energy savings totaling 26.7 million kilowatt hours and avoided CO_2-equivalent emissions equal to the emissions from electricity used in 2,820 average U.S. homes for a year, according to the U.S. Environmental Protection Agency's Greenhouse Gas Emissions equivalency calculator. We are extending the program's reach throughout 2013 to our second-tier suppliers, and to suppliers in Southeast Asia.

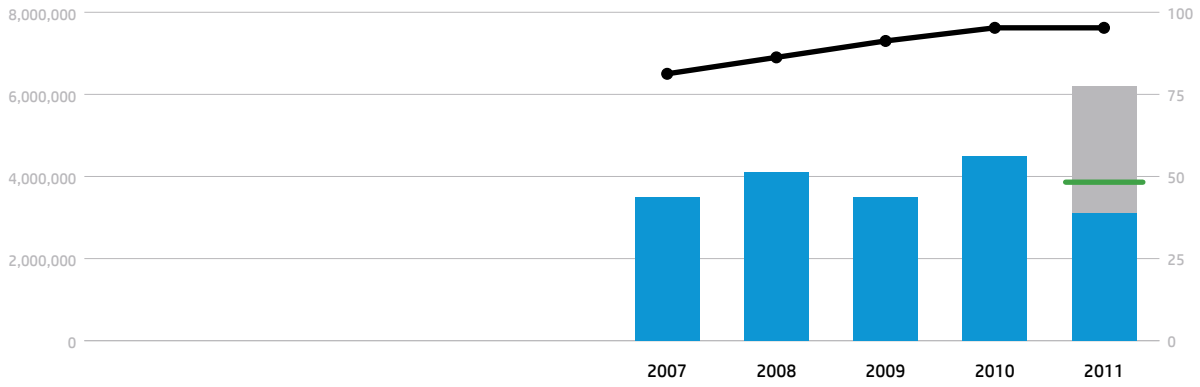
Greenhouse gas emissions

In 2008, HP became the first major IT company to measure and publish aggregated supply chain GHG emissions. Doing so has helped us understand our suppliers' GHG impacts.

We now report emissions data for 95% (by spend) of production suppliers (see below). This percentage increased from 81% in 2008 and makes up a significant part of HP's Scope 3 GHG emissions footprint (see Energy and climate on page 29). This year, for the first time, we also surveyed select nonproduction suppliers, and we share our preliminary findings below.

While measurement is the first step, we aim to encourage greater energy efficiency and reduced carbon emissions in our supply chain by helping suppliers establish carbon-reduction programs. Production suppliers representing 89% of our supplier spend now have GHG emissions–reduction targets. This figure has increased steadily every year from 67% in 2008.

Production supplier GHG emissions performance* [tonnes CO_2e]



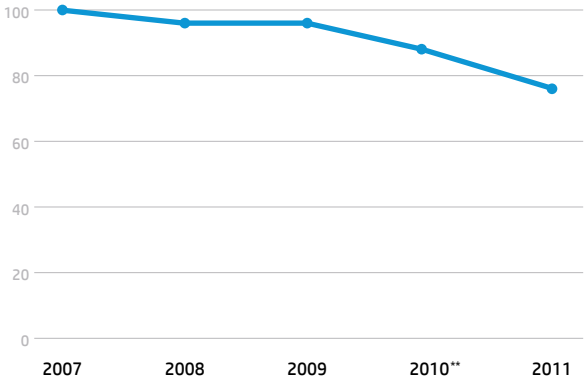
	2007	2008	2009	2010	2011
Aggregated first-tier production suppliers' Scope 1 direct and Scope 2 indirect emissions**	3,500,000	4,100,000	3,500,000	4,500,000	3,500,000
Coverage [first-tier production supplier spend captured]	81%	86%	91%	95%	95%
Aggregated production supplier Scope 3 indirect emissions [tonnes CO_2e]***					3,100,000
Coverage [first-tier production supplier spend reporting Scope 3 emissions]					48%

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

** Refers to first-tier suppliers for manufacturing, materials, and components. Emissions are estimated based on suppliers' emissions and their dollar volume of HP business compared with their total revenue. The majority of these companies report on a calendar year basis. The year 2011 is the most recent for which data are available.

*** Numbers only take into account Scope 3 categories that suppliers report on.

Production supplier GHG emissions intensity* [tonnes CO_2e/first-tier production supplier spend, 2007 = 100%]



* Refers to first-tier suppliers for manufacturing, materials, and components. The majority of these companies report on a calendar year basis. The year 2011 is the most recent for which data are available.

** 2010 figure has been updated to reflect revised supplier revenue data. We continue to report the original number for the purposes of the Carbon Disclosure Project. Previous 2010 figure: 94%.

We attribute the decline in first-tier emissions intensity in 2011 to several factors, such as:

- Efforts by suppliers to improve their environmental performance, including setting energy and GHG emissions reductions
- Regulations by the Chinese government requiring large manufacturers in China to reduce energy consumption as part of the country's 12th Five-Year Plan
- Programs such as the Energy Efficiency Program, the Carbon Disclosure Project, and the Electronic Industry Citizenship Coalition Carbon Reporting System, which have created awareness among suppliers about GHG emissions reporting and the importance of reducing energy consumption

Two additional factors also contributed to a drop in aggregated first-tier emissions in 2011:

- The continuing economic recession that has led to reduced production output
- Natural disasters in Japan and Thailand, in particular, which caused some operations to shut down for certain time periods

This year, for the first time, we are also presenting GHG emissions from our nonproduction suppliers. We have collected these data from nonproduction suppliers' Carbon Disclosure Project submissions, and for many this is the first time that they have collected and reported these data. Nonetheless, it represents a first step to reporting more mature data in the future. Nonproduction suppliers providing HP with business and technology services provided the highest level of reporting.

We will continue to work with suppliers to help them develop the tools needed to report more robust numbers. This will help HP report data covering a larger proportion of our nonproduction supply chain in 2013 and beyond.

Nonproduction supplier GHG emissions performance, 2011	
Aggregated first-tier nonproduction suppliers' Scope 1 direct and Scope 2 indirect emissions [tonnes CO_2]*	480,000
Coverage [first-tier supplier spend captured]	51%

* Emissions are estimated based on suppliers' emissions and their dollar volume of HP business compared with their total revenue. The majority of these companies report on a calendar year basis. The year 2011 is the most recent for which data are available.

Suppliers' Scope 3 emissions

To reduce GHG emissions throughout our entire supply chain, we also encourage our first-tier suppliers to understand their own suppliers' emissions.

Nearly half (48%) of our production suppliers (by spend) already estimate some of their own Scope 3 emissions. The total estimated Scope 3 GHG emissions from these suppliers that are attributable to HP's share of their production is significant, emphasizing the impact we can have in reducing total emissions from our supply chain by reaching out to sub-tier suppliers. Reporting second-tier emissions for the first time this year is an initial step in that direction. Based on the data we have received, we believe that suppliers have a stronger understanding of emissions associated with business travel, product distribution, transportation, and logistics than any other Scope 3 category.

Improving data accuracy

We help suppliers new to GHG reporting to calculate their emissions by encouraging them to use the EICC Carbon Reporting System questionnaire. In 2012, we invited 22 new suppliers to submit emissions data. As we expand the program, we will continue to work with suppliers to collect and report their footprints. In 2013, we will introduce a new platform supporting the industry-wide EICC tool to further simplify the reporting process. As more companies disclose metrics and require their suppliers to do the same, our data will continue to improve.

Water protection

The two main issues related to water management among our suppliers are consumption and discharge.

Water consumption

Similar to our work on Scope 3 GHG emissions, our aim is to reduce the water footprint of our supply chain. We follow a similar process of measurement and reporting as we do for our suppliers' GHG emissions.

This is the first year that we are reporting water consumption from our first-tier suppliers. To our knowledge, we are the first IT company to collect and report these numbers. We collected the data primarily from component manufacturing and final assembly suppliers, representing 38% of our total production supplier spend. Separately, 38% of our suppliers have company-wide strategies, plans, or policies to reduce water use (some of these suppliers also provide water consumption data).

Supplier water consumption, 2011	
Aggregated water withdrawn for use [cubic meters]*	28,000,000
Coverage [% of first-tier supplier spend captured]	38%
Companies with company-wide water strategies, plans, or policies [% of first-tier supplier spend captured]	38%

* Consumption is estimated based on suppliers' consumption and their dollar volume of HP business compared with their total revenue. The majority of these companies report on a calendar year basis. The year 2011 is the most recent for which data are available.

In 2011, HP conducted a "hot spot" analysis to complement environmental data received by suppliers. The analysis identified paperboard manufacturing for packaging as the most water-intensive activity among our first-tier suppliers, accounting for 38% of our supply chain water footprint. All other basic inorganic chemical manufacturing as well as paint and coating manufacturing together account for 28% of our footprint. The other categories are listed in the table below.

HP's supply chain water footprint	
Paperboard manufacturing for packaging	38%
All other basic inorganic chemical manufacturing	18%
Material processing and manufacturing	14%
Paint and coating manufacturing	10%
Component manufacturing and finished goods	12%
Other (includes facilities)	8%

Across each of these areas, we aim to reduce water consumption. For example:

- We work to use paperboard as efficiently as possible following our our paper policy and by designing more efficient packaging (see Packaging on page 44 for more information).
- We work to reduce chemical use in our products and processes through HP's Design for Environment program (see Design on page 39).
- We have begun using the World Business Council for Sustainable Development Global Water Tool to plot our high-risk top-tier component supplier sites of material processing, manufacturing, and finished goods. We will ask these suppliers with operations in water-stressed regions to enroll in the Global Social Compliance Programme, with the aim of improving their water-management performance.

Water discharge

The Institute of Public and Environmental Affairs (IPE), an influential Chinese environmental nongovernmental organization, runs a public pollution database to monitor corporate environmental performance and to facilitate public participation in environmental governance in China. In 2012, we began partnering with several of our high-spend first-tier suppliers to help ensure that sub-tier suppliers named on the database comply with local environmental laws regarding water discharge. Our initial efforts identified 18 subtier suppliers in China that had violated environmental laws in the past. We helped these suppliers develop corrective action plans and we increased our monitoring of their facilities, encouraging them to enhance transparency by updating their corrective action plans and providing monitoring reports to stakeholders. We continue to work with our first-tier suppliers to help noncompliant sub-tier suppliers move toward compliance with local laws, asking them to check their suppliers' facilities twice a year and follow up with audits.

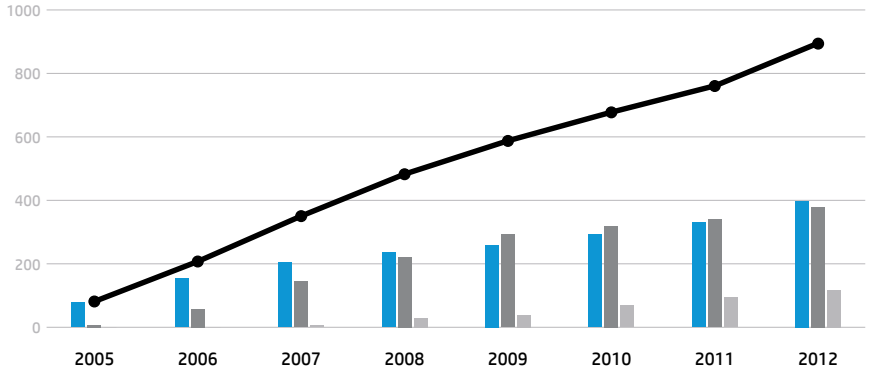
Summary audit results

Since we performed our first supplier audit in 2004, we have conducted 893 audits in total. We expect this number to grow at an increasing rate as we deepen supplier engagement.

The graph on page 85 shows how the number of audits at our production suppliers has grown. It illustrates steeper growth in the number of full re-audits than in the number of initial or follow-up audits, due to the fact that there are fewer new suppliers to audit in our program.

HP uses follow-up audits to confirm full closure of nonconformances discovered during initial and full re-audits. Full re-audits cover all of HP's EICC Code of Conduct categories. We compare full re-audits with initial audits to see how the supplier has improved management systems and programs over time.

SER audits conducted, 2005–2012*, [total, cumulative]



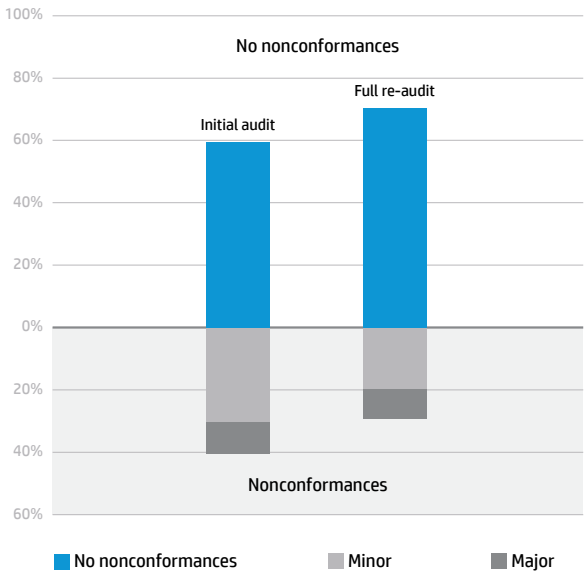
	2005	2006	2007	2008	2009	2010	2011	2012
Total initial audits	78	154	204	235	260	293	330	398
Total follow-up audits	7	57	144	221	292	320	340	379
Total full re-audits	0	0	6	30	39	68	94	116
Total audits	**85**	**211**	**354**	**486**	**591**	**681**	**764**	**893**

* Data for past years may differ from previous reports because HP receives the details of some audits after the Global Citizenship Report publication deadline. Includes production suppliers only.

** Ernst & Young has provided assurance over 2012 reported data only. The graph above shows the cumulative total audits per audit type for 2005–2012. Please see Ernst & Young's Report of Independent Accountant on page 137 for the number of audits by type completed in 2012.

The graph below shows a decrease in the number of minor and major nonconformances against HP's EICC Code of Conduct from initial audits to full re-audits that were conducted in the years between 2005 and 2012, and an increase in the number of provisions that had no findings. We attribute this improvement to our validation system, which focuses on collaborative audits and corrective actions, and our efforts to build our suppliers' capabilities.

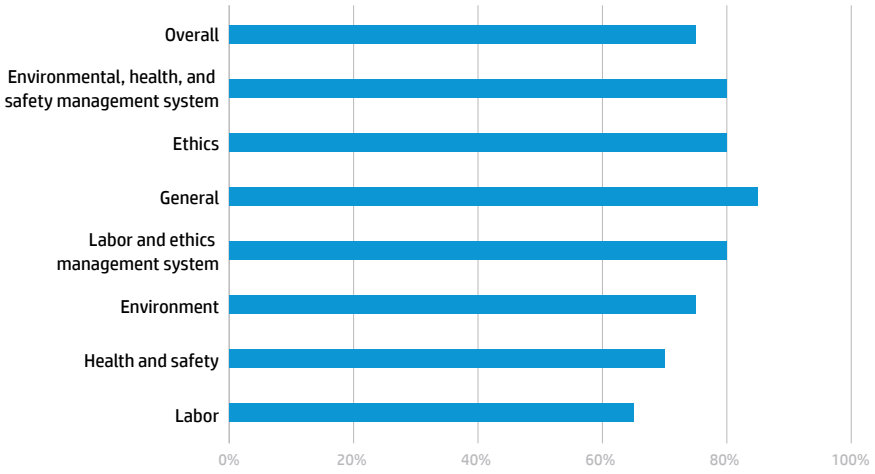
Distribution of audit findings, 2005–2012*
[percentage of findings]



* Production suppliers only.

The chart below shows the percentage reduction in nonconformances found during production supplier audits between 2005 and 2012. It illustrates the effectiveness of our validation and improvement process, which involves auditing supplier sites and requiring corrective actions to address nonconformances. Across all provisions of HP's EICC Code of Conduct, 75% of all major and minor nonconformances found during initial audits were either reduced in severity or confirmed to be closed in subsequent full re-audits. The chart also demonstrates that nonconformances have been easier to address for some sections of the code, such as General and Environmental, health, and safety management system, than for others.

Nonconformances reduced by section of HP's EICC Code of Conduct, 2005–2012* [percentage]



* Graph includes only results from initial audits and full re-audits, for comparability.

The chart below shows the distribution of major nonconformances across the provisions of HP's EICC Code of Conduct found during initial and full re-audits in 2011-2012. Health and safety and Labor continue to account for the majority of major nonconformances, similar to 2010-2011.

**Distribution of major nonconformances by section of HP's EICC Code of Conduct, 2011 - 2012*, ** [percentage]

Health and safety	30%
Labor	24%
Labor and ethics management system	13%
Environment	10%
Environmental, health, and safety management system	8%
Ethics	8%
General	7%

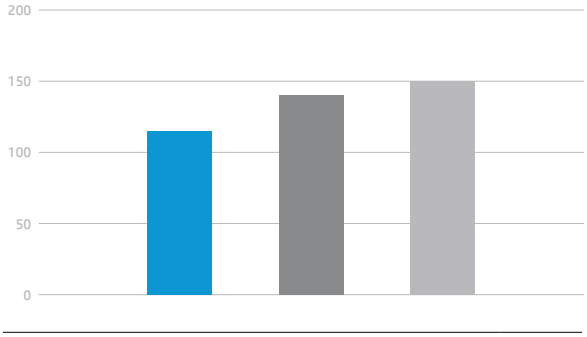
* Graph includes only results from initial audits and full re-audits—not closure audits—for comparability. Refers only to production suppliers.

** Ernst & Young (E&Y) has provided assurance over 2012 reported data only. The graph above shows 2011-2012 data. Please see E&Y's Report of Independent Accountant on page 137 for the 2012 distribution of major nonconformances.

The graph at right illustrates the correlation between levels of supplier involvement in HP's supply chain SER program and audit performance. Suppliers with a low level of involvement, which have not participated in HP capability-building programs, achieved the lowest average score in audits (higher is better). Suppliers that completed at least one HP capability-building program achieved noticeably higher scores. Though our capability-building programs are not all directly related to audit items, the proactive attitude among companies investing time and resources to engage in SER programs often results in enhanced audit performance. The highest scores of all were achieved by suppliers that participate in HP capability-building programs and also initiate quality controlled EICC third-party audits. These suppliers pay for the audit and therefore take more ownership of the results, and the level of investment and improvements made to prepare are visible. These results inform and support our shift toward more of these types of audits in the coming years.

For details about other issues identified in audits and HP's response by region, see Detailed audit findings on page 88.

Impact of supplier engagement on audit results* [average scores for full audits, 200 is the strongest possible score]



Suppliers not involved in HP capability-building programs	115
Suppliers that have completed at least one HP capability-building program	140
Suppliers that have completed at least one HP capability-building program and initiated a third-party audit	150

* Data covers full audits (initial and full re-audits) of production suppliers, 2010–2012. Some suppliers are included in multiple categories. EICC-based audits are scored on a 0–200 point scale (200 is the strongest possible score). Scores are based on priority findings, the quantity of major nonconformances identified, and the number of questions reviewed.

Case study

HP expands nonproduction supplier audit program

HP introduced nonproduction suppliers, such as call centers or labor agencies, to our supply chain SER program in 2009. In 2011, we performed the first three independent SER audits of these suppliers in China and Mexico. We increased that number to 13 audits performed in 2012, expanding our geographic scope to Brazil, the Philippines, Poland, and Turkey.

Our findings show that nonproduction suppliers are approximately five to seven years behind production suppliers when it comes to measuring and reporting SER practices and performance. We believe the need for supplier education on SER standards at the engagement stage of our program is critical for successful supplier development and compliance.

In 2012, our nonproduction supplier self-assessments identified a general lack of SER policies and management systems, so we have focused on those two areas in our capability-building initiatives for nonproduction suppliers.

Our audits of nonproduction supplier facilities have identified nonconformance in:

- **Ethics and labor management** In 2012, we found instances of suppliers using unacceptable disciplinary procedures. These usually related to suppliers deducting wages from workers. HP helped these suppliers implement corrective action plans that removed wage deductions from disciplinary procedures.
- **Environmental protection** We have found this area to not be understood well and subsequently poorly managed. Nonproduction suppliers frequently do not perform an environmental impact analysis of their operations and do not conduct programs to reduce their impact. This is particularly the case for waste management, as nonproduction suppliers usually defer responsibility to contractors, despite evidence of little knowledge about these contractors' certifications for correct disposal.
- **Health and safety** The working environment for nonproduction suppliers is not classified as hazardous. However, our audit findings show that health and safety is an area of insufficient focus. Often, a nonproduction supplier rents space from a building management company and shares that space with other firms. As a result, suppliers sometimes defer responsibility for these issues to the building management company.
- **Management systems** This area is an opportunity for improvement and is the most significant area of nonconformance. Suppliers often do not conduct risk assessments or put mitigation plans in place, and social and environmental objectives, goals, measures, and reporting regularly do not exist. Internal auditing of SER business practices is also a common area of weakness.

We continue to support nonproduction suppliers to help them improve SER performance. We have found that some suppliers are increasingly recognizing the importance of this, and are willing to work with HP to improve standards.

Detailed audit findings

Global findings

In 2012, HP conducted 116 audits of our production suppliers (including initial audits, follow-up audits, and full re-audits). This total number includes one recycling audit covering SER management systems. The results of this recycling audit are not included in the charts below because the operations of this supplier are different from those of our production suppliers and cannot be compared.

Significant findings

Globally, we continue to find the most major nonconformances related to working hours and emergency preparedness. HP found working-hours nonconformances in 63% of audits in 2012, compared with 66% in 2011. The majority of these nonconformances were in China, where we are working with the Electronic Industry Citizenship Coalition (EICC) to address this issue. Emergency preparedness major nonconformances increased to 59% in 2012 from 48% in 2011. We are introducing new programs to address these issues in countries such as China and Brazil, where the 2011 major nonconformance rate was 57%. (Although audits in Latin America found a 14% rate of major nonconformance to this provision, the rate has been significantly higher in previous years, so we still believe that we need to introduce programs to resolve this issue.)

Zero-tolerance items

In 2012, HP found one zero-tolerance item during a third-party audit against HP's EICC Code of Conduct in China. The item related to working hours and was considered a zero-tolerance item based on the updated EICC system for categorizing working-hours nonconformances (see HP's approach to supply chain responsibility). The supplier subsequently established a corrective action plan to deal with the issue. HP confirmed through a third-party closure audit that this item has been resolved.

EICC Code provisions	Rate of nonconformance in sites audited*	
	Major	Minor
General		
EICC Code awareness	5%	16%
Compliance with laws	0%	0%
Supplier management program	34%	16%
Labor		
Freely chosen employment	7%	26%
Child labor avoidance**	0%	62%
Working hours***	63%	13%
Wages and benefits	32%	29%
Humane treatment	3%	28%
Nondiscrimination	8%	9%
Freedom of association	1%	14%
Labor management system		
Overall	29%	0%
Health and safety		
Occupational safety	14%	42%
Emergency preparedness	59%	29%
Occupational injury and illness	11%	30%
Industrial hygiene	28%	29%
Physically demanding work	9%	36%
Machine safeguarding	7%	29%
Dormitory and canteen	29%	17%
Environmental, health, and safety management		
Overall	8%	0%
Environmental		
Environmental permits and reporting	4%	11%
Pollution prevention and resource reduction	3%	8%
Hazardous substances	12%	58%
Wastewater and solid waste	3%	12%
Air emissions	4%	9%
Product content restrictions (See Materials on page 41.)		
Ethics		
Business integrity	11%	9%
No improper advantage	5%	9%
Disclosure of information	0%	1%
Intellectual property	1%	1%
Fair business, advertising, and competition	11%	5%
Protection of identity	24%	8%
Community engagement	0%	0%

* These data reflect the results of HP's initial audits and full re-audits conducted in 2012. They do not necessarily represent results from the same supplier sites reported on in previous years.

** A major nonconformance in the underage worker provision of HP's EICC Code does not necessarily indicate the presence of child labor. For example, an auditor may uncover insufficient management systems and age checks to prevent child workers from being employed. These would be considered a major nonconformance but do not necessarily signify the presence of workers under the legal minimum, or the minimum age specified by HP's EICC Code. While there were nonconformances uncovered in 2012, no child labor was uncovered.

*** A major nonconformance in the working-hours provision of HP's EICC Code indicates that at least one of the following requirements was not met:

- The average hours worked in a workweek over the last 12 months at the facility did not exceed 60 hours or the legal limit (whichever is stricter).
- Workers are allowed mandated breaks, holidays, and vacation days to which they are entitled.
- Workers are provided with at least one day off per seven workdays on average.

Greater China

The main findings in our China audits are consistent with our global findings, with working hours and emergency preparedness being the main sources of nonconformance. These issues are a key focus of our refreshed programs that will help HP move toward a sustainable supply chain (see Program direction on page 76). Although working-hours nonconformances decreased globally, the majority of the nonconformances occur in China, which is where our excessive working hours key performance indicators (KPI) program continues to focus. We are asking suppliers to participate in management system assessments and training that will help identify shortcomings in health and safety areas such as emergency preparedness, and to facilitate mitigation/improvement actions. In addition, we will increase surveillance events for health and safety in Greater China.

Audits conducted in 2012

Location	Initial audits	Follow-up audits	Full re-audits	Number of workers at sites audited
China	29	11	13	309,200
Total	**29**	**11**	**13**	**309,200**

EICC Code provisions	Rate of nonconformance in sites audited*	
	Major	Minor
General		
EICC Code awareness	3%	20%
Compliance with laws	0%	0%
Supplier management program	30%	20%
Labor		
Freely chosen employment	8%	25%
Child labor avoidance**	0%	78%
Working hours***	85%	10%
Wages and benefits	43%	38%
Humane treatment	3%	30%
Nondiscrimination	10%	5%
Freedom of association	0%	0%
Labor management system		
Overall	33%	0%
Health and safety		
Occupational safety	18%	43%
Emergency preparedness	78%	20%
Occupational injury and illness	15%	38%
Industrial hygiene	45%	35%
Physically demanding work	10%	58%
Machine safeguarding	0%	40%
Dormitory and canteen	45%	20%
Environmental, health, and safety management		
Overall	3%	0%
Environmental		
Environmental permits and reporting	8%	5%
Pollution prevention and resource reduction	5%	8%
Hazardous substances	15%	60%
Wastewater and solid waste	3%	13%
Air emissions	3%	13%
Product content restrictions (See Materials on page 41.)		
Ethics		
Business integrity	8%	8%
No improper advantage	5%	10%
Disclosure of information	0%	0%
Intellectual property	0%	0%
Fair business, advertising, and competition	3%	5%
Protection of identity	28%	3%
Community engagement	0%	0%

* These data reflect the results of HP's initial audits and full re-audits conducted in 2012. They do not necessarily represent results from the same supplier sites reported on in previous years.

** A major nonconformance in the underage worker provision of HP's EICC Code does not necessarily indicate the presence of child labor. For example, an auditor may uncover insufficient management systems and age checks to prevent child workers from being employed. These would be considered a major nonconformance but do not necessarily signify the presence of workers under the legal minimum, or the minimum age specified by HP's EICC Code. While there were nonconformances uncovered in 2012, no child labor was uncovered.

*** A major nonconformance in the working-hours provision of HP's EICC Code indicates that at least one of the following requirements was not met:

- The average hours worked in a workweek over the last 12 months at the facility did not exceed 60 hours or the legal limit (whichever is stricter).
- Workers are allowed mandated breaks, holidays, and vacation days to which they are entitled.
- Workers are provided with at least one day off per seven workdays on average.

Asia Pacific

In Asia Pacific, the most significant audit findings relate to excessive working hours and emergency preparedness, similar to our China and global findings. These issues are a key focus of our refreshed programs that will help HP move toward a sustainable supply chain (see Program direction on page 76). We aim to take the lessons from our excessive working hours KPI program in China and implement them in Asia Pacific to address this issue. We are asking suppliers to participate in management system assessments and training that will help identify shortcomings in health and safety areas such as emergency preparedness, and to facilitate mitigation/improvement actions.

Audits conducted in 2012

Location	Initial audits	Follow-up audits	Full re-audits	Number of workers at sites audited
Australia	0	1	0	200
Japan	1	0	0	1500
Malaysia	8	7	1	15,600
Philippines	2	2	0	8,300
Korea	0	1	0	7,200
Singapore	3	2	0	4,200
Thailand	2	1	2	22,500
Total	**16**	**14**	**3**	**59,500**

EICC Code provisions	Rate of nonconformance in sites audited*	
	Major	Minor
General		
EICC Code awareness	11%	11%
Compliance with laws	0%	0%
Supplier management program	37%	5%
Labor		
Freely chosen employment	11%	32%
Child labor avoidance**	0%	47%
Working hours***	63%	26%
Wages and benefits	32%	26%
Humane treatment	5%	21%
Nondiscrimination	11%	11%
Freedom of association	5%	32%
Labor management system		
Overall	37%	0%
Health and safety		
Occupational safety	16%	37%
Emergency preparedness	53%	21%
Occupational injury and illness	11%	32%
Industrial hygiene	16%	16%
Physically demanding work	0%	5%
Machine safeguarding	21%	21%
Dormitory and canteen	16%	26%
Environmental, health, and safety management		
Overall	21%	0%
Environmental		
Environmental permits and reporting	0%	5%
Pollution prevention and resource reduction	0%	11%
Hazardous substances	11%	58%
Wastewater and solid waste	5%	11%
Air emissions	5%	5%
Product content restrictions (See Materials on page 41.)		
Ethics		
Business integrity	16%	21%
No improper advantage	0%	5%
Disclosure of information	0%	5%
Intellectual property	0%	0%
Fair business, advertising, and competition	32%	5%
Protection of identity	26%	16%
Community engagement	0%	0%

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** A major nonconformance in the underage worker provision of HP's EICC Code does not necessarily indicate the presence of child labor. For example, an auditor may uncover insufficient management systems and age checks to prevent child workers from being employed. These would be considered a major nonconformance but do not necessarily signify the presence of workers under the legal minimum, or the minimum age specified by HP's EICC Code. While there were nonconformances uncovered in 2012, no child labor was uncovered.

*** A major nonconformance in the working-hours provision of HP's EICC Code indicates that at least one of the following requirements was not met:

- The average hours worked in a workweek over the last 12 months at the facility did not exceed 60 hours or the legal limit (whichever is stricter).
- Workers are allowed mandated breaks, holidays, and vacation days to which they are entitled.
- Workers are provided with at least one day off per seven workdays on average.

Europe

In Europe, audit results show considerably better performance than the global average. Our main findings relate to supplier management programs. We are asking suppliers to participate in management system assessments and training that will help identify shortcomings in this area, and to facilitate mitigation/improvement actions.

Audits conducted in 2012

Location	Initial audits	Follow-up audits	Full re-audits	Number of workers at sites audited
Czech Republic	0	3	0	3,700
Hungary	1	0	1	1,100
Israel	2	0	0	2,100
Netherlands	1	1	0	800
Poland	1	0	1	1,300
Russia	0	0	1	200
Slovak Republic	1	0	0	900
Turkey	1	1	0	400
Total	**7**	**5**	**3**	**10,500**

EICC Code provisions	Rate of nonconformance in sites audited*	
	Major	Minor
General		
EICC Code awareness	10%	10%
Compliance with laws	0%	0%
Supplier management program	50%	30%
Labor		
Freely chosen employment	0%	0%
Child labor avoidance**	0%	40%
Working hours	0%	0%
Wages and benefits	0%	10%
Humane treatment	0%	10%
Nondiscrimination	0%	30%
Freedom of association	0%	30%
Labor management system		
Overall	10%	0%
Health and safety		
Occupational safety	10%	40%
Emergency preparedness	30%	60%
Occupational injury and illness	0%	0%
Industrial hygiene	0%	30%
Physically demanding work	10%	10%
Machine safeguarding	10%	0%
Dormitory and canteen	0%	0%
Environmental, health, and safety management		
Overall	10%	0%
Environmental		
Environmental permits and reporting	0%	20%
Pollution prevention and resource reduction	0%	10%
Hazardous substances	0%	70%
Wastewater and solid waste	0%	10%
Air emissions	0%	10%
Product content restrictions (See Materials on page 41.)		
Ethics		
Business integrity	20%	0%
No improper advantage	20%	20%
Disclosure of information	0%	0%
Intellectual property	10%	10%
Fair business, advertising, and competition	10%	10%
Protection of identity	10%	10%
Community engagement	0%	0%

* These data reflect the results of HP's initial audits and full re-audits conducted in 2012. They do not necessarily represent results from the same supplier sites reported on in previous years.

** A major nonconformance in the underage worker provision of HP's EICC Code does not necessarily indicate the presence of child labor. For example, an auditor may uncover insufficient management systems and age checks to prevent child workers from being employed. These would be considered a major nonconformance but do not necessarily signify the presence of workers under the legal minimum, or the minimum age specified by HP's EICC Code. While there were nonconformances uncovered in 2012, no child labor was uncovered.

Latin America

In Latin America, audit results show considerably better performance than the global average. Our main findings related to supplier management programs, excessive working hours, and physically demanding work. We aim to take the lessons from our excessive working hours KPI program in China and implement them in Latin America to address this issue. In collaboration with Social Accountability International and the Rapid Results Institute, we are asking suppliers in Brazil to participate in the Brazil Worker Engagement program, which is designed to help Brazilian factories improve health and safety in the workplace.

Audits conducted in 2012

Location	Initial audits	Follow-up audits	Full re-audits	Number of workers at sites audited
Brazil	2	6	2	7,600
Mexico	3	1	1	3,800
Total	**5**	**7**	**3**	**11,400**

EICC Code provisions	Rate of nonconformance in sites audited*	
	Major	Minor
General		
EICC Code awareness	0%	14%
Compliance with laws	0%	0%
Supplier management program	29%	0%
Labor		
Freely chosen employment	0%	57%
Child labor avoidance**	0%	43%
Working hours***	29%	14%
Wages and benefits	14%	14%
Humane treatment	0%	57%
Nondiscrimination	0%	0%
Freedom of association	0%	29%
Labor management system		
Overall	14%	0%
Health and safety		
Occupational safety	0%	43%
Emergency preparedness	14%	57%
Occupational injury and illness	0%	29%
Industrial hygiene	0%	29%
Physically demanding work	29%	29%
Machine safeguarding	0%	29%
Dormitory and canteen	14%	0%
Environmental, health, and safety management		
Overall	0%	0%
Environmental		
Environmental permits and reporting	0%	43%
Pollution prevention and resource reduction	0%	0%
Hazardous substances	14%	29%
Wastewater and solid waste	0%	14%
Air emissions	14%	0%
Product content restrictions (See Materials on page 41.)		
Ethics		
Business integrity	0%	0%
No improper advantage	0%	0%
Disclosure of information	0%	0%
Intellectual property	0%	0%
Fair business, advertising, and competition	0%	0%
Protection of identity	14%	14%
Community engagement	0%	0%

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** A major nonconformance in the underage worker provision of HP's EICC Code does not necessarily indicate the presence of child labor. For example, an auditor may uncover insufficient management systems and age checks to prevent child workers from being employed. These would be considered a major nonconformance but do not necessarily signify the presence of workers under the legal minimum, or the minimum age specified by HP's EICC Code. While there were nonconformances uncovered in 2012, no child labor was uncovered.

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- Workers are allowed mandated breaks, holidays, and vacation days to which they are entitled.
- Workers are provided with at least one day off per seven workdays on average.

Capability building

We work with suppliers on programs that improve their ability to deliver substantial and lasting SER performance improvements on a broad range of issues. Our work builds knowledge and strengthens processes, educating employees throughout supplier organizations and instilling behavioral changes.

HP works with local NGOs and training groups to deliver our capability-building programs, which are directed toward supplier management and workers. As we transition audit activities to third parties, we will increasingly focus more of our resources on programs that target the most critical supply chain SER issues (see Program direction on page 76).

Demonstrating results

Since HP started our capability-building programs in 2006, we have:

- Carried out 22 programs in 12 countries on topics such as antidiscrimination, energy efficiency, labor rights, and women's health
- Directly trained approximately 2,850 managers and nearly 300,000 workers
- Reached 85,000 students through our predeparture training
- Trained 155 second-tier suppliers
- Verified that suppliers engaging in capability-building programs have improved performance by comparing before and after audit results (see Impact of supplier engagement on audit results* [average scores for full audits, 200 is the strongest possible score] on page 87)

In addition, these programs have established supplier- and peer educator-run programs that have provided training to a much larger number of workers.

See Impact of supplier engagement on audit results* [average scores for full audits, 200 is the strongest possible score] on page 87 for a graph illustrating performance improvements made by suppliers that have participated in HP capability-building programs compared to suppliers that have not.

Introducing new suppliers

We introduce new suppliers to our supply chain SER program each year and hold supplier education forums to communicate our SER expectations. Since 2010, we have educated more than 220 managers in Brazil, China, Israel, and Mexico. In 2012, HP held three supplier forums, one each in Brazil, Israel, and Mexico. Combined, these forums reached 103 managers from 71 suppliers. The Brazil and Mexico forums included nonproduction suppliers as well as production suppliers. All three forums helped communicate expectations and requirements regarding HP's EICC Code of Conduct to new suppliers.

Rev. David M. Schilling
Senior Program Director, Interfaith Center on Corporate Responsibility

During the last decade, HP has been a leader in the IT industry in several areas related to supply chain responsibility. Highlights of this leadership include:

- Cofounding the Electronic Industry Citizenship Coalition
- Publishing a list of suppliers representing more than 95% of HP's production supplier spend
- Working with stakeholders and nongovernmental organizations to educate workers on their rights
- Joining multi-stakeholder initiatives related to implementation of the Dodd-Frank Act addressing "conflict minerals" in the Democratic Republic of Congo
- Focusing on capability building among suppliers and workers to address systemic issues
- Imposing new limits on the employment of students and temporary agency workers at supplier factories in China

In the next decade, however, HP will need to build on this leadership and improve performance in the face of major global supply chain challenges. These challenges relate to collaboration, expanding influence to subtier suppliers, and improving transparency. For example, HP will need to join other companies, NGOs, and governments to end the human rights abuses of marginalized workers, particularly migrant and temporary workers, who are most vulnerable to exploitation by unscrupulous labor recruiters. The company will also have to move deeper into the supply chain globally, in the same way it has done through industry and multi-stakeholder initiatives related to "conflict minerals." Finally, HP will need to embrace a level of transparency in which stakeholders—workers, communities, suppliers, and investors—understand clearly that HP "knows" its human rights impacts and "shows" what it is doing to address them. I believe HP has the values, experience, commitment, and ability to collaborate with multiple stakeholders, which is essential to effective leadership.

As our relationships with suppliers develop, we work to instill good practices among lower-tier suppliers as well. HP has trained 155 second-tier suppliers through programs conducted jointly with our first-tier suppliers.

HP's 2012 capability-building initiatives

Student, dispatch, and foreign migrant labor rights protection

- **Migrant labor training**

  Audience: Management (85 managers from 37 suppliers)

  Location: Malaysia and Singapore

  Year program began: 2011

  Partner: Goodwill Network

  Program overview: HP's migrant labor training program delivers best-practice training to suppliers' senior managers. It addresses topics such as migrant labor management and the responsibilities of the labor agent and the hiring company throughout a migrant worker's employment. It also gives suppliers practical steps to incorporate HP EICC Code of Conduct requirements and human rights principles into the company's management system. HP developed the program in response to rising issues regarding the use and treatment of migrant workers in Southeast Asia.

  2012 update: In 2012, 52 managers from 37 first- and second-tier suppliers from Malaysia and Singapore participated.

- **Predeparture training**

  Audience: Facility and school trainers (180 trainers, reaching nearly 85,000 students)

  Location: China

  Year program began: 2011

  Partner: Labour Education and Service Network (LESN)

  Program overview: HP's predeparture training teaches facility and school trainers how to prepare interns for work life, including knowledge of labor rights and occupational health as well as how to adapt to city life. Each participant received a guide on how to deliver the training. Suppliers involved in the Dutch Sustainable Trade Initiative also attend the predeparture training. We developed the program in response to concerns raised by NGOs about suppliers in China recruiting labor from vocational schools under the pretense of internships to learn technical skills. Reports suggest these young workers are instead used as unskilled labor for manufacturing. In addition to our work to improve suppliers' understanding of HP's EICC Code of Conduct, we have implemented predeparture training for suppliers and schools to address the issue.

  2012 update: In 2012, we held a session in Jiangsu, China. Since 2011, we have reached nearly 85,000 graduates and interns through the program in the Chongqing, Guangzhou, Jiangsu, and Wuhan regions of China. As part of our efforts to support student workers, in 2013 we released supplier guidelines for the employment and treatment of these workers (see HP's student worker guidelines on page 80).

Case study

Chongqing region presents opportunities for supply chain SER in China

The Chongqing region in China is an important center of electronics manufacturing. Factories in the region typically do not use as many migrant workers as their counterparts in eastern China, and the region's growth presents a strong opportunity to build a manufacturing environment that improves conditions for workers.

To reduce SER risk and promote worker well-being and environmental protection, we prioritize four capability-building programs that target the most pressing issues in the region:

- HP health programs, including the Hepatitis B (HBV) antidiscrimination program
- Predeparture training for student workers
- EICC worker rights training
- Energy Efficiency Program (EEP)

We have engaged all our final assembly suppliers operating in the region on our capability-building programs and other educational opportunities and are supporting their efforts. For example, in 2012 HP's senior vice president of operations, Tony Prophet, participated in a supplier-hosted SER summit. Moreover, three suppliers participated in the EEP, EICC worker rights, and HBV antidiscrimination programs, reaching more than 450 managers and over 18,000 workers. We also partnered with LESN to deliver predeparture training to 135 participants. Finally, HP partnered with the Chongqing government to offer management and communications training to 220 supervisors in December 2012.

In 2013, we will organize an HP SER supplier summit in Chongqing and continue to target our capability-building programs toward helping resolve critical issues.

Industrial relations

- **IDH: The Sustainable Trade Initiative**

  Audience: Workers (nearly 20,000 workers at six supplier sites)

  Location: China

  Year program began: 2011

  Program overview: IDH is a multi-stakeholder initiative that aims to accelerate sustainable trade by building partnerships between leading multinationals, civil society organizations, governments, and other stakeholders. Five HP suppliers participate in the program.

  2012 update: In 2012, HP cofunded a new IDH program along with other electronics manufacturers that aims to improve the working conditions and environmental performance of electronics factories in China. The program identifies areas for improvement by assessing suppliers' operations. IDH then creates facility-specific programs to improve management systems and encourage better worker-management communication to address working conditions. IDH aims to reach 500,000 workers through the initiative.

- **Worker management communications**

  Audience: Management and workers (more than 23,000 management and workers from 17 facilities)

  Location: China

  Year program began: 2008

  Partners: Home for New Citizen (Chinese NGO), LESN

  Program overview: HP's worker management communications program helps workers better understand their labor rights and how they can raise grievances about their working environment. HP also provides training to workers' representative committees.

  2012 update: In 2012, HP expanded the program to Chongqing, China, an important new manufacturing area in the country. We reached four suppliers in the region, and in collaboration with our local NGO partners, we established a hotline that allows workers to raise grievances.

Supplier management systems

- **Health Enables Returns (HERproject)**

  Audience: Workers (443 managers and nearly 32,000 workers)

  Location: China, Malaysia, and Mexico

  Year program began: 2007

  Partners: BSR, FRHAM

  Program overview: HP's HERproject addresses the general and reproductive health needs of women working in manufacturing in a range of industries, including electronics. The HERproject delivers benefits for both workers and suppliers. It raises awareness among workers of AIDS and sexually transmitted disease prevention, birth control, and peer education on health issues. For suppliers, the program demonstrates the business benefits of encouraging worker health and development, including a more healthy and productive workforce.

  2012 update: In 2012, HP expanded the HERproject to Malaysia, working with FRHAM to reach nearly 2,000 female workers, including foreign workers from Indonesia. We also continued to run the program in China, where we worked with five supplier sites and reached more than 30,000 female workers. In 2013, we will continue to run the program in China and Malaysia, as well as expanding it to Thailand.

- **Hepatitis B (HBV) antidiscrimination program**

  Audience: Workers and management (34 supplier sites, 1,400 medical, safety, and managerial personnel, and nearly 160,000 workers)

  Location: China

  Year program began: 2009

  Partner: Inno Community Development Organization

  Program overview: HP's HBV antidiscrimination program raises awareness of HBV and attempts to eliminate discrimination against HBV-positive workers. Through the program, suppliers set up "Health Corners" where workers can learn about HBV and how it is prevented. HP considers HBV testing in the employee-hiring process to be a violation of the nondiscrimination provision of HP's EICC Code of Conduct.

  2012 update: In 2012, we continued to partner with the NGO Inno Community Development Organization to train nearly 1,400 medical staff and health and safety managers at supplier sites in Chongqing and Canton, China. This enabled them to reach nearly 160,000 workers since 2009 with subsequent training. The program also established free worker-health hotlines at supplier sites throughout the Chongqing region.

- **Gender Equity Model (Modelo de Equidad de Genero—MEG) Certification Program**

  Audience: Management (approximately 10 managers at five suppliers trained and certified)

  Location: Mexico

  Year program began: 2011

  Partner: Instituto Nacional de las Mujeres

  Program overview: HP's MEG program aims to encourage companies to adopt nondiscrimination policies and avoid harassment in the workplace by training and certifying suppliers on management systems related to gender equality and harassment . The program is led by the Instituto Nacional de las Mujeres in Mexico, a government institution.

- **Job-stress prevention**

  Audience: Management (17 managers from 16 facilities)

  Location: China

  Year program began: 2010

  Partner: Hong Kong Workers Health Centre

  Program overview: HP's job-stress prevention program encourages frontline workers to become involved in improving their own working conditions, a preventative measure aimed at reducing stress. Sessions on work-stress management inform workers about the Mental Health Action checklist, which contains guidelines for workers to help them maintain a healthy, reduced-stress working environment. Instructors include a well-known occupational health professional who previously served as the director of Working Conditions and Environment at the International Labour Organization.

  2012 update: In 2012, HP launched a one-year Participatory Occupational Health and Safety Improvement by Local Initiative pilot program with supplier I-Sheng to specifically address mental health and occupational health and safety. The program encouraged I-Sheng to establish its own management system to help workers identify mental health issues and other occupational health hazards. The program also helped I-Sheng to establish an occupational safety committee.

Measuring and mitigating greenhouse gas emission and water use impacts

- **Energy Efficiency Program (EEP)**

  Audience: Management (75 managers from 50 facilities)

  Location: China

  Year program began: 2010

  Partner: BSR

  Program overview: The EEP helps major suppliers conduct energy audits, develop energy improvement action plans, and share best practices that enable companies to reduce energy use, cut greenhouse gas emissions, and lower costs. To date, participating HP suppliers reported energy savings totaling 26.7 million kilowatt hours and avoided CO_2 equivalent emissions equal to the emissions from the electricity used in 2,820 average U.S. homes for a year, according to the U.S. Environmental Protection Agency's Greenhouse Gas Emissions equivalency calculator. See Environmental impacts on page 81 for more information.

  2012 update: In 2012, HP expanded our participation in the EEP in China through a low-carbon manufacturing capability building workshop co-organized with WWF-Hong Kong. We now have 47 suppliers and 50 sites across China taking part in the program, up from eight suppliers and 12 sites in 2011. We are extending the program's reach throughout 2013 to our second-tier suppliers, and to Malaysia and Thailand.

Conflict minerals

For more than a decade, the mining of minerals used to produce tantalum, tin, tungsten, and gold (3TG) in the Democratic Republic of Congo (DRC) has been linked to the funding of armed groups waging a civil war in the country. These metals are widely used in the components and assembly processes of electrical and electronic products and in many other industries. The possibility that HP products contain metals that fund armed conflict in the DRC is unacceptable to us, and we are taking a leading role to establish conflict-free sources in the DRC.

This issue has received attention as a result of campaigns by nongovernmental organizations and the inclusion of a conflict minerals section in the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act. We see a window of opportunity to capitalize on the current level of heightened concern and establish the governance framework needed to enable transparent, conflict-free mineral trade in the DRC. An unintended consequence of the Dodd-Frank Act is the risk of a widespread exodus of trade from the region, worsening the plight of the local population.

In August 2012, the Securities and Exchange Commission (SEC) adopted a rule implementing the Dodd-Frank Act requirement that companies publicly disclose the use of conflict minerals originating in the DRC or adjoining countries. Companies must file their first SEC disclosure reports by May 31, 2014, for the 2013 calendar year. The SEC Rule creates an administrative incentive to embargo sourcing from the DRC and adjoining countries, since doing so would be the simplest route to compliance. However, HP's long-held values, as well as the United Nations Human Rights Council's Guiding Principles for Business and Human Rights, compel us to direct our supply chain spend toward responsible sourcing while doing our best to minimize adverse impacts on the people of the DRC.

The deep-rooted problems in the DRC require coordinated action by the business, government, and NGO community. HP is focusing on achieving progress through multi-stakeholder forums that facilitate that type of collaborative approach. We not only offer our perspectives but also commit resources to education, administration, and the development of tools to validate mineral sources.

Approach

HP's campaign to eliminate conflict minerals while supporting the DRC has five dimensions:

1. Conducting due diligence on HP's supply chain
2. Supporting the development of an industry approach to due diligence
3. Advancing the Electronic Industry Citizenship Coalition (EICC) and Global e-Sustainability Initiative (GeSI) Conflict-Free Smelter (CFS) program
4. Supporting in-region mineral certification
5. Advocating policy supporting conflict-free mineral sources from the DRC

We were encouraged that our efforts garnered recognition by two NGOs active in the DRC and the conflict minerals sphere. In its report "Taking Conflict Out of Consumer Gadgets: Company Rankings on Conflict Minerals 2012," the Enough Project named HP as one of four companies that have been "pioneers of progress." HP also ranked second out of 24 consumer electronics companies assessed by the organization. In addition, we received a letter from Free the Slaves, an NGO dedicated to ending all modern forms of slavery, recognizing our work engaging the U.S. State Department to help resolve issues in the DRC.

Conducting due diligence on our supply chain

We scrutinize our supply chain for conflict minerals at two entry points: our first-tier suppliers and the smelters identified by those suppliers in HP's supply chain that process mineral ores into metals (see below).

During 2012, HP resurveyed its first-tier suppliers of components that may contain 3TG and communicated three fundamental expectations for remaining an HP supplier: providing information about the smelters they use, adopting a DRC conflict-free policy, and setting the same requirements for their suppliers. We engaged with 790 suppliers through January 31, 2013.

This year, for the first time, HP is publishing the identity of the 3TG smelters/refiners that we have confirmed to be in our supply chain. We believe there may be other smelters/refiners that are yet to be identified, and we plan to update this list in the future. View list.

Supporting the development of an industry approach to due diligence

HP supports a broad industry solution to the issue of conflict minerals in partnership with the trade organizations EICC and GeSI, which are jointly leading the information and communications technology sector initiative. During 2012, our work included:

- Development and promotion of a common approach to conducting due diligence (see page 19 of OECD Cycle 3 Report on 3TT)
- Revision of the EICC and GeSI Conflict Minerals Reporting Template, which is used to gather due diligence information from suppliers and share that information with customers
- Updating of the Dashboard tool that facilitates data analysis for the Reporting Template (see www.conflictfreesmelter.org)
- Creating YouTube videos explaining how to use the Template and Dashboard Conflict Minerals Reporting Template Instructions and EICC-GeSI MRPRO Dashboard Instruction
- Completing a one-year pilot project of the Organisation for Economic Co-operation and Development (OECD) due-diligence guidance on conflict minerals. We provided feedback to the OECD and supported steps to advise companies involved in the conflict minerals supply chain on how to follow the guidance

HP led a team that helped inform the hundreds of industry members of EICC and GeSI about the CFS program and supporting tools. HP drafted the training materials and delivered the training via webinars. The intent of these efforts was to encourage companies to adopt a standardized approach to improve information accuracy and reduce administrative duplication.

Advancing the Conflict-Free Smelter (CFS) program

HP is one of five company representatives on the Audit Review Committee of the EICC GeSI CFS program. The committee's role is to identify and validate smelters that process only conflict-free minerals. CFS auditors visit and audit smelters according to CFS-developed protocols for tantalum, tin, tungsten, and gold. The audit protocols have been shared with other industry sectors.

In support of this program, HP visited five smelters in 2012, bringing the total visited since 2010 to 16. The database of conflict-free smelters is maintained at www.conflictfree-smelter.org. To encourage smelters to participate in the CFS program, HP joined with two other organizations to establish a Conflict-Free Smelter Early Adopters Fund. The fund awards grants of up to $5,000 to certified smelters to offset part of their first successful audit.

Supporting in-region mineral certification

To establish a complete conflict-free supply chain, a mineral must be certified at the source and during the chain-of-custody process in the DRC. Creating a validated supply of minerals to smelters from the mines poses significant challenges. Since there is no way to distinguish minerals from different mines, a form of secure traceability at all stages from mine to smelter is needed.

HP is involved in three initiatives working to establish in-region certification: The Public-Private Alliance for Responsible Minerals Trade (PPA), Solutions for Hope, and the Conflict-Free Tin Initiative.

Public-Private Alliance for Responsible Minerals Trade

The Public-Private Alliance for Responsible Minerals Trade is a joint initiative between the following stakeholders:

- International Conference on the Great Lakes Region (ICGLR)
- NGOs

- Private sector companies
- Trade associations representing a range of industries
- U.S. government

HP was the first corporation to commit to joining the PPA, and an HP representative was elected to its Governance Committee. During 2012, the PPA established its governance structure and work plan and awarded funding to two organizations operating on the ground in the DRC:

- Partnership Africa Canada will receive nearly US$350,000 to develop a traceable, conflict-free mineral supply chain for artisanal gold from Orientale province.
- The National Center for the Support of Development and Community Participation will receive more than US$135,000 to support civil society's capacity to monitor transparency, implement an early-warning system, and build the accountability of the mining sector in South Kivu province.

Solutions for Hope

HP participates in Solutions for Hope, a project led by major capacitor manufacturer AVX Corporation, and visited the DRC operation in 2012. One of the prime uses of tantalum is in the manufacture of electrical capacitors. Solutions for Hope achieved the first validated source of conflict-free tantalum ore from the DRC through a "closed-pipe" supply chain that stretches from a mine free of conflict interference to a validated smelter.

Minerals from the Mai-Baridi and Luba mines located in the northern part of Katanga province were transported to the F&X Electro-Materials Limited smelter in Guangdong, China, which has been validated as a conflict-free smelter by the CFS program. F&X processed the material into tantalum powder and wire for AVX, which manufactures tantalum capacitors from the metal. HP has incorporated these components into selected products.

Conflict-Free Tin Initiative

Following Solutions for Hope's success with tantalum, HP joined the Conflict-Free Tin Initiative (CFTI) in October 2012.

CFTI has support from the government of the Netherlands, which is establishing a public-private partnership to produce tin ore (cassiterite) from the Kalimbi mine in South Kivu province of the DRC. The Tin Supply Chain Initiative (iTSCi) is responsible for ensuring traceability of the pilot project using the approach developed for tantalum.

The government of the DRC and local civil society are involved in the initiative, which is structured within the framework of the International Conference of the Great Lakes Region and will be consistent with the due diligence guidance of the Organisation for Economic Co-operation and Development.

Advocating policy supporting conflict-free minerals sources from the DRC

In addition to the operational work outlined above, HP advocates policies that will encourage conflict-free sources of 3TG from the DRC and is engaging widely with policy makers, regulators, NGOs, and other stakeholders with this objective. In 2012, our main advocacy and engagement activities were as follows:

- HP worked to influence the SEC's rule implementing the conflict minerals clauses of the Dodd-Frank Act. Our approach has been to facilitate discussion and consensus with a broad group of stakeholders through the Multi-Stakeholder Group (MSG). The MSG's prime aim is to avoid a widespread withdrawal of trade from the DRC following implementation of the SEC rule, which would adversely impact the people of the DRC. The MSG formally stated its support for the final version of the rule adopted by the SEC.
- HP is also seeking the support of the U.S. government to use diplomatic channels to encourage improved security and governance in the DRC. Working through the MSG Diplomatic Group, we helped facilitate an MSG letter to the U.S. Department of State. The MSG expressed the view that there is a window of opportunity for progress created by current heightened focus on the issue and that a coordinated diplomatic initiative by major donor countries to the DRC should be organized.

Next steps

During 2013, we will continue pursuing our campaign for conflict-free minerals through the initiatives outlined above. We hope to accelerate the rate of smelter validation so that an increasing range of conflict-free metals and components can be incorporated into HP products.

Supplier diversity

Register your interest in becoming a supplier to HP.

Diverse suppliers bring innovation to HP's supply chain, helping us gain a competitive advantage while supporting our global citizenship efforts. HP's Global Supplier Diversity program promotes an HP supply chain that is diverse, inclusive, and global and reflects the demographics of our customers and employees.

Supplier diversity is also mandatory for fulfilling contracts with many government agencies worldwide. Increasingly, large enterprise customers also require HP to demonstrate a commitment to supplier diversity.

Our approach

HP has maintained a Global Supplier Diversity Office for more than 40 years. Its mission is to generate revenue by enabling HP to fulfill contracts requiring a globally inclusive supply base. Our supplier diversity program gives diverse companies an equal opportunity to compete for HP business. These companies include:

- Aboriginal/indigenous businesses
- Lesbian, bisexual, gay, and transgender businesses
- Minority-owned businesses
- Service disabled veteran-owned businesses
- Small businesses
- Women-owned businesses
- Veteran-owned businesses

Global supplier diversity

In 2013, we will continue to expand our supplier diversity program beyond the United States and Canada into Asia, Australia, and Europe. We work with governments and diversity-focused organizations to establish regional definitions of diversity that reflect local society and culture.

We are members of over 20 supplier diversity organizations in Asia, Canada, Europe, and the United States. These include:

- The Canadian Aboriginal and Minority Supplier Council
- Minority Supplier Development UK
- Minority Supplier Development China
- National Minority Supplier Development Council (United States)
- National Gay and Lesbian Chamber of Commerce
- Supply Nation (Australia)
- Women's Business Enterprise National Council
- WEConnect International

In 2013, HP plans to tailor our supplier diversity program in Australia, Canada, China, India, the UK, and the United States to the needs and definitions of diverse suppliers in each of those countries.

Supplier development

We sponsor and support diverse supplier development programs, provide access to technology solutions, and offer educational scholarships. These help diverse suppliers offer enhanced delivery, quality, and service. Notable initiatives include:

United States

- **Diverse supplier development** A mentor program designed to foster long-term relationships between HP and select HP diverse suppliers.
- **United States Public Sector Mentor-Protégé Program** This Department of Defense program helps small diverse suppliers compete for prime contract and subcontract awards by partnering with large companies such as HP. Our diverse supplier protégés gain access to the skills and resources offered by HP's Global Procurement team.
- **Tuck Executive Minority Programs** HP sponsors diverse entrepreneurs to attend educational programs. These include:
  - Building a High-Performing Minority Business, which focuses on developing and implementing customer-focused strategic plans
  - Growing a Minority Business to Scale, which focuses on strategies for organic growth, mergers, acquisitions, and strategic alliances

Global

- **Diverse supplier events** HP cohosts events with local business councils worldwide. We also participate in regional and national events that introduce diverse suppliers to potential HP customers.
- **Donations** HP donates technology equipment to select diversity nonprofit organizations, based on an analysis of the organization's needs.

In 2012, HP procurement professionals participated in more than 55 diverse supplier events in Australia, Canada, China, the United Kingdom, and the United States.

In the United States and Canada these included:

- **Business matchmaking** In 2013, HP enters our tenth year as co-sponsor, collaborating with SCORE, a resource partner with the U.S. Small Business Administration, to sponsor the multicity Business Matchmaking program. This offers small businesses the chance to participate in governmental and major corporate procurement opportunities. These events have facilitated more than 88,000 seller-to-buyer meetings in the past decade.
- **HP Connect** These summits provide hundreds of prescreened small, minority, and women-owned businesses the chance to meet HP commodity managers and selected HP tier-one suppliers.
- **Strategic sourcing** HP global procurement staff and other business units took part in strategic sourcing roundtable discussions at the Canadian Aboriginal and Minority Supplier Council Procurement Fair. The organization's member suppliers met with HP staff to learn about potential procurement opportunities and to learn better how to do business with HP.

Globally, examples of our diverse supplier events included:

- **Negotiating skills** HP global procurement employees participated in a panel discussion to help suppliers prepare for corporate negotiations. The panel was facilitated by Minority Supplier Development UK (MSD UK), which connects large corporate organizations and ethnic minority businesses to help them build commercially beneficial relationships. HP has been a corporate member of MSD UK for many years.

- **Sustainability** HP's Global Supplier Diversity team took part in an event held at the US embassy in Beijing, China, which encouraged women-owned enterprises to embrace global citizenship. WEConnect International, a corporate-led nongovernmental organization that aims to empower and connect women business owners globally, cofacilitated the event. Its aim was to use global citizenship standards to encourage businesses to be more efficient and therefore more competitive suppliers to multinational companies.

Strategic supplier diversity spend reporting

We aim to do business with suppliers that use diverse suppliers in their own procurement. HP's Supplier Diversity spend reporting initiative expands our overall Supplier Diversity objectives by requesting that our most strategic suppliers utilize and report spend activity with small, minority, woman, veteran, and service disabled-veteran owned business enterprises (see right).

Strategic supplier diversity reporting initiative*

	2011	2012
Strategic supplier spend on small, minority, woman, veteran, and service disabled-veteran owned business enterprises** [$ million USD]	$318	$498

* Figures include production and nonproduction suppliers.

** HP considers suppliers strategic based on a number of areas relating to business, engagement, and other macroeconomic indicators. This list is updated annually and never includes more than 100 suppliers.

Progress in 2012

HP's spend with diverse suppliers*, **, ***

	2008	2009	2010	2011	2012
Small businesses [$ million USD]	$3,365	$3,691	$4,316	$4,400	$4,792
Minority-owned businesses [$ million USD]****			$827	$733	$989
Women-owned businesses [$ million USD]****			$861	$476	$547

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

** Data are for the 12-month period ending September 30, 2012, of the year noted.

*** Data beginning in 2009 include HP Enterprise Services (formerly EDS) spending. Data prior to 2009 do not.

**** Beginning in 2011, we did not include combined spend in the minority-owned businesses and women-owned businesses categories, which decreased the total spend compared with the prior year.

Related links

U.S. government websites:

- Small Business Administration

Business agencies:

- Business Matchmaking
- National Gay and Lesbian Chamber of Commerce
- National Minority Supplier Development Council
- WEConnect International
- Women's Business Enterprise National Council

Goals

Supply chain responsibility

2012 goals	Progress
Transparency	
Promote supplier SER ownership and transparency by engaging with suppliers representing 90% of final assembly spend to develop strategies and/or participate in training for publication of Global Reporting Initiative (GRI)–based annual corporate social responsibility (CSR) reports. (See Supplier list for information on which suppliers currently publish GRI-based reports.)	Achieved. Suppliers representing 85% of final assembly spend publish GRI-based CSR reports. In 2012, we engaged with the Electronic Industry Citizenship Coalition (EICC) to form a transparency task force to perform capability-building programs and to increase EICC membership requirements to require GRI-based reporting. Through this work we engaged more companies than we previously targeted, and the task force included one supplier that accounted for another 5% of spend.
Continue to promote supplier transparency in environmental performance and carbon emissions–reduction by collecting carbon emissions data from suppliers representing 95% of first-tier manufacturing, material, and component supplier spend.	Achieved.
Outreach	
Advance outreach efforts by formalizing our supply chain SER partnership with multi-stakeholder programs and/or governments in high-risk areas.	Achieved. In 2012, HP formalized our partnership with the Dutch government's IDH: The Sustainable Trade Initiative and cofunded the initiative's newest project to improve working conditions at supplier factories in China.
Promote worker rights awareness and grievance mechanisms in emerging supply chain regions.	Achieved. In 2012 we held the Migrant Labor Training and Worker Rights EICC Training, the latter including grievance mechanisms.
Performance management	
Extend the reach of our highest-priority supplier improvement programs by requiring 75% of high-risk production suppliers (by spend) with working-hours major nonconformances to report on key performance indicators.	Achieved. In 2012, 77% of high-risk production suppliers (by spend) with working-hours nonconformances reported on key performance indicators.
Expand our audit program by increasing the number of supplier audits by 40% from 2011 levels and reaching 850 cumulative audits.	Achieved. We have conducted a cumulative total of 893 audits since 2004. In 2012, we performed 53% more audits than in 2011.
Expand the scope of our nonproduction audit program by performing audits in new geographic regions.	Achieved. In 2012, we audited nonproduction suppliers in Brazil, the Philippines, Poland, and Turkey.
Standardize auditor capabilities by ensuring 100% of HP lead auditors are trained in the EICC-Global e-Sustainability Initiative (GeSI) Labor and Ethics Lead Auditor course and pursue certification of all HP lead auditors to the International Register of Certified Auditors (IRCA) EICC-GeSI Auditor Certification.	Achieved. All of HP's lead auditors are trained in the EICC-GeSI Labor and Ethics Lead Auditor course. We are pursuing certification of all HP lead auditors to the IRCA EICC-GeSI Auditor Certification.
Promote conformance to SER standards further down in the supply chain by validating that 75% of high-risk production suppliers (by spend) have SER programs in place with their suppliers.	Achieved. More than 75% of high-risk production suppliers (by spend) have SER programs in place with their suppliers.
Facilitate supplier environmental performance improvements by tripling the number of HP supplier sites participating in the Energy Efficiency Program (formerly Energy Efficiency Partnership Program) compared with 2011 and sharing energy-saving best practices developed through the program to date.	Achieved. In 2012, 50 supplier sites participated in the program (compared with 12 supplier sites in 2011).

2013 goals
Increased supplier ownership and management system discipline
Increase proportion of independent supplier audits to 40% in 2013.
Implement a five-tier SER rating system with each of HP's top five commodity supplier types.
Tackling new and persistent issues
Expand and increase frequency of working hours key performance indicator tracking.
Train 90% of HP final assembly suppliers in China on HP's Student & Dispatch Worker Guidelines.
Expand programs to enhance health and safety awareness and capability with suppliers in Brazil, Southeast Asia, and China.
Implement environmental improvement programs at high-risk top-tier component manufacturing and final assembly suppliers located in water-stressed regions.
Expand the Energy Efficiency Program to Southeast Asia, including subtier suppliers.
Achieve a rate of 65% of first-tier strategic* nonproduction suppliers reporting on GHG emissions.

*HP considers suppliers strategic based on a number of areas relating to business, engagement, and other macroeconomic indicators. This list is updated annually and never includes more than 100 suppliers.

Supplier diversity goals

2012 goal	Progress
Increase the number of suppliers reporting strategic supplier diverse spending and the total amount of spend.	Achieved. In 2012, HP's strategic suppliers spent $498 million on small, minority, woman, veteran, and service disabled-veteran owned business enterprises, representing an increase of 56% from 2011.

2013 goals
Tailor our supplier diversity program in Australia, Canada, China, India, the UK, and the United States to the needs and definitions of diverse suppliers in each of those countries.
Increase the total amount of strategic supplier diverse spend reported up to 10%.
Report HP's supplier diversity spend for Canada and the UK.

Privacy

People rely on information technology (IT) to manage many aspects of their daily lives. When they use IT, they expect their privacy and personal information to be protected. HP takes this responsibility to our customers very seriously. In the age of the Internet, protecting privacy can be a challenge. The ubiquitous use of personal information makes products and services more personalized, convenient, efficient, and widely available. However, it also makes personal information vulnerable to misuse.

Many privacy laws were created before the widespread use of the Internet, and regulators are struggling to keep pace with emerging technologies. HP is closely involved with governments and regulators worldwide to shape new privacy policies and frameworks. We support global interoperability between regional frameworks, such as European Binding Corporate Rules (BCR) and APEC Cross-Border Privacy Rules (CBPR), and encourage collaboration between nations and regions to promote relevant, well-defined, and principles-based approaches.

>99%

of permanent employees completed privacy training

HP led a consortium that was awarded European Community funding for research on accountability models for cloud services

HP served as a Trusted Advisor to the European Commission and data protection regulators to influence the development of new privacy legislation

HP strives to be the benchmark of trusted companies for balancing robust use of information while protecting the legitimate rights and interests of data subjects. We use accountability and social responsibility as the framework for addressing new challenges to privacy and we embed this concept in our processes, products, and services. This approach, supported by training and auditing, ensures compliance with our privacy policies and commitments. As a pioneer of the accountability methodology, we continually anticipate and adjust to regulatory changes, new technologies and business models, and emerging consumer expectations.

Approach

HP's privacy strategy is based on providing transparency and choice to our customers. We create a chain of accountability for data privacy and security throughout our business and apply Privacy by Design in the product development process.

The HP Privacy Accountability Framework (see below) represents our comprehensive approach to helping employees assess and manage the risks associated with collecting and handling personal data. This helps us meet customer expectations and ensures transparency in our practices. The framework goes beyond legal requirements and also takes into account our company values, ethical considerations, contractual agreements, and local cultures. HP continues to pioneer and advocate accountability in new regulatory models worldwide to address new challenges.

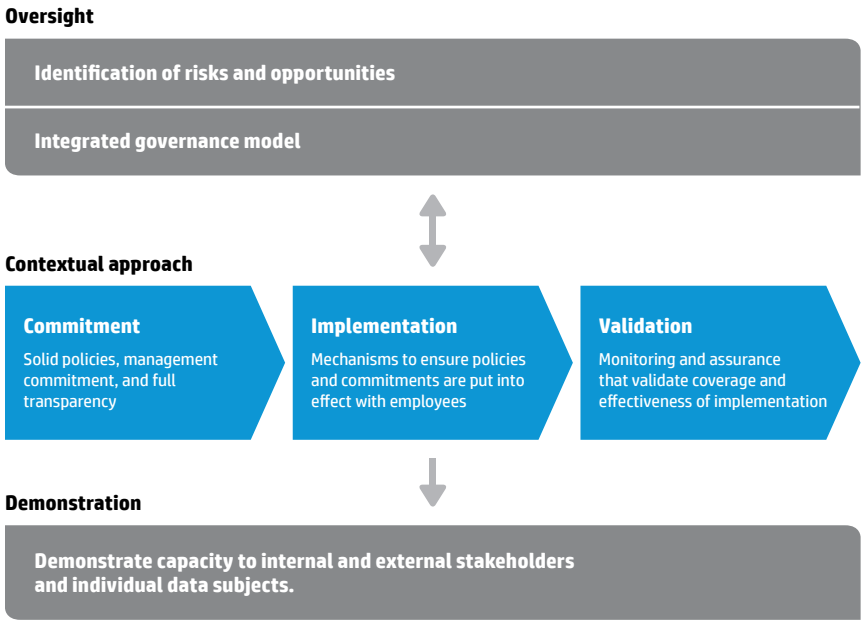
HP teams work together to implement and monitor our privacy program. In 2012, more than 99% of permanent employees completed privacy training as part of our required Standards of Business Conduct course, which now includes an HP Privacy Advisor module. Employees in functions that routinely handle personal information, such as human resources, marketing, and client services, receive additional privacy training specific to their role.

Since 2008, our Privacy Office has worked with international regulators and industry groups through the Centre for Information Policy Leadership on a multiyear project to define what it means for a company to be accountable for its privacy practices.

The first three phases of this work identified the essential elements of accountability, defined ways to measure accountability, and developed the governance model that companies should adopt to implement accountability in the marketplace. In 2012, the fourth phase, sponsored by the EU Data Protection Supervisor's Office, focused on the specific components of a comprehensive program that companies need to establish and how to demonstrate the capacity of that program to external parties. This work continues with a focus on accountability as a foundation for global interoperability.

For more information about our commitment to privacy, read the HP Global Master Privacy Policy.

HP Privacy Accountability Framework



Daniel Pradelles
HP employee since 1979

With the advent of technologies such as cloud computing, social media, e-commerce, cookies, and smart mobile devices, issues surrounding privacy and data protection matter now more than ever. HP's rigorous data privacy programs and practices are evidenced by, among other recognition, the acceptance of its Binding Corporate Rules by the European Data Protection Authorities.

The motivating factor in these efforts, says Daniel Pradelles, HP's privacy officer for Europe, Middle East, and Africa (EMEA), is trust. "Today, with the close relationship between the individual and the Internet, it is very important that we keep the trust of the data subject, or individual citizen, and ensure that his or her data are handled in the right way."

This requires not only complying with an evolving set of laws but also continuing to meet heightened user expectations in this area. Daniel works to ensure that HP does both through the company's accountability approach to privacy.

"We advocate that companies should act in a responsible way, often exceeding minimum legal requirements, and also account for a range of other important factors. HP is one of few companies seen as a thought leader in regards to safeguarding privacy," he says.

In addition to working internally, Daniel also helps HP have a broad impact on the global privacy agenda, with regulators and the industry, in the EMEA region and worldwide. He meets regularly with European Union privacy officials to build partnerships and shape best practices. Europe has some of the most stringent privacy protection regulations globally, with privacy codified as a fundamental human right in the EU charter.

Daniel also coordinates with his privacy officer counterparts in the Americas and Asia Pacific and Japan regions on efforts to bridge differences in privacy laws and regulations across borders. This is essential to implementing global interoperability, a framework to responsibly manage worldwide flows of data.

Daniel believes that the importance of privacy to HP and its customers will only continue to grow. "In terms of global citizenship, respect for individual privacy is essential," he says. "And as technology becomes even more widespread, data protection will increasingly become a critical business requirement, which is why staying ahead gives us a competitive advantage."

Privacy and Data Protection Board

The HP Privacy and Data Protection Board (PDPB) is responsible for privacy oversight and risk management at HP and is part of our overarching Ethics and Compliance governance structure. The board, which meets quarterly, comprises executives from business units and functions throughout the company.

The PDPB assesses privacy risks facing HP each year, and identifies appropriate ways to mitigate these risks. In 2012, the PDPB identified numerous risks, including cloud computing, outsourcing, and data destruction. We rigorously address issues and mitigate risks through company-wide projects with specific programs to increase interactions between internal stakeholders.

Monitoring compliance

HP monitors compliance with privacy policies through an internal privacy audit and assurance program. We also monitor compliance through third-party certifications, dispute-resolution mechanisms (for example, TRUSTe and the Better Business Bureau), and robust monitoring of customer and employee feedback.

Our Privacy Assurance program assesses internal compliance with our privacy policies and standards, and tracks and mitigates risks and potential noncompliance. The program covers all business units and functions that collect, use, access, or store personal information. Following a compliance audit, we develop detailed remediation plans where necessary.

All suppliers and third-party vendors who handle HP customer and employee data are contractually bound to comply with terms to ensure the proper handling and security of personal data. HP Enterprise Services is responsible for handling clients' personal data and defines our privacy and security commitments in our client contracts.

Employees and customers can contact our Privacy Office in more than 30 languages with queries, concerns, or comments. We follow detailed protocols to ensure we handle inquiries and requests appropriately and promptly. In 2012, the Privacy Office handled more than 70,000 inquiries.

Privacy in products and services

We use a variety of tools and resources to help ensure that our products and services meet the highest privacy standards.

Privacy by Design

We integrate privacy and data protection into our new products and services through a practice known as Privacy by Design. Privacy by Design embeds company-wide standards in the product development process to ensure consistency and compliance across our portfolio.

HP Privacy Advisor

The HP Privacy Advisor tool is an answer-driven dynamic questionnaire that helps employees apply our privacy standards by guiding them through a privacy impact assessment and risk-management process. Our business groups use the HP Privacy Advisor tool and consult with the Privacy Office to assess new and existing products and services in development for compliance with privacy standards.

HP Labs

Scientists at HP Labs continue to work with our Privacy Office and external partners to develop new ways to protect privacy, with a focus on data stored in the cloud.

HP Labs is leading a consortium of 13 organizations, including Cloud Security Alliance, SAP, and top universities in Europe, in the A4 Cloud research project that launched in October 2012 following the award of European Community funding. The research project is exploring the development of accountability models for cloud services. These are intended to help users hold cloud service providers accountable for processing their data in the cloud and to help those service providers provide better privacy protection and demonstrate compliance in a global environment. In addition, HP Labs is working with Cloud Security Alliance to promote guidelines, research, and education related to enhancing security in the cloud.

Streamlining global regulations

New policy frameworks worldwide are increasing expectations for privacy and shifting organizations' legal responsibilities away from basic liability. Businesses must now demonstrate that they have comprehensive programs and the capacity to protect privacy and effectively manage risks. HP works closely with regulators, industry, and consumer advocates to contribute to the development of such frameworks, which are based on accountable and responsible global practices in the form of coregulations, such as Binding Corporate Rules (BCR) and Cross-Border Privacy Rules (CBPR).

Although some variation in laws by country is inevitable, it is possible to achieve global practices that create a more consistent, reliable, and transparent set of guidelines. Global coregulations work toward greater global interoperability and provide increased transparency for consumers. Though the specific requirements of each framework differ by geography, all are based on recognized standards such as the Organisation for Economic Co-operation and Development privacy principles.

European Union

HP is one of the few U.S. companies that have been granted approval for BCR for Controllers. This approval is granted by European data protection authorities and allows multinational companies to demonstrate that they have adequate programs and processes to uphold the requirements of European data protection law when transferring data between group companies located in different countries. BCR removes the administrative burden of alternative methods of compliance for international data transfers. HP aims to be one of the first companies to apply for BCR for Processors, ensuring confidence for our customers as we assist them in transferring their personal customer data to group companies outside of Europe. This will be of particular benefit to our cloud service customers.

We continue to share our business insight as a Trusted Advisor to the European Commission and data protection regulators as the region revises its data protection legislation. In 2012, we provided a detailed response to the

Dr. Larry Ponemon
Ponemon Institute

For nearly a decade, Ponemon Institute research has shown HP to be one of the most trusted companies throughout the world for privacy and the protection of personal information. Maintaining a high level of trust among consumers, business customers, and other stakeholders is a daunting task, especially in today's digitally connected world. Further, striking a balance between good privacy practices and the growing demand for more and better data about consumers and customers is very difficult to achieve. Finally, HP's truly global footprint requires it to comply with a proverbial "patchwork quilt" of privacy and data protection regulations that appear to be in a state of rapid change in all major regions of the world.

I believe HP has the ability to confront and withstand challenges that would otherwise diminish its privacy commitments to consumers, customers, and other stakeholders. What impresses me the most about HP's privacy program is its exceptional team of privacy experts and strong, positive leadership by the company's chief privacy officer. I'm impressed with HP's ability to integrate good privacy and data protection practices into its core business processes throughout the world. I'm also impressed with HP's ability to align privacy program objectives with the company's core values and strategy. In short, when it comes to honoring its privacy commitments, HP is one of the few companies that walks the walk.

Despite the many accomplishment made by HP's privacy team to date, it is clear that technology changes—such as the rise of smart devices, cloud computing, virtualization, social media, and big data—can potentially impact the company's positive privacy culture. It may be helpful for the company to establish an external advisory counsel to help the privacy program navigate through potential technological changes that might impact privacy and the stewardship of personal information. Members of the advisory counsel should represent a cross-section of leaders from the privacy community, information security experts, and technologists. Another optional suggestion would be for HP to conduct and publish an independent audit of its privacy program and related commitments to stakeholders.

EU's public consultation on the proposed data protection regulation and consulted with key stakeholders, emphasizing the need to develop law that promotes innovation, protects consumer rights, streamlines data protection rules, and builds trust in the cloud.

Asia Pacific

The privacy environment in Asia Pacific continues to evolve as more countries adopt data privacy regulations or update existing legislation to meet current demands and trends. HP works with governments to help shape regulations, such as:

- Engaging with the Ministry of Information, Communications and the Arts in Singapore on new data privacy and Do Not Call Register legislation
- Providing feedback to the Australian Attorney General's Department on proposed mandatory data breach notification regulations
- Providing insight on the introduction of a data user registration and classification system by the Department of Personal Data Protection in Malaysia

The Asia-Pacific Economic Cooperation (APEC) ministers of trade endorsed the implementation of the APEC Cross-Border Privacy Rules (CBPR) to reduce barriers to information flows, enhance consumer privacy, and promote interoperability across regional data privacy regimes. In 2012, the United States was approved as the first APEC member economy in the CBPR system, and HP remains actively involved with the framework's implementation. HP is committed to being one of the first companies certified in the CBPR system, when it becomes available.

Latin America

We have provided guidance to several Latin American countries as they introduce new privacy regulations. For example, HP worked with the Ministry of Commerce and business groups in Colombia to enact a new privacy law in 2012. Specifically, we contributed to the development of secondary regulations and provided industry comments. This will be the first of a new generation of laws to integrate traditional concepts of privacy with innovative policy approaches such as binding coregulatory corporate rules. HP provided similar consultation to the legislative process in Mexico, where new legislation came into effect in 2011.

Goals

2012 goals	Progress
Continue to participate in key privacy initiatives to expand external thought leadership and drive next-generation policies and practices, working with regulators, nongovernmental organizations, and industry. Our aim is to advance new concepts of accountability and to further develop meaningful choice and protection for consumers that also allows companies to innovate.	We participated in the following global initiatives: • European Binding Corporate Rules (BCR) for Processors • U.S. Multi-Stakeholder process, which develops codes of conduct that relate to the principles in the Consumer Privacy Bill of Rights • World Economic Forum "Rethinking Personal Data: Strengthening Trust" working group • European Commission consultation on draft regulation • Accountability project, which in 2012—sponsored by the EU Data Protection Supervisor's Office—focused on the specific components of a comprehensive privacy program that a company should establish
Participate in the international implementation of the Asia-Pacific Economic Cooperation (APEC) Cross-Border Privacy Rules (CBPR).	We continue to participate in the implementation of APEC CBPR. CBPR were endorsed, and two APEC member nations have applied for certification.
Integrate current HP Records Management team into the HP Privacy Office to create a Privacy and Information Management organization.	We have integrated our teams to create a new Privacy and Information Management organization.
2013 goals	
Maintain HP's position as the most trusted private sector advisor to regulators by upholding an industry-leading privacy program that anticipates trends such as big data, cloud computing, Internet of Things, and evolving consumer marketing methods.	
Certify HP in the new APEC CBPR system.	
Continue to advocate for accountability and global interoperability by providing industry input on the mapping of the two coregulatory systems of the Article 29 Working Group (EU Binding Corporate Rules) and APEC Privacy Subgroup (APEC CBPR).	
Provide industry input to the draft EU Privacy Regulation to ensure a balanced approach that promotes privacy as a fundamental right and protects HP's current and planned business interests.	
Support the development of BCR and CBPR for Processors by EU and APEC regulators by participating in the first trial of the new programs.	

HP people

HP's people are integral to our success. We hire, develop, and retain employees who make our business thrive, now and in the future. We offer supportive, motivating workplaces where everyone can flourish. Our culture is based on listening, sharing, inspiring, helping, and learning, and we regularly seek feedback on how we can perform better.

Our global workforce of approximately 331,800 employees worldwide[1] responds to the rapid pace of change in our industry and anticipates future business needs. We support their careers and development wherever we operate. Investing in people benefits our business, customers, shareholders, local communities, and society at-large. We aim to continually improve our people's experience of working at HP, as illustrated by examples throughout this section.

10,000

employees took part in leadership training sessions

40%

increase in participation in our mentoring programs

[1] As of October 31, 2012.

Employment policies

Our global employment policies reflect our commitment to treat all employees fairly and to promote a culture of integrity and ethical decision making everywhere we operate. Our policies often set a more demanding standard than local laws or customs require.

Our Standards of Business Conduct set out the fundamental principles that govern our ethical and legal obligations.

Our Best Work Environment Policy defines the standards of personal conduct that we expect employees to meet to contribute to a positive, productive work environment.

Our Nondiscrimination Policy outlines how we aim to maintain a work environment free from discrimination.

Our Harassment-Free Work Environment Policy describes how we strive to achieve an environment where customers, employees, suppliers, business partners, visitors, and shareowners are treated with dignity, respect, and courtesy.

Our Global Citizenship Policy focuses on social and environmental areas that have been identified as priorities for our industry and broadly defines how HP integrates global citizenship into our operations.

Our Open Door Policy reflects our commitment to open communications and a workplace where each person's voice is heard.

Our Global Human Rights Policy commits us to fair treatment of all employees wherever we operate, and to promote human rights throughout our business.

We provide employees with the ability to report policy violations anonymously, and we fully investigate all issues raised.

See a full list of policies related to global citizenship at HP in Policies and standards on page 25.

Engaging our people

An engaged workforce strengthens company performance. Employees who are invested in HP's success perform well, promote our brand, and stay with the company. They also build quality relationships with our customers, communities, and other stakeholders. We promote engagement through several key programs.

Forums and networks

Our employees often work across time zones and continents, so virtual collaboration is essential.

Our people exchange ideas and views and collaborate through online and in-person forums, as well as Employee Resource Groups (ERGs). The first ERG was formed more than 30 years ago, and HP now has more than 120 across 30 countries. One of the largest ERGs, the HP Sustainability Network, helps employees learn about and share environmental practices that can benefit our employees, the company, and the planet. It has 36 chapters worldwide with thousands of members.

Social media plays an increasingly important role in engaging our people. In 2012, we launched OneHP, a social network that allows employees to post their profiles and share their projects, interests, skills, and expertise with other staff members. Through OneHP, employees can also connect with like-minded colleagues and seek help with problem-solving or finding experts in specific fields.

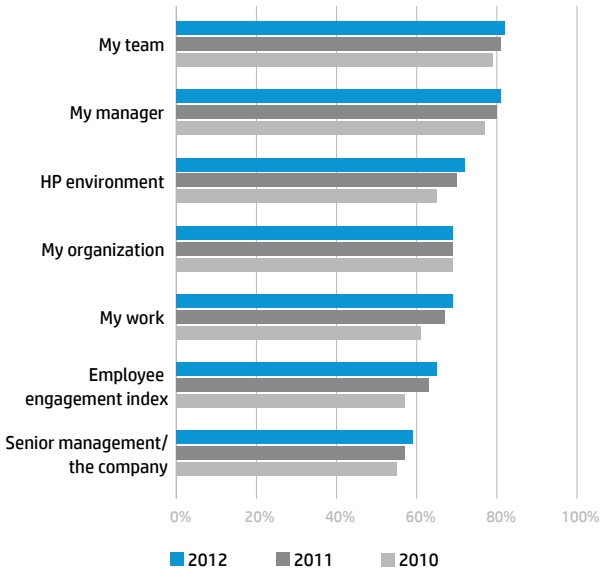
Many employees also use WaterCooler, another internal business social network, to stay connected and expand their contacts. The HP Connections network additionally supports conversations about products and sales-related topics.

Employee feedback

HP gathers employee feedback through formal and informal channels. One of the most important is the annual Voice of the Workforce (VoW) global survey. In 2012, 79% of all employees took part in this confidential survey, available online in 28 languages—compared with 78% in 2011.

Of the 45 items covered by the 2012 survey, 43 had scores that either improved or stayed the same. Areas of strength included employee engagement, teamwork, the relationship between employees and their immediate managers, and integrity and ethical practices.

Voice of the Workforce 2010-2012 category scores
[% favorable]



HP managers use VoW survey results to better understand employees' perceptions of their experiences at work and to identify areas for improvement. We also use the findings to help measure the impact of employee-related programs and assess how to improve them.

After the VoW survey each year, leaders across the company work to address the issues highlighted. Follow-up actions are implemented HP-wide at the business unit level and within business groups. As of 2012, these improvements have concentrated on four key areas: pride in HP, work environment, recognition and rewards, and growth and development.

In addition to the VoW survey, HP regularly carries out targeted surveys to seek employee feedback on specific programs or issues. For example, the staffing organization routinely asks employees recruited into new roles about the quality and effectiveness of the recruiting and onboarding process.

Open dialogue with leadership

Employees can ask questions of HP leaders and review answers to common queries through the HP intranet Top of Mind feature, as well as in all-employee meetings. Topics addressed in Top of Mind relate to HP's business and strategy. Employees can pose questions using an online form or by video submission.

Most leaders also stage town hall meetings or coffee talks to share information and respond directly to employee questions, and on the intranet our "CEO Perspective" feature helps top executives frequently communicate with the company and receive feedback.

Employee volunteerism and giving

HP employees contribute their time, skills, and expertise to their communities while also supporting our global social innovation programs. Many employees make financial contributions to support their local communities and assist in disaster relief. For more information, see Community engagement on page 125.

Retiree engagement

Our approximately 85,000 retirees are important ambassadors for HP. We stay connected with them through communications, social networking, and the HP retiree website. In addition, HP plays an active role in the HP Retiree Advisory Board and contributes content to local retiree clubs worldwide.

As part of the 2012 U.S. enhanced early retirement program, we recognized the significant contributions of our longer-service employees through retirement celebrations at 61 sites, attended by around 17,500 retirees, colleagues, and guests. The celebrations were an opportunity for HP management and employees to thank retirees for their dedication and commitment and to let them know that we look forward to their continued involvement in the broader HP community.

Taking our children to work

One effective way of engaging our employees is by encouraging them to bring their children on a visit to HP. As part of our "Take our children to work" initiative, in 2012 and the beginning of fiscal year 2013 more than 12,000 children 8–15 years old visited HP workplaces with their parents at 96 sites across 36 countries. These events enhance employees' pride in HP, introduce children to the world of work and HP's technologies, and encourage them to think about future work options—possibly even with HP.

Building careers

HP has a long-standing commitment to recruit, develop, and retain the most skilled employees in our industry. To foster the best talent, we provide extensive opportunities for continual learning and growth.

Recruiting talent

We focus on developing and promoting talent from within before considering external applicants. When recruiting externally, we emphasize university hiring at intern, undergraduate, and graduate levels. Our businesses set targets for hiring interns and graduates from a wide

range of backgrounds. We conduct outreach and engage job candidates in digital forums, including TalentBrew, Twitter, LinkedIn, and Facebook. Once at HP, recruits receive extensive training about our company and its operations. In addition, they are mentored and coached by managers and senior leaders.

Learning and development

HP offers all employees the opportunities and resources to excel in their jobs and prepare for new challenges. Our global presence and networked workforce allows employees to learn from each other in many different ways and across a wide spectrum of specialties. We provide development opportunities through face-to-face training, live virtual training, and self-directed online courses. The vast majority of our training courses (97%) are delivered in virtual sessions or self-paced online modules. These can reach more employees and allow flexible access for people to learn anywhere and anytime. We offer more than 10,000 courses, and employees completed 6.9 million training hours in 2012.

In 2012, we focused our learning and development training as follows (covering 2.6 million enrollments across all delivery types):

- Business and functions: 36%
- Technical: 31%
- Sales: 24%
- Professional skills: 5%
- Leadership: 2%
- Onboarding: 2%

Employees also attend conferences, seminars, and trainings at accredited institutions, often receiving technical certifications.

We continually assess how we can raise awareness of, and increase access to, the most relevant learning and development opportunities. Between 2009 and 2012, the percentage of respondents to our Voice of the Workforce (VoW) survey who replied that the learning opportunities they need are available to them increased by 12 percentage points.

Learning communities

Employees may opt to join more than 30 learning and professional communities at HP to meet and interact with colleagues. Using virtual platforms, they can participate in trainings, share experiences, and gain access to tools, presentations, podcasts, and videos. Topics range from global sales development to technical career paths. Virtual programs simulate HP sites around the world so that new hires can visit them without having to travel.

Mentoring

Among the best professional development resources available to HP employees are the skills and expertise of their coworkers.

HP encourages this type of support through the Mentoring @ hp intranet site, which includes a directory of mentoring programs as well as advice and resources, both for mentors and for those seeking a mentor. In 2012, participation in our mentoring program increased by about 40% from 2011, to more than 6,300 people.

Enabling a high-performance culture

Sustaining a high-performance culture is a critical component in HP's success. In 2012, we made it a priority to help managers provide employees with rich feedback through robust and engaging conversations about their performance and careers—and it made a difference. Close to 87% of our employees had performance and career conversations in 2012, compared to 79% in 2011.

These conversations facilitate internal movement and promotion, helping employees fulfill their long-term career goals. In 2012, our VoW survey showed that 62% of employees felt they could meet their career goals at HP—a slight increase from 2011 and a 10% improvement since 2009.

Having these types of conversations with our employees not only helps sustain our high-performance culture, it also increases employee satisfaction, retention, and productivity.

Leadership development

Every HP employee leads, influences, and drives business results, regardless of his or her job description. Leaders of all types perform in various roles.

The HP Leader Attributes underpin our approach to leadership development. We redefined the attributes, which outline expectations for every HP employee, in 2012 for implementation in 2013. Employees can self-assess against these attributes, discussing areas of strength and opportunities for improvement with leaders at any time.

HP's Global Talent and Succession team promotes leadership development across the company for people at all levels—from employees with leadership potential to vice presidents. In 2012, the team conducted a company-wide review of leadership training to identify opportunities for improvement. Based on the results of this review, we have begun to build a new leadership curriculum that will be rolled out during 2013. We have already implemented some changes, such as our new Align program, which accelerates development of HP's high-potential directors.

During the year, nearly 10,000 HP employees participated in leadership training sessions. The majority were locally delivered, face-to-face sessions that encouraged people to network and share their experiences.

In the second quarter of 2012, we introduced a two-day Management Excellence course aimed at supervisors through experienced managers. By the end of the year,

4,500 people had completed the course at more than 180 locally delivered sessions across all HP business units. Participants scored the course 4.5 out of 5.0 on average for satisfaction, quality, and relevance.

Our Leadership Development Central portal gives all employees access to material on leadership, and it attracted nearly 60,000 page views in 2012. We also gave HP employees the chance to use a new Leadership Learning in a Box training package, which contains 11 modules in an easy-to-use kit format for team or individual development. The package was used more than 9,000 times during the year.

Other programs offered in 2012 included:

- Five "Leading Ideas" live webcasts with senior executives, who offered candid insights and personal stories about their experiences of leadership and lessons learned
- "Leaders teaching leaders" programs used by around 400 HP leaders
- Training in management skills, through programs such as Managing @ hp, New Manager Excellence, Experienced Manager Excellence, and Excellence in Interviewing, which reached a combined 5,500 people in 2012
- Key Talent programs for our high-potential vice presidents, directors, managers, and supervisors, reaching more than 700 participants

HP Advisors

Working through the Schwab Foundation for Social Entrepreneurship and Global Health Corps, HP supports nongovernmental organizations that have demonstrated the ability to drive social change but require access to professional business skills to reach their goals, by pairing seasoned HP professionals with social entrepreneurs. Learn more in Social innovation on page 120.

Workforce restructuring

We support employees when business decisions such as restructuring and realignment affect their positions by allowing managers to match the competencies and skills of eligible employees with current job openings. Reassigning eligible employees to open positions within the company helps us retain internal talent and gives employees the opportunity to apply their skills to other HP jobs.

In 2012, we redesigned our U.S. Workforce Reduction program to include a preferential rehiring period for U.S. employees affected by workforce reduction. Eligible employees can continue to apply and be considered for internal HP positions during this designated period.

Diversity and inclusion

A workforce that includes men and women from different nations, cultures, ethnic groups, generations, and backgrounds, with a wide range of skills and abilities, helps us understand and reflect our customers' values and demographics. A diverse and inclusive workforce is also vital to attracting and retaining the best employees, and it helps drive creativity and innovation.

HP's diversity and inclusion policies and practices help foster a positive work environment. We expect and require every employee to treat others with dignity, respect, and courtesy. We do not, under any circumstances, tolerate discrimination or harassment. We comply with diversity laws as basic minimum requirements, and our policies often set a higher standard than is legally required.

We encourage employees to report suspected discrimination or harassment by contacting local human resources departments or using our confidential and anonymous 24-hour GuideLine. In Canada and the United States, the GuideLine number is 1-800-424-2965. For employees outside of those countries, we publish numbers on our intranet.

Our chief diversity officer is responsible for compliance with these policies. Our vice president and chief ethics and compliance officer is responsible for the GuideLine.

Working with diversity organizations

HP has developed partnerships with organizations whose missions align with our strategy of developing a diverse workforce and creating an inclusive work environment.

HP sponsors Catalyst, a leading nonprofit organization that works with businesses to build inclusive workplaces and expand opportunities for women. We use Catalyst's global database of research to inform and support our diversity and inclusion efforts. We also participate in Catalyst's annual awards dinner and attend many local events.

Since 2008, HP has supported the Anita Borg Institute for Women and Technology, a nonprofit organization that seeks to increase the global impact of women on all aspects of technology. HP provides office space for the institute's staff at our Palo Alto, California, facility, and we sponsor and participate in the organization's events. HP uses the institute's research, recommendations, and programs to provide support to women in HP's Technical Career Path program.

HP has sponsored Out & Equal Workplace Advocates' Workplace Summit for more than 10 years. Out & Equal is a nonprofit organization dedicated to achieving workplace equality for LGBT people. At the summit, HP employees present workshops, demonstrate HP products, and talk about job opportunities at HP. The Human Rights Campaign, a U.S.-based LGBT civil rights organization, included HP on its 2012 list of best places to work.

A few of our many partners in our diversity and inclusion efforts include GettingHired, Leadership Education for Asian Pacifics, the National Action Council for Minorities in Engineering, the National Society of Black Engineers, Professional BusinessWomen of California, Simmons Leadership Conference, and the Society of Hispanic Professional Engineers.

Building cultural competence

With approximately 331,800 employees worldwide,[2] we are truly a global organization. As such, our employees' ability to interact effectively with people of different cultures is essential to our success. To boost cultural competency, we have created CQ, a training program designed to increase our employees' "cultural intelligence quotient." We successfully piloted the program in 2012 and will launch it worldwide in 2013.

Progress in 2012

We are committed to building an inclusive workplace where all employees can contribute and succeed. In 2012, for example, we:

- Piloted "cultural competence" educational sessions for employees that focus on how to interact effectively with people from different cultures
- Hosted International Women's Day 2012, engaging more than 2,500 employees in 24 countries to support the success of HP women
- Gave financial and practical help to allow employees in four countries to take part in a series of PrideFest events that celebrate the lesbian, gay, bisexual, and transgender (LGBT) community
- Delivered more than 200 events related to diversity topics through our Employee Resource Groups—which bring together people with common interests and backgrounds
- Sponsored the Anita Borg Institute for Women and Technology's annual Grace Hopper Celebration of Women in Computing conference in India

We track gender diversity globally and ethnic diversity in our U.S. workforce. The charts below detail our performance over the past five years.

In 2012, 23.5% of our top U.S. executives (director level and above) were women, down slightly from 23.9% in 2011. In the United States, minorities constituted 16.3% of our top executives, up from 13.4% in 2012.

We also promote diversity in our supplier base. See Supplier diversity on page 98 for details.

Worldwide workforce demographics, 2008–2012 [women as a percentage of total employees]*

	2008	2009	2010	2011	2012
Americas—employees	30.8%	35.0%	34.3%	33.3%	33.1%
Americas—managers	25.2%	28.3%	27.8%	28.7%	30.1%
Asia Pacific and Japan—employees	30.9%	32.5%	33.1%	32.3%	32.6%
Asia Pacific and Japan—managers	20.2%	21.2%	21.8%	22.3%	22.2%
Europe, Middle East, and Africa—employees	28.1%	30.0%	30.5%	29.8%	30.0%
Europe, Middle East, and Africa—managers	18.5%	20.0%	19.8%	20.9%	22.4%
Worldwide—employees	30.1%	32.9%	32.9%	32.0%	32.1%
Worldwide—managers	22.0%	24.3%	24.1%	24.8%	25.5%

* 2009 data exclude Brazil.

Global new hires, 2008–2012 [as a percentage of total]*,**

	2008	2009	2010	2011	2012
Female	34.9%	35.6%	35.2%	32.7%	34.6%
Male	65.1%	64.4%	64.8%	67.3%	65.4%

* 2009 data exclude Brazil.

** 2009 data reflect the time period January 1 to November 30, 2009.

[2] As of October 31, 2012.

2012 U.S. workforce demographics [as a percentage of total]

	Male	Female	White	All minorities	Black	Hispanic	Asian	Native Hawaiian or other Pacific Islander	Two or more races	Native American	Total
Officials and managers	72.12%	27.88%	81.57%	18.43%	3.56%	4.48%	9.75%	0.00%	0.30%	0.34%	11.52%
Professionals	67.96%	32.04%	73.05%	26.95%	5.06%	5.14%	15.67%	0.08%	0.53%	0.47%	71.60%
Technicians	80.84%	19.16%	69.33%	30.67%	13.86%	7.51%	7.31%	0.22%	1.16%	0.61%	9.87%
Sales workers	66.28%	33.74%	66.42%	33.58%	7.17%	14.05%	9.22%	0.22%	2.41%	0.51%	1.56%
Office and clerical	37.73%	62.27%	66.23%	33.77%	19.81%	7.77%	4.22%	0.24%	0.96%	0.77%	4.76%
Operatives (semiskilled)	51.97%	48.03%	56.58%	43.42%	15.78%	9.87%	16.45%	0.66%	0.00%	0.66%	0.17%
Laborers	47.63%	52.37%	40.63%	59.37%	16.03%	24.15%	18.28%	0.00%	0.23%	0.68%	0.51%
Total	67.09%	32.91%	73.04%	26.96%	6.57%	5.67%	13.53%	0.09%	0.61%	0.49%	100.00%

U.S. new hires, 2008–2012 [as a percentage of total]*

	2008	2009	2010	2011	2012
White	67.2%	65.0%	61.7%	52.4%	64.8%
All minorities	32.4%	34.5%	34.8%	31.1%	34.9%
Black	8.1%	11.2%	14.5%	7.7%	10.8%
Hispanic	6.9%	7.1%	7.1%	6.7%	7.5%
Asian	15.7%	12.5%	10.5%	14.6%	12.6%
Native American	0.6%	0.7%	0.3%	0.4%	0.3%

* Sum of "White" and "All minorities" does not equal 100%, and the sum of "Black," "Hispanic," "Asian," and "Native American" does not equal the total for "All minorities" because some people do not declare or do not fall into these categories. "White" and "Black" figures for 2011 are markedly lower from other years, as 16.1% of respondents placed themselves in a new "Other" category, which does not allow identification by ethnicity.

Rewards and benefits

We acknowledge and reward our people for their work through our compensation, benefits, and recognition programs.

Compensation

After several years of tough business conditions, 2012 was the first full year that employee pay returned to pre-2009 levels. Moving forward, we plan to return to "business as usual"—an annual cycle of pay and benefit awards globally.

Our reintroduced Employee Stock Purchase Plan, which enables employees to buy HP shares at a 5% discount, attracted significant support in 2012. More than 2,000 employees enrolled in the year ending April 2012, mainly in Canada, the UK, and the United States. More than 22,000 employees now participate in the plan.

Senior executive compensation once again attracted interest from our shareholders at HP's annual meeting in March 2012, where our executive compensation packages were approved by a vote. Our president and chief executive officer, Meg Whitman, continues to receive a fixed annual salary of $1 USD and works under the same open-ended contract as all employees. Her nonsalary compensation is strictly tied to company performance and is paid via HP stock, not cash.

Senior executive remuneration is based not only on financial targets but also on factors such as business objectives, customer satisfaction, and people development.

During 2012 we began to grant more restricted stock units to managers below senior executive level. This change aligns performance-related pay with a longer-term outlook and provides a stronger link to shareholder expectations. These restricted stock units, which release (or "vest") HP shares to the employee at various times over a three-year period, are less likely to be affected by share price volatility.

In response to feedback from our 2011 Voice of the Workforce (VoW) survey, during 2012 we more clearly explained how pay relates to performance. We held presentations and town hall meetings worldwide about how we rate performance and also discussed our "Focal Point Review"—the annual cycle where we plan annual salary increases, bonus awards, and long-term incentive awards.

We also increased transparency about the expected value of performance-related stock options over time, so employees know what to expect when their options vest.

Our 2012 VoW survey showed a four percentage point increase, compared with 2011, in the proportion of employees (57%) who felt that HP rewards staff members according to their job performance.

Benefits

HP's benefits programs recognize each employee's needs, allowing them to build a portfolio that fits their budget and rewards them for their work. In addition to base and performance-related pay and stock ownership, we offer benefits everywhere we operate. These benefits may include:

- Health and wellness plans
- Income protection insurance covering risks from injury or illness
- Retirement and savings plans
- Time-off programs
- Discount programs

We continually adapt benefits programs, and during 2012 we made numerous improvements. Some examples included:

- The U.S. launch of MyHPBenefits, a website outlining HP benefits information
- Expanded wellness and maternity care benefits in several countries
- Enhancements in health benefits in countries such as Colombia and India
- Expanded parental leave and backup childcare benefits for U.S. employees

HP conducts annual benefits enrollment in the United States and other countries, including Canada, Ireland, Malaysia, Mexico, Puerto Rico, Singapore, Spain, and the UK, so that employees can change their benefits if desired.

For more details, visit the HP Benefits website.

Recognition programs

Appreciating the efforts and achievements of employees at all levels has always been important at HP. We acknowledge employee accomplishments through Recognition @ HP, a program that promotes appreciation for good work. Our 2012 VoW survey showed that 67% of employees felt that HP was good at recognizing their accomplishments, up by three percentage points from 2011.

In 2012, we reviewed our recognition programs to look at how we can improve and expand them. Changes that we plan to implement during 2013 and 2014 include:

- Launching a new "celebrating service" program to thank employees for milestone years of service
- Establishing a colleague-to-colleague recognition program, called Living Our Values, that encourages employees to acknowledge each other's day-to-day support and achievements
- Setting up a program that allows managers to reward employees with HP points that can be redeemed for merchandise, experiences, travel, or charitable giving

Wellness

We take a holistic view of wellness that emphasizes emotional health and financial well-being as well as physical health. We are committed to making wellness a focus worldwide. We piloted our initial program in the United States, and we have since worked in more than 30 other countries to tailor wellness programs to local needs.

Our 2012 Voice of the Workforce (VoW) survey found that 80% of HP employees felt managers take a genuine interest in their wellness, compared with 79% in 2011. Reflecting our strength in this area, HP was named a 2012 Best Employers for Healthy Lifestyles winner by the Washington, D.C.–based National Business Group on Health for the second year in a row. We also achieved a Global Distinction from the same organization.

Maintaining work-life balance

We offer programs to help our employees manage personal and work commitments, as the pace of our industry can be demanding. In many countries, these include concierge services, backup childcare services, and stress-management resources.

Our annual VoW survey shows that flexible work arrangements are one of the features of the HP work environment that employees value most. These arrangements include:

- **Flex time** Working a normal eight-hour workday, but adjusting start and finish times
- **Part time** Working reduced hours on an ongoing or temporary basis
- **Telework** Working full time from home
- **Flexwork** Occasionally working from home, but primarily based on HP premises

Additional programs that help employees improve work-life balance vary by country, including:

- Adoption resources and assistance
- Dependent care resources
- Education resources
- Family and medical leave
- New parent leave
- Vacation and paid time off

In 2012, we increased the help we provide to employees who look after children or elders, and added concierge services.

Wellness Ambassador network

More than 350 Wellness Ambassadors globally promote HP wellness initiatives at a local level around the world and help raise employee awareness of our programs. They plan events and work with local company leadership to integrate health, financial, physical, stress management, and other well-being strategies into daily employee routines and special activities. Wellness Ambassadors also meet virtually as a group to share best practices.

Global wellness

In 2012, we invited all employees to take on various global wellness exercise challenges. More than 40,000 employees in 80 countries participated, with many saying the challenges changed their lives for the better. "I have lost more than 20 pounds and regained confidence," said one employee. "I now feel good about myself, and I have also been able to motivate my family to have a healthier lifestyle. The program has been priceless." Participants walked or ran more than 7.5 billion steps collectively in just six weeks. Together, they clocked more than 32 million minutes of exercise—or over 60 years. Ninety-four percent of those who took part were satisfied with the experience. For more information, see our video on YouTube.

During 2012, we also held numerous successful wellness events around the world, including:

- **Austria** Employees were offered free muscle function and reaction tests on-site as well as the chance to use a biofeedback machine that allowed them to see and hear activity inside their bodies.
- **China** HP teams competed in The Amazing Race events in Beijing, Chengdu, Chongqing, Nanjing, Shanghai, and Wuhan.
- **Colombia** 50 employees took part in a race up the 48 floors of the Colpatria Tower in Bogotá.
- **Costa Rica** 2,000 employees joined a Ross Foundation event to fight breast cancer.
- **India** We opened three on-site clinics in Bangalore, which in the first four months attracted more than 6,000 employee visits.
- **Philippines** We held a day-long wellness celebration, HappinessPalooza.
- **United States** We sponsored a breast cancer awareness campaign, lunch-and-learn sessions on wellness, and the Know Your Health Numbers biometric screening program.

Other initiatives

Additional wellness projects during 2012 included:

- Power of Pink initiative, aimed at increasing breast cancer awareness among employees and their families in Austria, Denmark, Ireland, Sweden, the UK, and the United States through educational programs and onsite screenings, a dedicated website, and mobile mammography units in the UK and the United States.
- Protect the Skin You're In program, which offers free skin cancer screenings at HP's on-site health centers.
- Updating 30 HP fitness centers in 12 countries. We also built two new centers at HP facilities in the United States, bringing the total number to 48 in 13 countries.

Health and safety

One of our key commitments is to providing safe and healthy workplaces for our employees. This reflects our values and also makes good business sense. Employees are most productive when they are healthy—and the disruption caused by lost workdays costs us time and money.

During 2012, we continued to increase our focus on health and safety at non-HP business locations, as a growing number of employees work from home or at customer locations. We updated our Environment, Health, and Safety (EHS) policy and EHS management system to reflect this trend and to improve support for employees working at non-HP worksites.

In addition, we created a new version of our health and safety training course for non-HP business locations. This two-part course helps employees better understand the risks they face working off-site and the preventative measures they can take. The first part reviews information for work conducted in typical office environments, while the second looks at the risks encountered in unique locations, such as oil refineries and mines, or for other work activities that are more complex than a typical office environment.

Our health and safety programs are part of a comprehensive EHS management system that meets or exceeds applicable regulatory requirements globally. This system aligns with the internationally recognized Occupational Health and Safety Assessment Series (OHSAS) standard OHSAS 18001 as well as the ANSI Z10 and ILO OSH 2001 standards of the American National Standards Institute and the International Labour Organization, respectively. Five HP sites—in Ireland, Romania, Scotland, Singapore, and South Africa—are registered to OHSAS 18001.

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

Communications and training

In 2012, we increased communication to employees worldwide about our online ergonomics training and risk-assessment guidance. It is important for members of our increasingly mobile workforce to evaluate their home offices, shared or dedicated workspaces, and customer locations to optimize health, safety, and productivity wherever they work.

Increasingly, the EHS organization is asked to provide information in support of our sales, service, and contract teams when responding to customer requests, completing new sales bids, implementing service agreements, or renewing contracts. In 2012, we published a new web page with typical questions and appropriate responses to help address such requests.

We emphasize health and safety from an employee's first day at HP by providing our employees with an overview of our health and safety policies and insights into how to prevent and respond to workplace injuries. Employees also receive training tailored to specific jobs and take courses that help them reduce risks in different work environments, including offices, manufacturing plants, laboratories, and warehouses.

Ergonomics training focuses on reducing the risk of injuries and illnesses related to materials handling and daily office work. We offer a training program in five languages on our internal learning and development website. If employees need material in additional languages, they can access the HP Safety and Comfort Guide, which was originally designed for customers and is available on HP's external website in 35 languages. Our online ergonomics risk-assessment tool, offered on our EHS website and on our internal learning and development website, helps employees identify and reduce office ergonomic risks.

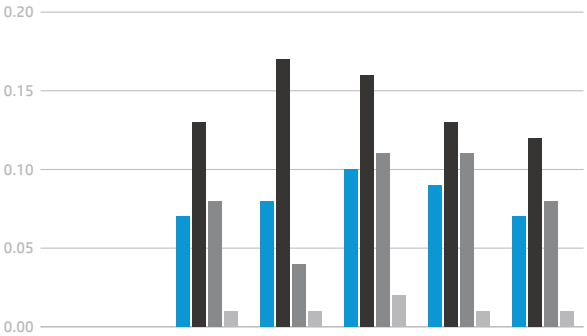
To prepare for implementation of the Globally Harmonized System (GHS) for chemical management in various countries, we developed a framework to train our chemical users and to help us adopt labeling that complies with relevant emerging regulations. In 2013, the focus will be on training our employees on new GHS formats for conveying chemical information.

Investigating work-related incidents is important to understand root causes and establish preventative measures. For example, in response to concerns about the possibility of injury due to large server cabinets tipping over when being moved, we developed a guidance document in 2012 that describes the risks and presents actions to prevent this from occurring.

Progress in 2012

Our primary performance metrics for work-related injuries are lost workday case rate and recordable incidence rate (see definitions in footnotes to graphs).

Lost workday case rate, 2008-2012*



	2008	2009	2010	2011	2012
Global	0.07	0.08	0.10	0.09	0.07
Americas	0.13	0.17	0.16	0.13	0.12
Europe, Middle East, and Africa	0.08	0.04	0.11	0.11	0.08
Asia Pacific and Japan	0.01	0.01	0.02	0.01	0.01

* Lost workday case rate is the number of work-related injuries that result in time away from work per 100 employees working a full year. Rates are calculated using OSHA definitions for recordability around the globe and using OSHA calculation methodologies. The figures are based on employees working an average of 2,000 hours during a full year. The U.S. average in 2011 for the data processing, hosting, and related services industry was 0.2. Americas includes incidents occurring in Argentina, Brazil, Canada, Colombia, Puerto Rico, and the United States. Europe, Middle East, and Africa includes incidents occurring in France, Germany, Hungary, Ireland, Israel, Italy, Macedonia, Poland, Slovakia, South Africa, Spain, and the United Kingdom. Asia Pacific and Japan includes incidents occurring in Japan and Singapore.

The lost workday case rate decreased slightly in 2012 compared with 2011 in all regions except Asia Pacific and Japan, where it remained unchanged. Slips, trips, and falls continues to be the leading category for lost workday incidents, up slightly to 45% from 40% in 2011. We continually look for ways to improve in this area during our audits, inspections, and accident investigations. We also work closely with Global Real Estate to identify potential risks, and make improvements, at our HP sites. We educate employees on preventative actions in several of our EHS training programs and in our web-based health advisory on this subject. In our training course for working at non-HP business locations, we emphasize the importance of proper manual handling of materials and equipment. We are encouraged that the percentage of lost workday cases caused by incidents involving the manual handling of materials dipped from 20% in 2011 to 12% in 2012.

Recordable incidence rates continued to decrease gradually in 2012, with the most notable reduction in the Americas region compared with 2011.

In 2012, the leading causes of all recordable incidents remained similar to 2011, although ergonomics—materials handling decreased slightly, and slips, trips, and falls, as well as incidents related to being struck by or cut by an object, increased slightly.

In 2012, the majority of recordable incidents were at HP sites. However, 22% of the recordable incidents occurred on customer premises, which is why in 2012 we focused on revamping training courses for employees working at non-HP business locations.

Leading causes of lost workdays, 2012

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

Location of lost workdays, 2012

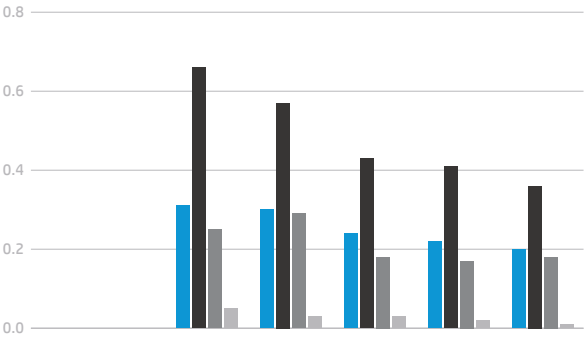
	2011*	2012*
HP sites	50%	53%
Customer sites	27%	23%
Business travel	15%	15%
Telecommuting/home office	5%	6%
Events/team building	3%	2%

* Totals do not add up to 100% due to rounding.

Leading causes of all recordable incidents (with and without lost time), 2012

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

Recordable incidence rate, 2008-2012*



	2008	2009	2010	2011	2012
Global	0.31	0.30	0.24	0.22	0.20
Americas	0.66	0.57	0.43	0.41	0.36
Europe, Middle East, and Africa	0.25	0.29	0.18	0.17	0.18
Asia Pacific and Japan	0.05	0.03	0.03	0.02	0.01

* Recordable incidence rate is the number of all work-related lost-time and no-lost-time cases requiring more than first aid per 100 employees working a full year. Rates are calculated using OSHA definitions for recordability around the globe and using OSHA calculation methodologies. The figures are based on employees working an average of 2,000 hours during a full year. The U.S. average in 2011 for the data processing, hosting, and related services industry was 0.6. Americas includes incidents occurring in Argentina, Brazil, Canada, Colombia, Puerto Rico, and the United States. Europe, Middle East, and Africa includes incidents occurring in Austria, Belgium, Czech Republic, France, Germany, Hungary, Ireland, Israel, Italy, Macedonia, Poland, Slovakia, South Africa, Spain, Switzerland, and the United Kingdom. Asia Pacific and Japan includes incidents occurring in Japan and Singapore.

Location of recordable incidents, 2012

	2011*	2012*
HP Sites	54%	57%
Customer sites	25%	22%
Business travel	14%	13%
Telecommuting/home office	5%	6%
Events/team building	2%	1%

* Totals do not add up to 100% due to rounding.

Goals

Engaging our people

2012 goals	Progress
Increase employee engagement by 5% as measured by the Employee Engagement Index (EEI).*	The EEI employee engagement score increased by 2% compared to 2011.
Increase HP versus industry score on "Recommend HP as a great place to work."	Our VoW survey showed that the percentage of employees who said they would recommend HP as a great place to work was up two points from 2011.

* HP's EEI is a set of survey questions that rate employees' experiences related to productivity and engagement, measured in HP's annual Voice of the Workforce (VoW) survey.

Building careers

2012 goals	Progress
Develop and deliver world-class learning across onboarding, leadership, sales, professional skills, and technical development priorities.	In 2012, 85% of learners "agreed" or "strongly agreed" that HP provides high-quality learning solutions.
Drive next-generation learning strategies through learning and development innovation, technology, and tools.	In 2012, we provided learners with access to training from their desktop or mobile devices, offered "augmented reality" digital training for sales reps, and allowed new hires to "visit" HP sites around the world through virtual simulations on their computers.

Diversity and inclusion

2012 goals	Progress
Expand global focus on diverse talent to align with business need.	Cosponsored Working Mother's Global Advancement of Women Conference in São Paulo, Brazil, delivering insights for designing women's career strategies while increasing their impact on the business landscape.
Broaden focus on inclusion to drive employee engagement.	More than 9,000 HP Employee Resource Group members participated in more than 60 community events across all HP regions organized by HP's Office of Sustainability and Social Innovation.

Where in the world?
View our map

Social innovation

Our world faces serious challenges, such as meeting the needs of a fast-growing population, addressing the effects of climate change, advancing global health solutions, and improving literacy and economic stability. As a leading global technology company operating in more than 170 countries, HP is uniquely positioned to contribute to solutions—by uniting the power of people and technology.

We focus the collective power of our people, portfolio, and partnerships where we can have the greatest impact. This includes education, health, and community. Solving complex social issues requires collaboration across a broad range of organizations. By combining the expertise of approximately 331,800 employees worldwide[1] with that of our partners, we make technology work for people in ways that create a positive impact on the world.[2]

Click map above for more detailed information about our projects around the world.

2 million
entrepreneurs have taken part in HP LIFE since 2007

200,000+
infants in Kenya and Uganda were tested for HIV/AIDS through the HP Early Infant Diagnosis (EID) project

$85+ million*
worth of volunteer hours were donated by HP employees

* Valuation rates are based on CECP standards.

[1] As of October 31, 2012.
[2] Some of the data reported on social innovation programs in 2012 are based on information provided to HP from partner organizations.

Collaboration

Innovation and collaboration go hand in hand. We pursue all of our social innovation efforts in partnership with organizations that can increase our impact and broaden our reach. We cultivate relationships with diverse stakeholders, such as governments, academic institutions, nongovernmental organizations, customers, thought leaders, social entrepreneurs, and industry peers. We also collaborate across HP business units, including HP Labs, our main research and development facility. Together we develop holistic, successful, and scalable solutions that benefit communities over the long term.

The following are a few examples of our collaborations from 2012:

- **Collaborating with multiple stakeholders** HP worked with the Clinton Health Access Initiative, the Kenyan Ministry of Health, and Strathmore University to develop the Early Infant Diagnosis project to test and treat infants exposed to HIV.
- **Working with customers** The United Nations is a long-term customer of HP, and together we supported Community Technology Access (CTA), a program of the UN Refugee Agency (UNHCR) that provides forcibly displaced people and host communities in 22 countries with access to technology. In 2012, with HP technology and financial support, UNHCR built CTA centers in Bangladesh, Belarus, Ecuador, Iraq, and the Ukraine.
- **Teaming with government agencies** HP joined the United Nations Industrial Development Organization, the U.S. Agency for International Development, and the government of Italy to provide essential capability-building and business skills training to young entrepreneurs and enterprises with high employment potential, through the HP Learning Initiatives for Entrepreneurs (HP LIFE) program.
- **Collaborating with NGOs** HP is working with the NGO mothers2mothers to transform the organization's information technology infrastructure and develop new, more efficient processes for information access and management.

"We are in a unique position to help solve social challenges by uniting the power of people and technology, but we cannot do it alone. We need to leverage the power of our partnerships and networks. Effective collaboration among all relevant stakeholders—companies, governments and NGOs—is the only way to make a real social impact."

—Gabi Zedlmayer, vice president, sustainability and social innovation

Barbara Bush
CEO and co-founder, Global Health Corps

Barbara describes how collaboration with HP and the company's technology and thought leadership support Global Health Corps in its mission.

Education

Education drives innovation, entrepreneurship, and economic growth in communities worldwide. It is fundamental to finding solutions that will help address the critical issues outlined in the Millennium Development Goals.

At HP, we deploy our technology solutions, expertise, and partnerships to help teachers, students, and entrepreneurs build 21st-century skills that are essential to the digital economy. These skills include science, technology, engineering, math, global collaboration, innovation, and associated disciplines—collectively known as STEMx.[3] Our aim is to enable the next generation of leaders, innovators, and workers to leverage their full potential in a global workforce and IT-driven world.

Progress in 2012

Achievements in education	
Number of students impacted since 2010 launch of HP Catalyst Initiative	~130,000 students worldwide 50+ innovative models ready to be scaled
Amount invested in HP Catalyst Initiative consortia	$14 million USD and an additional $11 million USD from non-HP funding sources
Amount invested in Education Innovation Funds	$2 million USD ($1 million in Education Innovation Fund China and $1 million in Education Innovation Fund India)
Impact of HP LIFE since 2007	Reached more than 2 million people Helped establish and expand more than 25,000 businesses Created over 57,000 new jobs Expanded to an e-learning solution

[3] The "x" in "STEMx" refers to disciplines such as language arts, computer science, digital media, and other related subjects.

Innovations in Education

HP Catalyst Initiative

This global network of educators explores transformative approaches to STEMx education. The goal of the HP Catalyst Initiative is to advance the teaching and learning of these critical subjects—from secondary education through university, both inside and outside the classroom—and to inspire students to apply what they learn in their chosen careers.

Members include schools, universities, nonprofits, and social enterprises that are placed into six research-based consortia. Each consortium receives technology, cash, and professional support. In April 2012, the HP Catalyst Initiative held an annual summit in China for participants to share experiences, exhibit projects, exchange knowledge, and identify areas of possible collaboration.

In 2012, HP gave 10 leadership awards to Catalyst institutions. HP contributed $2 million USD in 2012, bringing our total investment to $14 million USD since the initiative launched in 2010. In addition, Catalyst members have secured nearly $11 million USD from other sources to support their research and expansion. The 56 member organizations in 15 countries estimate that the initiative has impacted approximately 130,000 students worldwide.

2012 highlights from the HP Catalyst network include:

Multiversity Consortium

- Northwestern University in the United States developed Project ACCESS to enhance STEMx education in underfunded public middle and high schools. The innovative program provides students with access to professional caliber laboratory equipment via their web browser. Teachers receive training in curriculum development for use of online labs and other cyberlearning resources in the classroom. Northwestern lends tablets to participating schools that lack adequate technology.

  In a 2009 pilot test with twenty teachers and nearly 600 high school students, researchers observed an overall 15% increase in test scores in the remote online lab unit. Participation in the Catalyst initiative and Project ACCESS has helped to grow the remote online labs global network by 79% from 2011 through early 2013, to more than 5,800 students.

- A parallel project in Canada at Thompson Rivers University created the British Columbia Integrated Laboratory Network (BC-ILN) to bring modern scientific experiments to small rural schools and colleges that lack funding and infrastructure for a full laboratory. BC-ILN enhances science education in remote locations by providing HP tablets and workstations, access to online labs, and remote lab instrumentation and curriculum. Early feedback suggests that engaging students with modern scientific equipment sparks interest in science education. By the end of 2013, BC-ILN will analyze more than 1,500 students' samples from 10 participating campuses.

Measuring Learning Consortium

- The Colorado School of Mines in the United States developed InkSurvey, a free, web-based polling tool that measures student comprehension during science instruction. Using HP tablet PCs and digital pens, students input answers to open-format questions posed by the instructor. The real-time survey results help teachers adjust instructions to enhance student learning.

  An additional research study of InkSurvey showed that student understanding of chemical engineering topics was enhanced beyond what can be learned by simulations alone. From a pretest average score of 45%, student understanding increased to 58% with simulations alone, but rose to 78% when real-time polling was also used to support an interactive teaching approach. Members of the wider HP Catalyst community are now piloting the program.

- Through the Collaborative Assessment Platform for Practical Skills (CAPPS), Amrita University in India is improving STEM learning for students in rural locations using virtual teaching. Running on donated HP mini notebooks and PCs, CAPPS enables teachers to conduct simulations and virtual experiments online as well as monitor student performance. In the pilot program across nine schools and involving 3,400 students, 90% of teachers found CAPPS to be effective and 70% of students considered it to be a useful tool to support more individualized and self-guided learning. In 2012, the program expanded to 36 schools and more than 9,400 registered users. The target is to reach 50,000 students by 2014.

In 2013, the Organization for Economic Co-operation and Development (OECD) produced a comprehensive report about the HP Catalyst projects and opportunities for scaling up.

Education Innovation Funds

HP's Education Innovation Fund China (EIFC) and Education Innovation Fund India (EIFI) are country-specific funds worth $1 million USD that promote changes in teaching and learning to enhance 21st-century skills education.

In China, HP's fund supports teacher training through Zheijiang University and the National Commission of the People's Republic of China for the United Nations Educational, Scientific, and Cultural Organization. The fund will provide training for more than 5,000 teachers from 500 rural and urban schools in Hangzhou, Zhejiang province, and Chengdu, Sichuan province, for two years, impacting thousands of students annually. HP will then invite these educators to enter a competition for innovation in education, which will directly contribute to China's National Plan, including its National Strategy in ICT Education.

In India, the EIFI is a collaboration between HP and the India Council for Integral Education (ICIE), an initiative of the Sri Aurobindo Society. The fund invited project proposals from all organizations with a project capable of

significantly changing how technology, pedagogy, or social process is used in education in India. EIFI awarded grants to more than 50 projects, including those at a stage ready to scale for mass delivery, and projects emerging from research, pilots, or models. Acknowledging the value of a young person's perspective on education, EIFI awarded several smaller grants for the best ideas from young learners (11-14 years old) and young innovators (15-18 years old).

The Education Innovation Funds build on the HP Catalyst initiative, which, through a multidisciplinary, collaborative, and global approach, convenes experts from various educational institutions to advance STEM education.

Watch a video to learn more about the HP Catalyst Initiative or visit our website for a full list of the network members.

HP VideoBook and Lab-in-Box solution

In 2012, HP piloted an innovative cloud-based application that allows students to access additional information when they need it. HP VideoBook supports personalized learning by extracting topics from an online textbook and automatically sourcing related videos from the Internet. Initial results from our two pilot schools in India were impressive:

- Students who used VideoBook learned significantly more than those who didn't use the tool, improving performance by up to 40%.
- Weaker students showed the most improvement.
- Students and teachers strongly agreed that videos enhance the learning experience.

In October 2012, HP Labs India received top honors for VideoBook in the Education Innovation category of the Wall Street Journal Technology Innovation Awards.

Lab-in-Box is another initiative that improves access to technology in schools that need it most. In 2012, HP deployed Lab-in-Box at a pilot school in Ahmedabad, India. Lab-in-Box transforms a shipping container into a fully operational, self-contained learning lab, equipped with 15 HP MultiSeat Thin Client computer terminals, a multifunctional printer, wireless connectivity, electricity, furniture, fans, and air conditioning.

Learn more about how HP's Lab-In-Box is giving students in India access to education.

HP LIFE e-learning

Entrepreneurs are the backbone of our global economy because they build the small businesses that create jobs now and in the future. However, many new business owners lack IT and business skills that are critical to turn good ideas into economic success. Moreover, according to the International Labour Organization's Global Employment Trends for Youth 2012 report, there are more than 75 million unemployed youth around the world who need access to educational resources that could help them develop or support a business idea.

HP Learning Initiatives for Entrepreneurs (HP LIFE) supports enterprising individuals and young unemployed individuals worldwide who want to start or expand small businesses but lack expertise, IT skills, and resources. The program provides access to technology and training in IT and business skills. Since launching in 2007, HP LIFE has:

- reached more than 2 million people with training, access to IT, and online activities
- helped establish and expand over 25,000 businesses
- helped create approximately 57,000 jobs

The Obama administration's Startup America Initiative has highlighted the HP LIFE program as a best practice model. An evaluation study conducted with participants of the USAID-funded Educational Quality Improvement Program 3 (EQUIP3) found that HP LIFE helped improve participants' income and employability, as well as the efficiency of business operations. Learn more about the report findings.

In 2012, we relaunched HP LIFE as a free, cloud-based e-learning program to exponentially expand its reach worldwide. The expanded e-learning platform allows students, entrepreneurs, and small business owners to access business and IT coursework on their own time, at their own pace, wherever they are. Developed with our NGO partner, Education Development Center Inc., HP LIFE e-learning offers skills training focused in four core areas: finance, marketing, operations, and communication. The online platform will also introduce new modules, webinars, and e-mentorship from HP employees. All modules are currently available in English, and we will roll out translations in four languages in 2013.

In the first six months after the relaunch, there were approximately 30,000 registered users of HP LIFE e-learning in more than 200 countries.

Social Innovation Relay

Through our partnership with Junior Achievement Young Enterprise, we inspire social innovation and entrepreneurship in students aged 15 through 18. Launched in 2011, the Social Innovation Relay (SIR) is a worldwide competition that challenges students to create innovative business solutions that address social needs. Using interactive meeting technology and online resources supported by HP, students collaborate and receive mentorship from HP employees throughout the competition. In 2012, more than 22,000 students participated from 13 countries and over 220 HP employees volunteered as facilitators, mentors, and judges. A team of students from South Africa won the 2012 competition with a concept for a solar-powered lamp to replace traditional kerosene lamps used during power outages and in locations without municipal electricity. Kerosene lamps create indoor air pollution and are damaging to health.

In 2012, we engaged Warwick University in the United Kingdom to evaluate SIR. Survey results from nearly 1,300 SIR participants showed that 98% rated their SIR experience positively and 74% had learned to collaborate in new ways to address social needs.

The report further highlights the role of the HP Mentor, face-to-face or virtually. Survey respondents reported that their mentors positively influenced the way the respondents considered social issues (80%) and that these mentors provided examples and stories that could not to be found in books (75%). Almost two-thirds of respondents reported that their mentor had inspired them to consider starting up a social business.

Health

Good health is fundamental to quality of life. Yet access to even basic health services remains beyond the reach of billions of people. Public and private health systems are struggling to deliver effective care in developed as well as in emerging markets.

Through better use of technology, we improve access to lifesaving information and quality care, reduce barriers, and strengthen health systems around the globe. By rethinking processes and innovating solutions with governments, the private sector, and NGO partners, we can make a positive impact on global health systems worldwide.

In setting priorities, we take into account the UN Millennium Development Goals, which seek to address global health challenges, including reducing child mortality, improving maternal health, and combating diseases such as HIV/AIDS and malaria. Through our partnerships and technology, HP is connecting people to quality healthcare everywhere.

Progress in 2012

Early Infant Diagnosis (EID) project

In Africa, thousands of infants born with HIV die each year because outdated processes delay essential testing and treatment. Early treatment is critical in helping control the virus and improves survival rates. Working with the Clinton Health Access Initiative and the Kenyan Ministry of Health, we developed the HP Early Infant Diagnosis (EID) project to enhance early testing and treatment of infants exposed to HIV. By using technology to connect remote clinics, test results can be delivered in days instead of weeks, enabling life-saving treatment to start on a timely basis.

As of 2012, six state-of-the-art HP data centers connect with five laboratories, providing a platform to speed data transmission in both Kenya and Uganda, countries that have tested more than 200,000 infants. The program will expand to Nigeria during 2013.

In 2012, HP received the Justmeans Social Innovation Award, the Computerworld Honors Award, the GBC Health Award, and the mHealth Award for the EID project. Read more or watch a video about EID.

HP 3G printer

For many families living in remote locations, healthcare services are provided by local clinics with no computers or Internet access. However, mobile phones are commonplace, with 3G access available across much of Africa. To capitalize on this opportunity, we developed an all-in-one HP OfficeJet 6700 printer equipped with a modem that can connect to virtually any 3G network using local SIM cards. After a successful pilot test in Nairobi, we are rolling-out 200 of these unique 3G-enabled printers in Kenya, Uganda, and India. Patients' results can now be sent securely via e-mail and text message, and clinic staff can also use the printer to check and distribute health reports.

In the future, we plan to expand distribution of 3G printers through EID and in partnership with other health initiatives around the world. We are also investigating how to improve the technology to better serve local clinics and governments.

Digital Patient-Safety Dashboard

HP and the Lucile Packard Children's Hospital (LPCH) in Palo Alto, California, are jointly piloting an electronic Patient-Safety Dashboard that helps prevent human error in medical settings. Currently deployed in the Pediatric Intensive Care Unit, the dashboard provides a centralized location for hospital personnel to access critical patient data and alerts that highlight care needs by level of urgency. Early findings suggest that the technology prompts improved care for one-third of young patients every day, such as by reminding staff of overdue care or to alter the type or quantity of medication. Read more or watch a video about the Patient-Safety Dashboard.

Mirebalais National Teaching Hospital with Partners in Health

Following the 2010 earthquake in Haiti, health facilities located in and around the capital, Port-au-Prince, were left in ruins. With the NGO Partners in Health, HP is providing the IT infrastructure, software, services, and solutions for the new Mirebalais National Teaching Hospital. Just 30 miles north of Port-au-Prince, the flagship site provides high-quality education for the next generation of Haitian nurses, medical students, and resident physicians. Powered largely by roof-top solar panels, the 180,000 square foot, 320-bed hospital, which opened in April 2013, offers video conferencing access to U.S.-based medical resources for teaching and learning. Learn more.

mothers2mothers

HP helps the NGO mothers2mothers (m2m) bring better care to 20% of the world's HIV-positive pregnant women. The Mentor Mothers program employs mothers with HIV to mentor pregnant women and new mothers who are HIV-positive. Mentor Mothers work side-by-side with doctors and nurses in health facilities to educate and support women on managing their medicine and health as well as caring for their babies. HP provides m2m with enhanced information management and data analysis, enabling more efficient communication between Mentor Mothers and their mentees.

eHealth Centre (eHC)

In rural and remote areas of developing countries, access to healthcare can be hindered by a lack of infrastructure and medical personnel. To help address this problem, HP, along with partners, developed the eHealth Centre (eHC), a mobile health center that can be rapidly deployed to provide affordable primary healthcare in remote areas.

The eHC rapidly deployable cloud enabled healthcare solution consists of an easily transportable standard shipping container equipped with built-in connectivity and electricity, with vital diagnostics equipment integrated directly to a cloud-hosted Electronic Medical Records database. A first of its kind, eHC contains vital diagnostics equipment integrated directly to a cloud hosted Electronic Medical Records database. Video conferencing connects paramedics with specialist medical personnel. We successfully piloted eHC in a rural village in India in 2012, providing health services to more than 4,000 patients in the first 100 days of operations. Learn more about eHC.

Community engagement[4]

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

During 2012, thousands of HP employees worldwide volunteered or donated money to support local communities and assist in disaster relief efforts.

- HP employees donated more than 1.4 million hours[5] to volunteer projects, valued at more than $85 million USD.[6]
- HP employees, HP, and the Hewlett-Packard Company Foundation together donated more than $12 million USD to nongovernmental organizations (NGOs) and schools through the cash, product, and disaster-relief matching programs.
- HP employees who volunteered in HP board-service, pro-bono, or skills-based volunteering are 13% more likely to recommend HP as a great place to work compared with employees who did not volunteer through HP.

Our approximately 331,800 employees worldwide[7] have a wealth of skills to share and a passion to give back to their communities. We encourage and support volunteer efforts by providing four paid hours each month for employees to share their skills with the community.

Our employees and retirees have expertise in high-value fields such as technology, engineering, human resources, finance, supply chain, and manufacturing. We encourage them to offer their talents to resource-strapped NGOs in need of these skills. In some regions we provide Scopeathons, programs that bring together HP professionals with local NGOs—matching skills and needs.

Progress in 2012

Skills-based volunteering

HP is committed to delivering meaningful volunteering projects to communities. Below, we describe examples of volunteer models that HP employees use around the world.

HP Hackathon

In May 2012, 200 employees in Bangalore, India, volunteered for the HP Hackathon, a competition that brings together programmers and developers to create innovative solutions to real world problems. HP hosted the Hackathon as a global partner of Random Hacks of Kindness, an online community of programmers who create application-based solutions to social challenges. The winning idea was iTAD (Intelligent Tracking of Accessible Donors), a tool designed to track the nearest registered blood donor in a

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[4] **HP definition of employee volunteering/community involvement**

For an employee activity to be considered as volunteering/community involvement under HP's Social Innovation programs, it needs to meet these three criteria:

Serve the public good The activity should serve a charitable cause for the public at-large, such as alleviate poverty, improve reading skills in underprivileged children, or clean up public waterways. If the service is conducted through a faith-based organization, it needs to benefit the public at-large and not only members of that organization or faith.

Be conducted through a formal or informal organization that is not for profit (including, for example, sports leagues and clubs, libraries, K-12 schools and universities, social clubs, community-based organizations, government agencies, and nongovernmental organizations) or through HP's Social Innovation program. Please note: A favor or charitable gesture toward a neighbor, friend, or other independent individual does not qualify as volunteering/community involvement.

Be unpaid Employees should not receive compensation of any kind from the organization for their service, including cash, services, or other perks. Service conducted on HP time, and thus receiving employment compensation, is not considered paid and qualifies as volunteering / community service.

HP employee volunteering / community involvement can be:

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

[5] Figures represent only those employees who reported their volunteer efforts to HP or donated money through company channels.

[6] Hourly rate based on type of volunteering: $150/hour for Board, Service Corp, Pro Bono, and Skills-based; $20/hour for Hands-on and undetermined, adjusted using International Monetary Fund data for purchasing power differences across countries.

[7] As of October 31, 2012.

specific region. iTAD will be used by a Rotary Blood Bank in Bangalore, which has recognized its potential as a valuable aid in finding donors with rare blood types.

Team-based capacity building

In Brazil, a dedicated team of HP volunteers helped strengthen the operations of the Center for Digital Inclusion (CDI), a nonprofit that uses technology to fight poverty and stimulate entrepreneurship. The team undertook a variety of projects, such as guiding CDI through a website and e-mail migration process, setting up a help-desk tool, and leading a large project management initiative, that are expected to help the organization improve efficiency.

HP Advisors

NGOs face many challenges, but some of the most significant relate to a lack of access to senior management counsel and expertise. The HP Advisors Program bridges this gap by pairing seasoned HP professionals with social entrepreneurs. Working through the Schwab Foundation for Social Entrepreneurship and Global Health Corps, HP supports NGOs that have demonstrated the ability to drive social change but require access to professional business skills to reach their goals.

Employee giving

The Hewlett-Packard Company Foundation provides employees in the United States with one-to-one cash matching for gifts to qualified nonprofit organizations, up to $1,000 USD per employee, per fiscal year.[8] In 2012, HP employees in the United States pledged cash donations totaling $4.2 million USD, with a respective match of $3.5 million from the Hewlett-Packard Company Foundation.

In addition, U.S. employees can donate HP technology to qualified charitable organizations or schools. Employees contribute 25% of the product list price, up to $5,000 USD, and HP contributes the remaining amount. In 2012, HP and its employees in the United States donated products worth approximately $4.7 million USD. Since 2008, HP and employees have donated products valued at approximately $34.9 million USD.

Disaster relief

In 2012, HP employees, HP, and the Hewlett-Packard Company Foundation donated money, equipment, and expertise in response to natural disasters, including ongoing help to tsunami victims in Japan. Each month, HP Japan organizes a four-day trip to a central hub city where employee volunteers are dispatched to small coastal fishing towns to work on a variety of projects, such as picking up debris, cleaning houses, and unclogging roadways. In Shinono-me, HP employees teach residents who lost their homes basic IT skills, such as how to use the Internet to connect with relatives, discover new interests, and stay up to date with current events. They also teach residents valuable job-search skills. As of September 2012, more than 200 HP Japan employees have participated, donating more than 3,000 volunteer hours. See video.

Dave Bruscino

HP employee since 2007

In addition to his role as HP's vice president and deputy general counsel, Dave Bruscino devotes time to the company's pro bono legal program. Yet, in early 2012, he felt he had more to give, so he applied to the HP Advisors Program.

The program helps address pressing social issues by pairing leading nongovernmental organizations (NGOs) with seasoned HP professionals who impart their business skills and experience to help the NGOs achieve their goals.

Dave, who is fluent in Spanish and Portuguese and recently relocated to Palo Alto, California, after working for more than a decade in Latin America, Asia, and Europe, jumped at the chance to partner with an Argentinean NGO. "I had lived and worked in Latin America, so the opportunity to work with an impactful organization in that part of the world was very exciting," he says. Soon he was in Buenos Aires with Marcela Benitez, founder and executive director of the NGO Responde.

Since it was established in 1999, Responde has helped small rural villages develop social and economic projects that according to the organization have enabled tens of thousands of villagers to stay in their communities. The mass exodus of native populations from small towns over the past few decades has severely impacted Argentina's cultural and historical heritage and exacerbated the problems caused by rapid population growth in large cities while contributing to environmental degradation.

"We spent an entire day together and Marcela shared the history of Responde, what their key projects and challenges are, and the vision for the organization," Dave explains.

Regular conversations and follow-up face-to-face meetings with Marcela followed. Dave helped her create a strategic plan to pursue her long-term goals—between now and 2021 the organization intends to expand to 500 rural villages (up from 85) and potentially to regions beyond Argentina. He continues to work with her on a variety of organizational and operational matters. He has acted as a sounding board, one who understands the challenges of an entrepreneur.

"I can't say enough about Dave," says Marcela. "Having the ongoing advice of a business expert is so wonderful."

Dave says he feels privileged to have been a part of the program: "It has given me an opportunity to use experience I've gained over the years in a really meaningful way and to continue to develop leadership and general business management skills that are important for my career at HP."

[8] Excluding disaster relief cash matching.

Christian Pobre

HP employee since 2006

For Christian Pobre, an HP service delivery manager based in Taguig City, the Philippines, global citizenship means investing time and effort to help his local community. Since 2008, he's taken a leading role in volunteer initiatives through Inspire@HP, a company employee group in that country focused on a range of social and environmental activities. Thanks in part to his commitment, HP has become an active contributor to community building in that area.

"I've always felt that I wanted to help those in need, especially since I live in a developing country," says Christian. "When I learned of this volunteer club called Inspire@HP, I knew I had to join it."

Christian has been making an impact ever since, directing projects and providing guidance in various leadership roles. Inspire@HP volunteers have helped with everything from flood relief operations to tree plantings. But Christian says two initiatives stand out in his mind.

The first involved a series of activities in partnership with an affordable housing NGO in Manila. The project began as a volunteer house-building effort and grew to incorporate the donation of dozens of houses through support from HP.

Team members continued their commitment to the community and organized a medical mission to provide residents with free basic medical assistance and then waste management and livelihood training in partnership with two local organizations. The training courses triggered the creation of a local cooperative that now makes products such as soap and dishwashing liquid.

The second initiative, called the Computer Lab SWAT event, helped public schools keep their computers working well. Says Christian: "We sent volunteers with skills in troubleshooting hardware and software problems to public schools to repair broken computers. They helped restore dozens of computers—it was as if we donated them brand new."

Christian says his volunteer events have become so successful that whenever he sends out a call to HP employees for help, the slots fill up in a matter of minutes, with hundreds on the waitlist. Christian finds this truly inspiring. "Seeing the results of the work we do," he says, "always motivates me to work even harder."

Below are the approximate values of cash and product contributions from HP employees, HP, and the Hewlett-Packard Company Foundation in response to 2012 disasters:[9]

2012 donations for disaster relief [$ USD]	2012*
American Red Cross Annual Disaster Giving Program (including international and domestic fund programs)	$500,000
Hurricane Sandy (United States)	$650,000
Northern Colorado, United States Wildfires (including matching funds)	$87,600
Philippines flooding	$25,000
Philippines Typhoon Washi	$25,000
Thailand Southeast Asia flooding	$618,000
Turkey earthquake	$50,000

* The totals shown in this table represent the total donation per disaster and may span fiscal years.

Performance

HP addresses critical social needs through a powerful union of innovation and collaboration, measuring our progress by the positive impact of our programs. The insights we gain through these metrics help us strengthen our programs. In past years, we tracked the total amount invested by HP in our programs. In 2011, we also began using metrics to measure:

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

The total value of our social investments, including contributions from the Hewlett-Packard Company Foundation and HP plus the valuation of employee volunteer hours, was $118.6 million USD in 2012.

[9] Figures are for the 2012 calendar year.

Social investments, 2008–2012* [$ million USD]

	2008	2009	2010	2011	2012
Overall					
Total	$52.5**	$56.1	$44.9**	$51.5	$118.6
Percentage of pretax profits	0.50%	0.60%	0.41%	0.57%	N/A***
Type					
Cash	$24.9	$21.1	$27.3	$20.3	$22.3
Products and services****	$27.5	$35.0	$17.7	$31.2	$96.3

* Social investments include all grants made to nonprofit organizations from the HP Company and the Hewlett-Packard Company Foundation, plus the valuation of employee volunteer hours. Data exclude contributions to the Hewlett-Packard Company Foundation and employee donations but include HP's matching contributions and contributions from the Hewlett-Packard Company Foundation to other organizations. Prior to 2010, HP did not report contributions from the Hewlett-Packard Company Foundation to other organizations as a part of these data. All years represented in this chart have been updated to reflect these contributions.

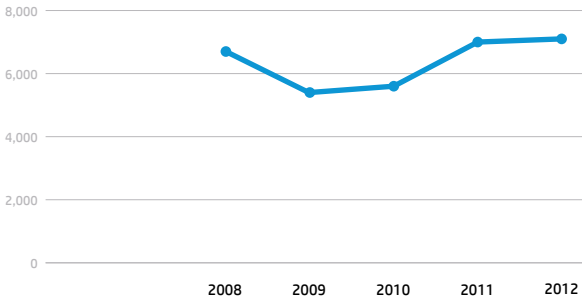
** Due to rounding of this total, the sum of the constituent parts of this figure listed under the types of investments below does not match this figure.

*** In FY2012, HP recorded a net loss, therefore a percentage of pretax profits cannot be calculated.

**** Product donations are valued at the Internet list price. This is the price a customer would have paid to purchase the equipment through the HP direct sales channel on the Internet at the time the grant was processed. Beginning in 2010, services includes the valuation of HP employee volunteer hours. Valuation rates are based on CECP standards. The number in 2012 is considerably higher than 2011 due to increased employee programs and more complete volunteer hour data.

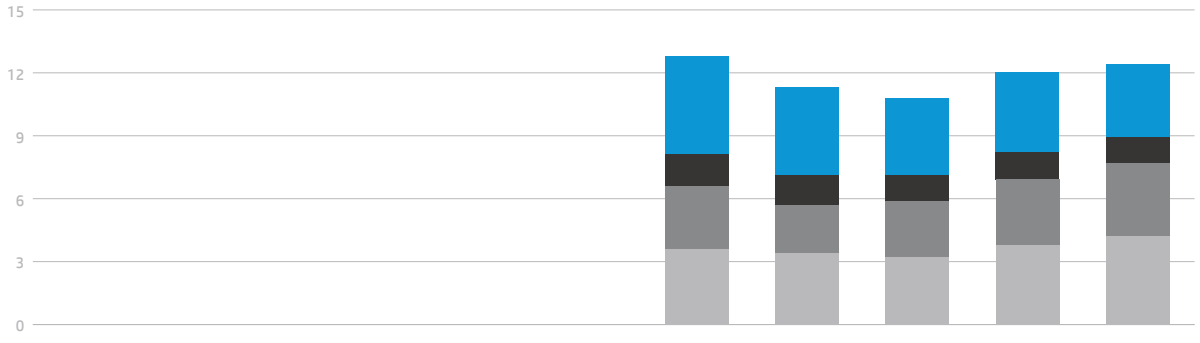
We currently report employee volunteerism and contributions data for U.S. employees only.

Participation in the HP U.S. Employee Cash Giving Program, 2008–2012 [number of employees]



	2008	2009	2010	2011	2012
Participation in the HP U.S. Employee Cash Giving Program	6,700	5,400	5,600	7,000	7,100

Cash and products donated by employees and HP and Hewlett-Packard Company Foundation matched funds [$ million USD]



	2008	2009	2010	2011	2012
Cash donated by U.S. employees*	$3.6	$3.4	$3.2	$3.8	$4.2M
Cash from Hewlett-Packard Company Foundation matched funds*	$3.0	$2.3	$2.7	$3.1	$3.5M
Value of products donate by U.S. employees**	$1.5	$1.4	$1.2	$1.3	$1.2M
Value of products from matched funds**	$4.7	$4.2	$3.7	$3.8	$3.5M
Total	**$12.8**	**$11.3**	**$10.8**	**$12.0**	**$12.4**

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

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

Economic impacts

HP contributes to economies worldwide. Our full economic impact results from both our financial transactions and the value we create across the wider economy:

- Direct impacts include customer sales as well as employee salaries, supplier and tax payments, shareholder dividends, and social investments.
- Indirect impacts occur when the money we spend circulates through the economy, for example when employees, suppliers, and investors spend their earnings from HP. In addition, HP products and solutions may help make businesses and other organizations more efficient and profitable.

Performance in fiscal year 2012

The table below summarizes our direct and indirect economic impacts on our main stakeholder groups during fiscal year 2012 (FY12). The Data dashboard: Society on page 130 summarizes HP's economic performance. For more details, please see our financial statements, interactive stock chart, and annual report and 10-K.

Group	Direct economic impacts in FY12	Indirect economic impacts in FY12
Suppliers	HP made purchases from more than 1,000 production suppliers (defined as suppliers that provide materials for our products) and tens of thousands of nonproduction suppliers worldwide.	Our spending continued to support employment in supplier companies. Suppliers and their workers in turn pay taxes and support local economies, and suppliers may pay dividends to their investors.
Employees	HP provided compensation and benefits to approximately 331,800 employees worldwide.*	HP's employees pay taxes and generate further economic activity by spending some of the money they earn.
Customers	HP's net revenue was $120 billion USD.	We continued to help customers improve productivity and reduce their environmental impact by offering reliable, high-quality products and services. For business customers, this may increase the jobs they create and taxes they pay. Customers can save money through improved energy efficiency of our products and services.
Sales, marketing, and distribution partners	HP helped create business for sales and service partners worldwide.	Our partners' commercial relationships with HP can contribute to their growth.
Local, state, and national governments	HP paid net cash income taxes of $1.75 billion USD.	Taxes paid help enable government spending and programs.
Investors	HP paid $1.015 million USD in dividends to shareholders.	Investors may pay taxes on dividends.

* As of October 31, 2012.

Data dashboard: Society[1]

Public policy	2008	2009	2010	2011	2012
Contributions to U.S. state and local candidates, political memberships/sponsorships, and ballot measure campaigns [$ USD]	$1,035,650	$1,052,400	$1,284,900	$1,136,447	$1,422,375
HP Political Action Committee contributions* [$ USD]	$219,600	$260,000	$378,000	$542,200	$529,450

* Reflects combined HP Political Action Committee and legacy EDS Political Action Committee contributions. Includes minimal operating expenditures.

Supply chain responsibility	2008	2009	2010	2011	2012
Suppliers engaged in SER program [total, cumulative]	630	720	879	907	958
SER audits conducted* [total, cumulative]	486	591	681	764	893
Initial audits	235	260	293	330	398
Follow-up audits	221	292	320	340	379
Full re-audits	30	39	68	94	116
Audit findings (See Detailed audit findings on page 88)					
Suppliers engaged in capability building [total, cumulative]	55	68	80	126	216
Production supplier GHG emissions performance (estimated)**					
Aggregated first-tier production suppliers' Scope 1 direct and Scope 2 indirect emissions [tonnes CO_2e]	4,100,000	3,500,000	4,500,000	3,500,000	
Coverage [% of first-tier supplier spend captured]	86%	91%	95%	95%	
Aggregated production supplier Scope 3 indirect emissions*** [tonnes CO_2e]				3,100,000	
Coverage [% of first-tier production supplier spend reporting Scope 3 emissions]				48%	
Production supplier GHG emissions intensity [tonnes CO_2e/first-tier production supplier spend, 2007 = 100%])	96%	96%	88%	76%	
Nonproduction supplier GHG emissions performance**					
Aggregated first-tier nonproduction suppliers' Scope 1 direct and Scope 2 indirect emissions [tonnes CO_2]				480,000	
Coverage [percentage of first-tier supplier spend captured]				51%	
Supplier water consumption†					
Aggregated water withdrawn for use [cubic meters]				28,000,000	
Coverage [% of first-tier supplier spend captured]				38%	
Companies with company-wide water strategies, plans, or policies [% of first-tier supplier spend captured]				38%	

continued

[1] Some segments do not add up to total due to rounding.

Supply chain responsibility	2008	2009	2010	2011	2012
HP's spend with diverse suppliers					
U.S. purchasing with small businesses†† [$ million USD]	$3,365	$3,691	$4,316	$4,400	$4,792
U.S. purchasing with minority-owned businesses††, ††† [$ million USD]			$827	$733	$989
U.S. purchasing with women-owned businesses††, ††† [$ million USD]			$861	$476	$547
**Strategic supplier spend on small, minority, woman, veteran, and service disabled-veteran owned business enterprises†††† ** [$ million USD]				$318	$498

* Data for past years may differ from previous reports because HP receives the details of some audits after the Global Citizenship Report publication deadline. Includes production suppliers only.

** Refers to first-tier suppliers for manufacturing, materials, and components. Emissions are estimated based on suppliers' emissions and their dollar volume of HP business compared with their total revenue. The majority of these companies report on a calendar year basis. The year 2011 is the most recent for which data are available. 2010 figure for "Production supplier GHG emissions intensity" has been updated to reflect revised supplier revenue data. We continue to report the original number for the purposes of the Carbon Disclosure Project. Previous 2010 figure: 94%.

*** Numbers only take into account Scope 3 categories that suppliers report on. The World Resources Institute defines Scope 1, 2, and 3 GHG emissions in its Greenhouse Gas Protocol; see www.ghgprotocol.org/calculation-tools/faq.

**** Emissions are estimated based on suppliers' emissions and their dollar volume of HP business compared with their total revenue. The majority of these companies report on a calendar year basis. The year 2011 is the most recent for which data are available.

† Consumption is estimated based on suppliers' consumption and their dollar volume of HP business compared with their total revenue. The majority of these companies report on a calendar year basis. The year 2011 is the most recent for which data are available.

†† All figures are for U.S. purchases from U.S.-based businesses. Data are for the 12-month period ending September 30 of the year noted. Data beginning in 2009 include HP Enterprise Services (formerly EDS) spending. Data prior to 2009 do not.

††† Beginning in 2011, we did not include combined spend in the minority-owned businesses and women-owned businesses categories, which decreased the total spend compared with the prior year.

†††† Figures include production and nonproduction suppliers. HP considers suppliers strategic based on a number of areas relating to business, engagement, and other macroeconomic indicators. This list is updated annually and never includes more than 100 suppliers.

HP people	2008	2009	2010	2011	2012
Number of HP employees (approximate)*	321,000	304,000	325,000	350,000	331,800
Worldwide workforce demographics-employees** [women as a percentage of total employees]					
Americas	30.8%	35.0%	34.0%	33.3%	33.1%
Asia Pacific and Japan	30.9%	32.5%	33.1%	32.3%	32.6%
Europe, Middle East, and Africa	28.1%	30.0%	30.5%	29.8%	30.0%
Worldwide	30.1%	32.9%	32.9%	32.0%	32.1%
Worldwide workforce demographics-managers** [women as a percentage of total managers]					
Americas	25.2%	28.3%	27.8%	28.7%	30.1%
Asia Pacific and Japan	20.2%	21.2%	21.8%	22.3%	22.2%
Europe, Middle East, and Africa	18.5%	20.0%	19.8%	20.9%	22.4%
Worldwide	22.0%	24.3%	24.1%	24.8%	25.5%
Global new hires, by gender*** [as a percentage of total]					
Female	34.9%	35.6%	35.2%	32.7%	34.6%
Male	65.1%	64.4%	64.8%	67.3%	65.4%

continued

HP people	2008	2009	2010	2011	2012
U.S. workforce demographics (See Diversity and inclusion on page 112 for detailed data)					
U.S. new hires, by ethnicity[****] [as a percentage of total]					
White	67.2%	65.0%	61.7%	52.4%	64.8%
All minorities	32.4%	34.5%	34.8%	31.1%	34.9%
Black	8.1%	11.2%	14.5%	7.7%	10.8%
Hispanic	6.9%	7.1%	7.1%	6.7%	7.5%
Asian	15.7%	12.5%	10.5%	14.6%	12.6%
Native American	0.6%	0.7%	0.3%	0.4%	0.3%
Lost workday case rate[†]					
Global	0.07	0.08	0.10	0.09	0.07
Americas	0.13	0.17	0.16	0.13	0.12
Europe, Middle East, and Africa	0.08	0.04	0.11	0.11	0.08
Asia Pacific and Japan	0.01	0.01	0.02	0.01	0.01
Recordable incidence rate[††]					
Global	0.31	0.30	0.24	0.22	0.20
Americas	0.66	0.57	0.43	0.41	0.36
Europe, Middle East, and Africa	0.25	0.29	0.18	0.17	0.18
Asia Pacific and Japan	0.05	0.03	0.03	0.02	0.01

[*] As of October 31 of the year noted. Numbers are rounded.

[**] 2009 data exclude Brazil.

[***] 2009 data exclude Brazil and reflect the time period January 1, 2009, to November 30, 2009.

[****] Sum of "White" and "All minorities" does not equal 100%, and the sum of "Black," "Hispanic," "Asian," and "Native American" does not equal the total for "All minorities" because some people do not declare or do not fall into these categories. "White" and "Black" figures for 2011 are markedly lower from other years, as 16.1% of respondents placed themselves in a new "Other" category, which does not allow identification by ethnicity.

[†] Lost workday case rate is the number of work-related injuries that result in time away from work per 100 employees working a full year. Rates are calculated using OSHA definitions for recordability around the globe and using OSHA calculation methodologies. The figures are based on employees working an average of 2,000 hours during a full year. The U.S. average in 2011 for the data processing, hosting, and related services industry was 0.2. Americas includes incidents occurring in Argentina, Brazil, Canada, Colombia, Puerto Rico, and the United States. Europe, Middle East, and Africa includes incidents occurring in France, Germany, Hungary, Ireland, Israel, Italy, Macedonia, Poland, Slovakia, South Africa, Spain, and the United Kingdom. Asia Pacific and Japan includes incidents occurring in Japan and Singapore.

[††] Recordable incidence rate is the number of all work-related lost-time and no-lost-time cases requiring more than first aid per 100 employees working a full year. Rates are calculated using OSHA definitions for recordability around the globe and using OSHA calculation methodologies. The figures are based on employees working an average of 2,000 hours during a full year. The U.S. average in 2011 for the data processing, hosting, and related services industry was 0.6. Americas includes incidents occurring in Argentina, Brazil, Canada, Colombia, Puerto Rico, and the United States. Europe, Middle East, and Africa includes incidents occurring in Austria, Belgium, Czech Republic, France, Germany, Hungary, Ireland, Israel, Italy, Macedonia, Poland, Slovakia, South Africa, Spain, Switzerland, and the United Kingdom. Asia Pacific and Japan includes incidents occurring in Japan and Singapore.

Social innovation	2008	2009	2010	2011	2012
Social investments* [$ million USD]	$52.2	$56.1	$44.9	$51.5	$118.6
Cash	$24.9	$21.1	$27.3	$20.3	$22.3
Products and services**	$27.5	$35.0	$17.7	$31.2	$96.3
Social investments [% of pretax profits]	0.50%	0.60%	0.41%	0.57%	N/A***
Participation in the HP U.S. Employee Cash Giving Program [number of employees]	6,700	5,400	5,600	7,000	7,100
Cash and products donated by employees and HP and Hewlett-Packard Company Foundation matched funds** [$ million USD]	$12.8	$11.3	$10.8	$12.0	$12.4
Cash donated by U.S. employees****	$3.6	$3.4	$3.2	$3.8	$4.2
Cash from Hewlett-Packard Company Foundation matched funds****	$3.0	$2.3	$2.7	$3.1	$3.5
Value of products donated by U.S. employees†	$1.5	$1.4	$1.2	$1.3	$1.2
Value of products from HP matched funds†	$4.7	$4.2	$3.7	$3.8	$3.5

* Social investments include all grants made to nonprofit organizations from the HP Company and the Hewlett-Packard Company Foundation, plus the valuation of employee volunteer hours. Data exclude contributions to the Hewlett-Packard Company Foundation and employee donations but include HP's matching contributions and contributions from the Hewlett-Packard Company Foundation to other organizations. Prior to 2010, HP did not report contributions from the Hewlett-Packard Company Foundation to other organizations as a part of these data. All years represented in this chart have been updated to reflect these contributions.

** Product donations are valued at the Internet list price. This is the price a customer would have paid to purchase the equipment through the HP direct sales channel on the Internet at the time the grant was processed. Beginning in 2010, services includes the valuation of HP employee volunteer hours. Valuation rates are based on CECP standards. The number in 2012 is considerably higher than 2011 due to increased employee programs and more complete volunteer hour data.

*** In FY2012, HP recorded a net loss. Therefore, a percentage of pretax profits cannot be calculated.

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

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

Economic impacts	2010	2011	2012
Net revenue [$ million USD]	$126,033	$127,245	$120,357
Net investment in property, plant, and equipment [$ million USD]	$3,531	$3,540	$3,089
Research and development spending [$ million USD]	$2,959	$3,254	$3,399
Number of patents (total, approximate)	37,000	36,000	36,000
401(k) expense* [$ million USD]	$535	$626	$628
Advertising cost (approximate) [$ million USD]	$1,000	$1,200	$1,000
Total dividend payments [$ million USD]	$771	$844	$1,015
Share repurchases [$ million USD]	$11,042	$10,117	$1,619

* HP match and expenses for employee 401(k) retirement accounts.

About this report

Overview

This report describes HP's global citizenship policies, programs, and performance through the 2012 fiscal year (which ended October 31, 2012). It provides in-depth information to stakeholders including customers, industry analysts, socially responsible investors, nongovernmental organizations, employees, sustainability specialists, and others. We report yearly on our progress, changes to our business, emerging issues, and our responses to stakeholder feedback. To improve our disclosure, we consider external standards such as the Global Reporting Initiative and the United Nations Global Compact, as well as reporting trends and best practices. We also include perspectives from external experts about our global citizenship efforts.

Our global citizenship website provides summary information for readers seeking a higher-level overview of our approach and performance. Previous reports are available at the downloads page of our global citizenship website.

Reference pages

The pages listed below provide quick access to commonly requested information.

In this report:

- Report of Independent Accountant on page 137
- Data dashboard: Environment on page 67 and Data dashboard: Society on page 130
- Global Reporting Initiative index on page 140
- UN Global Compact index on page 139

On our global citizenship website:

- Affiliations and memberships
- Awards
- EcoSolutions
- Policies and Standards

Scope, dates, and measures

- The information in this report is current as of the date of its initial publication. This report has not been updated to reflect any changes that may have occurred after such date, including, among other things, any changes to HP's business or strategy. HP assumes no obligation and does not intend to update this report to reflect any such changes.
- The information in this report covers all HP operations but does not cover joint ventures.
- All references to years are to HP's fiscal year, which ends October 31, unless otherwise stated.
- All references to dollars are to U.S. dollars (USD).
- "Tonnes" refers to metric tonnes. (One metric tonne is equivalent to 2,205 pounds.)

Metrics and goals

The metrics and goals in this report are established by the HP teams responsible for measuring and achieving them, in consultation with internal, and in some cases external, stakeholders, and taking into account leading practices. This ensures that our metrics provide a meaningful and balanced picture of HP's performance, and that our goals are realistic yet challenging.

Collecting data from hundreds of sites worldwide is complex, and the process can vary by issue, business unit, function, and geography. As a result, it can be difficult to define and implement measures for the entire company. We continue to standardize our measurement systems and metrics. Data are rounded as needed to reflect the appropriate level of certainty.

Reporting performance beyond our immediate operations can also be challenging. For example, we must make assumptions when estimating Scope 3 greenhouse gas emissions, product energy consumption and the resulting GHG emissions, and the percentage of HP products sold that are recycled.

Wherever possible, we describe the context for performance data so readers can understand any limitations and draw appropriate conclusions.

See Data dashboard: Environment on page 67 and Data dashboard: Society on page 130 for more detail.

Your feedback

Your comments and suggestions are important to us. Please provide your feedback on HP's global citizenship performance, website, or report using our online form.

Forward-looking statements

This report contains forward-looking statements that involve risks, uncertainties, and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the results of HP may differ materially from those expressed or implied by such forward-looking statements and assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including but not limited to statements of the plans, strategies, and objectives of management for future operations, including the expected development, implementation, and achievement of environmental, social, and governance policies, goals, and objectives; statements concerning the existing or expected development, performance, addressable market, or market share relating to products or services and the impact of those products and services on global issues, the environment, and other elements of society; statements regarding current or future macroeconomic or market trends and events and the impact of those trends and events on HP and its financial performance; statements about the merits of an investment in HP securities;

any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. Risks, uncertainties, and assumptions include the need to address the many challenges facing HP's businesses; the competitive pressures faced by HP's businesses; risks associated with executing HP's strategy; the impact of macroeconomic and geopolitical trends and events; the need to manage third-party suppliers and the distribution of HP's products and services effectively; the protection of HP's intellectual property assets, including intellectual property licensed from third parties; risks associated with HP's international operations; the development and transition of new products and services and the enhancement of existing products and services to meet customer needs and respond to emerging technological trends; the execution and performance of contracts by HP and its suppliers, customers, and partners; the hiring and retention of key employees; integration and other risks associated with business combination and investment transactions; the execution, timing, and results of restructuring plans, including estimates and assumptions related to the cost and the anticipated benefits of implementing those plans; the resolution of pending investigations, claims, and disputes; and other risks that are described in HP's filings with the Securities and Exchange Commission, including HP's Annual Report on Form 10-K for the fiscal year ended October 31, 2012. HP assumes no obligation and does not intend to update these forward-looking statements.

Assurance

We believe that obtaining assurance helps demonstrate that the information provided in our Global Citizenship Report describes our performance accurately and completely. Our approach to assurance combines external reviews of selected content, other forms of third-party review, and assessment by HP's Internal Audit group.

External verification

In 2012, HP engaged external assurance provider Ernst & Young (E&Y) to perform an independent review of a selected number of key performance indicators in our 2012 Global Citizenship Report in accordance with AT 101, Statements on Standards for Attestation Engagements, of the American Institute of Certified Public Accountants. We plan to expand the scope of this independent assurance in future years.

For a full listing of the indicators within scope of E&Y's review, please see their Report of Independent Accountant on page 137.

In addition, the following data in this report received external assurance during the year:

- **Product reuse and recycling** In 2012, HP completed our fifth round of reuse and recycling vendor audits under our expanded program guidelines. Our third-party auditing firm, Environmental Resources Management, audited 18 reuse and 13 recycling vendor facilities in 17 countries. Learn more in Vendor audits on page 54.
- **Supply chain responsibility** HP engages third-party audit firms to conduct verification audits of our suppliers. These include suppliers associated with a specific allegation in nongovernmental organization reports. We also use third-party audit findings to validate our internal audit results. Learn more in Our approach on page 76.
- **Financial data** E&Y also provided independent assurance over data included in HP's 2012 Annual Report. Selected data from that document appear in this report. Learn more in HP profile on page 8 and Economic impacts on page 129.

Other external reviews

As part of HP's global ISO 14001 and site OHSAS 18001 registrations, we are assessed by independent, accredited auditors, including Bureau Veritas Certification and BSI Management Systems.

Internal Audit and review

HP Internal Audit assesses risk and evaluates control environments for several operations, including, but not limited to, financial transactions and reporting, systems security, and process flows. Compliance and ethics, privacy, and environment, health, and safety management processes may also be evaluated, depending on the nature of the business operation and the scope of the audit.

In addition, qualified HP professionals conduct internal audits of the environmental, health, and safety management systems at our operations, and we report the results to senior management.

Report of Independent Accountant

To the Board of Directors and Management of Hewlett-Packard Company

We have reviewed selected quantitative performance indicators (the "Subject Matter") included in the Schedule of Reviewed Performance Indicators (the "Schedule") below and as presented in the Hewlett-Packard Company ("HP") 2012 Global Citizenship Report (the "Report") for the year ended October 31, 2012. We did not review all information included in the Report. We did not review the narrative sections of the Report, except where they incorporated the Subject Matter. HP management is responsible for the Subject Matter included in the Schedule below and as also presented in the Report, and for selection of the criteria against which the Subject Matter is measured and presented.

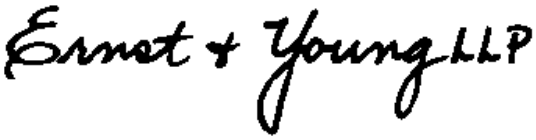
Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and accordingly, included:

- inquiries of persons responsible for the subject matter;
- obtaining an understanding of the data management systems and processes used to generate, aggregate and report the Subject Matter;
- analytical procedures over the accuracy and completeness of the Subject Matter; and,
- performing such other procedures as we considered necessary in the circumstances.

A review is substantially less in scope than an examination, the objective of which is an expression of opinion on the subject matter. Accordingly, we do not express such an opinion.

Nonfinancial information contained within global citizenship reports are subject to measurement uncertainties resulting from limitations inherent in the nature and the methods used for determining such data. The selection of different but acceptable measurement techniques can result in materially different measurements. The precision of different measurement techniques may also vary.

Based on our review, nothing came to our attention that caused us to believe that the Subject Matter described above is not presented, in all material respects, in conformity with the relevant criteria as disclosed in the Report.



April 10, 2013
San Jose, California

Hewlett-Packard Company, Inc. schedule of reviewed performance indicators for the year ended October 31, 2012

Indicator Name	Scope	Unit	Reported Value*
Scope 1 greenhouse gas (GHG) emissions	Global	Tonnes of carbon dioxide equivalents (tCO_2e)	246,000
Scope 2 GHG emissions	Global	tCO_2e	1,643,000
Scope 3 GHG emissions**	Global	tCO_2e	76,720,000
Scope 1 energy consumption	Global	Million kWh	379
Scope 2 energy consumption	Global	Million kWh	3,729
Renewable energy consumption	Global	Million kWh	496
Water consumption	Global	cubic meters	8,493,000
Recordable incidence rate***	Global	Number of recordable incidents / 200,000 work hours	0.20
Lost workday case rate***	Global	Number of lost work day injuries / 200,000 work hours	0.07
Identified smelters in HP's supply chain reported to supply conflict minerals****	Global	Number of identified smelters	195
Supply chain social and environmental responsibility (SER) audit program results	Global	Number of SER audits conducted in 2012, by type	Initial audits: 68 Follow-up audits: 39 Full audits: 22
	Global	Distribution of major nonconformances by section of HP's EICC Code†	General: 8% Environment: 9% Health and safety: 31% Labor: 22% Ethics: 10% Environmental, health, and safety management system: 8% Labor and ethics management system: 12%
Total cash donations	Global	$USD million	$22.3

* All indicators are reported for the year ended October 31, 2012, except as otherwise indicated.

** Carbon Accounting Explanations document available at: www.hp.com/globalcitizenship. Scope 3 emissions reported in the 2012 GCR reflect data for the year ended October 31, 2011.

*** Recordable incidents and lost workday case rates are determined at December 1, 2012, for the 2012 fiscal year.

**** The term "conflict minerals" is defined by Section 1502 of the Dodd-Frank Act of the United States Securities and Exchange Commission and includes: tungsten, tantalum, tin, and gold. HP's supplier survey process as described in HP's GCR Report was reviewed with respect to the identification of smelters as of January 31, 2013. The number of known smelters is subject to change as additional information is provided to HP.

† Includes initial audits and full re-audits only; EICC stands for Electronic Industry Citizenship Coalition.

UN Global Compact index

HP is a signatory to the United Nations Global Compact, a set of voluntary commitments for companies to improve human rights, labor conditions, the environment, and anticorruption controls. Our president and chief executive officer, Meg Whitman, expresses HP's support for the Global Compact in her executive letter. The table below links to the sections of this report that address the Global Compact's 10 principles.

Principle	Information in report
Human rights	
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	Human rights on page 73 Supply chain responsibility on page 75 Conflict minerals on page 96 Privacy on page 103 HP people on page 108
Principle 2: make sure that they are not complicit in human rights abuses.	Human rights on page 73 Supply chain responsibility on page 75 Conflict minerals on page 96
Labor standards	
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Human rights on page 73 Supply chain responsibility on page 75
Principle 4: the elimination of all forms of forced and compulsory labor;	Human rights on page 73 Supply chain responsibility on page 75
Principle 5: the effective abolition of child labor; and	Human rights on page 73 Supply chain responsibility on page 75
Principle 6: the elimination of discrimination with respect to employment and occupation.	Human rights on page 73 Supply chain responsibility on page 75 Diversity and inclusion on page 112
Environment	
Principle 7: Businesses should support a precautionary approach to environmental challenges;	Materials on page 41
Principle 8: undertake initiatives to promote greater environmental responsibility; and	Environmental sustainability on page 27 Products and solutions on page 35 Product return and recycling on page 50 HP operations on page 55 Supply chain responsibility on page 75
Principle 9: encourage the development and diffusion of environmentally friendly technologies.	Products and solutions on page 35 HP operations on page 55
Anticorruption	
Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.	Anticorruption on page 21 Supply chain responsibility on page 75

Global Reporting Initiative index

We considered the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (G3) when preparing this report. HP self-declares this report to GRI Application Level B+, as stated in the table below.

GRI Guidelines Application Level	C	C+	B	B+	A	A+
Self-declared				X		

Key	
■	Full coverage
▬	Partial coverage
□	No coverage

GRI guideline		Coverage	Location
Vision and strategy			
1.1	Statement from the most senior decision maker of the organization about the relevance of sustainability to the organization and its strategy.	■	Letter from CEO Meg Whitman on page 4
1.2	Description of key impacts, risks, and opportunities.	■	Global citizenship strategy on page 10 Performance and challenges are described throughout the report.
Organizational profile			
2.1	Name of the organization.	■	HP profile on page 8
2.2	Primary brands, products, and/or services.	■	HP profile on page 8
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	■	HP profile on page 8 HP Annual Report
2.4	Location of organization's headquarters.	■	HP profile on page 8
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	■	See a list of HP's major operations in our 2012 Annual Report (page 35). Detailed audit findings on page 88
2.6	Nature of ownership and legal form.	■	HP profile on page 8
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	■	HP profile on page 8 HP Annual Report
2.8	Scale of the reporting organization.	■	HP profile on page 8
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	■	HP Annual Report
2.10	Awards received in the reporting period.	■	Awards
Report parameters			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	■	Overview on page 135
3.2	Date of most recent previous report (if any).	■	June 2012
3.3	Reporting cycle (annual, biennial, etc.).	■	Overview on page 135
3.4	Contact point for questions regarding the report or its contents	■	Feedback
3.5	Process for defining report content.	■	Global citizenship strategy on page 10 Overview on page 135
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	■	HP operations on page 55 Detailed audit findings on page 88 Overview on page 135

GRI guideline		Coverage	Location
3.7	State any specific limitations on the scope or boundary of the report.	■	Data dashboard: Environment on page 67 Data dashboard: Society on page 130 Overview on page 135
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	■	Overview on page 135
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report.	■	Data dashboard: Environment on page 67 Data dashboard: Society on page 130 Noted in relevant sections as appropriate
3.10	Explanation of the effect of any restatements of information provided in earlier reports, and the reasons for such restatement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	■	Data dashboard: Environment on page 67 Data dashboard: Society on page 130 Noted in relevant sections as appropriate
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	■	Data dashboard: Environment on page 67 Data dashboard: Society on page 130 Noted in relevant sections as appropriate
3.12	Table identifying the location of the standard disclosures in the report.	■	Global Reporting Initiative index on page 140
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	■	Assurance on page 136
Governance			
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	■	Global citizenship governance on page 13 Ethics and compliance on page 19 Corporate governance
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	■	Corporate governance
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or nonexecutive members.	■	Corporate governance
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	■	Contact the board
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	■	Corporate governance guidelines
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	■	Corporate governance guidelines
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	■	Corporate governance guidelines
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	■	Policies and standards on page 25
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed upon standards, codes of conduct, and principles.	■	Global citizenship governance on page 13 Ethics and compliance on page 19 HP's approach to supply chain responsibility

GRI guideline		Coverage	Location
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	■	Corporate governance guidelines
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	■	Materials on page 41
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	■	Management and compliance on page 57 Supply chain responsibility on page 75 Health and safety on page 116 UN Global Compact index on page 139
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	■	Affiliations and memberships on page 16
4.14	List of stakeholder groups engaged by the organization.	■	Stakeholder engagement on page 14
4.15	Basis for identification and selection of stakeholders with whom to engage.	■	Stakeholder engagement on page 14
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	■	Stakeholder engagement on page 14
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	■	Stakeholder engagement on page 14
Performance: economic			
	Disclosures on management approach.	■	Economic impacts on page 129
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. (Core)	■	Data dashboard: Society on page 130
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change. (Core)	■	HP operations on page 55 We report this information yearly through the CDP
EC3	Coverage of the organization's defined benefit plan obligations. (Core)	■	HP Annual Report
EC4	Significant financial assistance received from government. (Core)	□	
EC5	Range of ratios of standard entry-level wage compared with local minimum wage at significant locations of operation. (Additional)	□	
EC6	Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation. (Core)	▬	Supplier diversity on page 98 In fiscal year 2012, HP spent approximately $1 billion USD with local nonproduction suppliers in the United States.*
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation. (Core)	□	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement. (Core)	■	Social innovation on page 120
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts. (Additional)	▬	Economic impacts on page 129

* In this case, HP defines "local suppliers" as suppliers with a corporate office located within the same city as a significant HP facility. "Nonproduction suppliers" refers to suppliers that provide goods and services that do not go into the production of HP products, excluding logistics service providers (LSPs).

Performance: environmental			

GRI guideline		Coverage	Location
	Disclosures on management approach.	■	Environmental sustainability on page 27 Products and solutions on page 35 Product return and recycling on page 50 Management and compliance on page 57 Supply chain responsibility on page 75
EN1	Materials used by weight or volume. (Core)	■	Paper on page 32 Materials on page 41 Packaging on page 44
EN2	Percentage of materials used that are recycled input materials. (Core)	▬	Paper on page 32 Materials on page 41
EN3	Direct energy consumption by primary energy source. (Core)	■	Data dashboard: Environment on page 67
EN4	Indirect energy consumption by primary source. (Core)	■	Data dashboard: Environment on page 67
EN5	Energy saved due to conservation and efficiency improvements. (Additional)	▬	Energy and GHG emissions on page 57
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives. (Additional)	■	Use on page 46
EN7	Initiatives to reduce indirect energy consumption and reductions achieved. (Additional)	■	Energy efficiency on page 58
EN8	Total water withdrawal by source. (Core)	▬	Water on page 63
EN9	Water sources significantly affected by withdrawal of water. (Additional)	▬	Water on page 63
EN10	Percentage and total volume of water recycled and reused. (Additional)	□	
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas. (Core)	▬	Remediation on page 65
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas. (Core)	▬	Remediation on page 65
EN13	Habitats protected or restored. (Additional)	□	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity. (Additional)	▬	Remediation on page 65
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk. (Additional)	□	
EN16	Total direct and indirect greenhouse gas emissions by weight. (Core)	■	Energy and climate on page 29 Data dashboard: Environment on page 67
EN17	Other relevant indirect greenhouse gas emissions by weight. (Core)	■	Energy and climate on page 29 Data dashboard: Environment on page 67
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved. (Additional)	■	Energy and climate on page 29 Transport on page 45 Use on page 46 Energy efficiency on page 58 Renewable energy on page 60 Travel on page 60 Environmental impacts on page 81
EN19	Emissions of ozone-depleting substances by weight. (Core)	■	Ozone-depleting substances on page 65
EN20	NOx, SOx, and other significant air emissions by type and weight. (Core)	▬	HP does not report on this indicator because its emissions in this area are insignificant given our current operations.
EN21	Total water discharge by quality and destination. (Core)	■	Data dashboard: Environment on page 67

GRI guideline		Coverage	Location
EN22	Total weight of waste by type and disposal method. (Core)	■	Waste and recycling on page 61
EN23	Total number and volume of significant spills. (Core)	■	Remediation on page 65
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally. (Additional)	□	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff. (Additional)	□	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation. (Core)	■	Paper on page 32 Products and solutions on page 35 Product return and recycling on page 50
EN27	Percentage of products sold and their packaging materials that are reclaimed by category. (Core)	■	Product return and recycling on page 50
EN28	Monetary value of significant fines and total number of nonmonetary sanctions for noncompliance with environmental laws and regulations. (Core)	□	
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce. (Additional)	■	Transport on page 45 Travel on page 60
EN30	Total environmental protection expenditures and investments by type. (Additional)	□	
Performance: labor practices and decent work			
	Disclosures on management approach.	■	Human rights on page 73 Supply chain responsibility on page 75 HP people on page 108 Diversity and inclusion on page 112 Health and safety on page 116
LA1	Total workforce by employment type, employment contract, and region. (Core)	▬	HP people on page 108
LA2	Total number and rate of employee turnover by age group, gender, and region. (Core)	□	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations. (Additional)	▬	Rewards and benefits on page 114
LA4	Percentage of employees covered by collective bargaining agreements. (Core)	□	
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements. (Core)	□	
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs. (Additional)	□	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region. (Core)	■	Health and safety on page 116
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases. (Core)	▬	Health and safety on page 116
LA9	Health and safety topics covered in formal agreements with trade unions. (Additional)	□	
LA10	Average hours of training per year per employee by employee category. (Core)	▬	Building careers on page 110

GRI guideline		Coverage	Location
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings. (Additional)	◧	Building careers on page 110
LA12	Percentage of employees receiving regular performance and career development reviews. (Additional)	■	Building careers on page 110
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity. (Core)	■	Diversity and inclusion on page 112
LA14	Ratio of basic salary of men to women by employee category. (Core)	□	
Performance: human rights			
	Disclosures on management approach.	■	Human rights on page 73 Supply chain responsibility on page 75
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening. (Core)	□	
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken. (Core)	■	Supply chain responsibility on page 75 Summary audit results on page 84 Detailed audit findings on page 88
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained. (Additional)	□	
HR4	Total number of incidents of discrimination and actions taken. (Core)	◧	Supply chain responsibility on page 75 Detailed audit findings on page 88
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights. (Core)	■	Supply chain responsibility on page 75 Detailed audit findings on page 88
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor. (Core)	■	Supply chain responsibility on page 75 Detailed audit findings on page 88
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor. (Core)	■	Supply chain responsibility on page 75 Detailed audit findings on page 88
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations. (Additional)	□	
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken. (Additional)	□	
Performance: society			
	Disclosures on management approach.	■	Corporate ethics on page 18 Public policy on page 22 Management and compliance on page 57
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting. (Core)	◧	HP operations on page 55
SO2	Percentage and total number of business units analyzed for risks related to corruption. (Core)	□	
SO3	Percentage of employees trained in organization's anticorruption policies and procedures. (Core)	■	Anticorruption on page 21
SO4	Actions taken in response to incidents of corruption. (Core)	□	
SO5	Public policy positions and participation in public policy development and lobbying. (Core)	■	Public policy on page 22
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country. (Additional)	■	Public policy on page 22

GRI guideline		Coverage	Location
SO7	Total number of legal actions for anticompetitive behavior, antitrust, and monopoly practices and their outcomes. (Additional)	☐	
SO8	Monetary value of significant fines and total number of nonmonetary sanctions for noncompliance with laws and regulations. (Core)	☐	
Performance: product responsibility			
	Disclosures on management approach.	■	Products and solutions on page 35 Product return and recycling on page 50 Privacy on page 103
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures. (Core)	■	Paper on page 32 Products and solutions on page 35 Life cycle assessment on page 37 Research and development on page 38 Design on page 39 Materials on page 41 Packaging on page 44 Transport on page 45 Product return and recycling on page 50 Environmental impacts on page 81
PR2	Total number of incidents of noncompliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes. (Additional)	☐	
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements. (Core)	▬	Products and solutions on page 35 HP provides a wide range of information related to many of its products, including material safety data sheets (MSDS), eco declarations, Energy Star and eco labels information, technical regulations and certificates, and product disassembly instructions for recyclers.
PR4	Total number of incidents of noncompliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes. (Additional)	☐	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction. (Additional)	☐	
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship. (Core)	▬	HP's Standards of Business Conduct and corporate guidelines set expectations regarding its advertising practices. These resources require that advertisements and marketing collateral be fair, factual, and complete. Advertising claims must be formally substantiated with current factual data before publishing. HP sells its products in compliance with laws in the jurisdictions in which it does business.
PR7	Total number of incidents of noncompliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes. (Additional)	☐	
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data. (Additional)	☐	
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services. (Core)	☐	