

# HP 2014 Living Progress Report

[\*\*Governance\*\*](#)

[see page 8](#)

[\*\*Human Progress\*\*](#)

[see page 23](#)

[\*\*Economic Progress\*\*](#)

[see page 58](#)

[\*\*Environmental Progress\*\*](#)

[see page 69](#)

[\*\*About this report\*\*](#)

[see page 120](#)



# Contents

3 Letter from CEO Meg Whitman

4 Executive summary

## 8 Governance

9 HP profile

10 Living Progress strategy

11 Materiality update

13 Stakeholder engagement

14 Living Progress governance

15 Company separation and  
Living Progress

16 Corporate ethics

16 Ethics and compliance

19 Anti-corruption

21 Public policy

22 Data



## 23 Human Progress

24 Overview

26 Human rights

28 Supply chain responsibility

30 Our approach

33 Workers' rights

35 Audit results

39 Conflict minerals

42 Privacy

45 Our employees

46 Engaging our people

48 Building careers

49 Diversity and inclusion

50 Rewards and recognition

51 Wellness

51 Health and safety

54 Social investment

56 Data

89 Products and solutions

90 Design for the Environment

95 Life cycle assessment

96 Innovation in 2014

108 Product return and recycling

109 Our approach

112 Social investment

114 Data



## 58 Economic Progress

59 Overview

60 Economic impacts across the  
value chain

65 Social investment

67 Total social investment spend

68 Data

## 120 About this report

121 Overview

123 Independent Accountants' Report

126 United Nations Global Compact  
index

127 Material issues

129 Global Reporting Initiative index



## 69 Environmental Progress

70 Overview

71 Our footprint

74 Supply chain environmental impact

75 Greenhouse gas emissions

78 Water

78 Waste

80 HP operations

81 Management and compliance

81 Greenhouse gas emissions

85 Waste and recycling

87 Water

## Contents

- Letter from CEO  
Meg Whitman

Executive summary

Governance

Human Progress

Economic Progress

Environmental Progress

About this report



### **Letter from Meg Whitman**

**Chairman, President and Chief Executive Officer, Hewlett-Packard**

HP Living Progress is our framework for thinking about how we do business. It's the way we integrate sustainability into our business strategy, building on a commitment we articulated in our company objectives in 1957 and have reaffirmed every year since.

We consider human, economic, and environmental impacts across our entire value chain as we develop our products, services, and solutions, manage our operations, and drive interactions with our customers, partners, and communities. As you explore this year's Living Progress Report, you will see many examples of how our actions and innovations are helping solve some of the world's most complex challenges.

I'm incredibly proud of our accomplishments, and even more excited for the opportunities ahead as we separate into two new companies—Hewlett Packard Enterprise and HP Inc. Both companies will share a proud legacy and an unwavering commitment to sustainability and community.

Please enjoy the report and continue to follow our progress as we work to create a better future for everyone.

Regards,

A handwritten signature in black ink that reads "Meg Whitman".

Meg Whitman

## Contents

Letter from CEO  
Meg Whitman

### • Executive summary

Governance  
Human Progress  
Economic Progress  
Environmental Progress  
About this report



# Executive summary

Living Progress, the framework HP adopted last year for thinking about how we do business, has galvanized our citizenship efforts and empowered our people to pursue human, economic, and environmental progress in all of our work. We believe in the talent and creativity of our people to develop and harness technology and services that can stimulate economies, elevate people from poverty and sickness, and help solve the world's environmental challenges. We achieve this by fully integrating citizenship into our business strategy.

In just the first year since the adoption of Living Progress, HP launched and nurtured an extraordinary array of citizenship initiatives across our value chain and in communities around the world. Unprecedented innovation in our products—such as the HP Apollo 8000 System and HP PageWide Technology—enabled significant advances in energy efficiency as well as computing and printing power. The possibilities for consumers and customers to capitalize on our progress to deliver economic growth and social change are tremendous.

We believe goals galvanize actions, and we extended the scope of our greenhouse gas (GHG) reduction targets across all three parts of our value chain by adding a new goal for HP products and services. We maintained our record for exceptional transparency in reporting, recognized by the highest possible score for disclosure and performance from the CDP. Our policies and standards are the foundation from which our actions flow, and we regularly review and tighten these in response to emerging issues. This year, we introduced our Foreign Migrant Worker Standard to provide better protection for this vulnerable group in our supply chain.

Compelling examples of human, economic, and environmental progress across our value chain—as well as advances in the way we govern ourselves as a company—follow:

## Governance

### Living Progress strategy

We embedded Living Progress thinking across HP, engaging widely with our external partners and stakeholders.

- CEO Meg Whitman and Chief Progress Officer Gabi Zedlmayer promoted our new strategy and HP's contributions toward a low-carbon economy at major events including the launch of the CDP 2014 S&P 500 report in New York City, during Climate Week.
- HP teams engaged with customers across the globe to meet green procurement requirements amounting to more than \$24 billion of existing and potential business revenue.
- Our Corporate Affairs team launched HP's Living Progress Exchange, where through a blend of face-to-face and virtual engagements, we crowdsourced solutions to human, economic, and environmental challenges from a global community of experts and thought leaders.
- HP became the first global information technology (IT) company to set GHG emissions-reduction goals for all three parts of its value chain by adding an ambitious products goal.
- HP was honored to receive the highest possible CDP carbon disclosure score—100 points—and an A rating on carbon-reduction performance.

## Contents

Letter from CEO  
Meg Whitman

### Executive summary

Governance  
Human Progress  
Economic Progress  
Environmental Progress  
About this report

## Corporate ethics

We adhere to the highest ethical standards by supporting our employees in making the right decisions. While our industry-leading practices and policies in this area are well-known, each year we strive to make even greater progress. This year brought several notable examples:

- HP's Ethics and Compliance team completely revamped its internal communications mechanisms to find new and innovative ways to engage employees and expand HP's culture of compliance.
- HP's former Chief Ethics and Compliance Officer won the title of Chief Compliance Officer of the Year for 2014 from the global *Women in Compliance* Award organization, recognizing her leadership and achievements, both at HP and within the wider compliance community.

## Public policy

We advocate with transparency and integrity to promote laws and regulations that encourage economic growth and innovation in a socially and environmentally responsible manner. In 2014, the HP team:

- Supported negotiations on trade agreements including the Trans Pacific Partnership, Transatlantic Trade and Investment Agreement, and Trade in Services Agreement, as well as U.S. legislation to renew Trade Promotion Authority
- Deepened our partnership with the World Economic Forum to build upon the Principles for Cyber Resilience, a set of guidelines for organizations of all kinds to contribute to overall levels of cyber risk mitigation
- Helped secure successful passage of copyright law revisions in Indonesia, improvements to counterfeit legislation in the UAE, and increased penalties for breaches of Brazil's new intellectual property law

## Human Progress

### Supply chain responsibility

We motivate and empower suppliers and other stakeholders to enhance labor conditions, support human rights, and improve environmental performance at supplier production facilities. Over the course of the last year, HP:

- Became the first IT company to require direct employment of foreign migrant workers in our supply chain through the HP Supply Chain Foreign Migrant Worker Standard
- Conducted 200 audits and assessments, the largest number in our program's history. Since our first pilot social and environmental responsibility audits in 2004, we have conducted or commissioned 1,294 audits and assessments of production and nonproduction supplier facilities around the world
- Achieved 15% improvement in Social Accountability International's Social Fingerprint benchmark, placing HP in the top tier of companies assessed
- Achieved 84% of workers related to HP production at final assembly sites working fewer than 60 hours per week on average, with fewer than 4% working more than 72 hours per week

## Human rights

We take an uncompromising stance on human rights in our own operations, and we make compelling arguments to others to do the same. Over the course of the last year, HP was proud to contribute to multi-stakeholder initiatives led by the Global Business Initiative on Human Rights, the Electronic Industry Citizenship Coalition, Social Accountability International and BSR.

## Privacy

We implement rigorous policies and procedures to safeguard personal data that we hold or process, and we support these priorities through a rigorous program designed to train our employees and engage external stakeholders. By way of example, in 2014, HP helped lead efforts to develop the Unified Ethical Frame for Big Data Analysis, a groundbreaking initiative from the Information Accountability Foundation, which has met with unheralded support from regulators, companies, and the privacy community.

## Employees

We aim to attract, motivate, and empower the most talented people in the fast-moving and ultra-competitive IT industry with compelling career development opportunities, a supportive work environment, recognition, and rewards. Toward that end, in 2014, we:

- Achieved 80% participation of all employees worldwide in our Voice of the Workforce survey, which found that overall employee engagement remained strong at 70%
- Worked with the Rainbow PUSH coalition as well as numerous other experts and organizations to address issues of diversity and inclusion in our industry and deepened our long-standing commitment to transparency in continuing to publish comprehensive employee diversity data
- Completed nearly 5.3 million employee training hours, 97% through flexible, virtual sessions or self-paced online courses
- Held our first Global Day of Service to mark our 75th anniversary, with more than 20,200 HP employees worldwide using their paid volunteer time to support community nonprofits

## Social investment: Human

We invest strategically in partnership with diverse organizations to improve the lives and prospects of individuals and communities worldwide. Two noteworthy initiatives this year included:

- Partnering with the United Nations Children's Fund (UNICEF) and the Chinese government to pilot the Maternal and Child Health Management Information System, designed to electronically capture and store health information about every newborn child in China
- Deploying 29 eHealth Centers to serve villages in rural India and receiving more than 65,000 patient visits through February 2015

## Contents

Letter from CEO  
Meg Whitman

### • Executive summary

Governance  
Human Progress  
Economic Progress  
Environmental Progress  
About this report

## Economic Progress

### Economic impacts across the value chain

We leverage HP's far-reaching economic impacts to advance a future where jobs are plentiful, economies thrive, and people have the skills and resources they need to contribute to society. In keeping with those efforts, HP:

- Enabled organizations to protect sensitive data and economic assets against increasingly sophisticated cyber threats. With 10 Security Operations Centers worldwide and more than 5,000 credentialed security professionals on staff, HP Enterprise Security Systems managed 23 billion security events a month in 2014
- Supported hundreds of thousands of jobs through HP's global supply chain purchasing at supplier sites audited through our Supply Chain Responsibility program
- Expanded HP Future Cities, which deploys big data collection and analysis, cloud services, mobility, and security, enabling local governments to improve services, reduce public costs, and drive economic growth

### Social investment: Economic

We make strategic social investments that enhance the Economic Progress of individuals and communities worldwide. In 2014, HP and the HP Company Foundation:

- Launched Matter to a Million, our global employee engagement initiative providing capital to low-income entrepreneurs in partnership with a nonprofit micro-lender. In 2014, each HP employee received a \$25 credit from the HP Company Foundation to loan to borrowers to buy essentials such as tools, livestock, and supplies. Almost 120,000 employees used their credits through December 2014. Combined with additional HP Company Foundation contributions, this equaled more than \$5.9 million in loans
- Addressed the underrepresentation of women in technology, committing \$1 million over four years in the United States to support the National Center for Women & Information Technology's Aspirations in Computing Collegiate Program

## Environmental Progress

### Products and solutions

We continually innovate to reduce the environmental footprint of products and solutions across our portfolio, proactively developing technologies that help to solve some of society's most serious environmental challenges. This year alone, HP launched:

- An ambitious research project at HP Labs called The Machine, which is designed to reinvent the basic architecture of computers to enable transformational leaps in performance and energy efficiency
- The water-cooled HP Apollo 8000 System, which uses 28% less energy than air-cooled servers, saving up to 3,800 tonnes of CO<sub>2</sub>e annually<sup>1</sup>
- FSC-certified HP EcoFFICIENT™ Paper in North America, 25% thinner than typical office paper and fully compatible with the HP printing fleet
- PageWide Technology business printer HP OfficeJet Enterprise X that offers a step-change in materials use, generating up to 94% less supplies and packaging waste than comparable laser printers<sup>2</sup>

### Product return and recycling

We provide an extensive network of product take-back programs in 73<sup>3</sup> countries and territories. This year, we:

- Added a new closed loop process for polypropylene to our existing recycling programs, enabling us to produce new inkjet cartridges entirely from material recycled by our customers
- Incorporated some recycled plastic in more than 75% of HP inkjet cartridges shipped for commercial sale by the end of 2014
- Recovered 157,500 tonnes of hardware (including HP and non-HP products) and supplies. Of this amount, we recovered 4.2 million computer hardware units weighing 39,100 tonnes for reuse and remarketing and recycled 118,400 tonnes

### HP operations

We relentlessly pursue reductions in greenhouse gas (GHG) emissions, waste, water, and paper consumption in our worldwide operations. Compared to 2013, this year we:

- Reduced GHG emissions from operations by 5.5%, decreased total waste by 11.5%, and cut water consumption by 3.1%
- Increased on-site renewable energy capacity by 150% to 5.9 MW. Our solar installations now avoid an estimated 5,700 tonnes of CO<sub>2</sub>e emissions annually

<sup>1</sup> HP internal estimate; savings is per HP Apollo 8000 system vs. an air-cooled data center with 3 megawatts of IT. An industry-standard sustainability formula was used to derive CO<sub>2</sub>e savings in tonnes using the KW-hr savings based on real-world data center analysis.

<sup>2</sup> The HP OfficeJet Pro X576dn generates up to 94% less waste per 15,000 pages compared with major in-class competitors' color laser MFPs <\$1,000 and color laser printers <\$800 as of July 2014. Tested by Buyers Lab Inc. and commissioned by HP. The HP OfficeJet Enterprise X585dn generates up to 90% less waste compared with the majority of color laser MFPs ≤\$3,000 based on market share as reported by IDC as of Q3 2013.

<sup>3</sup> As of October 31, 2014.

## Contents

Letter from CEO  
Meg Whitman

### • Executive summary

Governance  
Human Progress  
Economic Progress  
Environmental Progress  
About this report

## Supply chain environmental impact

We lead industry efforts to reduce GHG emissions, waste, and water withdrawal in our supply chain. Among this year's accomplishments are the following:

- Achieved an 18% reduction in first-tier manufacturing and product transportation-related GHG emissions intensity from 2010 through 2013
- Helped production suppliers cut GHG emissions by 600,000 tonnes CO<sub>2</sub>e (cumulatively) since 2010, toward our goal of a 2 million tonne reduction between 2010 and 2020
- Expanded our supplier Energy Efficiency Program in China and Southeast Asia to include 70 new HP supplier sites

## Social investment: Environmental

We build partnerships to apply the transformative power of technology to help solve environmental challenges. We are particularly proud of our partnership with Conservation International. This partnership, called HP Earth Insights, collects, manages, and analyzes data on species trends at 18 tropical forest protected areas in Asia, Africa, and Latin America creating a first-of-its-kind big data early warning system for threatened species. We are also pleased to note that this year, our employees recorded more than 80,000 hours of time spent volunteering for environmental causes.

## Our promise

In October 2014, our Board of Directors announced the decision to separate HP into two companies, Hewlett Packard Enterprise and HP Inc. This strategic step provides each new company with the focus, financial resources, and flexibility to adapt quickly to market and customer dynamics while generating long-term value for shareholders.

This shift also presents a unique opportunity to examine the full breadth of our Living Progress impact worldwide and to streamline our strategy to optimize return on our citizenship investments. In 2014, we began conducting a strategic review of our Living Progress initiatives to ensure we are maximizing capacity, providing for future growth opportunities, and enabling continued contributions to society.

Building on our 75 year heritage and more than a decade of reporting, citizenship will continue to be integral to both companies. We believe a purpose-driven strategy is essential to spur innovation, improve operational performance, and engage employees.

From the beginning, our founders, Bill Hewlett and Dave Packard, believed their company should create great products and help make the world a better place. This commitment is fully integrated in HP's strategy and culture, as we work ever harder to create new possibilities for technology to move people, businesses, governments, and society forward. We are Living Progress.

## **Contents**

Letter from CEO

Meg Whitman

Executive summary

- **Governance**

- HP profile

- Living Progress  
strategy

- Corporate ethics

- Public policy

- Data

- Human Progress

- Economic Progress

- Environmental Progress

- About this report

# Governance

What we do and how we do it matters

## Contents

Letter from CEO  
Meg Whitman  
Executive summary

### • Governance

#### • HP profile

Living Progress strategy  
Corporate ethics  
Public policy  
Data

Human Progress  
Economic Progress  
Environmental Progress  
About this report

# HP profile

**Who we support:** individual consumers, small- and medium-sized businesses, large enterprises, and governments worldwide.

**What we deliver:** a comprehensive portfolio of products, software, and services delivering innovative, transformative solutions for the complex challenges facing our customers and society.

## Key aspects of our business model

**Supply chain:** A supply chain spanning six continents and comprising hundreds of production suppliers and tens of thousands of nonproduction suppliers.<sup>1</sup>

**Operations:** Operations that include offices, data centers, and manufacturing facilities in countries worldwide where our 302,000<sup>2</sup> talented employees work.

**Products and solutions:** Products and solutions, from personal computers, printers, and servers to services and software, designed and developed with the customer and the environment in mind.

### How citizenship is integrated

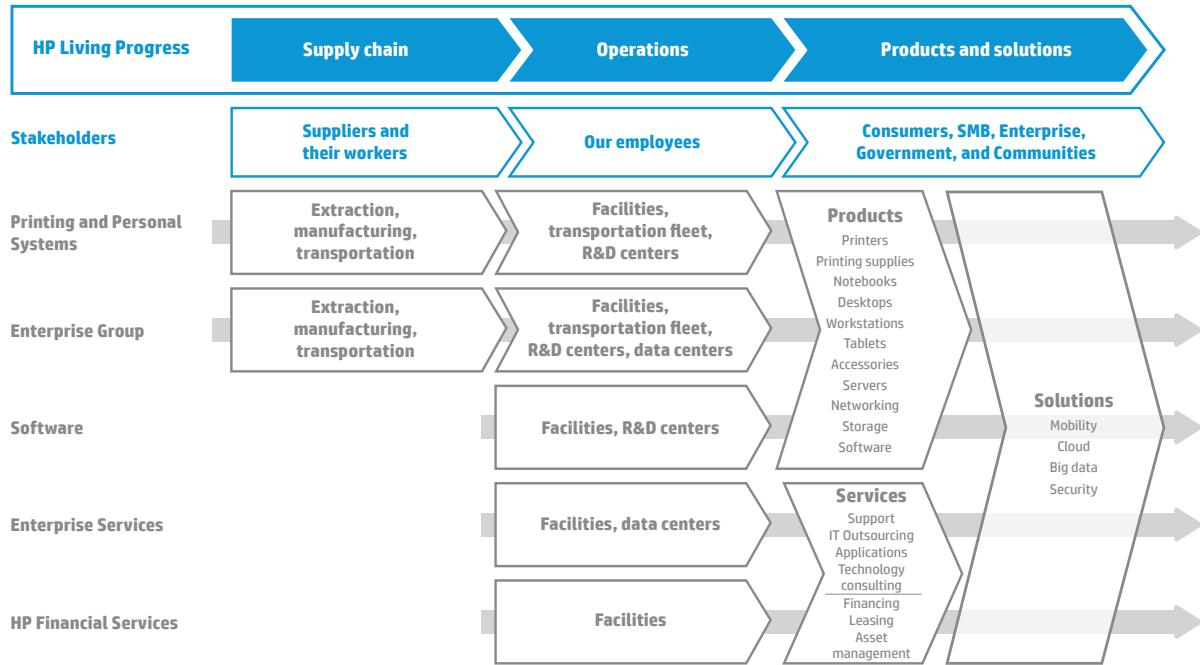
Living Progress is how we do business. It is the way our people and technology come together to solve society's toughest challenges.

## HP corporate summary

- #17 on *Fortune 500* (U.S.) 2014 and #50 on *Fortune Global 500* 2014
- Chairman, President, and Chief Executive Officer: Meg Whitman
- Employees: Approximately 302,000 worldwide<sup>2</sup>
- Incorporated in the State of Delaware, United States
- Ticker symbol: HPQ on New York Stock Exchange
- Corporate headquarters: Palo Alto, California, United States
- FY14 net revenue: \$111.5 billion

A summary of HP's business model is presented in the diagram.

## HP business model



<sup>1</sup> HP uses the terms "production suppliers" and "nonproduction suppliers" throughout this report. "Production suppliers" provide materials and components for our product manufacturing, and also assemble HP products. "Nonproduction suppliers" provide goods and services that do not go into the production of HP products (such as staffing, telecommunications, and travel) but exclude logistics service providers.

<sup>2</sup> As of October 31, 2014.

## Contents

Letter from CEO  
Meg Whitman  
Executive summary

- **Governance**

HP profile  
• **Living Progress strategy**  
Corporate ethics  
Public policy  
Data  
Human Progress  
Economic Progress  
Environmental Progress  
About this report



# Living Progress strategy

Corporate citizenship has always helped guide how HP does business. Today, everything we do seeks to address societal challenges in ways that benefit our company while also delivering wider human, economic, and environmental value.

This approach is rooted in Living Progress, launched in 2013 to put purpose at the heart of our corporate strategy. As our framework for thinking about how we do business, Living Progress inspires us to find transformative solutions that both address some of the world's toughest challenges and create new market opportunities for HP. This wholly integrated approach means that we consider human, economic, and environmental impacts as we develop products, services, and solutions, manage our operations, and interact with our customers, partners, and communities.

Living Progress informs everything we do and how we do it. It is reflected in how our leaders engage on critical business and citizenship issues. It is evident in how we govern our company, including our unwavering commitment to high standards of business conduct. It incorporates our strong commitment to the human rights of employees, workers in our supply chain, and customers using our products. It is demonstrated in how we integrate environmental considerations into the design and performance of our products and solutions. By engaging in public policy discussions with governments around the world, we help shape policies that promote innovation and access to technology that support Living Progress.

Our goal in pursuing Living Progress is simple: to create a better future for everyone through our actions and innovations.

## Living Progress

Creating a better future for everyone through our actions and innovations



### Human Progress

Advancing the overall health and well-being of people



### Economic Progress

Helping businesses and economies thrive



### Environmental Progress

Making the environment stronger as we grow

## Contents

Letter from CEO  
Meg Whitman  
Executive summary

### • Governance

HP profile  
• [Living Progress strategy](#)  
Corporate ethics  
Public policy  
Data  
Human Progress  
Economic Progress  
Environmental Progress  
About this report

## Progress in 2014

In 2014, we made strong progress toward developing, implementing, and scaling approaches and social investments that further human, economic, and environmental progress. In September 2014, we announced a goal to reduce the greenhouse gas (GHG) emissions intensity of our product portfolio<sup>1</sup> by 40% by 2020 compared to 2010 levels<sup>2</sup>. By applying Living Progress to the design and manufacturing of all products, HP is the only global IT company to have set GHG reduction targets for all three parts of its value chain. During the year, CEO Meg Whitman and Chief Progress Officer Gabi Zedlmayer promoted our new strategy and HP's contributions toward a low-carbon economy at major events including the launch of the CDP 2014 S&P 500 report in New York City, during Climate Week.

Our commitment to Living Progress and performance in this area earned us recognition in 2014. We received the highest possible CDP disclosure score—100 points—and an A rating on performance. Our placement on the Climate Disclosure Leadership Index and Climate Performance Leadership Index demonstrates our transparency and progress on reducing climate change impacts. We were also named to the Dow Jones Sustainability Index (DJSI) World Index and North America Index and were one of six companies listed as a leader in the “Computer & Peripheral and Office Electronics” industry. The EVCOM Clarion Awards, the leading awards for recognizing best practice in communicating the importance of corporate social responsibility, recognized HP with a Best Printed Material award for our 2013 Living Progress Report.

We also shared our Living Progress story broadly through social media. To drive [stakeholder engagement](#), we launched a customized Living Progress Twitter platform and participated in Twitter chats with media partners such as Triple Pundit and CSR Wire. We also engaged actively in Twitter chats at major conferences, like South by Southwest Eco and Sustainable Brands. Social media also amplified the impact of our Living Progress Exchange (LPX), where we crowdsource solutions to challenges that hold back human, economic, and environmental progress from a global community of experts and thought leaders.

Just like the world around us, Living Progress is not static. In 2014, we took concerted steps to both ensure our strategy's impact today and explore its continued evolution. Activities included updating our materiality assessment to reflect evolving priorities within the company and among stakeholders. To help further refine the Living Progress framework and increase its resonance, we held several internal and external stakeholder consultations and exchanges.

Across the company, we worked closely with enterprise and public sector customers to extend the benefits of Living Progress to them, while creating business value for HP. Some of these efforts are discussed in [Stakeholder engagement](#).

For an overview and examples of the significant and growing business value that Living Progress generates for HP and our stakeholders globally, see [Economic impacts across the value chain](#).

## Materiality update

In 2014, we updated our 2012 materiality assessment to ensure HP focuses and reports on the most pressing sustainable development issues that impact, and can be affected by, our company.

Working with the external consultancy BSR (Business for Social Responsibility), we reviewed HP documents, interviewed internal Living Progress and business leaders, and considered major external developments in sustainability over the past two years. We also considered new, industry-specific materiality frameworks from the [Sustainability Accounting Standards Board \(SASB\)](#) and the [Global eSustainability Initiative](#).

Our updated matrix categorizes issues into the three Living Progress pillars of human, economic, and environmental progress along with governance. The issues in the white boxes are above the materiality threshold for the purpose of this report. We also present in grey critical issues that may not meet the materiality threshold currently but require regular monitoring. Additional information about issues on the materiality matrix including their definitions, corresponding Aspects from the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines, and the boundary of each Aspect is available [here](#) and throughout this report.

## Material issues and trends

The refresh of our materiality assessment largely validated our 2012 results. The application and attributes of our products and solutions remain top issues both from the perspective of sustainable development and our business performance. Ethics, anti-corruption, proper business relationships, and data security remain highly important to our business success, and issues related to environmental management and our supply chain remain highly important to HP's stakeholders. Intellectual property protection became a new material issue this year.

<sup>1</sup> Emissions intensity of the HP product portfolio refers to tonnes CO<sub>2</sub> e/net revenue arising from use of high-volume product lines, including notebooks, tablets, desktops, mobile computing devices, and workstations; inkjet and LaserJet printers; and HP servers, including industry-standard servers, HP Moonshot and HP Apollo.

<sup>2</sup> Expressed as emissions generated per unit of output. The unit of output was determined per product line as follows: printer output represents carbon emissions from printing one A4 image; each personal system represents one unit of output; for servers, each unit of output equals a task performed by the system, as defined by industry standards.

## Contents

Letter from CEO  
Meg Whitman  
Executive summary

### • Governance

HP profile  
• [Living Progress strategy](#)  
Corporate ethics  
Public policy  
Data

Human Progress  
Economic Progress  
Environmental Progress  
About this report

Several overarching themes emerged from this process that influence our thinking and evolving strategy:

**Developing products and solutions that benefit society as well as our customers is a priority.** HP technology addresses social and environmental challenges such as enterprise development, access to healthcare and education, climate change, and biodiversity. Our Design for the Environment approach to how we make our products is geared toward continually reducing environmental impacts across the value chain. Read more in [Products and solutions](#) and [Social investment-Human, -Economic, and -Environmental](#).

**Protecting our customers' privacy is extremely important in our data-rich society.** HP integrates strong privacy controls into all of our business activities and provides customers with transparency and choice regarding the personal information they provide. Read more about our efforts in [Privacy](#).

**Managing our operations responsibly is a core expectation.** We must maintain the highest standards of [governance](#), [corporate ethics](#), [public policy](#)

[engagement](#), and [workplace practices](#). We also need to continue reducing [environmental impacts](#) from energy, water, and materials use in operations.

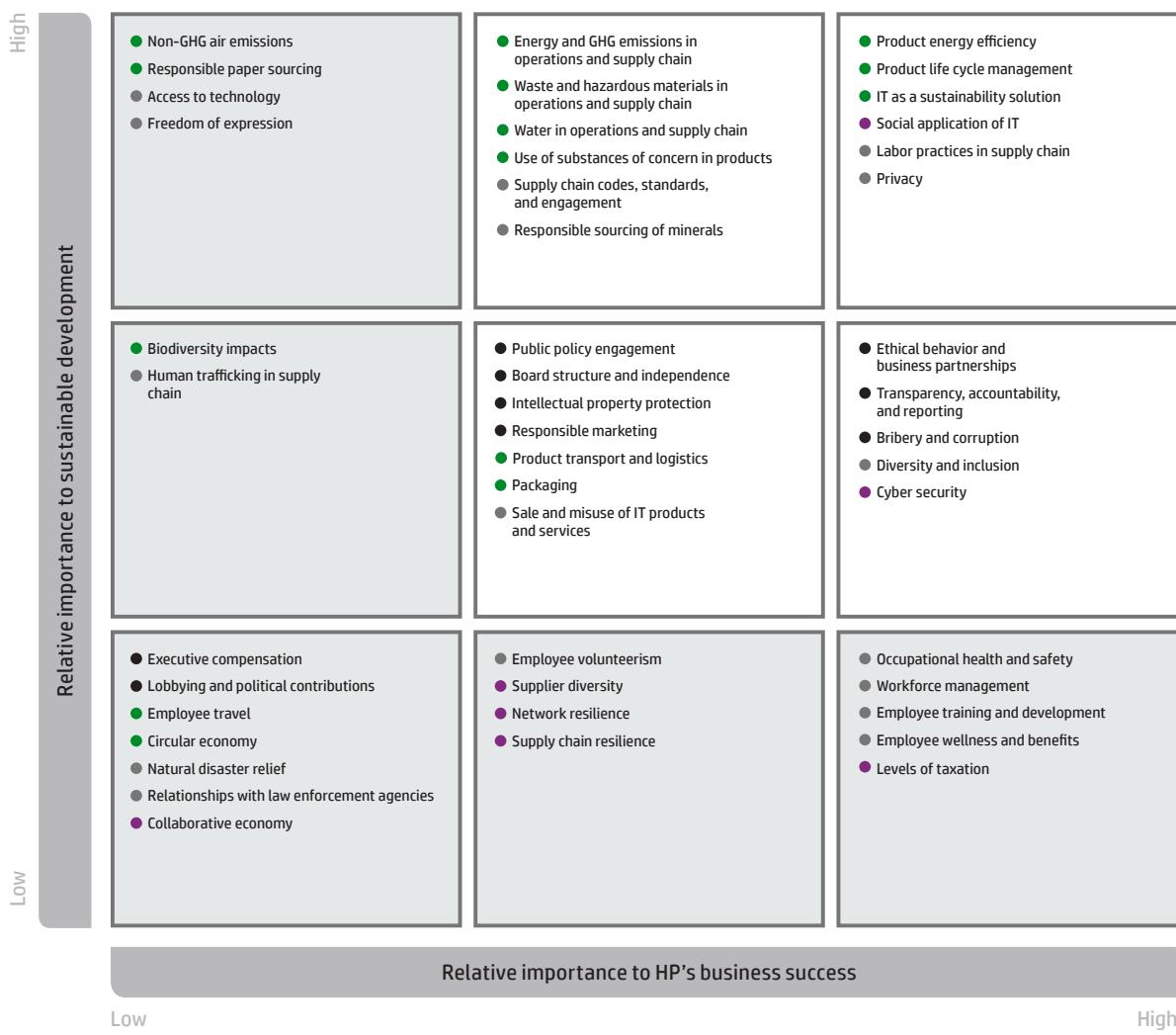
### Addressing risks and opportunities across our supply chain supports both sustainability and our business success.

We have a robust risk-sensing process to identify emerging supply chain issues such as increasing IT labor shortages and regional political unrest. We must continue to invest in the resiliency of our supply chain and properly manage such risks, while also reducing environmental impacts from the production and transportation of our products. See [Supply chain responsibility](#) and [Supply chain environmental impact](#) for more information on our approach.

**Applying emerging management frameworks and models can help us drive Living Progress.** We apply the UN Guiding Principles on Business and Human Rights—through policies, impact assessments, and management systems—to help us address many of our material issues. Strong intellectual property rights regimes support innovation and protect consumers and businesses alike.

## HP 2014 materiality assessment

● Governance   ● Human Progress   ● Economic Progress   ● Environmental Progress



## Contents

Letter from CEO  
Meg Whitman  
Executive summary

### • Governance

HP profile  
• [Living Progress strategy](#)  
Corporate ethics  
Public policy  
Data  
Human Progress  
Economic Progress  
Environmental Progress  
About this report

# Stakeholder engagement

Living Progress is only possible through open dialogue and collaboration with stakeholders such as employees, suppliers, customers, public policy makers, industry bodies, nongovernmental organizations (NGOs), and sector experts.

HP maps and engages stakeholders involved in our most material issues and in 2014, we worked with BSR to update our stakeholder mapping. Feedback from stakeholders on key topics is fed back to HP's global citizenship leaders who evaluate specific issues and their influence on our overall strategy. See examples of how we engaged with stakeholders throughout the year around our material issues, in the table below.

In 2014, we also launched a new method for receiving stakeholder feedback. The HP Living Progress Exchange (LPX) brings together creative thinkers and sustainability

leaders from diverse industries and organizations to brainstorm ways to create a better future. Facilitated by third-party organizations such as GlobeScan, these conversations focus on solutions to pressing global problems that impact human, economic, and environmental progress. Our goal is to discover fresh ideas and ways to pool our expertise and resources to create Living Progress.

Since launching the LPX at Sustainable Brands in June 2014, we hosted nine in-person sessions at five events around the world, and two global, online sessions. The ideas shared during these forums have helped inform our Living Progress strategy discussions as HP plans to separate into two independent publicly traded companies. Read our [summary report](#) from the first global online exchange. For an example of a live, in-person LPX session, [watch this video](#) from the 2015 Sundance Film Festival.

For a more complete list of organizations HP engages with, see [Affiliations and memberships](#).

| Issue                            | Groups engaged  | Types of engagement   | Examples of engagement in 2014  |
|----------------------------------|---|---|---|
| <b>Human Progress</b>            |   |   |   |
| Labor practices in supply chain  | NGOs, industry associations and organizations, suppliers, governments   | Capability building, audits, assessments, and training  | We participate in industry-wide collaboration to raise labor standards. In 2014, we worked with the Electronic Industry Citizenship Coalition to revise language regarding freedom of association in the industry code of conduct. Read more in <a href="#">Raising industry standards</a> .  |
| Responsible sourcing of minerals | Businesses, NGOs, government agencies, HP production suppliers, multi-stakeholder groups, in-region sourcing projects | Audits, capability building, mentoring, white papers, conference and workshop attendance      | We actively participate in the Conflict-Free Sourcing Initiative (CFSI), providing leadership through work groups focused on expanding the CFSI-identified 3TG smelter list. Read more in <a href="#">Conflict minerals</a> .   |
| Diversity and inclusion          | Employees, partner advocacy organizations   | Sponsorship, partnerships, conferences, employee surveys                                      | In the United States, we work with organizations such as Leadership Education for Asian Pacifics and the National Action Council for Minorities in Engineering to foster an inclusive culture throughout HP. Read more in <a href="#">Diversity and inclusion</a> .   |
| Privacy                          | Governments, NGOs, customers, employees   | Training and guidance, collaboration on industry initiatives and working groups               | We took a leadership role in developing the Unified Ethical Frame for Big Data Analysis, a groundbreaking initiative led by the Information Accountability Foundation (IAF) and backed by regulators, companies, and the privacy community. Read more in <a href="#">Privacy</a> .  |
| <b>Economic Progress</b>         |   |   |   |
| Social application of IT         | NGOs, governments, academia, peer companies, customers, social entrepreneurs, thought leaders, employees, communities | Partnerships, sponsorships, community engagement and volunteering, cash and in-kind donations | In 2014, the HP Company Foundation launched a five-year, \$7 million global employee engagement program—Matter to a Million—with Kiva, a nonprofit microlender. By way of the KIVA online lending platform, our employees offer loans provided by the HP Company Foundation in the form of \$25 credits, to farmers, shopkeepers, and other small business owners in more than 85 countries. Read more in <a href="#">Social investment: Economic</a> . |
| Cyber security                   | NGOs, industry associations and organizations, customers, governments   | Training and guidance, collaboration on programs and initiatives, white papers                | In 2014, we collaborated with the World Economic Forum to build upon the Principles for Cyber Resilience, a multi-stakeholder initiative derived from dialogue across multiple regions and sectors and intended to help improve systemic resilience to cyber risks. Read more in <a href="#">Public policy</a> .  |
| <b>Environmental Progress</b>    |   |   |   |
| Product energy efficiency        | Regulators, customers, suppliers  | Partnerships, consumer education, collaboration on industry initiatives                       | We work with the U.S. Environmental Protection Agency to regularly update standards. Read more in <a href="#">Design for the Environment</a> .  |

continued

**Contents**

Letter from CEO  
Meg Whitman  
Executive summary

**• Governance**

HP profile  
**• Living Progress strategy**  
Corporate ethics  
Public policy  
Data

Human Progress  
Economic Progress  
Environmental Progress  
About this report

| Issue                           | Groups engaged  | Types of engagement  | Examples of engagement in 2014  |
|---------------------------------|---|--|---|
| Product life cycle management   | Governments, financial institutions, NGOs, vendor partners, customers | Partnerships, lobbying/ advocacy, sponsorships, third-party audits               | During 2014, we engaged regulators to explore the impact of current and future regulations on the classification and management of used IT. We support the objectives of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal. Read more in <a href="#">Product return and recycling</a> . |
| IT as a sustainability solution | Customers, NGOs, communities  | Marketing, partnerships, sponsorships, collaboration on programs and initiatives | In addition to the <a href="#">Earth Insights</a> initiative, HP provides Conservation International (CI) with HP Explore cloud-based analytics technology to track CI's social media campaign #NatureIsSpeaking and the conversation it is generating online. Read more in <a href="#">Social investment: Environmental</a> .              |

# Living Progress governance

Strong leadership, sound governance, and active employee participation throughout HP are the foundation of Living Progress. Our Vice President of Living Progress and Chief Progress Officer leads the effort, ensuring that we engage stakeholders in making Living Progress a positive driving force for our company.

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

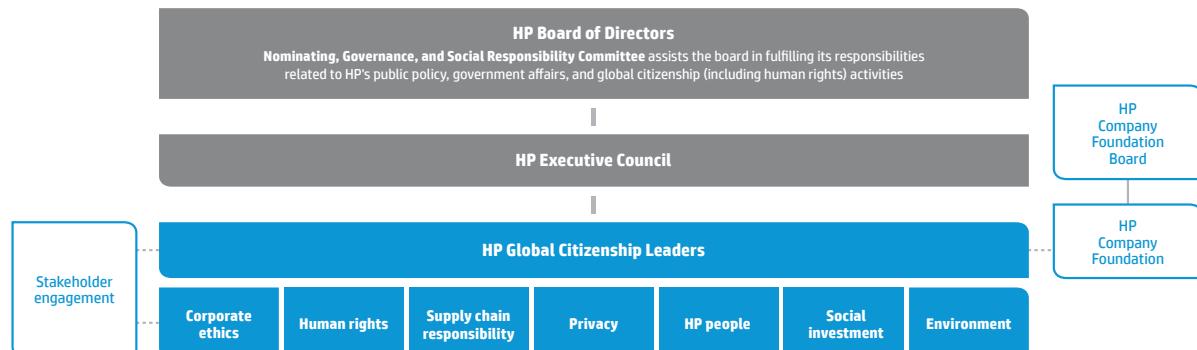
In 2013, the HP Board of Directors' Nominating and Governance Committee expanded its prior oversight of global citizenship efforts at HP. The committee updated its charter to reflect this enhanced focus and changed its name to the Nominating, Governance and Social Responsibility Committee to formalize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

Among its responsibilities, the Nominating, Governance and Social Responsibility Committee may review, assess, report, and provide guidance to management and the board regarding HP's policies and programs relating to global citizenship (which include, among others, human

rights, privacy, sustainability, and corporate social responsibility) and the impact of HP's operations on employees, customers, suppliers, partners, and communities worldwide, as well as review HP's annual Living Progress report. In addition, the committee may review, assess, report, and provide guidance to management and the board relating to activities, policies, and programs with respect to public policy matters. The committee may also identify, evaluate, and monitor social, political, and environmental trends, issues, concerns, legislative proposals, and regulatory developments that could significantly affect the public affairs of HP; and oversees the HP Political Action Committee and the policies relating to, and the manner in which HP conducts, its government affairs activities.

HP's Executive Council, led by our CEO, retains overall responsibility for global citizenship as part of our business strategy. Senior leaders reporting to HP's Executive Council in various business and global functions including Corporate Affairs, Human Resources, Supply Chain, Ethics and Compliance, and Global Real Estate ensure our company-wide commitment to and alignment with HP's global citizenship objectives and are responsible for advancing HP Living Progress company-wide. Senior leaders from the Ethics and Compliance Office and Corporate Affairs organizations provide the interface to the Nominating, Governance and Social Responsibility Committee of the board and other relevant Executive Council-level committees.

## Global citizenship governance



## Contents

Letter from CEO  
Meg Whitman  
Executive summary

### • Governance

HP profile  
• [Living Progress strategy](#)  
Corporate ethics  
Public policy  
Data  
Human Progress  
Economic Progress  
Environmental Progress  
About this report

# Company separation and Living Progress

On October 6, 2014, HP announced plans to separate into two independent publicly traded companies.<sup>3</sup>

- **Hewlett Packard Enterprise** comprising our enterprise technology infrastructure, software, services, and financing businesses, enabling business outcomes for enterprise customers with secure, market-leading infrastructure, software and services that help run traditional IT better and seamlessly move to the New Style of IT.
- **HP Inc.** comprising our printing and personal systems businesses, empowering people to create, interact and inspire like never before at home, at work, and on the go.

As we create new possibilities for technology to have meaningful impact, citizenship will continue to be integral to both companies. From the beginning, our founders, Bill Hewlett and Dave Packard, believed their company should create great products and help make the world a better place and this commitment is fully integrated in HP's strategy and culture.

The separation does present a unique opportunity for each company to examine the full breadth of our Living Progress impact worldwide and refine how purpose-driven strategies will drive innovation, improve operational performance, and engage employees moving forward. Each new company will also determine how it will report its sustainability performance as a separate entity.

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<sup>3</sup> The separation is subject to certain conditions, including, among others, obtaining final approval from HP's Board of Directors, receipt of a favorable opinion and/or rulings with respect to the tax-free nature of the transaction for U.S. federal income tax purposes and the effectiveness of a Form 10 filing with the U.S. Securities and Exchange Commission. The separation is expected to be completed by the end of FY15. Under the separation plan, HP shareholders will own shares of both Hewlett Packard Enterprise and HP Inc. The separation will better position the two new companies to generate long-term shareholder value and accelerate performance.

## Contents

Letter from CEO  
Meg Whitman  
Executive summary

### • Governance

HP profile  
Living Progress strategy  
• Corporate ethics  
Public policy  
Data  
Human Progress  
Economic Progress  
Environmental Progress  
About this report



# Corporate ethics

At HP, how we do things is as important as what we do. Our corporate values, policies, and training courses set clear expectations for employees and demonstrate our commitment to the highest ethical standards. We are responsible for our actions, accountable for their consequences, and serious about our efforts.

HP's Ethics and Compliance program provides guidelines to ensure that employees, business partners, and suppliers worldwide engage in lawful and ethical business practices. As demonstrated by our Anti-corruption program, HP does not tolerate corrupt behavior and prohibits bribes or kickbacks under any circumstances. We respond swiftly to violations and have systems in place for reporting and resolving ethical concerns, in line with our policies and local laws.

Beyond our own operations, we use our global scale and influence to encourage and support ethical behavior by our suppliers, partners, and the broader IT industry.

Read more in Supply chain responsibility and Human rights.

## Ethics and compliance

Integrity is the foundation of our global business and our promise to customers and communities. We hold our leadership, employees, suppliers, and business partners to the highest ethical standards and require their compliance with applicable laws and regulations at all times. These expectations are clearly described in our Standards of Business Conduct (SBC) and supported by additional targeted codes of conduct, robust governance structures, ethics and compliance trainings, tailored communications, and reporting and investigation procedures.

## HP codes of conduct

### Employees

HP's Standards of Business Conduct (SBC), available in 25 languages, sets clear expectations of behavior for employees, including guidance on what to do in difficult situations. Additional codes of conduct support the SBC.

### U.S. public sector employees

U.S. Public Sector Code of Conduct

### Contingent workers

Contingent Worker Code of Conduct (available in 25 languages)

### Suppliers

HP Supplier Code of Conduct

### Partners

Partner Code of Conduct (available in 26 languages)

### Human rights

Global Human Rights Policy

## Contents

- Letter from CEO
- Meg Whitman
- Executive summary
- Governance**
  - HP profile
  - Living Progress strategy
- Corporate ethics**
  - Public policy
  - Data
  - Human Progress
  - Economic Progress
  - Environmental Progress
  - About this report

## Governance

HP's Board of Directors, led by Board Chairman Meg Whitman, who also serves as HP President and CEO, is responsible for ethics and compliance at HP. Along with HP executives, the board sets a top-down tone of commitment to good governance for HP employees worldwide.

The board's Audit Committee provides nonexecutive input and guidance to our Chief Ethics and Compliance Officer regarding our ethics program. The Nominating, Governance and Social Responsibility Committee is responsible for overseeing, making recommendations, and reporting to the full board regarding HP's policies on corporate social responsibility and global corporate citizenship.

### Ethics and compliance governance structure



HP's Ethics and Compliance Committee provides executive level oversight and guidance on the design and implementation of HP's ethics and compliance program. This committee reports to the Audit and Nominating, Governance and Social Responsibility committees of the Board. HP's Ethics and Compliance Office, within the Office of the General Counsel, manages ethical issues on a day-to-day basis across our global operations. The office oversees implementation of our SBC as well as our Global Human Rights Policy and designs processes aimed to prevent, mitigate, and remediate related impacts to and across our business. A human rights program management office works with business units and global functions to conduct due diligence and seeks to mitigate potential human rights impacts relating to consumer and employee data privacy, supply chain management, labor relations, employee health and safety, and global trade, for example.

See HP's [Governance](#) page for more information about the board's composition, its committees and their respective charters, our company bylaws, and our Corporate Governance Guidelines.

## Reporting ethics concerns

### Open door approach

HP encourages employees to raise ethics concerns and ask questions about the best course of action in any circumstance, without fear of retaliation. We provide guidance on how to do so in our SBC and related training course, our corporate policy directory, and our internal ethics and compliance website.

We provide formal, confidential reporting channels for employees and third parties, including via email, an online form, and a global 24-hour toll-free hotline with translators available. Where allowed by law, reporting can be anonymous. The hotline and corporate compliance email channels provide two-way communications for anonymous sources so we can respond promptly and follow up as needed. On specific ethical issues, employees can also talk to their immediate manager or more senior managers, seek advice from our ethics and compliance experts, or consult regional or business SBC liaisons. In 2014, employees and third parties reported 1,208 items to our Global SBC team or other compliance functions.

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

## Contents

Letter from CEO  
Meg Whitman  
Executive summary

### • Governance

HP profile  
Living Progress strategy

### • Corporate ethics

Public policy  
Data  
Human Progress  
Economic Progress  
Environmental Progress  
About this report

## Items reported to Global SBC team or other compliance functions, 2010–2014\* [percentage of total]

Total number of reported items in 2014: 1,208

|                                | 2010 | 2011 | 2012 | 2013 | 2014 |
|--------------------------------|------|------|------|------|------|
| Human resources                | 44%  | 42%  | 39%  | 40%  | 31%  |
| Misuse of assets               | 11%  | 10%  | 12%  | 18%  | 26%  |
| Conflicts of interest          | 6%   | 8%   | 13%  | 9%   | 10%  |
| Fraud                          | 10%  | 9%   | 8%   | 7%   | 8%   |
| Anti-corruption**              |      |      |      | 3%   | 3%   |
| Confidentiality                | 5%   | 6%   | 4%   | 4%   | 3%   |
| Customer relationships         | 2%   | 3%   | 4%   | 4%   | 3%   |
| Sales channel violations       | 3%   | 3%   | 1%   | 2%   | 2%   |
| Financial and public reporting | 3%   | 2%   | 2%   | 2%   | 2%   |
| Competition                    | 1%   | 3%   | 3%   | 1%   | 1%   |
| Workplace security and theft*  |      |      |      | 9%   | 11%  |
| Other                          | 15%  | 14%  | 14%  | 1%   | 1%   |

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

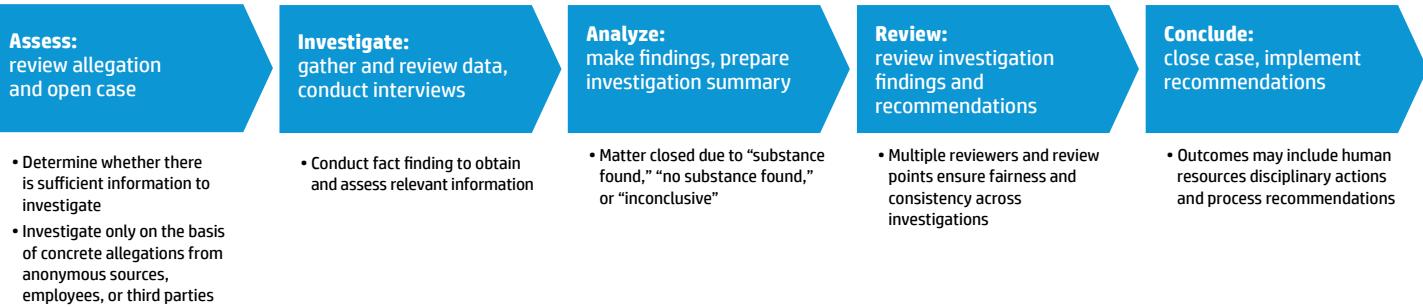
\*\*The Anti-corruption and Workplace security and theft categories were separated from the Other category beginning in 2013 to increase transparency. The Anti-corruption category is broadly defined and includes allegations of commercial bribery, kickbacks, and certain Global Business Amenities Policy violations, as well as alleged corruption related to foreign public officials.

## Investigating concerns

We take all alleged violations of company policy seriously. We respond promptly and conduct investigations when appropriate. These investigations may involve local, regional, or corporate-level employees and other relevant functions, including regional human resources teams. The Office of General Counsel's dedicated investigations team oversees all escalated, corporate-led investigations. Details and results of investigations are confidential and shared only on a need-to-know basis. We take appropriate disciplinary or remedial action, when required.

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

## Investigation process review



## Training, communications, and recognition

Everyone at HP is accountable for their actions, regardless of their position in the company. To support ethical behavior across our workforce, we maintain a program of training, communications, and recognition.

### Key initiatives in 2014

• **Mandatory SBC annual refresher course** A record 99.9% of active employees, including every senior officer and executive, completed a one-hour training course in 2014 covering our SBC and key policies, procedures, and high-risk issues. The "Tone from the Top" Leadership Challenge encouraged senior leaders to act as role models for ethics and compliance and to complete their SBC training ahead of schedule. We require board members to complete SBC training every two years. New hires completed a comprehensive SBC training course within 30 days of joining HP.

• **Internal communications strategy** We completely revamped our internal communications to better engage employees on ethics and compliance issues, using a range of communications that inject creativity without undermining the seriousness of our message.

• **Ethics Champions Recognition Program** We recognized eight employees during 2014 through this quarterly program, which celebrates individuals or teams that demonstrate ethical leadership or display HP's values in ways that contribute to the company's success. Each quarter, we profile one such employee in the *Integrity Matters* newsletter, which is circulated company-wide.

• **Leadership recognition** Ashley Watson, HP's former Chief Ethics and Compliance Officer, won the title of *Chief Compliance Officer of the Year* for 2014. This global *Women in Compliance* Award recognized Ashley's leadership and achievements, both at HP and within the wider compliance community.

• **Approach to high-risk countries** Our Ethics and Compliance Office provides specific guidance and training in higher-risk countries, including face-to-face training for sales, marketing, and function employees, and training materials to channel reseller partners that participate in the Legal and Regulatory Partner Due Diligence Program.

## Contents

- Letter from CEO  
Meg Whitman
- Executive summary
- **Governance**
  - HP profile
  - Living Progress strategy
- **Corporate ethics**
  - Public policy
  - Data
- Human Progress
- Economic Progress
- Environmental Progress
- About this report

**99.9%**  
Percentage of active employees that completed annual SBC training in 2014

# Anti-corruption

Corrupt behavior undermines the values on which HP is built, the principles of fair competition, and the rule of law. HP does not tolerate corrupt behavior, including bribery or kickbacks, in any circumstance.

Through our Anti-corruption Compliance Program, we promote compliance with relevant laws and regulations, including the U.S. Foreign Corrupt Practices Act, the UK Bribery Act, and similar national laws. Our key policies in this area include:

- Our Anti-corruption Policy, which provides the guidelines and principles to help directors, officers, and employees worldwide uphold our anti-corruption commitment. Where national laws prescribe more restrictive rules, these rules apply.
- Our Global Business Amenities Policy, which establishes limits, approvals, and requirements for employees to follow when providing and receiving business amenities to or from third parties.

In 2014, HP developed the Amenities Approval tool, a technology solution that streamlines the process by which employees obtain review and approval in advance of giving or accepting business amenities, including gifts, travel, and entertainment. We developed this tool to support employees in remaining compliant with the Global Business Amenities Policy. All employees must also abide by our Political Contributions Policies.

## Audits and assessments

We use internal data and Transparency International's Corruption Perceptions Index to identify countries at high risk for corrupt activity and raise employee awareness of potential issues in these locations. We also benchmark our program with those of other companies to identify potential improvements. This information helps us to prioritize employee education and training efforts and focus our audits and assessments of our own operations as well as those of our suppliers and partners.

During 2014, we conducted numerous audits<sup>1</sup> focused on potential corruption risks, including audits of our own operations as well as business partners. All of HP's business units were assessed for risks related to corruption during the year. HP continues to enhance the controls around our anti-corruption initiatives and implement improvements to address new or changing corruption risks.

We work closely with our business partners to guard against corruption. In 2014, HP expanded controls related to third party due diligence, including those covering suppliers, global logistics service providers, and the rescreening of existing channel reseller partners. We commissioned enhanced due diligence regarding corruption for business partners with a high-risk profile.

## Training, communications, and recognition

We provide a range of anti-corruption trainings and programs to enhance employee awareness and understanding. In 2014, we delivered more than 45 live (face-to-face and virtual) targeted training sessions to more than 7,800 employees worldwide on anti-corruption, our SBC, global trade, amenities, and global security, including 19 presentations in high-risk countries. In addition, we offer a number of online courses:

- **Training for new hires** New hires complete anti-corruption training as part of our mandatory ethics and compliance induction process, and anti-corruption is a key element of the annual SBC refresher training course for all employees.
- **Training for sales employees** Sales employees are required to take an additional anti-corruption course every year that provides scenario-based training to deepen their understanding of how to apply anti-corruption policies in their everyday work. In 2014, more than 26,000 sales employees took the course.
- **Tailored training** Relevant employees also complete training tailored to the unique requirements of conducting business with the U.S. government. In 2014, more than 37,800 employees completed this training.

In 2014, we also launched the Anti-corruption Ambassador Program, a worldwide effort to promote anti-corruption communication and awareness everywhere we operate. Senior leaders designated by business unit and global function promoted ethics and anti-corruption messages and provided tactical support for key initiatives.

## Foreign Corrupt Practices Act resolution

In April 2014, HP entered into a settlement with the U.S. Department of Justice (DOJ) and Securities and Exchange Commission (SEC) to resolve a case regarding the actions of a small number of lower-level employees at three foreign Hewlett-Packard subsidiaries in Russia, Poland, and Mexico. HP had strong internal controls in place at the time of these isolated actions, and the employees at

<sup>1</sup> These audits addressed both operational and corruption risks, with a focus on testing operational controls that also help mitigate corruption risks.

**Contents**

Letter from CEO  
Meg Whitman  
Executive summary

**• Governance**

HP profile  
Living Progress strategy

**• Corporate ethics**

Public policy  
Data  
Human Progress  
Economic Progress  
Environmental Progress  
About this report

issue had received training on HP's policies and expectations. However, the employees ignored clear rules and affirmatively hid their conduct from other employees. HP investigated these matters vigorously and cooperated fully with U.S. enforcement authorities and has further strengthened its global anti-corruption compliance program and developed additional safeguards to minimize the risk of similar misconduct going forward. The DOJ recognized HP's "extraordinary" cooperation with the authorities, extensive remediation efforts, and continued

improvement of its anti-corruption program. The SEC likewise stated that HP has "undertaken significant remedial actions over the course of the Commission's investigation, including by implementing a company-wide screening process for its channel partners, training its public sector sales staff on its policies for dealing with business intermediaries, increasing compliance-related training for its global workforce, and implementing additional enhancements to its internal controls and compliance functions."

# Goals

## Corporate ethics

| 2014 goals   | Progress                               |
|--|--|
| Continue to focus on business-led ethics and compliance messaging and communications.  | Achieved.                              |
| Continue to emphasize and recognize Ethics Champions.  | Achieved.                              |
| Continue to refresh and refine training and consulting programs.   | Achieved.                              |
| Continue to improve and enhance due diligence on third parties with whom we do business.                                       | Achieved.                              |
| Complete enhancements to the event, hospitality, and business amenity screening tool.  | Finalized the Amenities Approval tool. |
| 2015 goals   |  |
| Continue to incorporate a new social media-style strategy in communication and training.                                       |  |
| Expand scenario-based anti-corruption training to a wider audience.  |  |
| Continue expanding due diligence to include other third parties.   |  |
| Deploy the Amenities Approval tool worldwide to screen events, hospitality, and other business amenities.                      |  |
| Increase focus on ethics and compliance for new employees, to emphasize a culture of integrity at the beginning of employment. |  |
| Carry forward HP's values of integrity and winning the right way through the separation process.                               |  |

## Contents

Letter from CEO  
Meg Whitman  
Executive summary

- Governance

HP profile  
Living Progress strategy

Corporate ethics

- Public policy

Data  
Human Progress  
Economic Progress  
Environmental Progress  
About this report



# Public policy

Public policy significantly affects our industry and its ability to transform how people around the world live and work. As a leading IT company, HP helps shape important regulatory frameworks related to a range of issues impacting our business. We share our expertise and experience with elected officials, governments, and regulators in many countries to develop and foster innovation and create a better future. This approach is fundamental to our broader Living Progress strategy.

HP's Corporate Affairs team drives our global public policy initiatives and political engagement under the leadership of the Senior Vice President of Corporate Affairs and with oversight from the Nominating, Governance and Social Responsibility Committee of HP's Board of Directors. Our advocacy efforts comply with all applicable national and international laws as well as our own strict Standards of Business Conduct (SBC).

HP belongs to several industry associations and coalitions worldwide that work to inform policy.

Our public policy work focuses on five areas critical to our business. See a summary of our approach in each area, or click on the links to read more about our policy positions on Technology policy, Tax and economic incentives, Market access, Intellectual property, Social and environmental policies.

## Policy priorities

### Technology policy

Technology policy has a direct and fundamental impact on our business growth. We support outcomes-driven, consumer-friendly regulatory frameworks that enhance cyber security and encourage growth of innovative technologies such as cloud and big data. Key issues affecting the adoption and wide-scale deployment of the New Style of Business include: enhanced cyber

defenses and improved threat information sharing, the ability to move and access data across borders, flexibility on server location, robust privacy and data protection frameworks, and technology-neutral, international standards. We advocate for technology standards that leverage existing international collaborative processes with industry and encourage governments to prioritize procurement of the best technologies from vibrant open source communities, such as OpenStack® for interoperable and flexible global cloud infrastructure.

In 2014, we deepened our partnership with the World Economic Forum (WEF) to build upon the Principles for Cyber Resilience, a set of guidelines for organizations of all kinds to contribute to overall levels of cyber risk mitigation. We engaged with the WEF to assist their work to establish international norms on cyber warfare, increase cyber resilience, and mitigate the economic and strategic impact of cyber attacks.

In addition, we provided input to governments on proposed measures and trade agreement language between countries regarding cross-border data flows, cloud storage, and big data.

### Tax and economic incentives

HP promotes responsible tax policies that encourage innovation, research and development (R&D), and job creation. We actively promote comprehensive federal tax reform in the United States. In 2014, we supported the successful extension of the R&D tax credit, an essential tool for HP to continue to make investments to stimulate U.S. innovation, as well as other tax provisions critical for U.S. business. HP invested \$3.45 billion in R&D in 2014, a 10% increase over 2013, with the majority conducted in the United States.

Globally, we monitor and engage with international tax reform efforts through the G-20 and Organization for Economic Co-operation and Development.

## Contents

Letter from CEO  
Meg Whitman  
Executive summary

### • Governance

HP profile  
Living Progress strategy  
Corporate ethics

### • Public policy

#### • Data

Human Progress  
Economic Progress  
Environmental Progress  
About this report

## Market access

HP supports open markets for IT goods and services, which will encourage global innovation and access to technology. We promote the use and recognition of international standards whenever possible and discourage policies that promote domestic industry at the expense of access to global technologies and services. In 2014, we supported negotiations on trade agreements including the Trans-Pacific Partnership, Transatlantic Trade and Investment Agreement, and Trade in Services Agreement, as well as U.S. legislation to renew Trade Promotion Authority.

## Intellectual property

The protection of HP's intellectual property, including our more than 34,000 patents, is essential to our ongoing innovation and business success.

Counterfeit IT products are more sophisticated and pervasive than ever, presenting one of the most significant global challenges to HP. We seek to eliminate counterfeit products, particularly in priority regions, by engaging directly with governments, supporting public awareness campaigns, and advocating for procurement best practices. In 2014, our advocacy helped secure successful passage of copyright law revisions in Indonesia, improvements to counterfeit legislation in the UAE and increased penalties for breaches of Brazil's new intellectual property law.

In the United States, HP supports reforms to strengthen the U.S. patent system, improve patent quality, and curb excessive patent litigation in the courts and at the International Trade Commission. HP encourages Congress to pass bipartisan legislation that deters abusive patent litigation and also preserves incentives to innovate.

## Social and environmental responsibility

HP promotes public policies that support human, economic, and environmental progress. Building on our initiative with Conservation International—HP Earth Insights—in 2014, we supported the expansion of the White House's Climate Data Initiative and promoted the adoption of big data analytics in various countries with government agencies responsible for biodiversity, wildlife, and protected area management. We are collaborating with the government of China—in conjunction with the United Nations Children's Fund (UNICEF)—and the government of India to apply technology innovation to improving healthcare delivery and analytics. HP also works worldwide to support technology-driven educational improvements and to advance development of IT and entrepreneurial skills.

Related to our products and solutions, we support responsible and consistent legislation and reporting requirements in support of safer materials use and promote responsible regulation of end-of-life electronics. We are also a leader in the development of product environmental performance standards such as ENERGY STAR® and EPEAT® and work alongside the Electronic Industry Citizenship Coalition (EICC) to promote meaningful legislation and government procurement expectations for supply chain responsibility.

## Political engagement

In 2014, HP contributed \$1,097,601 to state and local candidates, political memberships or sponsorships, and ballot measure campaigns in the United States. In addition, we contributed in-kind donations to the California Republican Party and California Legislative Black Caucus totaling \$92,743, calculated at fair market value. These contributions aligned with our policy positions and complied with HP's political guidelines, SBC, and applicable laws.

HP does not make corporate contributions to federal political candidates. However, eligible employees can make voluntary donations to the HP Political Action Committee (PAC). This separate legal entity contributes to both Democratic and Republican campaign committees, PACs, and party committees in the United States that share our policy views. In 2014, the HP PAC disbursed \$595,100. To encourage eligible U.S. employees to participate in the political process, in 2014, we relaunched a website with voter education and registration resources.

Learn more on our Corporate Affairs public policy website, including:

- Public policy priorities
- Policies for corporate and PAC political contributions
- Criteria and responsibilities for approving political contributions
- List of candidates and groups that received corporate or PAC contributions in 2014
- List of Section 527 organizations that received contributions from HP in 2014

The website also discloses the proportion of our trade association membership fees used for lobbying purposes in 2014.

# Data

## Public policy

|   | 2010        | 2011        | 2012        | 2013        | 2014        |
|---|-------------|-------------|-------------|-------------|-------------|
| Contributions to U.S. state and local candidates, political memberships/sponsorships, and other ballot measure campaigns [\$] | \$1,284,900 | \$1,136,447 | \$1,422,375 | \$1,175,636 | \$1,097,601 |
| HP Political Action Committee contributions* [\$]   | \$378,000   | \$542,000   | \$529,450   | \$359,886   | \$595,100   |

\* Includes minimal operating expenditures.

## Contents

Letter from CEO

Meg Whitman

Executive summary

Governance

### Human Progress

Overview

Human rights

Supply chain  
responsibility

Privacy

Our employees

Social investment

Data

Economic Progress

Environmental Progress

About this report



# Human Progress

Advancing the overall health and well-being of people

## Contents

Letter from CEO  
Meg Whitman  
Executive summary

Governance

### Human Progress

- Overview

Human rights  
Supply chain responsibility  
Privacy  
Our employees  
Social investment  
Data  
Economic Progress  
Environmental Progress  
About this report



# Overview

HP is advancing the health and well-being of people across our value chain. Through Living Progress, our business and technology enriches people's lives around the globe and helps to solve some of the world's most pressing human challenges. We are enhancing conditions for the workers in our supply chain, improving opportunities and healthcare for people in remote communities, and promoting respect for human rights globally. Our commitment to our employees starts with a strong set of global human resources policies and is guided by the HP Way Now, our integrated system of values, core principles, leadership attributes, and behaviors that together make our culture unique and compelling.

## Supply chain

In HP's value chain, Human Progress begins with the hundreds of thousands of people employed by our suppliers who make our products, spanning six continents and more than 45 countries and territories.

HP has worked consistently to improve the health and well-being of people working in our supply chain and ensure they have the opportunity of fair, safe, and voluntary work. We monitor supplier performance and collaborate with nongovernmental organizations (NGOs), training groups, and other stakeholders to deliver our capability-building programs. We engage both management and factory workers at our suppliers in order to permanently enhance working conditions, from working hours and safety to anti-discrimination and the implementation of employee grievance mechanisms.

We tailor our approach to address the issues we uncover. For example, we have brought health awareness programs using BSR's Health Enables Returns (HER) Project to more than 55,000 workers in China, Malaysia, Mexico, and Thailand since the program's inception in 2007. In 2014, we responded to rising concerns about mistreatment of migrant and student workers, by upgrading our policies and monitoring program.

Beyond our manufacturing suppliers, our supply chain includes the mining of minerals used to make our products. We are working hard to ensure that these minerals are from responsible sources and are not contributing to the conflict in the Democratic Republic of the Congo or other human rights impacts. See [Conflict minerals](#) for more information.

## Operations

HP has a long-standing tradition of investing in and supporting our global community of approximately 302,000<sup>1</sup> employees. We are committed to offering opportunities for employees to excel in the workplace, to grow professionally and personally, and to connect with their communities. Our employee programs include learning and development, volunteering opportunities, and wellness benefits that enhance satisfaction among our employees worldwide. HP continues to show strong favorability from employee ratings across a range of categories that measure key dimensions of well-run organizations. In 2014, 70% of our benchmarked survey questions were at or above industry benchmarks from the IT Survey Group (ITSG) Consortium.

<sup>1</sup> As of October 31, 2014.

## Contents

Letter from CEO  
Meg Whitman  
Executive summary  
Governance

### Human Progress

- Overview

Human rights  
Supply chain responsibility  
Privacy  
Our employees  
Social investment  
Data  
Economic Progress  
Environmental Progress  
About this report

HP is committed to increasing the diversity of our workforce and creating an inclusive environment in which everyone can thrive. To drive accountability for improving workforce diversity and maintaining an inclusive work environment, we set business unit targets related to workforce demographics. Our dedicated employees motivate and amplify our impact through programs that support Human Progress in communities worldwide, such as the Social Innovation Relay as part of our first Global Day of Service in 2014.

## Products and solutions

In just 40 years, IT has redefined how we live and work through the Internet, big data, cloud computing, mobile personal devices, and digital printing. HP's products and solutions are sold and used in most countries worldwide, providing a platform for positive impact that reaches millions of people. The rapid evolution of data-collection and analysis technologies brings many benefits to society, for example, transforming healthcare delivery and education.

At the same time, the exponential growth of global data poses profound challenges to maintaining the privacy of personal information. We understand the importance of privacy to our consumers and the organizations that buy our products and services. HP is leading industry and civil society efforts to develop an ethical framework for The New Style of Business, including the collection and use of big data. In our own operations, we endeavor to go beyond minimum legal obligations to safeguard customers' personal information, and train every employee in our global workforce on these topics.

## Social investment

To further Human Progress, we also make strategic social investments in critical areas such as healthcare delivery and analytics and disaster recovery and rebuilding. Working in partnership with public and private sector partner organizations, we leverage our people and technology to maximize impact across the ecosystem.

For example, in India HP is transforming healthcare delivery for remote communities, enabling access to quality, affordable healthcare through locally based eHealth Centers connected to doctors and specialists in leading hospitals. In China, through collaboration with the United Nations Children's Fund (UNICEF) and the Chinese government, we are working to improve maternal and children's health through a properly integrated health management information system. By mobilizing our employees we collaborated with the international hunger relief organization Stop Hunger Now (SHN) as a global partner for our inaugural Global Day of Service to mark HP's 75th anniversary.

For examples of our key initiatives, see Social investment: Human.

## Contents

Letter from CEO  
Meg Whitman  
Executive summary

Governance

### Human Progress

- Overview
- Human rights
- Supply chain responsibility
- Privacy
- Our employees
- Social investment
- Data
- Economic Progress
- Environmental Progress
- About this report



# Human rights

Respecting human rights is instinctive to HP. We take an uncompromising stance on human rights in our own operations and work to influence others to do the same.

Our influence extends across HP's value chain and touches many communities worldwide. We engage extensively with our suppliers to protect workers and improve labor standards. In our own operations, we promote a diverse and inclusive culture and have zero tolerance for discrimination of any kind among our employees. For our customers, HP is committed to delivering a data-rich society where personal privacy is protected.

## Managing human rights

HP's approach is rooted in the UN Guiding Principles on Business and Human Rights. We define our commitments and expectations in our Global Human Rights Policy and other human-rights related policies.

To put these policies into practice, we conduct risk assessments and due diligence on business activities where we have the potential to impact human rights. We provide access to grievance reporting mechanisms and remedies for potential parties impacted and report transparently on our activities. These protocols ensure we monitor our activities and risks, swiftly remedy problems when they do occur, and seek continual improvements to our policies and practices.

We have determined three communities of "rights holders" in relation to which HP assesses and manages human rights risks: supplier employees, HP employees, and customers. In 2013, we conducted a human rights risk assessment covering these groups. We analyzed

risks by likelihood and severity and the leverage that HP has to address each issue. The top two risks related to labor practices in IT supply chains and data privacy for our customers, partners, and employees.

In 2014, we expanded the human rights risk assessment to cover our internal compliance functions. We assessed 39 compliance functions and identified 15 risks associated with eight of those. For all 15 risks, we determined that correctly applying existing compliance requirements would mitigate the human rights risks.

HP took a major step in 2014 by expanding its supply chain requirements related to preventing exploitative labor practices and forced labor. We are the first IT company to require direct employment of foreign migrant workers in our supply chain through the HP Supply Chain Foreign Migrant Worker Standard. By insisting on direct employment, we can better monitor and prevent issues commonly associated with migrant workers such as retention of passports or personal documentation and worker-paid recruitment fees.

The use of IT can help advance society and enhance the lives of people worldwide. Such technology can also be used for unintended purposes or in contexts that are challenging, potentially linking their use to human rights impacts. HP abides by all relevant sanctions, restrictions, and embargoes in its business operations worldwide. In addition, we utilize our human rights due diligence process to guide HP's actions when there is a risk of human rights impacts as a result of our business relationships. Consistent with our Global Human Rights Policy, we investigate allegations when our business may be linked to adverse human rights impacts and strive to mitigate impacts where we have influence.

## Contents

- Letter from CEO  
Meg Whitman
- Executive summary
- Governance
- Human Progress**
  - Overview
  - Human rights
  - Supply chain responsibility
  - Privacy
  - Our employees
  - Social investment
  - Data
  - Economic Progress
  - Environmental Progress
  - About this report



We have received inquiries alleging that we are linked to human rights impacts as a consequence of our business relationship with the Government of Israel. Based on our investigations and the scope of technology and services that HP provides, we believe we are acting consistent with our Global Human Rights Policy. As with all of our locations, HP's business operations in Israel are regularly monitored by our Ethics and Compliance Office.

HP provides access for rights holders to file and seek resolution of grievances, including those related to human rights. We manage a publicly available anonymous grievance mechanism, easily accessed from our website, or by telephone or email. [Learn more](#).

We communicate transparently about our human rights-related [policies](#), programs, and activities, across each of the three communities of rights holders. See [Supply chain responsibility](#), [Our employees](#), and [Privacy](#) for more detail.

## Standing up for human rights

Beyond our own operations, HP believes that we should stand up for human rights in public forums and we collaborate openly to do so with a wide range of stakeholders including governments, NGOs, and business. Advocating for human rights and demonstrating leadership on these issues has long been central to our approach.

In 2014, we contributed to the following multi-stakeholder initiatives:

- Global Business Initiative on Human Rights—HP contributed to meetings where members shared their approaches, practices, tools, challenges, and innovations to advance the group's knowledge and practices.

HP also participated in forums in Beijing, China, and Jakarta, Indonesia, to share practices and challenges and increase capabilities and awareness.

- Electronic Industry Citizenship Coalition (EICC) Code of Conduct—HP promoted strengthened EICC Code of Conduct requirements on nondiscrimination. The new text expands protected worker classes to include gender identity and expression, national origin, and covered veteran status, and prohibits discrimination based on protected genetic information. These changes are consistent with HP's own nondiscrimination policy. We also contributed to the EICC UN Guiding Principles Working Group.
- SAI Advisory Board—HP partnered with human rights NGO Social Accountability International (SAI) to develop and implement impactful supply chain human rights initiatives. For example, SAI's TenSquared program aims to achieve tangible improvements in factory worker safety in less than 100 days.
- BSR Human Rights Work Group—HP collaborated in this forum with companies from all industries to share ideas, exchange best practices, and discuss the human rights challenges they face, including in areas such as reporting, governance, training, and grievance/remedy frameworks.

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## Human rights frameworks

Human rights are the fundamental rights, freedoms, and standards of treatment to which all people are entitled. They are outlined in international conventions, declarations, and treaties, including the United Nations Universal Declaration of Human Rights. In 2011, the UN Human Rights Council endorsed the "Guiding Principles on

Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework". It provides a conceptual and policy framework for business and human rights, as well as guiding principles for implementation.

## Contents

Letter from CEO  
Meg Whitman  
Executive summary

Governance

### Human Progress

Overview  
Human rights  
• Supply chain responsibility  
Privacy  
Our employees  
Social investment  
Data  
Economic Progress  
Environmental Progress  
About this report



# Supply chain responsibility

HP supports human, economic, and environmental progress throughout one of the most extensive supply chains in the information technology (IT) industry. Our Supply Chain Responsibility program enhances the lives and protects the rights of the workers who make and deliver our products and services and extends to responsible sourcing of minerals at the very beginning of our supply chain. We have also expanded the reach of our program to many nonproduction<sup>1</sup> suppliers.

HP's social and environmental responsibility (SER) expectations are grounded in our advanced policies and standards, which we develop through a disciplined approach and review and update regularly. Through our 14-year history of working on supplier responsibility, we have refined systems for collecting and analyzing information from many sources to identify new and emerging risks. Once an issue is on our radar, we determine the most effective ways to address it, emphasizing a management systems approach. We build the capabilities of our suppliers by focusing on workers, investing in their development, and empowering them to be involved in improving SER at their sites.

HP's supply chain is vast and ever-changing, spanning six continents, hundreds of production suppliers, and tens of thousands of nonproduction suppliers. Our Supply Chain Responsibility program enhances the lives of the hundreds of thousands of people who work in our supply

chain. That's our ultimate commitment and we strive to be transparent about our successes and our challenges along the way. Our efforts also address environmental impacts in our supply chain, help HP meet customer and regulatory requirements, and have other business benefits as well.

## Progress in 2014

### Advancing policies and systems

- Advanced foreign migrant worker protections by introducing industry-leading standards. HP now requires direct employment of foreign migrant workers, along with other strict requirements, to further reduce the risk of exploitative labor practices and forced labor. We are supporting this change with capability-building events and monitoring.
- Researched the human health and environmental impacts of manufacturing process substances.<sup>2</sup> We used the research to introduce new requirements in our General Specification for the Environment in 2015, including adding restrictions on benzene and n-hexane.
- Achieved 15% improvement in Social Accountability International's Social Fingerprint benchmark, placing HP in the top tier of companies assessed.
- Conducted 200 audits and assessments throughout our supply chain, our largest annual total yet.

<sup>1</sup> HP uses the terms "production suppliers" and "nonproduction suppliers" throughout this report. "Production suppliers" provide materials and components for our product manufacturing and also assemble HP products. "Nonproduction suppliers" provide goods and services that do not go into the production of HP products (such as staffing, telecommunications, and travel) but exclude logistics service providers.

<sup>2</sup> Manufacturing process substances are used in manufacturing but not included in our products.

**Contents**

Letter from CEO  
Meg Whitman  
Executive summary

Governance

**Human Progress**

Overview  
Human rights  
• **Supply chain responsibility**  
Privacy  
Our employees  
Social investment  
Data  
Economic Progress  
Environmental Progress  
About this report

**Protecting workers in the supply chain**

- Confirmed that student workers represent less than 20% of the total HP production workforce at 94% of final assembly sites with student workers<sup>3</sup>
- Completed and closed corrective action plans for 74% of student worker nonconformances identified since beginning student worker assessments in 2013
- Achieved 84% of workers related to HP production at final assembly sites working fewer than 60 hours per week on average, with fewer than 4% working more than 72 hours per week<sup>3</sup>
- Reduced overall global emergency preparedness major nonconformances by 10 percentage points since 2013
- Found no zero-tolerance violations related to core labor rights in Electronic Industry Citizenship Coalition (EICC) code-based audits
- Expanded the number of countries where we engage with nonproduction suppliers on SER issues from 7 in 2013, to 11 in 2014
- Seventy-six percent of smelters reported by HP's supply chain are Conflict-Free Smelter Program compliant or in process to become compliant

**Protecting communities and the environment**

- Reduced supply chain greenhouse gas (GHG) emissions intensity by 18% from 2010 levels
- Since 2010, helped suppliers prevent nearly 600,000 tonnes carbon dioxide equivalent (CO<sub>2</sub>e) of GHG emissions, equaling 30% of our 2 million tonnes target by 2020
- Since 2012, assessed more than 1,000 of our sub-tier suppliers in China against the Institute of Public and Environmental Affairs' list of environmental violations and required corrective action plans for all findings

**Supply chain responsibility dashboard**

Our dashboard—first published in 2013—is a high-level snapshot of our suppliers' SER performance. The dashboard highlights a range of indicators representing significant labor, health and safety, and environmental impacts in our supply chain. In 2014, we achieved modest improvement in most dashboard indicators, despite bringing on additional sites to accommodate business needs. We continue working with suppliers to make further incremental progress through our systematic approach and efforts tailored to addressing persistent issues.

**Supply chain responsibility dashboard\***

|   | 2013      | 2014      |
|---|-----------|-----------|
| <b>Working hours</b>  |           |           |
| Suppliers' employees working less than 60 hours per week on average** [%]   | 83%       | 84%       |
| Suppliers' employees receiving at least one day of rest each seven-day workweek** [%]   | 89%       | 91%       |
| <b>Student workers</b>  |           |           |
| Suppliers in China with student workers representing 20% or less of total employees** [%]   | 96%       | 94%       |
| <b>Core labor rights</b>  |           |           |
| Zero-tolerance audit findings related to the ILO Declaration of Fundamental Principles of Rights at Work: freedom of association; forced, bonded, or indentured labor; child labor; or discrimination | 1         | 0         |
| <b>Critical health and safety issues</b>  |           |           |
| Zero-tolerance audit findings related to occupational safety, emergency preparedness, or industrial hygiene***  | 5         | 5         |
| <b>Greenhouse gas emissions</b>   |           |           |
| Production supplier Scope 1 and Scope 2 GHG emissions****,†,†† [tonnes CO <sub>2</sub> e]   | 4,500,000 | 3,900,000 |

\* This table includes both company-level and facility-specific data obtained during 2013 and 2014 relating to HP's first-tier production suppliers. Findings from our 2013 and 2014 audits are limited to those facilities audited during the year and are not representative of all facilities in our supply chain.

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

\*\*\* 2014 findings relate to emergency preparedness and industrial hygiene. See section.

\*\*\*\* Suppliers represent 95% of HP's production supplier spend. 2012 is the latest year for which data is available for use in the 2013 reporting year. 2013 is the latest year for which data is available for use in the 2014 reporting year.

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

†† 2013 figure is revised from previous reporting. It now includes revised estimated data from one of our suppliers and extrapolation to 100% of first-tier production suppliers. 2014 figure is also extrapolated.



[View full data for Supply chain responsibility.](#)

<sup>3</sup> Based on production-line workers at final assembly and select commodity sites participating in the HP KPI program and audit results. We continue to expand the list of suppliers in the KPI program based on business risk, country risk, and identified nonconformances.

## Contents

Letter from CEO  
Meg Whitman

Executive summary  
Governance

### Human Progress

Overview

Human rights

#### • Supply chain responsibility

Privacy  
Our employees  
Social investment  
Data  
Economic Progress  
Environmental Progress  
About this report



# Our approach

Business and consumer demand for electronics products and services is evolving rapidly, and HP is there with an adaptive supply chain to support delivery of world-class products and services to meet and exceed customer expectations. From tablets and inkjet printers to servers, storage, and the supporting implementation services, our broad portfolio requires a vast range of supplier capabilities—each with a unique sourcing profile.

As HP moves into new markets, we on-board new suppliers, ensuring they understand our SER standards and management system and meet prescribed performance levels for new suppliers. New sourcing countries have varying SER risks, and new suppliers sometimes have limited familiarity with SER management. By integrating our SER standards into sourcing, HP motivates suppliers from the start of our business relationship.

Our complex and dynamic supply chain underpins our business success and HP's Supply Chain Responsibility program helps ensure the continuity of our supply lines and quality of our products by identifying and addressing supply chain risks.

Our Supply Chain Responsibility management system begins with industry leading policies, standards, and practices, founded on our commitment to transparency and desire to support workers, tackle environmental impacts, and benefit HP and our customers. We start with extensive risk sensing to keep us up to date with SER issues, region by region and supplier by supplier. This informs our program design, which we tailor to address specific risks and reflect regional characteristics. Our Supply Chain Responsibility program is illustrated in the graphic. For more detailed information on the elements of our program, please see [Supply chain responsibility: Our approach](#), a separate document on our website.

### Sensing risk

We work continuously to identify emerging risks in our supply chain at global, regional, and local levels. We analyze information from our supplier-monitoring program, worker engagement, our extensive stakeholder network, and other external sources. For example, our

## HP Supply Chain Responsibility program

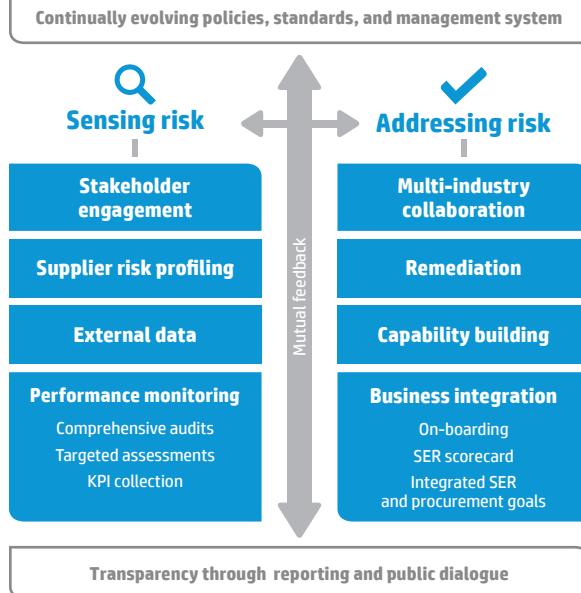
### Mission

**Protect and empower workers as rights holders**

**Reduce global and community environmental impact**

**Benefit HP and customers**

### Our approach



engagement in Southeast Asia enabled us to understand the evolving risk of forced labor in foreign migrant worker populations and take action as early as 2008. In 2014, we determined that we needed to evolve our approach to this issue to continue to protect this vulnerable worker group against forced labor conditions. Our advanced risk-sensing capabilities enable us to identify and react to emerging risks, so we often lead the industry in developing proactive approaches to emerging issues.

## HP's advanced supplier performance monitoring

HP uses three types of monitoring to understand and influence supplier SER performance:

- **Audits** We perform annual audits against the HP Supplier Code of Conduct and undertake follow-up audits when nonconformances are found. We also encourage suppliers to commission independent audits.
- **Assessments** We conduct targeted assessments to supplement our comprehensive audits, focusing on specific risk areas including:
  - Vulnerable workers, such as student, dispatch, and foreign migrant workers

- Health and safety, including fire safety and emergency preparedness
- Supplier SER management system maturity
- Supplier environmental performance
- **KPI program** We require our final assembly suppliers to provide data on working hours, vulnerable workers, and GHG emissions. Suppliers track data on a weekly basis, and submit to us monthly. Such frequent monitoring helps us to quickly identify and correct problems.

## Contents

Letter from CEO  
Meg Whitman  
Executive summary  
Governance

## Human Progress

Overview  
Human rights  
• Supply chain responsibility  
Privacy  
Our employees  
Social investment  
Data  
Economic Progress  
Environmental Progress  
About this report



## Addressing risk

When we identify risks to workers or the environment in our supply chain we develop mitigation strategies. For example, when we identified the increased risk of forced labor among foreign migrant workers in Southeast Asia, we launched an industry-leading policy as well as strengthened our monitoring and capability-building program. See [Workers' rights](#) for details. Investing in capability building, to improve the skills and awareness of both workers and supplier management, is critical to achieving lasting solutions to labor issues (see [Supporting workers](#)).

Our process for remediating issues also addresses risks identified through [supplier monitoring and industry collaboration](#).

## Business integration

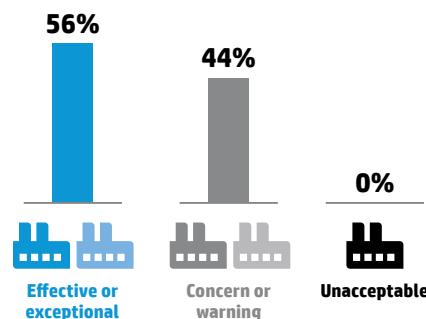
The impact of our social responsibility program is increased by integration with our procurement decisions. HP has long considered suppliers' SER performance when awarding business. In 2014, we made two enhancements to emphasize our preference for suppliers that meet or exceed our SER standards.

We expanded on-site assessments to cover the on-boarding of all major strategic final assembly suppliers and key commodity suppliers. Of the 14 new suppliers considered in 2014, 11 were accepted after completing corrective actions, and one was rejected due to poor SER performance. (Two more were assessed but rejected for reasons other than SER performance.) Beginning in 2015, we will conduct on-boarding at all new major strategic final assembly and commodity suppliers.

We also expanded our SER scorecard to include all types of final assembly suppliers and also strategic commodity suppliers. The SER scorecard rates suppliers' SER performance on a five-tier scale and acts as a modifier to the general supplier management score. Suppliers with strong SER performance improve their opportunities for new or expanded business. Suppliers with poor SER performance risk a reduction in the business they are awarded.

## SER scorecard distribution, 2014

[percentage of suppliers]\*



\* Scorecard includes final assembly suppliers and suppliers of strategic commodities.

## Benefits of supply chain responsibility

HP's supply chain responsibility objective is to continuously improve our suppliers' SER performance. Strong performance not only helps a supplier secure contracts with HP but also benefits their business by increasing worker productivity, engagement, and retention, as illustrated by the following examples:

- Launched in 2007, BSR's HERproject—of which HP is a participant—links multinational companies and their supplier factories to local nongovernmental organizations (NGOs) to raise awareness of women's health issues among workers. The project has generated significant business benefits, measurably reducing worker absenteeism and early leave requests, staff attrition, and mistakes assembling products.<sup>4</sup>
- In collaboration with Social Accountability International (SAI), The Rapid Results Institute, and Labor Link, HP conducted a 100-day program at three supplier sites in Brazil to reduce worker injuries from physically demanding work. Our supplier, Flextronics, reduced absenteeism due to injuries from 8% to 4.8% over the course of the program, producing tangible cost savings. Given this success, we plan to expand the program to China with a focus on emergency preparedness.

## On-boarding program inspires changes at supplier

Although our on-boarding program sometimes requires us to reject a potential new supplier, more often it motivates suppliers to collaborate with us to address issues at their sites. New suppliers cannot do business with us until they correct the highest priority nonconformances and demonstrate adequate corrective action plans for the remainder.

For example, our initial on-boarding assessment of one potential final assembly supplier revealed issues requiring immediate attention, including locked dormitory emergency

exits, lack of fire-detection systems in key locations, and failure to pay workers for overtime and holidays and to provide social insurance. The supplier made significant investments to address the issues we uncovered, and in six months we observed improvements at the site. Fire exits were cleared, payroll issues resolved, and a fire-detection system installed. As a result, we selected the supplier and continued to build its capabilities and improve conditions for its workers.

<sup>4</sup> [http://herproject.org/downloads/HERproject\\_Health\\_Enables\\_Returns\\_The\\_Business\\_Returns\\_from\\_Womens\\_Health\\_Programs\\_081511.pdf](http://herproject.org/downloads/HERproject_Health_Enables_Returns_The_Business_Returns_from_Womens_Health_Programs_081511.pdf)

## Contents

Letter from CEO  
Meg Whitman  
Executive summary  
Governance

### Human Progress

Overview  
Human rights  
• Supply chain responsibility  
Privacy  
Our employees  
Social investment  
Data  
Economic Progress  
Environmental Progress  
About this report



HP also believes that ethical business practices provide a competitive advantage. A [2015 World Economic Forum \(WEF\) publication](#) reported that those companies adopting 31 proven supply chain sustainability practices can increase revenue by up to 20% for responsible products, reduce supply chain costs from 9% to 16% and increase brand value by 15% to 30%. HP's Energy Efficiency Program supports production suppliers to track and reduce GHG emissions through knowledge building and factory-based energy efficiency initiatives. Participating suppliers have reported estimated savings of \$50 million since the start of the program.

Additionally, our customers frequently ask for information about our Supply Chain Responsibility program in requests for proposals, and our response is factored into appraisal of bids. For example, in 2014 our responses influenced contract awards worth approximately \$127 million with a European public procurement agency and \$65 million with an American multinational corporation. Other benefits to HP include reduced supply chain disruption and improved product quality.

### Transparency

We are committed to transparency about the composition of our supply chain and its SER performance. HP was the first IT company to publish a [list of suppliers](#) in our 2007 Global Citizenship Report. We continue to publish the list and have added details such as names, addresses, information about sustainability programs, and more. In 2014, we published an [interactive map](#) of our final assembly suppliers, showing the number of reported hourly employees dedicated to the production of HP products at each final assembly supplier facility.

We share information about our supply chain performance in our [Supply Chain Responsibility dashboard](#) and publish detailed [results of supplier audits](#) and summary information about our [capability-building programs](#) on our website.

## Supporting workers

Our central aim is to improve the lives of workers who are the focus of our capability building. We invest in worker skills development and empower workers to improve SER performance. We are targeted in our approach to capability building and willing to innovate with new methods and partnerships. See [capability-building data](#).

In 2014, we conducted worker-empowerment programs at 18 sites in China, South America, and Southeast Asia, exceeding our goal of 15 for the year and reaching more than 87,000 workers and managers. Highlights include:

- **Migrant worker parent training** In response to the increasing number of migrant workers in China, we partnered with the Chinese NGO Inno to develop and pilot a training program on parenting at two supplier sites in Guangzhou, China. The program was designed for parents working far from home and focuses on improving work-life balance, dealing with family-related stress, and improving communication with children. The participants reported high overall satisfaction with the trainings and success using new communication techniques. We will work with the Center for Child Rights and Corporate Social Responsibility to expand the program to Chongqing in 2015.

- **Health education through HERproject** BSR's Health Enables Returns (HER) Project provides basic personal health training to female workers. We have brought health awareness programs using the HERproject methodology to 27 suppliers across China, Malaysia, Thailand, and Mexico since the program's inception in 2007. We have reached more than 55,000 female migrant workers, empowering them to take ownership of their health, and selected peer-educators so that future workers may also enjoy the benefits.

- **Financial literacy through HERfinance** In 2014, building on the success of HERproject, HP and BSR launched a HERfinance pilot project to strengthen the financial capabilities of workers at our supplier Flextronics in Brazil. See the case study.

- **Occupational health and safety (OHS) training**

We partnered with experts, including Dr. Kazutaka Kogi, President of the International Commission on Occupational Health and professional industrial hygienists from the Hong Kong Worker's Health Centre, to train management from 16 suppliers on worker stress

## HERfinance

Worldwide, 2.5 billion adults do not use formal financial services to save or borrow money. HERfinance, a BSR program, improves financial inclusion and literacy by connecting workers to financial services and uses peer-training modules to reach a larger, broader group of factory workers. As a longtime participant in BSR's women's health education program, HERproject, HP has embraced the opportunity to pilot HERfinance at a Flextronics factory

in Brazil. The program launched in August 2014 with a financial needs assessment to measure the baseline financial knowledge of workers. With a reach of 1,500 women and men, the program is tailored to the specific financial inclusion needs of the Brazilian workforce and covers topics such as responsible consumption, reducing debt, and planning for unexpected expenses and retirement.

## Contents

Letter from CEO  
Meg Whitman  
Executive summary

Governance

### Human Progress

Overview  
Human rights

#### • Supply chain responsibility

Privacy  
Our employees  
Social investment  
Data  
Economic Progress  
Environmental Progress  
About this report

prevention, mental health awareness, combustible dust prevention, and Participatory Occupational Safety and Health Intervention (POSHI). POSHI is an on-site program that engages workers and management in the process of identifying and solving OHS issues. We also conducted POSHI events focusing on topics such as ergonomics and machine safety. At a recent event, 90% of participants reported the training enhanced communication between workers and management.

For additional information about our capability-building programs, please see [our website](#).

### Management system

HP has developed and refined a strong management system for achieving continual improvement in our supply chain SER performance. Our supply chain management system is assessed every two years by Social Accountability International (SAI), against their rigorous, world-class Social Fingerprint benchmark. In 2014, we achieved a 15% improvement in our results compared to 2012. Our score of 3.8 put HP among the highest-scoring SAI corporate members. The improvement reflects investments in our Supply Chain Responsibility management system over the last two years, including further integration of SER into our procurement operations.

The SAI assessment validated our efforts and also highlighted areas for further improvement:

- Business integration, including the continued evolution of our SER scorecard and five-tier rating system to ensure communication of and accountability for SER goals in HP business groups
- Development of suppliers' social management systems, emphasizing implementation, not just documentation
- Risk sensing, including advanced data collection and analysis to uncover trends in supplier performance

HP is committed to ongoing development of our management systems and transparency about the results.

**“HP demonstrates a deep commitment to continually improving its supply chain, often taking a leadership position that encourages other companies as well. It targets complex challenges and works transparently and systematically to improve its management system. Even among the leading companies that we work with, HP is a clear stand-out.”**

— Alice Tepper Marlin, CEO, Social Accountability International

# Workers' rights

Shifting socioeconomic and labor trends require us to be alert to new risks and innovative in our approach to managing them. Political and economic pressures as well as demographic shifts in some sourcing countries have led to higher costs and growing labor shortages, putting pressure on workers and companies. Also, in developing countries, weaker rule of law, opaque recruiting practices, and less institutional experience with SER may create additional risks.

In order to protect workers' rights, we continually refine our Supply Chain Responsibility program. We remain focused on protecting vulnerable workers, reducing excessive working hours and improving health and safety in the workplace. We view workers as “rights holders” and believe that the most effective solutions will be found by involving them directly such as through worker interviews and surveys during supplier monitoring, and by designing our capability-building events to empower workers to be part of the solution. See [Supporting workers](#). We also collaborate to raise standards across our industry.

### Vulnerable worker groups

Seeking additional sources of labor, suppliers in some countries have turned to students, dispatch workers, young workers (16- and 17-year olds where legally permitted), and foreign migrant workers—groups that have distinct vulnerabilities to potential abuse. HP is committed to protecting all workers in our supply chain, but we recognize that certain worker groups need special protection. We introduced enhanced standards, more focused monitoring, targeted capability building, and key performance indicators (KPIs) tracking to provide additional protection for these groups.

### Foreign migrant workers

In 2014, HP became the first IT company to require direct employment of foreign migrant workers in our supply chain through the [HP Foreign Migrant Worker Standard](#). In addition to requiring direct employment, the standard reinforced the rights of workers to retain their passports and personal documentation and prohibited worker-paid recruitment fees. We developed the new standard in consultation with Verité, an international nonprofit that promotes safe, fair, and legal working conditions.

The standard marks a major step forward in the protection of foreign migrant workers in our supply chain and we are now focused on ensuring that the new protections are realized. Specialized forced labor assessments and regular monitoring will confirm supplier conformance. Suppliers that do not meet our requirements must correct their practices with urgency or risk losing our business.

## Contents

Letter from CEO  
Meg Whitman  
Executive summary  
Governance

### Human Progress

Overview  
Human rights  
• Supply chain responsibility  
Privacy  
Our employees  
Social investment  
Data  
Economic Progress  
Environmental Progress  
About this report



## Student workers

In 2013, to address the significant increase in the use of student and dispatch workers in China, we introduced the HP Student and Dispatch Worker Standard for Supplier Facilities in the People's Republic of China, the first such standard in our industry. We believe that student work should complement the individual's education, so we are currently focused on ensuring that all student work is voluntary, local regulations on student workers are met, only limited numbers of student workers are used for HP production (less than 20% of the total workforce), and students are employed in roles that further their education.

We monitor progress through KPI tracking of student, dispatch, and young workers, which Chinese suppliers report to us monthly. KPI data shows that 94% of suppliers maintained student worker levels at less than 20% of the total workforce related to HP production, a threshold we set last year. This tracking is separate from auditing and provides more frequent oversight of supplier progress. We also undertake specific, on-site student worker assessments and require corrective actions for any nonconformances. In 2013 and 2014, we assessed 90% of high-risk supplier sites in China where we identified the use of student workers. Of the two remaining sites, one was assessed in 2015, and the other was identified late in 2014 as using student workers and is scheduled for assessment. Of nonconformances with our student worker requirements found through 2014, 74% have been resolved—with the remaining cases under supplier corrective action in close collaboration with our procurement teams.

Despite the significant progress made over the past two years, we still face challenges protecting student workers, especially to eliminate overtime and nightshift work. We are committed to:

- Modifying our working hours KPI program to identify and act on instances of student or young workers working nights or overtime, creating faster corrective action and solutions
- Rolling out the EICC-sponsored student worker management toolkit, "Responsible Management of Student Workers: From Compliance to Best Practice," designed for electronics manufacturing facilities in mainland China
- Collaborating with the Labour Education and Service Network to train Chongqing-based suppliers on the use of the EICC toolkit in spring 2015

## Working hours

HP's Supplier Code of Conduct states that weekly working hours must not exceed the maximum amount set by local law and should not exceed 60 hours, including overtime, except in emergency or unusual situations. Yet, the risk of excessive working hours remains high, particularly in China where there is an increasing labor shortage and where a large portion of IT industry production takes place. Excessive working hours remains a top audit finding for us, and we continue to work with our suppliers and industry partners to achieve lasting improvements in this area.

## KPI program

Since 2009, we have monitored suppliers at risk of working hours and day-of-rest nonconformances through our KPI program. By frequently monitoring conformance, we have created modest improvements in supplier performance even though we have added new suppliers to our supply chain each year. Our KPI program also fosters accountability and action in our business by maintaining focus on these important issues. The program requires high-risk suppliers to report weekly KPI results, which we share with HP procurement managers monthly and senior managers quarterly. If an issue is detected, it's escalated to top management so we can quickly resolve it. In 2014, we saw modest improvements in the percentage of workers working 60 hours or less per week. We also saw only a very small percentage working more than 72 hours per week. The percentage of workers receiving at least one day of rest per week also increased. See Supply Chain Responsibility dashboard.

## EICC Working Hours Taskforce

In 2014, we participated in the newly formed EICC Working Hours Taskforce, which is developing a phased approach to supplier conformance with working hours requirements in the EICC Code of Conduct. The taskforce acknowledges that achieving the 60 hours per week standard will take time and asks buyers and suppliers to commit to steady progress. HP's involvement in the taskforce builds upon our work as co-chair of the EICC working group on excessive working hours in 2013, which established a common industry approach to capturing and reporting working hours KPI data.

## Health and safety

Workers have the right to a healthy and safe workplace, which is why we address these issues with high-risk facilities before we begin our commercial relationship and require them to demonstrate a safe workplace before production commences. The risks to workers are elevated where law enforcement is weak and health and safety regulations are lacking or inadequate. Conformance with emergency preparedness requirements remains a critical ongoing issue, and we continue to expand our efforts in this area. We also monitor new areas of potential risk such as combustible dust and look to address these through targeted training.

## Emergency preparedness

Rigorous attention to emergency preparedness helps prevent injury and loss of life as well as interruptions to production. To measure conformance and drive improvements, we developed a specialized emergency preparedness assessment. In 2014, focusing on facilities in China, we conducted 22 assessments to evaluate emergency preparedness management, evacuation routes and equipment, fire suppression equipment, and other key elements. We also increased the frequency of assessments for select suppliers to a quarterly (rather than annual) basis. We plan to conduct quarterly fire-safety checks at major suppliers in Southeast Asia in 2015. We believe these expanded efforts have

**Contents**

Letter from CEO  
Meg Whitman

Executive summary

Governance

**Human Progress**

Overview

Human rights

**• Supply chain responsibility**

Privacy

Our employees

Social investment

Data

Economic Progress

Environmental Progress

About this report



contributed to reducing rates of emergency preparedness nonconformance in China from 69% in 2013 to 48% in 2014. For more information, see [audit results](#).

**Occupational health and safety (OHS)**

HP takes occupational health issues seriously and in 2014 addressed the topic of combustible dust. Fine particles of dust from operations such as metal polishing can present a combustion hazard if not properly handled. We provided training on prevention of combustible dust explosions and fire safety for 151 managers from 88 suppliers, including those working in metal fabrication several tiers deep in our supply chain. Participants also discussed best practices such as reducing dust through wet processing and ventilation in polishing areas.

**Manufacturing process substances**

HP has worked for many years to eliminate worker exposure to hazardous substances in manufacturing. Our HP Supplier Code of Conduct and auditing program require suppliers to have proper management systems to evaluate substances, eliminate or manage hazardous substances, and provide appropriate personal protective equipment and training to workers. In addition, HP provides health and safety capability building, focused on worker involvement in maintaining safe work environments.

Recognizing that regulated substances and acceptable limits of hazardous substances vary by country, in 2015 we set clear requirements for suppliers by publishing a list of manufacturing process substance restrictions, reflected in the updated version of HP's [General Specification for the Environment](#).

We take a science-based approach to assessing the potential impact to human health or the environment of process substances and have restricted use of specific high-risk substances, including benzene and n-hexane, across our supply chain. We work closely with our suppliers to ensure new restrictions are followed and suitable alternatives are available through our alternative materials program. For more information, see [Materials](#).

HP seeks to shape the industry's approach to manufacturing process substances and is participating in a task force formed by the EICC to improve the identification, tracking, management, and elimination of harmful substances in the electronics supply chain.

Additionally, we support workers' right to know about working with and around hazardous substances. Our involvement with the EICC contributed to expansion of the EICC Code of Conduct, which now requires that factories provide educational materials and appropriate training about such hazards. These efforts build on existing requirements that material safety data sheets be available to workers. Our supplier audits verify conformance with these new and existing requirements, including through worker interviews that encourage input on hazardous materials handling practices and training in the workplace.

**Raising industry standards**

Many of the issues we face are large and complex and beyond the scope of any single company to solve. Because the electronics industry supply base is broadly shared—such as with suppliers of optical disk drives, memory, power supplies, and other commodities—collaborating with others in our industry sends a powerful and consistent message to suppliers.

While we believe a common and high set of standards across our industry provides the greatest protection for workers in our supply chain, when we see gaps in guidance to suppliers on pressing SER issues HP often implements policies, standards, and programs ahead of industry standards. We then share our experience when advocating to raise industry standards in line with our own.

For example, HP has long recognized the right of workers to bargain collectively, and we advocated for that right to be added to the EICC Code of Conduct. In 2014, we worked closely with EICC staff, its Board of Directors, and stakeholders on revised code language for freedom of association, including the right to collective bargaining, which passed the membership vote and became effective in 2015.

Over the past 11 years, we have actively worked to revise and strengthen other EICC Code of Conduct requirements. Most recently, we promoted stronger language for protection of vulnerable worker groups, nondiscrimination, manufacturing process substances, and ethics provisions. We also participated in working groups looking to revise code provisions on freely chosen employment, GHG emissions tracking and reporting, wage equality, and reasonable accommodation for religious practices.

**Audit results**

We monitor the SER performance of suppliers in a variety of ways. While supplier audits alone do not deliver sustained SER improvement, they are an important tool. Audits provide the broadest measurement of conformance with HP's Supplier Code of Conduct and establish whether the supplier has systems in place to maintain and improve performance. In 2014, we conducted 200 audits and assessments, the largest number in our program's history. We continue to expand our audit program and intend to conduct audits or assessments at all high-risk supplier sites annually. For an explanation of how HP determines "high-risk" suppliers see [Supply chain responsibility: Our approach](#), a separate document on the HP website. Since our first pilot SER audits in 2004, we have conducted or commissioned 1,294 audits and assessments of production and nonproduction supplier facilities.

**Contents**

Letter from CEO  
Meg Whitman  
Executive summary

Governance

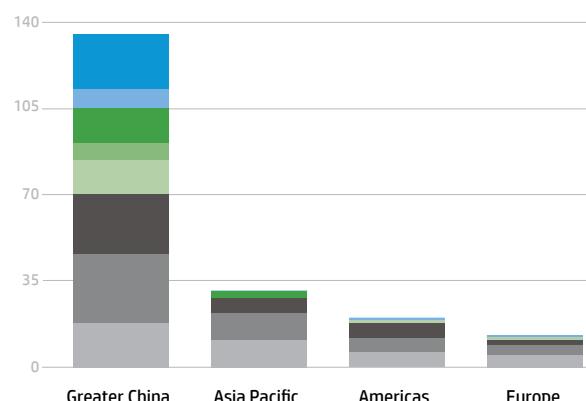
**Human Progress**

Overview  
Human rights  
• Supply chain responsibility  
Privacy  
Our employees  
Social investment  
Data  
Economic Progress  
Environmental Progress  
About this report

**Impact of supplier engagement:****+21%**

Difference in average audit score for suppliers completing at least one HP capability-building program<sup>1</sup>

<sup>1</sup> Increase is compared to suppliers not completing any HP capability-building programs. Data covers average audit scores (initial and full re-audits) of production suppliers, 2012–2014.

**SER audits and assessments conducted per region, 2014**

- Health and safety assessments
- On-boarding assessments
- Vulnerable worker group (student and foreign worker) assessments
- Allegation investigations
- Environmental assessments
- Full re-audits
- Follow-up audits
- Initial audits

Over the last several years, we have progressively transferred audit responsibility to our suppliers, as experience shows that suppliers perform better and are more invested when they commission their own audits and take ownership of their performance, especially when progress is rewarded through procurement incentives. In

2014, we exceeded our goal to increase the proportion of independent supplier EICC Validated Audit Process (VAP) audits to 50% of our total of 128 audits, achieving 52%. The EICC VAP program uses external auditors, and includes separate, third-party quality control of audits for added credibility. We aim to increase the number of supplier commissioned audits conducted under the EICC.

Results also show that the longer suppliers participate in our program, the better they perform on audits (see graph). They also demonstrate that suppliers with high levels of involvement—such as participation in capability-building programs—tend to have stronger SER performance. We focus our capability-building programs on specific audit items, worker engagement, and management systems. This approach is designed to foster broader, longer lasting SER improvement, leading to better audit performance overall.

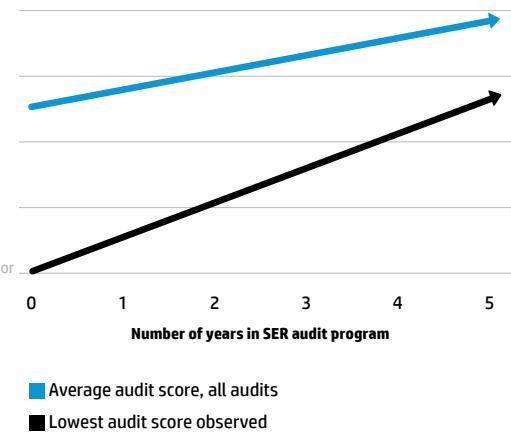
**Supplier SER audit performance trend relative to years in SER audit program**

[for audits conducted in 2013–2014]

**Audit score**

Excellent

Poor



■ Average audit score, all audits

■ Lowest audit score observed

**Expanding HP's SER standards to nonproduction suppliers**

IT industry SER engagement has historically focused on production suppliers that manufacture materials, components, and completed products. HP continued raising the standards in our industry several years ago by extending our SER approach to nonproduction suppliers that support our products post-release and provide services associated with our brand. HP nonproduction suppliers far outnumber production suppliers, employing a very large number of workers around the globe.

Our risk sensing led to our focus on high-risk industries—including call centers, contract labor agencies, outsourced technology services, reuse and recycling, branded merchandise, and facilities management—as well as pointing to geographical risk factors.

By engaging with our nonproduction suppliers, we influence social and environmental business behavior across many industries beyond manufacturing, improving working conditions and protecting HP's reputation and brand. In 2014, we expanded our nonproduction supplier engagement to 11 countries from 7 in 2013. The program now operates in Argentina, Brazil, China, Colombia, India, Malaysia, Mexico, Philippines, Poland, South Africa, and Turkey.

Since EICC members share many nonproduction suppliers, HP proposed to the EICC that it expand the scope of its work beyond production suppliers. In 2014, the EICC created the Indirect Spend Taskforce—with HP as a lead member—to explore the potential of an industry-wide approach and cross-industry collaboration.

## Contents

Letter from CEO  
Meg Whitman  
Executive summary  
Governance

### Human Progress

Overview  
Human rights  
• Supply chain responsibility  
Privacy  
Our employees  
Social investment  
Data  
Economic Progress  
Environmental Progress  
About this report



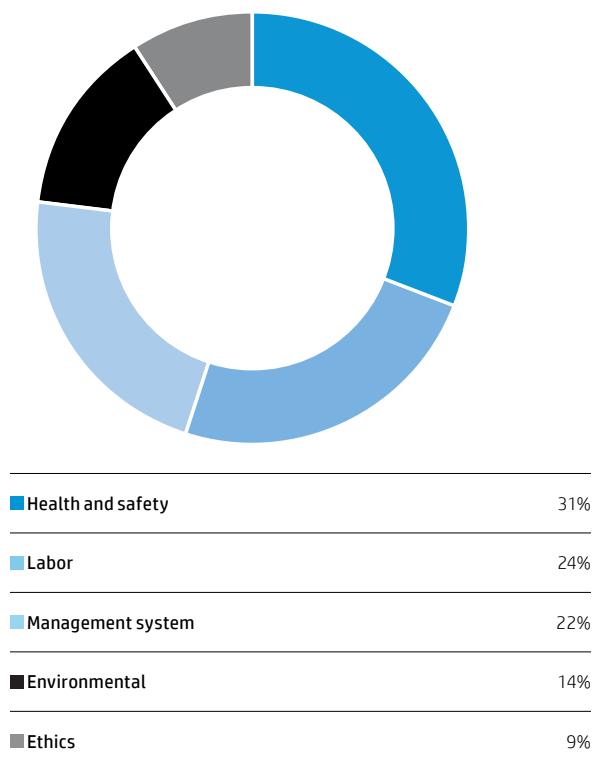
## Key findings

Our multiyear plan involves auditing all high-risk suppliers annually as well as conducting targeted assessments in special circumstances such as supplier on-boarding or where a specific risk requires deeper investigation. In recent years, we began expanding the scope of auditing to capture some suppliers not previously covered, such as nonproduction suppliers and suppliers deeper in our supply chain. Many of these may not have mature SER management systems.

We have observed an increase in nonconformances in some areas as suppliers new to our audits respond to the requirements and previously audited suppliers adjust to a tightening of our standards with new requirements, additional required proof of conformance, and more rigorous scoring criteria.

The most significant audit findings<sup>5</sup> in 2014 are described here. See [audit findings online](#) for a breakdown of audit results by region, and [HP supply chain SER milestones](#) for information about the number of workers at sites audited.

### Distribution of major nonconformances by section of HP Supplier Code of Conduct, 2014\* [percentage of total]



\* Data excludes minor nonconformances that do not indicate a systemic problem but typically represent an isolated finding. Data is from audits; data from assessments is not included. Data is from production supplier audits only, as operations of nonproduction suppliers are not comparable. Year-over-year data does not necessarily represent audits of the same supplier sites.

## Health and safety

(rates of major nonconformance of sites audited)

|                                 |     |
|---------------------------------|-----|
| Occupational safety             | 42% |
| Emergency preparedness          | 45% |
| Occupational injury and illness | 21% |
| Industrial hygiene              | 26% |
| Physically demanding work       | 14% |
| Machine safeguarding            | 21% |
| Dormitory and canteen           | 32% |

In the area of health and safety, emergency preparedness remains a key issue and we continue to evaluate ways to achieve further improvements. In 2013, we began a multiyear effort focused on improving supplier emergency preparedness through additional capability-building programs and more frequent targeted assessments. This process identified and resolved many emergency preparedness issues, resulting in a decrease in the global nonconformance rate from 55% in 2013 to 45% in 2014.

In 2014, occupational safety audit findings remained fairly consistent with 2013 levels with a 42% nonconformance rate (compared to 40% in 2013). Issues identified included permits and test reports, control of potential safety hazards (such as electrical and other energy sources, fire, vehicles, and fall hazards), and the use of personal protective equipment. The majority of nonconformances were at commodity supplier facilities, including many new to our SER program. As we expand our assurance program deeper into our supply chain, we expect higher rates of nonconformance and are committed to improving conditions for workers in these facilities.

Our supplier capability-building programs in 2014 included efforts to improve worker involvement in identifying and solving health and safety issues. We expect this to yield improvements in this area.

<sup>5</sup> Each provision of the EIIC audit protocol includes a number of audit questions, each with a potential for no finding, risk of nonconformance, minor nonconformance, or major nonconformance. HP identifies the most significant nonconformance found in each provision and aggregates those results across all audits, which helps us to develop initiatives to address, and externally report, those provisions with the most frequent occurrence of major nonconformance.

## Contents

- Letter from CEO
- Meg Whitman
- Executive summary
- Governance
- Human Progress**
  - Overview
  - Human rights
  - Supply chain responsibility**
    - Privacy
    - Our employees
    - Social investment
    - Data
    - Economic Progress
    - Environmental Progress
    - About this report



## Labor

|  |     |
|--|-----|
| (rates of major nonconformance of sites audited) |     |
| Freely chosen employment management systems      | 24% |
| Presence of forced labor                         | 0%  |
| Young worker protection-management systems       | 18% |
| Presence of child labor                          | 0%  |
| Working hours                                    | 64% |
| Wages and benefits                               | 24% |
| Humane treatment                                 | 3%  |
| Nondiscrimination management systems             | 2%  |
| Presence of discriminatory practices             | 8%  |
| Freedom of association                           | 12% |

Our 2014 audits found no zero-tolerance violations of core labor rights, which include observed violations related to the ILO Declaration on Fundamental Principles and Rights at Work: freedom of association; forced, bonded, or indentured labor; child labor; and discrimination. The majority of findings in the area of core labor rights were observations of inadequate management systems to prevent violations. We continue to strengthen our standards and audit tools to protect workers, and in 2015 HP is introducing new requirements and monitoring techniques to protect foreign migrant and young workers.

We have seen modest improvements in the percentage of workers meeting our 60-hour week and day-of-rest requirements (see [Supply Chain Responsibility dashboard](#)). However, working hours remain a persistent issue, particularly in China. We continue to track supplier conformance through our Labor KPI Program and engage suppliers with ongoing problems through HP's procurement personnel to drive improvement. We also developed new tools to help suppliers understand the root causes behind working hours nonconformance and to identify actionable improvements. We continue working with suppliers and other industry partners through the EICC on additional ways to [drive improvements in working hours performance](#).

After working consistently with suppliers on wage issues over the past few years, we've seen a decrease in wage-related audit findings in 2014. The majority of wage findings during the year related to ongoing challenges with full conformance with social insurance requirements in China. We continue to work with suppliers to achieve full conformance and track improvement through corrective action plans.

In 2014, our audits uncovered six instances of discriminatory practices. HP required corrective action by suppliers and conducted on-site follow-up audits to ensure these facilities amended the practices, improved management systems, and provided appropriate training for factory personnel to prevent future cases of discrimination.

## Management system

|  |     |
|--|-----|
| (rates of major nonconformance of sites audited)             |     |
| Company commitment   | 5%  |
| Management accountability and responsibility                 | 12% |
| Legal and customer requirements                              | 17% |
| Risk assessment and risk management                          | 24% |
| Performance objectives with implementation plan and measures | 18% |
| Training   | 3%  |
| Communication  | 9%  |
| Worker feedback and participation                            | 5%  |
| Audits and assessments                                       | 15% |
| Corrective action process                                    | 6%  |
| Documentation and records                                    | 6%  |
| Supplier responsibility                                      | 23% |

Management system nonconformances remained low in 2014 indicating relatively good implementation of SER systems and controls. HP continues to work with suppliers and external partners such as SAI to improve SER management systems. [Learn more](#).

## Environmental

|  |     |
|--|-----|
| (rates of major nonconformance of sites audited) |     |
| Environmental permits and reporting              | 20% |
| Pollution prevention and resource reduction      | 14% |
| Hazardous substances                             | 41% |
| Wastewater and solid waste                       | 3%  |
| Air emissions                                    | 5%  |

In 2014, the environmental audit provision with the highest rate of nonconformance was hazardous substances, followed by environmental permits and reporting. Nonconformances related to hazardous substances remained high, at 41% due in part to our expanded expectations regarding management in this area. In 2013, HP reclassified insufficient worker training on hazardous materials and inadequate hazardous material transport procedures as major nonconformances.

The increase in the rate of nonconformances related to environmental permits and reporting from 13% in 2013 to 20% in 2014, was primarily due to the large number of audits performed on new suppliers, who are working to improve implementation of relevant EICC standards.

Read more in [Supply chain environmental impact](#).

**Contents**

Letter from CEO  
Meg Whitman  
Executive summary  
Governance

**Human Progress**

Overview  
Human rights  
• Supply chain responsibility  
Privacy  
Our employees  
Social investment  
Data  
Economic Progress  
Environmental Progress  
About this report

**Ethics**

|  |            |
|--|------------|
| (rates of major nonconformance of sites audited)   |            |
| <b>Business integrity</b>                          | <b>9%</b>  |
| <b>No improper advantage</b>                       | <b>5%</b>  |
| <b>Disclosure of information</b>                   | <b>3%</b>  |
| <b>Intellectual property</b>                       | <b>3%</b>  |
| <b>Fair business, advertising, and competition</b> | <b>12%</b> |
| <b>Protection of identity</b>                      | <b>5%</b>  |
| <b>Responsible sourcing of minerals</b>            | <b>5%</b>  |
| <b>Privacy</b>                                     | <b>6%</b>  |
| <b>Nonretaliation</b>                              | <b>8%</b>  |

In 2013, we refined our audit standards regarding ethics to verify the presence of policies, procedures, record keeping, and training. We observed a reduction in ethics provision findings from 2013 to 2014 as suppliers implemented our expectations.

**Zero-tolerance items**

Zero-tolerance items are the most serious type of non-conformance. They include child labor, forced labor, severe forms of discrimination, health and safety issues posing immediate danger to life or risk of serious injury, and perceived violation of environmental laws posing serious and immediate harm to the community. Our zero-tolerance policy requires auditors to escalate such items immediately. Suppliers must cease any zero-tolerance practices and report their corrective action to HP no later than 30 days after the original audit. HP will then re-examine the finding through a site visit to confirm resolution. Zero-tolerance items result in suppliers being downgraded on our SER scorecard. HP's SER policy requires all suppliers to disclose a fatality, debilitating injury or any other HP Supplier Code of Conduct zero-tolerance item related to manufacturing an HP product. See [HP's SER policy](#) for details.

In 2014, we found no zero-tolerance violations related to core labor rights in our audits. We did find five zero-tolerance items related to health and safety issues at four commodity-supplier sites. Most zero-tolerance findings were at new supplier sites that have not benefited from sustained engagement with HP's Supply Chain Responsibility program.

- Four of the findings related to emergency preparedness including lack of adequate fire detection/suppression systems, lack of appropriate evacuation drills, locked/blocked emergency exits, blocked fire extinguishers, and inadequate emergency evacuation preparedness.
- The other zero-tolerance item related to industrial hygiene involving inadequate machine safeguarding.

As always, we work vigorously with our suppliers to correct all zero-tolerance findings, including visual verification of closure. We expect to see our work with these suppliers lead to long-term improvement in working conditions and overall SER performance.

## Conflict minerals

The exploitation of natural resources in the Democratic Republic of Congo (DRC) to fund groups engaged in extreme violence and human rights atrocities has resulted in international concern and calls for action. Activity of particular concern has been linked to the extraction of natural resources that are mineral precursors of the metals tantalum, tin, tungsten, and gold (3TG)—known as “conflict minerals.”

The possibility that the manufacture of our products might be connected to the funding of armed conflict is unacceptable to HP. We continue to work toward ensuring 3TG used in our supply chain is not associated with conflict in the DRC.

Addressing a problem that has persisted for almost two decades requires a fresh approach and dedicated resources. Beginning in 2010, as a part of the company's broader Supply Chain Responsibility program, HP assembled a team of internal experts to develop and manage a comprehensive program to collect and evaluate information on the use of conflict minerals across our diverse supply chain and to encourage responsible mineral sourcing. Since then, we have made strong progress.

## A multistage supply chain

3TG metals are found in relatively small amounts in virtually all HP electronic products. While electronics are a significant user of tantalum compared to other sectors, the information and communications technology (ICT) industry is a relatively small user of the other 3TG metals. The 3TG supply chain has many stages from mine to product and spans the globe:

**Extraction:** Conflict mineral sources from the DRC and adjoining countries (Covered Countries) represent a small fraction of the world's overall mineral deposits. In the DRC, the minerals are mainly extracted from small artisanal mines with low levels of investment and mechanization, making the work hard and often dangerous. Some mines are controlled by armed groups that extort money from the miners. The minerals are consolidated, traded, and sold for export by a chain of middlemen. These steps are also vulnerable to interference by armed groups. Multi-stakeholder collaborations created “closed pipe” solutions to isolate and source minerals from mines that have been validated as conflict free pursuant to an in-region program such as [Solutions for Hope](#).

## Contents

Letter from CEO  
Meg Whitman  
Executive summary  
Governance

## Human Progress

Overview  
Human rights  
• Supply chain responsibility  
Privacy  
Our employees  
Social investment  
Data  
Economic Progress  
Environmental Progress  
About this report



**Processing:** Minerals are transported to smelters and refiners (referred to in this section as “smelters”) located around the world for chemical processing. They accept minerals from multiple sources and historically have mixed mineral sources with recycled and scrap materials to produce 3TG metals. The Conflict-Free Sourcing Initiative (CFSI) validates smelters as “conflict free” when they comply with the program protocols including undertaking due diligence, developing appropriate policies and processes, and obtaining relevant information from the mineral supply chain when sourcing in conflict-affected areas.

**Manufacturing:** The metals are purchased by component manufacturers who produce parts that contribute to the final product after multiple development stages in the supply chain. This process results in many entities in the supply chain to survey. CFSI developed and maintains the Conflict Minerals Reporting Template (Template), which gives companies a common data exchange format to share information about 3TG sources with business partners and suppliers up and down their supply chain.

## Eliminating the risks associated with conflict from our supply chain

Our objective is to have a supply chain that is sourcing 3TG only from smelters validated to be compliant with CFSI’s Conflict-Free Smelter Program (CFSP). The ICT industry has the most leverage and has achieved the most progress related to tantalum, because it is a significant user of that metal—about 15% of the world’s consumption. The ICT industry is a much smaller user of tin (about 0.1%), tungsten (about 2%), and gold (about 3%).<sup>6</sup> Multi-industry collaboration is needed to achieve significant progress with those metals.

HP’s goal is for a majority of our 3TG production procurement spend to be DRC conflict free by the end of 2016. Starting in 2015, we required HP suppliers to source tantalum only from smelters compliant with the CFSP. We track progress by measuring the percent of smelters in our supply chain on the Conflict-Free Smelter Program list.

We exert influence with our supply chain by:

- Engaging with our production suppliers of products containing 3TG
- Encouraging smelters that purchase and process mineral ores to be validated to be compliant with conflict free by a credible industry group
- Supporting multi-stakeholder collaboration to establish secure conflict free sources of 3TG ores from the DRC

## Suppliers

HP has set clear expectations with our production suppliers regarding conflict minerals. HP first communicated its conflict minerals policy in 2011 by addressing

the issue in our Supply Chain Social and Environmental Responsibility Policy, and we continue to reinforce this message annually. We communicate further expectations in HP’s General Specification for the Environment and HP’s Supplier Code of Conduct.

In 2014, we identified the production suppliers that could be supplying HP with products containing 3TG and require those suppliers to:

- Adopt a conflict minerals policy, due diligence framework, and management system, and require the same from their suppliers
- Conduct due diligence on their supply chain by engaging their 3TG suppliers using the Template to identify smelters in their supply chain producing necessary 3TG used in HP products
- Aggregate the results of due diligence conducted on their supply chain
- Submit a completed Template to HP identifying the unique smelters associated with their supply chain for HP products (however most Templates continue to represent the supplier’s entire supply chain)
- Transition to validated conflict free smelters of 3TG (smelters on the CFSP list) or encourage the smelters to participate in the CFSP

HP supported production 3TG suppliers with training materials for completing the CFSI Template and reviewed each Template received against HP’s expectations. During calendar year 2014, HP obtained responses from 3TG production suppliers estimated to represent more than 95% of our 3TG production procurement spend.

HP offers a cloud-based software solution, which we also use ourselves, to help other companies with their supply chain engagement and compliance in this area. Visit [www.cdxsystem.com](http://www.cdxsystem.com) to learn more.

## Smelters

HP’s journey toward DRC conflict free minerals depends on growing the number of validated conflict free smelters in our supply base. Working with our production suppliers, HP has identified smelters used in our supply chain and engaged some smelters directly, requesting that they participate in the CFSP. A smelter’s decision to participate in an assessment program to become validated as conflict free is influenced by demand from its customers. It is very challenging for HP to influence a smelter’s decision because they are several manufacturing steps removed from us and are not our direct supplier.

HP made progress on our journey, by more than doubling the number of relevant 3TG smelters that are compliant on the CFSP list from 60 to 152. Additionally, HP believes that 22 of these CFSP compliant smelters may have sourced from the Covered Countries, providing important revenue

<sup>6</sup> “Conflict Minerals in the Compute Sector: Estimating Extent of Tin, Tantalum, Tungsten, and Gold Use in ICT Products.” Colin Fitzpatrick, Elsa Olivetti, T. Reed Miller, Richard Roth, and Randolph Kirchain. Environmental Science & Technology. December 2014.

## Contents

Letter from CEO  
Meg Whitman

Executive summary

Governance

## Human Progress

Overview

Human rights

### • Supply chain responsibility

Privacy

Our employees

Social investment

Data

Economic Progress

Environmental Progress

About this report



to the region. All of the tantalum smelters reported to be in HP's supply chain, whether or not they are sourcing from the Covered Countries, are compliant with the CFSP.

HP identified the smelters and refiners on our list by a survey of HP suppliers conducted between January 2014 and December 2014 as a part of HP's conflict minerals compliance program. The suppliers we surveyed contribute material, components, or manufacturing to HP products containing 3TG. Each smelter or refiner reported was identified in at least one of the Templates received from an HP supplier.

HP's 2015 conflict minerals disclosure includes a list of all smelters reported to us regardless of whether or not they source from the DRC and adjoining countries. This disclosure continues our legacy of supply chain transparency, highlights the smelters that are validated as compliant with the CFSP, and applies pressure to smelters that have unknown 3TG sourcing.

### Multi-stakeholder collaboration

HP collaborates with other businesses, nongovernmental organizations (NGOs), government agencies, and our extensive network of production suppliers to advance the use of responsibly sourced minerals. Our work began in 2008 when we helped establish the working group that was the precursor to the CFSI. In 2014, we continued to actively participate in CFSI (member ID HPQQ), providing leadership through working groups focused on CFSI-identified 3TG smelter list expansion, publicly available white papers and FAQs development, audit protocol improvement, and external speaking engagements.

Additionally we engaged and contributed through industry and multi-stakeholder groups, as well as in-region sourcing projects including the [Kemet Partnership for Social and Economic Sustainability](#), the former [Conflict-Free Tin Initiative](#), the [International Tin Research Institute's Tin Supply Chain Initiative](#), IDH's Indonesian Tin Working Group, Public-Private Alliance for Responsible Minerals Trade, Responsible Sourcing Network's Multi-Stakeholder Group, and the [Solutions for Hope project](#), which establishes secure conflict free tantalum sources from the DRC.

## Progress in 2014

### Status of 3TG smelters or refiners reported in HP's supply chain

|                       | 2013<br>(as of January 2014) |            | 2014<br>(as of April 2015) |            |
|-----------------------|------------------------------|------------|----------------------------|------------|
|                       | Number of smelters           | % of total | Number of smelters         | % of total |
| Compliant*            | 60                           | 30%        | 152                        | 59%        |
| In process**          | 21                           | 10%        | 44                         | 17%        |
| Not yet participating | 120                          | 60%        | 61                         | 24%        |
| <b>Total</b>          | <b>201</b>                   | -          | <b>257</b>                 | -          |

\* Smelters or refiners compliant with assessment programs: CFSI's CFSP, Responsible Jewellery Council's (RJC) Chain-of-Custody Certification Program, or the London Bullion Market Association's (LBMA) Responsible Gold Programme.

\*\* Smelters or refiners listed by CFSI as currently in the process of becoming CFSP-compliant or that are Tungsten Industry-Conflict Minerals Council (TI-CMC) Category A members.

### SEC Conflict Minerals Report

In May 2015, HP filed its Conflict Minerals Report and Form SD with the U.S. Securities and Exchange Commission (SEC) disclosing HP's due diligence efforts and results with respect to necessary conflict minerals contained in HP products. See [HP's SEC Conflict Minerals Report](#).

# Goals

## Supply chain responsibility

| 2014 goals  | Progress   |
|---|--|
| Conduct worker-empowerment programs at 15 supplier sites in China, South America, and Southeast Asia. | HP conducted worker-empowerment programs at 18 supplier sites in China, South America, and Southeast Asia in 2014. |
| Increase the proportion of independent supplier audits to 50%.  | 52% of supplier audits in 2014 were independent audits.  |

## Contents

Letter from CEO  
Meg Whitman  
Executive summary

Governance

### Human Progress

Overview  
Human rights  
Supply chain responsibility  
• Privacy  
Our employees  
Social investment  
Data  
Economic Progress  
Environmental Progress  
About this report



# Privacy

The rapid evolution in data collection and analysis brings many benefits to consumers, business, and society. At the same time, the exponential growth of global data poses profound challenges to maintaining the privacy of personal information.

HP understands the importance of privacy to the consumers and organizations that buy our products and services. We are leading industry and civil society efforts to develop an ethical framework for The New Style of Business, including the collection and use of big data. In our own operations, we endeavor to go beyond minimum legal obligations to safeguard customers' personal information. Every employee in our global workforce receives privacy training, and rigorous policies and procedures safeguard the personal data we hold or process.

**99.9%**

Percentage of permanent employees that completed privacy training

Responsibility for delivering on our commitment to customer privacy rests with our employees. Privacy training is a key part of our mandatory Standards of Business Conduct (SBC) annual refresher course, completed by 99.9% of employees in 2014. In addition, we provide role-specific privacy training to employees who routinely handle personal information in areas such as human resources and client services. We also require privacy accountability from third-party organizations that have access to our customers' personal data.

For more information about our commitment to privacy, read the HP Global Master Privacy Policy.

## Championing a big data code of ethics

HP is at the forefront of efforts to protect individual rights to privacy as new technologies and business models using big data evolve.

Our work in this area complements the HP Privacy Accountability Framework and centers on our leadership in developing the Unified Ethical Frame for Big Data Analysis. This groundbreaking initiative is led by the Information Accountability Foundation (IAF) and backed by regulators, companies, and the privacy community. HP's Chief Privacy Officer co-chairs the project's research team, which is developing a code of ethics to guide companies and other organizations that work with big data. In 2014, the IAF completed the first step in this complex task, defining five key values—beneficial, progressive, sustainable, respectful, and fair—to inform the big data ethical framework.

Next steps include finalizing an assessment process for companies to use in applying the framework to their activities, and convening a multi-stakeholder dialogue involving

## Privacy strategy and accountability

HP is a recognized leader in privacy protection in the global Information Technology (IT) industry. Our Privacy Office oversees customer data protection, advocates globally for consistent, compatible privacy frameworks, and shares best practices with peers, governments, and other stakeholders.

Our privacy strategy is based on providing transparency and choice for HP customers worldwide. 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 represents our comprehensive approach to assessing and managing the risks associated with collecting and handling personal data. The framework goes beyond minimum legal requirements, ensures transparent practices, and takes into account HP company values, ethical considerations, contractual agreements, and local cultures.

## Contents

Letter from CEO  
Meg Whitman

Executive summary

Governance

## Human Progress

Overview

Human rights

Supply chain responsibility

### • Privacy

Our employees

Social investment

Data

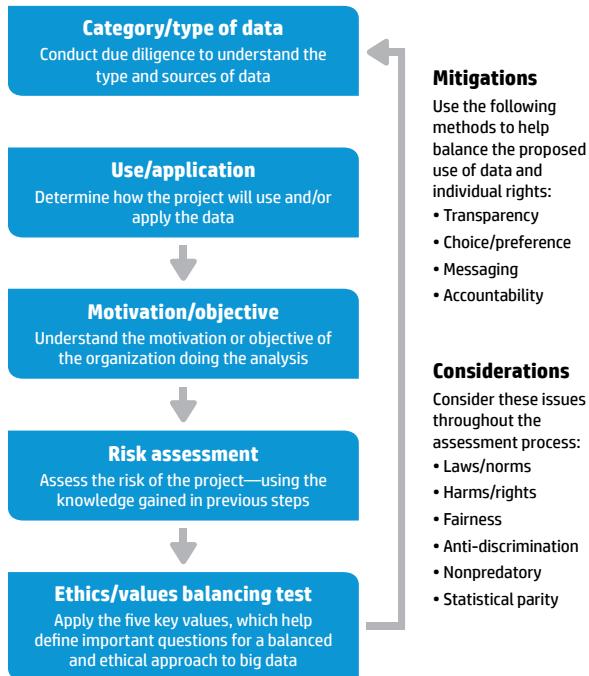
Economic Progress

Environmental Progress

About this report

data-protection experts, data scientists, business leaders, and others. The final step, designing ethical assessment screening tools for big data projects, is planned for completion in 2015.

## Embedding privacy and accountability in the application of big data



Employees and customers can contact our Privacy Office in more than 30 languages with queries, concerns, or comments. We follow strict protocols for handling inquiries and requests appropriately and promptly. In 2014, the Privacy Office handled more than 7,100 inquiries, with queries from users about managing their privacy preferences among the most common issues raised.

The Better Business Bureau helps track our compliance and provides independent dispute-resolution mechanisms when customers have concerns about the security of their data.

## Number of substantiated complaints regarding breaches of customer privacy and losses of customer data, 2013–2014\*

|   | 2013 | 2014 |
|---|------|------|
| Substantiated complaints from outside parties (including customers) | 0    | 6**  |
| Substantiated complaints from regulatory or other official bodies   | 0    | 0    |

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

\*\* In two separate incidents emails containing non-sensitive data were sent to a number of recipients in error and several customers reported this to HP. These multiple notifications have been treated as one complaint for the purposes of this report.

## Risk management and compliance

We take our responsibility to protect personal data very seriously and invest significant resources in managing privacy risk across the company. The HP Privacy and Data Protection Board (PDPB) oversees these efforts, assessing risks annually and designing and leading mitigation strategies. Executives from across our business units and functions sit on the board, which meets quarterly. In 2014, the PDPB focused on big data analytics, cloud computing, government access to information, and data security.

### Compliance

We monitor compliance with applicable privacy law and HP privacy policies and processes using our privacy audit and assurance program. All relevant business units are required to follow HP privacy policies and develop remediation plans when problems arise.

In 2014, HP's business units staffed compliance offices to respond to the requirements of the new U.S. Health Insurance Portability and Accountability Omnibus Rule (HIPPA), which regulates how companies with access to protected health information manage this data. During the year, these offices conducted more than 200 risk assessments, implemented risk management, mitigation, and incident management processes, and rolled out HIPPA trainings for employees.

## Global regulation and engagement

To enable us to better protect customer privacy, HP is working to reform outdated and fragmented privacy laws and regulations around the world. In particular, existing laws are unclear about the governance of cloud-based services, resulting in gray areas for consumers and IT companies.

Our Privacy Office works with government agencies, lawmakers, regulators, NGOs, and industry groups to encourage increased global interoperability of privacy regulations—both through regional laws and binding co-regulatory programs. Interoperability makes it easier for HP to operate as an international company and to identify and manage privacy related risks. In 2014, we made significant progress in this area. HP has now joined binding co-regulatory privacy programs in every region where we operate.

### Supporting new regulations in Europe and Asia Pacific

HP has helped develop the European Union's (EU) Binding Corporate Rules for Processors (BCR-P) co-regulatory program. In 2014, we made progress toward being among the first U.S. companies to receive BCR-P certification and hope to achieve this in 2015. BCR-P will enable HP to offer clients a means of ensuring that the transfer and processing of their data by our global operations is in compliance with EU law. We also continued to support plans to update

20

The number of countries that sought and received advice from HP on data and privacy regulation.

## Contents

Letter from CEO  
Meg Whitman

Executive summary  
Governance

### Human Progress

Overview  
Human rights  
Supply chain responsibility  
**• Privacy**  
Our employees  
Social investment  
Data  
Economic Progress  
Environmental Progress  
About this report



the EU Data Protection Directive, designed to strengthen European citizens' online privacy rights and boost the EU's digital economy.

In Asia, we received certification in another regional system we helped develop—the Asia-Pacific Economic Cooperation's (APEC) Cross-Border Privacy Rules (CBPR).

### Updating U.S. privacy laws for the digital age

We support comprehensive federal data breach and privacy legislation that would increase protection for consumers, strengthen accountability, and enable consistent compliance in place of current divergent state regulations.

To this end, HP is a member of the [Digital Due Process Coalition](#), an alliance of information and communications technology (ICT) companies, civil liberties organizations, and industry associations advocating for reform of the U.S. Electronic Communications Privacy Act. We support two bills before Congress that would extend the same protection from government access afforded to data stored on computers in homes and offices to data stored in the cloud.

In addition, we support the bipartisan Law Enforcement Access to Data Stored Abroad Act, which seeks to clarify the powers that warrants issued by U.S. courts have over data stored in a foreign country and would help protect Americans' personal information stored overseas from U.S. government access. Given the nature of a borderless internet, safeguarding data is a global issue that we will continue to work on with the U.S. Congress and overseas.

## Privacy in products and services

From design through use, refurbishment, and recycling, we strive to ensure our products and services meet the highest privacy standards. Employees assess the privacy safeguards of in-development, new, and existing products and services by using HP Privacy Advisor, a dynamic questionnaire. Through HP Labs, we develop and collaborate on new approaches to privacy protection, for example, by leading the international [Cloud Accountability Project \(A4Cloud\)](#).

HP placed first among information technology companies in the [Ponemon Institute's 2014 Most Trusted Companies for Privacy Study](#) which polls U.S. consumer views of companies across 25 sectors that collect personal data.

# Goals

## Privacy

| 2014 goals   | Progress  |
|--|---|
| Maintain HP's position as the most trusted private sector advisor to regulators by upholding an industry-leading privacy program that anticipates trends such as big data, cloud computing, Internet of Things, and evolving consumer marketing methods. | HP continued to act as a trusted advisor to regulators (see <a href="#">Supporting new regulations in Europe and Asia Pacific</a> ).  |
| Certify HP in the new APEC CBPR system.  | Completed.  |
| Continue to advocate for accountability and global interoperability by providing industry input on demonstrated, comprehensive programs and binding co-regulatory solutions.   | In process (see <a href="#">Supporting new regulations in Europe and Asia Pacific</a> ).  |
| Provide industry input to the continued revisions of the draft EU Privacy Regulation.  | HP continued to advise EU legislators on how to make the new regulation more effective.   |
| Certify HP in EU Binding Corporate Rules for Processors (BCR-P).   | Progress made; certification sought in 2015.  |
| Drive the development of a Privacy Code of Ethics for the configuration and use of big data tools.   | The Unified Ethical Frame for Big Data Analysis completed its first phase in 2014.  |
| Advocate for frameworks that help us apply existing privacy principles or develop new principles that support the New Style of IT, while continuing to protect the legitimate rights of data subjects.   | HP continues to promote initiatives to bring ethics into decision making on privacy (see <a href="#">Championing a big data code of ethics</a> ) and balance the privacy interests of data subjects and data controllers. |

## Contents

Letter from CEO  
Meg Whitman  
Executive summary  
Governance

### Human Progress

Overview  
Human rights  
Supply chain responsibility  
Privacy  
**• Our employees**  
Social investment  
Data  
Economic Progress  
Environmental Progress  
About this report



# Our employees

Our approximately 302,000<sup>1</sup> employees worldwide are among our most important assets, and their innovation, diversity, and passion keep HP at the forefront of our fast-moving industry. In delivering the New Style of IT, our people enhance business and enrich society.

Our approach to employees is guided by the HP Way Now, our integrated system of values, core principles, leadership attributes, and behaviors that together make our culture unique and compelling. These values are embedded in our human resources (HR) policies and reinforced through our engagement and professional development programs, our performance and career-management systems, and the benefits and community-engagement opportunities that we provide our employees all around the world.

HP's commitment to our people starts with a strong set of global HR policies that demonstrate our commitment to the fair treatment of all employees. They often establish a more demanding standard than local laws or customs require.

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

All employees can [report violations](#) of these policies anonymously, and we investigate all concerns raised. For a full list of policies related to global citizenship, see [Policies and standards](#).

## Employee feedback

Candid feedback from employees provides critical insight to improve business performance. One critical feedback mechanism is the annual, confidential Voice of the Workforce (VoW) survey, available online in 28 languages. The survey enables employees to share their views and insights about how we can improve the way we work, serve our customers better, and make a difference to the world. Each year, HP leaders assess survey findings and implement follow-up actions.

In 2014, 80% of all employees worldwide participated in the survey. HP continues to show strong favorability from employee ratings across a range of categories that measure key dimensions of well-run organizations. We monitor our progress relative to past performance and key technology industry benchmarks from the IT Survey Group (ITSG) Consortium. In 2014, 70% of our benchmarked survey questions were at or above the industry standard.

<sup>1</sup> As of October 31, 2014.

**Contents**

Letter from CEO  
Meg Whitman

Executive summary

Governance

**Human Progress**

Overview

Human rights

Supply chain responsibility

Privacy

**• Our employees**

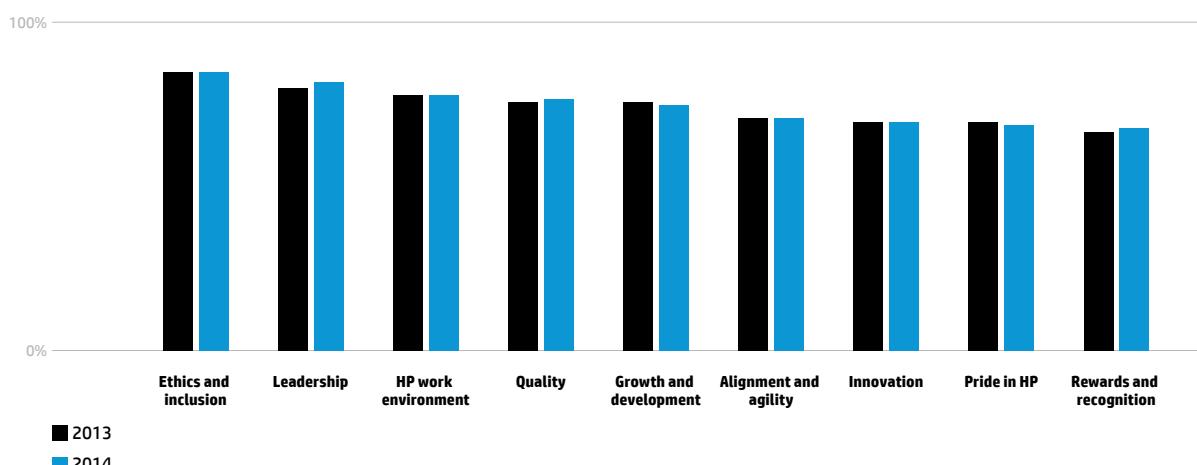
Social investment

Data

Economic Progress

Environmental Progress

About this report

**Voice of the Workforce results, 2013–2014**

## Engaging our people

We build on our HR policies through long-term investment in programs that promote engagement and satisfaction among our employees worldwide. Through these opportunities, our employees grow professionally and personally, and connect to their communities.

Overall employee engagement, as measured through the VoW, remained strong at 70% in 2014, up from a company low of 57% in 2011. In addition, 83% of employees stated that their managers acted in alignment with the HP Way Now leader attributes and behaviors. The result of this high level of engagement is more productive, committed employees and a heightened pride in HP as a great place to work.

### Engagement programs

We work to promote genuine connections among our employees and with the broader community through a range of employee engagement efforts, including ongoing pride building initiatives, networking, and volunteerism programs.

#### Celebrating pride in HP

A global network of 2,100 HP employees act as our Pride Builders and help to connect the HP Way Now culture to employees' daily work through team interactions, local projects, and internal social media networks.

In addition to this program, a variety of special events give employees an opportunity to share their passion for HP. In 2014, these included HP's Take Our Children to Work program, through which more than 25,000 children attended 180 on-site events in 67 countries, as well as several global events celebrating HP's 75th anniversary of "Thinking, Imagining, Inventing—Creating."

#### Making connections

HP employees are natural collaborators, and we nurture connections between employees and with our partners and customers. Internally, we support employee networks through online and in-person forums including more than 150 Employee Resource Groups (ERGs) worldwide. We also encourage employees to engage with company leaders through our intranet forums—Top of Mind and CEO Perspective—as well as through town hall and all-employee meetings. HP News Now (HPNN) provides employees access to up-to-date news and information on HP's business, people, and products.

We also stay connected with retirees worldwide through our HP Continuum online community—a dedicated, retiree resources website with 9,400 registered users—and local clubs and events.

Environmental sustainability is a topic of particular interest to our employees and our customers. Dedicated groups enable us to build sustainability knowledge within HP and to help customers and other businesses adopt more sustainable practices. These groups include:

- **HP Sustainability Network** With more than 30 chapters, HP's largest environmental volunteer and engagement group helps to connect employees with similar interests and coordinate sustainability activities at our locations worldwide, including Earth Day celebrations, community gardening projects, tree planting, and on-site waste-reduction events.
- **Eco Advocates** Enables HP employees to learn about environmental issues and educate customers and business partners on the environmental benefits of HP's products, solutions, and practices. In 2014, Eco Advocates webcasts were viewed more than 1,200 times, covering topics such as paper environmental certifications and supply chain innovations.

Championed by HP, the WWF Living Planet @ Work program is creating connections with more than 750 organizations, providing them with free tools and resources to raise the visibility of sustainability in their workplaces, identify ways to reduce their environmental impact, and engage employees. In 2014, led by HP

## Contents

Letter from CEO  
Meg Whitman  
Executive summary  
Governance



## Human Progress

Overview  
Human rights  
Supply chain responsibility  
Privacy  
**• Our employees**  
Social investment  
Data  
Economic Progress  
Environmental Progress  
About this report

# \$94.4 million<sup>1</sup>

total value of employee volunteering in 2014

<sup>1</sup> Hourly rate based on type of volunteering: \$150/hour for board, service corp, pro bono, and skills based; \$22.55/hour for hands-on and undetermined, adjusted using World Bank data for purchasing power differences across countries.

Canada's Managing Director, HP helped to raise more than \$21,000 to support this program. A case study has been written about this award-winning program as a leading example of for-profit and nonprofit partnerships by one of Canada's leading business schools.

## Volunteerism<sup>2</sup>

The drive to contribute to society runs deep among HP employees and is embedded in our approach to doing business. We encourage employees worldwide to use four hours of paid volunteer time per month, dedicating their energy, skills, and creativity to supporting nonprofit organizations around the world and in the communities where we live and work. In 2014, 48,500 HP employees took part in volunteering activities, contributing 1.6 million hours of volunteer time in support of the environment, education, entrepreneurship, health, and other areas that support Living Progress.

Our volunteerism programs also have clear employee engagement benefits. In 2014, participation in HP volunteer events correlated to a 12% lift in motivation, a 14% increase in positive feelings about HP and a 13% rise in loyalty.

Increasingly, we encourage employees to leverage not only their time but also their talents to support nonprofit organizations and social entrepreneurs. Through skills-based volunteering, our employees have greater social impact and help organizations tackle key business challenges. In addition, HP internal survey results indicate that skills-based volunteers are 38% more likely to have high levels of morale than nonvolunteers as compared to 23% more likely for hands-on volunteers. Of the 1.6 million hours of volunteer time contributed by HP employees in 2014, 34% was skills-based.

### Global Day of Service

To mark our 75th anniversary, we held our first Global Day of Service (GDS) in May, 2014. Throughout the month, more than 20,200 HP employees worldwide used their paid volunteer time to support community nonprofits through hundreds of events—from Barcelona to Bangalore, Shanghai to São Paolo. In total, HP employees contributed nearly 92,000 volunteer hours through these activities.

**“Working with the Malre Team was not merely a mentorship opportunity but a wonderful learning experience as well. The greatest lesson I learnt from these remarkable students was the power of a great idea coupled with passion to be change agents, a fighting spirit, and positive attitude.”**

—Purity Muchogu, Partner Business Manager, Kenya,  
PPS Organization and volunteer for the Social Innovation Relay

To enable impact and engagement at scale, we offered employees two volunteering opportunities through international partner organizations, Stop Hunger Now and Junior Achievement Young Enterprise (JAYE).

Launched during May as part of the GDS, our partnership with Stop Hunger Now continued throughout the year with more than 5,100 HP employees from Brazil, Costa Rica, Germany, India, Ireland, Italy, Malaysia, the Philippines, Singapore, the UK, and the United States, packaging more than 1.4 million meals to support needy households.

Volunteering also occurred virtually. Through HP's collaborative tool HP MyRoom, JAYE engaged 770 HP employees from 25 countries as judges in the six national finals of the Social Innovation Relay (SIR) that took place on the GDS. Through this worldwide competition teams of students, aged 14 through 18, work together to develop innovative business concepts designed to deliver both profit and positive social impact. The winning team, the Malre Group from Kenya, designed an innovative mosquito trap to help protect against the transmission of malaria, a disease that kills nearly 600,000 people each year.

<sup>2</sup> For an employee activity to be considered as volunteering/community involvement under HP's programs, it needs to serve the public good, be conducted through a formal or informal organization that is not for profit, and be unpaid.

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 here.

**Contents**

Letter from CEO  
Meg Whitman

Executive summary  
Governance

**Human Progress**

Overview  
Human rights  
Supply chain responsibility  
Privacy

- Our employees
- Social investment
- Data
- Economic Progress
- Environmental Progress
- About this report

# 27%

Increase in mentorship across the company during the first three months of the roll out of the refined [Mentoring@hp portal](#)



# Building careers

Attracting, developing, and retaining top talent is fundamentally important to HP. We encourage all employees to build their careers with us, and we provide comprehensive, integrated tools and resources to help them achieve their professional development objectives.

## Improving performance management

High-performing employees drive our business success. In 2014, we introduced two important initiatives to support improved performance management and job satisfaction: A new manager-employee interaction model that encourages ongoing performance review conversations, and a company-wide shift to Workday, a cloud-based human capital management software solution.

In focus groups and surveys, more than 40% of employees and nearly 50% of managers reported higher quality mid-year conversations as a result of these new processes. Results from the VoW also indicate that our new programs, including the holistic career-development model introduced in 2013, are positively impacting employees.

- 85% of employees report that they and their managers set clear goals, aligned to their team and/or unit goals in 2014, up 4% since 2012.
- 80% of employees report that they receive sufficient information regarding the organization's goals and execution priorities, up 8% since 2012.
- 77% of employees report that they receive ongoing feedback that helps them to improve their performance, up 5% since 2012.

## Mentoring

In 2014, we refined and rolled out our [Mentoring@hp portal](#) globally, providing all employees access to online trainings, tools, and a system for matching mentors and mentees. Mentorship increased by 27% across the company between May and July 2014, the first three months of the roll out. As of October 2014, more than 9,400 employees were taking part in mentoring engagements, with 76% expressing satisfaction. More experienced employees practice motivation and leadership skills, while less-experienced employees benefit from coaching and knowledge sharing.

## Leadership development

The development of established and emerging leaders is a key priority for HP. Our Align and Engage programs support the next generation of HP leaders through robust learning and coaching opportunities, featuring HP executives and faculty from Harvard Business School

and Stanford University. In 2014, nearly 300 directors worldwide took part in the Align program, while Engage enrolled almost 470.

During the year we also piloted and launched virtual versions of our Welcome to Management and Management Excellence programs, as well as an in-person version of Preparing for Leadership, all designed to strengthen management and leadership skills of employees at all stages of their careers. We also added a new program—Executive Excellence for Directors—to help employees at the director level strengthen their executive leadership style. Altogether, about 5,800 managers participated in our core leadership curriculum in 2014—77% more than in 2013.

## Professional development

HP offers a range of training to help employees develop the skills and knowledge to excel in their current roles and develop in their careers at HP. At the heart of our professional development efforts is HP University (HPU). HPU provides fast and easy access to the resources employees need to develop their careers and support the company's business goals. With nearly 10,000 courses to choose from, employees across our 19 job functions have many options to develop their skills and knowledge.

In 2014, HPU's second year of operation, employees completed nearly 5.3 million training hours, 97% through flexible virtual sessions or self-paced online courses. In addition to formal training, our learning resources include conferences, seminars, and technical certifications.

## Redeploying employees

When filling new or existing positions, we look first to our talented internal employees. We also do our best to support employees when business decisions such as restructuring and realignment affect their positions. Employees are encouraged to take full advantage of available advisory resources and empowered to make decisions that best support their long-term careers.

In 2014, we expanded our redeployment services to include individual and group-based support for each of our businesses. In 2015, employees worldwide affected by workplace reduction will be able to access an enhanced redeployment portal to better position them to apply for internal job opportunities. This portal will feature updated resources, including podcasts and videos, and enhanced reporting capabilities. We also continue to work with our global career transition supplier to better position employees affected by workforce reduction. See more information about HP's 2012 restructuring plan on page 106 of [HP's Annual Report on Form 10-K for the fiscal year ended October 31, 2014](#).

## Contents

Letter from CEO  
Meg Whitman  
Executive summary  
Governance

### Human Progress

Overview  
Human rights  
Supply chain responsibility  
Privacy  
• Our employees  
Social investment  
Data  
Economic Progress  
Environmental Progress  
About this report

# Diversity and inclusion

HP is committed to increasing the diversity of our workforce and creating an inclusive environment in which everyone can thrive. Together, our leaders and employees weave diversity and inclusion into the fabric of our company, helping to drive new business, fuel innovation, and attract and retain the best employees worldwide.

Our businesses hire interns, college graduates, and experienced individuals from a wide range of backgrounds with the goal of assembling a talented, diverse workforce—about 20% of our external hires during 2014 were graduate hires. To drive accountability for improving workforce diversity and maintaining an inclusive work environment, we set business unit targets related to workforce demographics. We also routinely review our VoW survey results to understand how our diverse employees experience HP's work environment.

Our diversity and inclusion policies and practices, overseen by our Chief Diversity Officer, lay the foundation for a positive work culture. Often, they set a higher standard than is legally required in countries where we operate. We do not tolerate discrimination or harassment, and we encourage employees to report suspected incidents to their human resources department or by using our worldwide, confidential 24-hour GuideLine.

HP is honored to be recognized as an industry leader in this area. In 2014, we were awarded the Corporate Citizenship Award by National Action Council for Minorities in Engineering, and the Employer of the Year Award by CAREERS & the disABLED magazine. See a full list of awards.

## Focus on female talent

Reversing the underrepresentation of women in technology careers is a priority for HP. In 2014, we continued to support and develop a pipeline of qualified female engineers, designers, coders, and technology executives within our company and throughout the industry.

Internally, HP invests in several programs and events intended to support women in technical positions at the company, and to foster the skills and relationships that are vital to their professional development. Our global Women in Technology speaker series is one such effort. In 2014, this series hosted bi-monthly one-hour sessions covering various career-related topics. Since the series launched in January 2014, more than 10,000 women have listened to live broadcasts or recordings of the sessions. In another example, Ascend, HP's global sponsorship program for high-performing female employees, had a successful second year in 2014. Thirty senior executives gave mentoring, coaching, and networking support to 30 high-potential female vice presidents and directors for a year.

In the United States, the Women's Innovation Council provides a forum for HP's female executives to connect with other senior women technology leaders across the industry to collaborate, drive innovation, and encourage young women to pursue careers in science, technology, engineering, and math (STEM). Founded in 2013 by HP, the Women's Innovation Council now includes nearly 30 of the most prominent female executives in the industry. The council's 2014 annual event focused on sustainability and innovation and featured speakers from leading technology companies, including HP Chief Progress Officer, Gabi Zedlmayer.

For more information on how HP is investing in the skills development of women more broadly, see Economic impacts across the value chain.

## Supporting diversity and inclusion

Given the global nature of our business, supporting a workforce that engages, understands, and reflects a diversity of cultures and backgrounds is vital to our success. We deliver this through a combination of formal and informal trainings and industry-wide initiatives.

In 2013, we launched Cultural Navigator, an online training program to increase cultural competence across our workforce. In 2014, nearly 9,400 people completed the training. In 2014, our more than 150 ERGs held more than 420 diversity-focused events in more than 30 countries. These included a global webcast series on leadership with HP Executive Vice Presidents, school mentorship programs, the launch of more than 50 Lean In circles at HP, and a 20-country LGBT equality campaign.

In the United States, we partner with organizations that help us develop a diverse workforce and inclusive office culture, such as Leadership Education for Asian Pacifics (LEAP) and the National Action Council for Minorities in Engineering (NACME). In October 2014, HP launched an effort with NACME to identify opportunities to build the pipeline for underrepresented racial and ethnic minority computer science professionals, particularly in Silicon Valley. Around the globe, we support programming intended to strengthen the pipeline of diverse technology talent. For a full list of strategic partners, visit our diversity and inclusion webpage.

During the past year, the technology industry has come under intense scrutiny for its lack of gender, racial, and ethnic diversity, and HP has actively worked with the Rainbow PUSH coalition, led by Reverend Jesse Jackson, as well as numerous other experts and industry coalitions to address these issues. Transparency by the IT industry is an important component to changing the demographic makeup of the sector. At HP, we have published comprehensive employee diversity data for more than 10 years. In this way, we are helping to promote substantive, fact-based discussions on this important challenge for the technology industry.

## Contents

Letter from CEO  
Meg Whitman  
Executive summary  
Governance



## Human Progress

Overview  
Human rights  
Supply chain responsibility  
Privacy  
**• Our employees**  
Social investment  
Data  
Economic Progress  
Environmental Progress  
About this report

# 223,920

73% of eligible employees have benefitted from at least one of our recognition programs

## Workforce demographics

We track gender diversity globally and ethnic diversity in our U.S. workforce. In 2014, 20.5% of our top executives (director level and above) globally were women. The percentage of top U.S. executives from minority groups increased to 18.6% in 2014, from 17.6% in 2013.

### Employees (regular full time and part time) by region and gender, 2014

|                                 | Men      | Women    | Total          |
|---------------------------------|----------|----------|----------------|
| Americas                        | 66,753   | 33,330   | 100,083        |
| Asia Pacific and Japan          | 57,246   | 28,189   | 85,435         |
| Europe, Middle East, and Africa | 47,267   | 21,393   | 68,660         |
| Other*                          | -        | -        | 47,822         |
| <b>Total</b>                    | <b>-</b> | <b>-</b> | <b>302,000</b> |

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

### World workforce by age group, 2014

| Age group    | % of total |
|--------------|------------|
| 30 and under | 23.1%      |
| 31–50        | 58.3%      |
| 51 and over  | 18.6%      |

### Employees (regular full time and part time) by employment type and gender, 2014

| Full time*      |               |              |                |              |                |
|-----------------|---------------|--------------|----------------|--------------|----------------|
| Category        | Women         | %            | Men            | %            | Total          |
| Executives      | 197           | 17.9%        | 905            | 82.1%        | 1,102          |
| Directors       | 831           | 22.0%        | 2,942          | 78.0%        | 3,774          |
| Managers        | 5,086         | 25.9%        | 14,541         | 74.1%        | 19,630         |
| Professionals   | 53,957        | 29.8%        | 127,065        | 70.2%        | 181,115        |
| Other           | 19,667        | 44.1%        | 24,882         | 55.8%        | 44,625         |
| <b>Subtotal</b> | <b>79,738</b> | <b>31.9%</b> | <b>170,335</b> | <b>68.1%</b> | <b>250,246</b> |
| Part time       |               |              |                |              |                |
| Category        | Women         | %            | Men            | %            | Total          |
| Executives      | 0             | 0%           | 1              | 100%         | 1              |
| Directors       | 7             | 77.8%        | 2              | 22.2%        | 9              |
| Managers        | 86            | 88.9%        | 11             | 11.3%        | 97             |
| Professionals   | 2,291         | 79.4%        | 593            | 20.6%        | 2,884          |
| Other           | 790           | 83.9%        | 151            | 16.0%        | 941            |
| <b>Subtotal</b> | <b>3,174</b>  | <b>80.7%</b> | <b>758</b>     | <b>19.3%</b> | <b>3,932</b>   |
| <b>Total</b>    |               |              |                |              |                |
| Other**         | -             | -            | -              | -            | 47,822         |
| <b>Total</b>    | <b>-</b>      | <b>-</b>     | <b>-</b>       | <b>-</b>     | <b>302,000</b> |

\* In some cases, the total does not equal the sum of the segments because the employee type of some employees is uncategorized.

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

To view detailed breakdowns of our U.S. workforce by gender, ethnicity, and job category, see the company's [2014 U.S. EEO-1 form](#).

## Rewards and recognition

We acknowledge and reward our people for their work through compensation, benefits, and recognition programs. HP completes at least one annual review cycle for pay and benefits globally.

## Compensation

HP makes regular investments in salaries, bonuses, and other incentives. We target an overall market competitive pay position across the company. In 2014, we delivered significant bonuses for fiscal year performance, salary increases, and long-term incentive awards.

At HP's annual meeting in March 2015, HP stockholders approved a proposal in support of our executive compensation program with 95% of the voting shares in favor. The program is performance and equity based, with incentive awards dependent on both financial and nonfinancial factors.

Our comprehensive efforts to explain to employees how compensation relates to performance are paying off. From 2010 to 2014, HP's VoW survey showed a 51% improvement in employees' understanding of pay practices and the link to performance. Our score continues to be well above the IT industry norm.

Currently, more than 18,900 employees in 48 countries opt into our Employee Stock Purchase Plan, which enables employees to buy HP shares at a 5% discount. In the enrollment period ending on October 31, 2014, more than 2,000 new enrollees joined the program.

## Benefits

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

## Contents

Letter from CEO  
Meg Whitman  
Executive summary  
Governance

### Human Progress

Overview  
Human rights  
Supply chain responsibility  
Privacy  
**• Our employees**  
Social investment  
Data  
Economic Progress  
Environmental Progress  
About this report



# 25 billion

The number of steps taken by HP employees during the Global Wellness Challenge

## Recognition programs

In addition to monetary compensation, we show our appreciation for hard work and loyalty through the Recognition@hp program. Through this program, we celebrate employment milestones with HP, acknowledge peers' support and achievements, empower managers to award HP points to stand-out employees, and reward nominated employees with cash awards to celebrate leadership.

# Wellness

Our Winning with Wellness initiative is designed to enhance the well-being of our employees worldwide, promote a higher level of engagement, and create a holistic culture of health across the organization. This initiative is structured upon three foundational pillars: physical health, stress management and emotional resiliency, and financial wellness.

## Physical health

2014 highlights from our programs include:

- **Global Wellness Challenge** Nearly 67,000 employees from 89 countries signed up for this annual eight-week challenge, a 20% participation increase compared to 2013. Together, they walked nearly 25 billion steps.
- **Power of Prevention** Employees in 41 countries participated in our preventative health programs. More than 5,500 employees received cancer screenings and education about reducing cancer risk, and more than 700 were referred for further examination.
- **Biometric screenings in the United States** More than 77% of eligible employees and spouses participated in these screenings, which provide baseline health data through a series of tests, up from 71% in 2013. In addition, more than 80% of eligible U.S. employees have completed our voluntary online wellness assessment, a questionnaire that helps individuals identify and address lifestyle behaviors that may impact their health.

## Stress management and emotional resiliency

We offer employee assistance programs and work/life balance services to help them better manage the daily stresses of life and to provide support through personal emotional issues. In the United States in 2014, we piloted meQuilibrium, a web-based tool. We also created a High-Risk Situation Support Training and Manager Toolkit and site-specific trainings and offerings focused on mental health awareness.

## Financial wellness

HP's wellness initiative includes programs focusing on financial issues, which has been identified as a key employee stressor. Financial wellness covers topics such as saving, investing, retirement planning and debt management. In August 2014, we hosted a webcast featuring one of *Fortune's* 50 Most Powerful Women in Business, who led a discussion for nearly 6,300 HP employees in the United States and Canada on tips for managing personal finances. Ninety-six percent of survey respondents reported that the presentation helped them identify actions to help reach their financial goals.

# Health and safety

We have a responsibility to provide a safe working environment for our people. Hand in hand with our wellness programs, our strong health and safety policies focus on risks particular to our business, and we provide training and education to help keep employees healthy, safe, and productive.

## EHS policy and standards

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

We use a health and safety data-collection and tracking system to monitor injury trends regionally and at the global level, in line with the ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases.

We also monitor and seek to improve the health and safety of our contractors and that of HP employees working at non-HP locations. During 2014, we revised and reissued the HP Global Contractor Environment, Health, Safety and Security (EHS&S) Handbook, available on our intranet. We plan to improve digital access to the handbook for contractors outside the HP firewall in 2015.

As a global company, we stay abreast of changes in health and safety legislation worldwide and standardize our processes for assessing EHS risks and legal requirements everywhere we operate. Our efforts to deploy more efficient and effective EHS management processes are ongoing. In 2014, we continued to review and improve our risk assessment activities, including processes to

## Contents

- Letter from CEO  
Meg Whitman
- Executive summary
- Governance
- Human Progress**
  - Overview
  - Human rights
  - Supply chain responsibility
  - Privacy
  - Our employees**
    - Social investment
    - Data
    - Economic Progress
    - Environmental Progress
    - About this report



assess legal requirements, adapting these to regional and country-specific needs. For information about our environmental programs, please see [HP operations](#).

### Global chemical management

In designing policies and programs, we focus on issues that pose potential safety risks to our employees, such as chemical handling. In 2014, we continued our efforts to implement the Globally Harmonized System of Classification and Labeling of Chemicals worldwide.

Highlights included:

- Creating teams to address regional and site implementation issues, including labeling requirements
- Continuing to update site chemical inventories
- Adding the newly formatted Safety Data Sheets to inventories
- Improving our electronic chemical management system to enable easier chemical inventorying and container labeling

### Health and safety communications and training

Keeping our global community of employees informed about health and safety issues is central to our strategy. We offer more than 150 instructor-led and web-based trainings to keep employees up-to-date on key health and safety issues and to comply with regulatory requirements. In 2014, we provided more than 900 instructor-led training events, up from 830 in 2013, and reached more than 37,000 enrollments in web-based training courses.

We continually monitor the spread of communicable diseases and develop contingency plans to safeguard our employees worldwide. When a global disease event arises, we conduct internal discussions, connect with external disease experts and authorities, and benchmark with other global companies and health organizations. We act quickly to ensure that our employees have the best information and support possible. In 2014, we responded to the global threat of the Ebola virus by restricting employee travel to certain affected countries and provided relevant health and safety information to employees in targeted locations.

Ergonomics continues to be an important focus, with an emphasis on reducing risks both in the office environment and in positions requiring manual materials handling. Over the past year, we maintained our focus on training and assessing and mitigating ergonomics risks and achieved a reduction from 18% to 10% of our lost workday injuries involving the manual handling of materials and equipment over 2013 levels.

### Performance data

We have low accident and injury rates across our offices, production facilities, warehouses, and laboratories. Nonetheless, we continually evaluate our training programs, policies, and procedures to identify improvement opportunities and ways to avoid incidents. We are committed to identifying the causes of accidents and taking action to prevent them.

The top three categories of work-related injuries across our facilities relate to slips, trips, and falls and to ergonomics, both in office settings and when handling materials. We work to continually improve in these areas through our robust EHS management system, related programs, and employee engagement.

We responded to a recent increase in materials handling cases at non-HP locations. We encouraged managers and their employees who work at these locations to complete tailored training courses that address issues that can arise at such locations.

#### Leading causes of lost workdays, 2012–2014

|                               | 2012 | 2013 | 2014 |
|-------------------------------|------|------|------|
| Slips, trips, and falls       | 45%  | 38%  | 42%  |
| Ergonomics—materials handling | 12%  | 18%  | 10%  |
| Ergonomics—office environment | 11%  | 5%   | 6%   |
| Automobile accidents          | 11%  | 18%  | 15%  |
| Struck by/against             | 14%  | 10%  | 13%  |

#### Leading causes of all recordable incidents (with and without lost time), 2012–2014

|                               | 2012 | 2013 | 2014 |
|-------------------------------|------|------|------|
| Slips, trips, and falls       | 35%  | 30%  | 35%  |
| Ergonomics—materials handling | 12%  | 17%  | 10%  |
| Ergonomics—office environment | 20%  | 16%  | 16%  |
| Automobile accidents          | 10%  | 11%  | 11%  |
| Struck by/against             | 15%  | 13%  | 14%  |

**Contents**

Letter from CEO  
Meg Whitman

Executive summary  
Governance

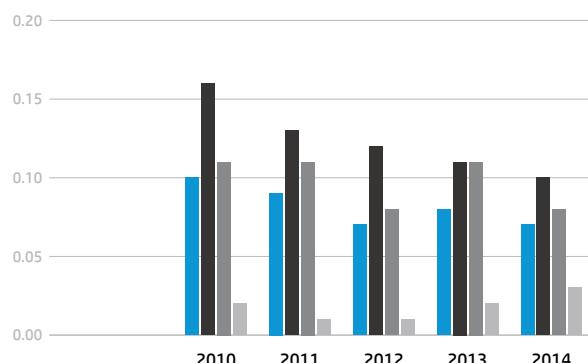
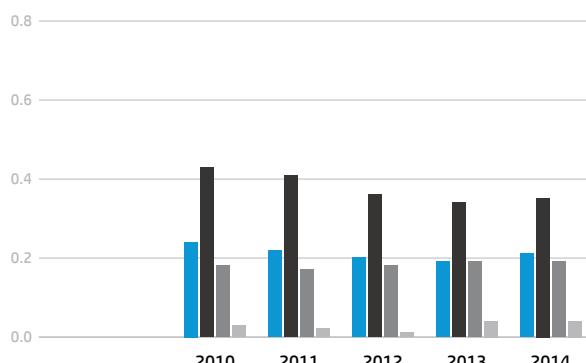
**Human Progress**

Overview  
Human rights  
Supply chain responsibility  
Privacy

**• Our employees**

Social investment  
Data  
Economic Progress  
Environmental Progress

About this report

**Lost workday case rate, 2010–2014\*****Recordable incidence rate, 2010–2014\***

\*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. 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 for both metrics are calculated using U.S. OSHA definitions for recordability around the world and using OSHA calculation methodologies. For lost workday case rate, the U.S. average in 2013 (the most recent year available) for the “Other Information Services”—NAICS #519 industry was 0.2. For recordable incidence rate, the U.S. average in 2013 (the most recent year available) for the “Other Information Services” industry was 0.4. For both metrics, Americas includes incidents occurring in Argentina, Canada, Colombia, Costa Rica, Panama, Puerto Rico, the United States, and Venezuela. Asia Pacific and Japan includes incidents in Australia, India, Japan, and Singapore. Europe, Middle East, and Africa includes incidents in Austria, Bulgaria, Czech Republic, France, Germany, Hungary, Ireland, Israel, Italy, Norway, Poland, Romania, South Africa, Spain, and the United Kingdom. For recordable incidence rate, Americas also includes incidents in Mexico; Asia Pacific and Japan also includes incidents in New Zealand; and Europe, Middle East, and Africa also includes incidents in Belgium, Finland, Morocco, Russian Federation, and United Arab Emirates.



[View full data for Our employees.](#)

## Contents

Letter from CEO  
Meg Whitman  
Executive summary

Governance

### Human Progress

- Overview
- Human rights
- Supply chain responsibility
- Privacy
- Our employees
- Social investment
- Data
- Economic Progress
- Environmental Progress
- About this report



## More than 65,000

Patient visits to HP eHealth Centers in India<sup>1</sup>

<sup>1</sup> As of the end of February, 2015.

At HP, we deploy our biggest assets—people and technology—to advance solutions for society's toughest challenges. To further Human Progress, we make strategic community investments in critical areas, including healthcare delivery and analytics and disaster recovery and rebuilding.

We embrace this opportunity and responsibility, bringing together the right partners to better understand complex global and local problems and develop effective, sustainable solutions. By working with governments, nongovernmental organizations (NGOs), academic institutions, customers, thought leaders, and social entrepreneurs, we pool our talents and resources, scale our initiatives, and increase our impact on human well-being. Products and solutions that bring social benefits also support our business—through the potential for commercial growth and by strengthening our reputation and relationships with customers and other stakeholders.

Examples of key investments that support Human Progress are described here. See [Volunteerism](#) for more on our activities in that area.

### Transforming healthcare delivery and analytics

Through a network of leading partners and enabled by technology, HP is transforming healthcare delivery for remote communities and utilizing the insight from big data to inform and improve healthcare delivery for individuals as well as entire communities. Our eHealth Centers (eHC) are equipped with the diagnostic tools that allow on-site nurses and paramedics to test for and treat health problems and to readily consult with leading specialists and doctors. Each center is also connected via HP cloud technology to data-sharing systems that aid treatment and to teleconsulting services with

hospital-based doctors. The easily deployable centers are designed to integrate into a broader healthcare network of services, or they can be deployed independently.

Through February 2015, we have deployed 29 eHealth Centers to serve villages in India, and received more than 65,000 patient visits. Our pioneering approach addresses urgent rural needs since most of India's healthcare infrastructure is in cities where only 27% of the population lives, and villagers can normally travel more than eight kilometers to access basic health services. In 2014, we also opened an eHealth Center in Bhutan and began development of two more in the Philippines. In partnership with the Asian Development Bank and the Philippines Disaster Recovery Foundation, these centers are being deployed to regions still recovering from the devastating impact of Typhoon Haiyan.

E-Health Centers enable our partners, such as Narayana Health, to overcome challenges associated with rural areas including connectivity, electrical supplies, and sourcing medical teams—and to reduce healthcare costs.

In addition to supporting urgent care with 21st century diagnostics, in 2014 we expanded work on population health by analyzing data across the eHC network of centers and identifying patterns and issues affecting larger segments of the population. In the future, health officials may also use analysis of eHC-generated patient data to inform healthcare policies.

### Improving child health through information management

Without health records and integrated information across various health services, children can fall through the cracks and fail to receive the health and social services they need. HP is partnering with the United Nations

**Contents**

Letter from CEO  
Meg Whitman

Executive summary

Governance

**Human Progress**

Overview

Human rights

Supply chain responsibility

Privacy

Our employees

**• Social investment**

Data

Economic Progress

Environmental Progress

About this report

Children's Fund (UNICEF) and the Chinese government to address this challenge through technology innovation in the world's most populous country.

Together, we piloted the Maternal and Child Health Management Information System, designed to electronically capture and store information about every newborn in China and to provide critical information to the healthcare organizations that provide services to communities, and monitor and plan for health service capacities.

From 2011 to 2014, 1,610 health facilities in six prefectures and provinces were using the information system, with more sites to be added over the next three years. This electronic system, which replaces paper-based processes, allows newborns to be registered within days of their birth, which, in turn, enables their registration for and access to health and social welfare services at a critical time of their lives.

HP is supporting the expansion and potential impact of this program by developing a cloud computing solution, creating a platform for mobile applications, and building a national laboratory that will serve as a solution test bed, data center, and training center.

## **Partnering to meet basic needs and address poverty**

People cannot make progress when their basic needs for food and shelter are unmet. Recognizing this, we selected the international hunger relief organization [Stop Hunger Now](#) (SHN) as a global partner for our inaugural Global Day of Service. In the largest meal-packaging partnership in SHN's history, more than 5,100 HP employees from 11 countries packaged more than 1.4 million nutritious meals for vulnerable, underfed families between May and December 2014. The dehydrated meals, which included rice, soy, vegetables, and 23 vitamins and minerals, were sent to schools, orphanages, nurseries, and medical clinics in Afghanistan, Cambodia, Guatemala, India, the Philippines, Sierra Leone, Syria, and Vietnam. [Learn more.](#)

We also deploy our technology to enable development and microfinance agencies to serve people's needs more quickly and effectively. The Visual Survey Platform is an information management and reporting platform that includes a data-collection application to use visual images, geocaching, and cloud-based analytics to enable

more effective surveying of community needs at the family, village, and area level by asking households to identify pictures that best reflect their circumstances—for example, pictures on a tablet might show river water, a communal water pump, and a household tap to signify degrees of poverty. The information is available via the cloud and helps connect the organizations providing social services to the families that need them. In Paraguay, the nonprofit Fundación Paraguaya, which co-developed this solution with HP, has used the technology for five years, helping to lift 20,000 people out of poverty.

In 2014, the Visual Survey Platform became a commercially available, cloud-based data-collection and intelligence management system. Usable across many industries, including healthcare and aviation, the technology's commercial application demonstrates the potential business value of our community investment.

**"The aim of this partnership is to build an integrated information system that improves the quality of maternal and child healthcare provision, supports management and supervision of health staff and facilities, and, through improved demand, ultimately assists millions of children and women to access quality health services in China."**

—Gillian Mellsop, UNICEF China Representative

## **Aiding disaster recovery**

People suffer and Economic Progress falters when natural disasters strike. HP responds by helping affected communities recover and rebuild. Donations come from employees, HP, and the HP Company Foundation. In 2014, these totaled \$953,050 in cash, delivered through partners including the American Red Cross, International Federation of the Red Cross and Red Crescent Societies, and Save the Children. Our donations assisted in disaster relief and recovery around the world including in the Philippines following Typhoon Haiyan; in China following the earthquake in Yunnan province; and in areas of the Balkans and Colorado, United States, affected by severe flooding.

Also in 2014, HP launched a large-scale partnership with the American Red Cross in the United States. More than 5,700 HP employees at 25 sites across the country assembled 9,000 comfort kits, distributed to families affected by fires to meet basic hygiene needs. Almost 150 times every day, families across the United States suffer house and apartment fires, and these comfort kits fulfill basic needs as families begin the recovery process.



View full data for [HP social investments](#).

**"Partnering with an innovation leader like HP allows us to leverage technologies such as telemedicine and cloud capabilities. This enables us to accelerate our goals of reaching more people and delivering early detection and diagnosis to patients while maintaining manageable costs."**

—Dr. Ashutosh Raghuvanshi, Vice Chairman, Managing Director, and Group CEO, Narayana Health, a major eHealth Center partner that operates 29 hospitals in India

## Contents

Letter from CEO  
Meg Whitman

Executive summary  
Governance



### Human Progress

Overview  
Human rights  
Supply chain responsibility  
Privacy  
Our employees  
Social investment  
**• Data**  
Economic Progress  
Environmental Progress  
About this report

# Data

## Supply chain responsibility

|  | 2010   | 2011   | 2012     | 2013    | 2014   |
|--|--------|--------|----------|---------|--------|
| <b>Suppliers engaged in SER program [total, cumulative]</b>  | 879    | 907    | 958      | 969     | 975    |
| <b>Suppliers publishing sustainability reports using the GRI framework [% of production supplier spend]*</b>   | 66%    | 82%    | 74%      | 72%     |        |
| <b>Capability building</b>   |        |        |          |         |        |
| Number of capability-building programs   | 11     | 12     | 12       | 12      | 15     |
| Workers and managers reached through capability-building programs [per year]**,****  | 42,800 | 62,800 | 189,200  | 131,400 | 91,900 |
| Number of worker-empowerment programs†   | 4      | 7      | 8        | 10      | 10     |
| Workers and managers reached by worker-empowerment programs [per year]****,†   | 42,400 | 62,500 | 189,200† | 129,100 | 87,400 |
| <b>Workers' rights</b>   |        |        |          |         |        |
| Suppliers' employees working less than 60 hours per week on average*** [%]   |        |        |          | 83%     | 84%    |
| Suppliers' employees receiving at least one day of rest each seven-day workweek*** [%]   |        |        |          | 89%     | 91%    |
| Suppliers in China with student workers representing 20% or less of total employees*** [%]   |        |        |          | 96%     | 94%    |
| Zero-tolerance audit findings related to the ILO Declaration on Fundamental Principles and Rights at Work: freedom of association; forced, bonded, or indentured labor; child labor; or discrimination | 0      | 0      | 1        | 0       |        |
| Zero-tolerance audit findings related to occupational safety, emergency preparedness, or industrial hygiene****  | 0      | 0      | 5        | 5       |        |
| <b>SER audits and assessments conducted [total, cumulative]*</b>   | 684    | 773    | 921      | 1,094   | 1,294  |
| Total initial audits   | 295    | 334    | 413      | 467     | 507    |
| Total follow-up audits   | 321    | 345    | 390      | 443     | 492    |
| Total full re-audits   | 68     | 94     | 118      | 150     | 189    |
| Assessments  | 0      | 0      | 0        | 34      | 106    |
| <b>Status of 3TG smelters or refiners reported in HP's supply chain**</b>  |        |        |          |         |        |
| Compliant*** [number of smelters]  |        |        |          | 60      | 152    |
| Compliant*** [% of total]  |        |        |          | 30%     | 59%    |
| In process**** [number of smelters]  |        |        |          | 21      | 44     |
| In process**** [% of total]  |        |        |          | 10%     | 17%    |
| Not yet participating [number of smelters]   |        |        |          | 120     | 61     |
| Not yet participating [% of total]   |        |        |          | 60%     | 24%    |
| Total [number of smelters]   |        |        |          | 201     | 257    |

\* This figure may be lower in years with larger numbers of new suppliers, which often do not publish sustainability reports; HP motivates suppliers to develop more mature SER practices, including GRI-based reporting.

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

\*\*\* These figures are revised from previous reporting.

\*\*\*\* Number of workers and managers reached each year depends on the programs executed; some programs address issues broadly across suppliers and workers, other programs focus more narrowly on individual supplier sites or specific vulnerable worker groups.

† Worker empowerment programs strengthen workers' ability to advocate for their rights, improve their working conditions, and enhance their well-being.

†† Although this value is lower than the "Number of workers and managers reached" by all capability-building programs, they are equivalent in this table due to rounding.

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

†††† 2014 findings relate to emergency preparedness and industrial hygiene. See Zero-tolerance items section.

‡ Data for past years may differ from previous reports because HP receives the details of some audits after the Living Progress Report publication deadline. Metric shows number of production and nonproduction supplier audits and assessments per type (including recycling vendor SER audits) for the period 2010–2014.

‡‡ 2013 data is as of January 2014. 2014 data is as of April 2015.

‡‡‡ Smelters or refiners compliant with assessment programs: CFSI's CFSP, Responsible Jewellery Council's (RJC) Chain-of-Custody Certification Program, or the London Bullion Market Association's (LBMA) Responsible Gold Programme.

‡‡‡‡ Smelters or refiners listed by CFSI as currently in the process of becoming CFSP-compliant or that are Tungsten Industry-Conflict Minerals Council (TI-CMC) Category A members.

**Contents**

- Letter from CEO
- Meg Whitman
- Executive summary
- Governance
- Human Progress**
  - Overview
  - Human rights
  - Supply chain responsibility
  - Privacy
  - Our employees
  - Social investment
- Data
- Economic Progress
- Environmental Progress
- About this report

**Our employees**

|   | 2010  | 2011  | 2012  | 2013  | 2014  |
|---|-------|-------|-------|-------|-------|
| <b>Women employees [% of total]</b>               |       |       |       |       |       |
| Americas  | 34.3% | 33.3% | 33.1% | 33.5% | 33.3% |
| Asia Pacific and Japan                            | 33.1% | 32.3% | 32.6% | 33.1% | 33.0% |
| Europe, Middle East, and Africa                   | 30.5% | 29.8% | 30.0% | 30.3% | 31.2% |
| Worldwide   | 32.9% | 32.0% | 32.1% | 32.5% | 32.6% |
| <b>Women managers [% of total]</b>                |       |       |       |       |       |
| Americas  | 27.8% | 28.7% | 30.1% | 30.1% | 30.7% |
| Asia Pacific and Japan                            | 21.8% | 22.3% | 22.2% | 21.8% | 22.0% |
| Europe, Middle East, and Africa                   | 19.8% | 20.9% | 22.4% | 23.3% | 24.2% |
| Worldwide   | 24.1% | 24.8% | 25.5% | 25.6% | 26.2% |
| <b>Global new hires, by gender [% of total]</b>   |       |       |       |       |       |
| Female  | 35.2% | 32.7% | 34.6% | 36.2% | 35.1% |
| Male  | 64.8% | 67.3% | 65.4% | 63.8% | 64.9% |
| <b>U.S. new hires, by ethnicity* [% of total]</b> |       |       |       |       |       |
| White   | 61.7% | 52.4% | 64.8% | 54.0% | 52.1% |
| All minorities                                    | 34.8% | 31.1% | 34.9% | 46.0% | 35.1% |
| Black   | 14.5% | 7.7%  | 10.8% | 11.3% | 9.8%  |
| Hispanic  | 7.1%  | 6.7%  | 7.5%  | 9.1%  | 6.7%  |
| Asian   | 10.5% | 14.6% | 12.6% | 15.3% | 15.6% |
| Native American                                   | 0.3%  | 0.4%  | 0.3%  | 0.4%  | 0.4%  |

\* 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.

## Contents

- Letter from CEO  
Meg Whitman
- Executive summary
- Governance
- Human Progress
- Economic Progress**
  - Overview
  - Economic impacts across the value chain
  - Social investment
  - Total social investment spend
  - Data
- Environmental Progress
- About this report



# Economic Progress

Helping businesses and economies thrive

## Contents

- Letter from CEO  
Meg Whitman
- Executive summary
- Governance
- Human Progress
- Economic Progress**
  - Overview
  - Economic impacts across the value chain
  - Social investment
  - Total social investment spend
  - Data
- Environmental Progress
- About this report



# Overview

As one of the world's largest and most influential companies, HP has far-reaching economic impacts. Mindful of this opportunity, we strive to advance a future where jobs are plentiful, economies thrive, and people have the skills and resources they need to contribute to society.

Through HP Living Progress, our framework for how we do business, we generate positive impacts on business and society across our value chain:

- Our supply chain purchasing supports hundreds of production suppliers and tens of thousands of non-production suppliers. We also support hundreds of thousands of jobs at supplier sites audited through our Supply Chain Responsibility program alone. HP also actively seeks to use the services of diverse suppliers including small businesses and companies owned by women, minorities, aboriginal or indigenous people.
- Our global operations directly support local economies everywhere we have a presence. In FY14, we reported net revenue of \$111.5 billion, of which approximately 65% came from outside the United States. HP provides wages and compensation to 302,000 employees<sup>1</sup>, tax revenues to governments worldwide, and dividends and share repurchases to shareholders.

- Our products and solutions help consumers fulfill their needs and our business customers worldwide to improve competitiveness, identify new business opportunities, save money, and operate more efficiently. For example, HP products such as highly efficient servers and data centers reduce energy consumption, our big data solutions generate actionable analysis and insights for customers, and our Managed Print Services decrease imaging and printing costs by 10–30%.

We also advance economic development by making strategic social investments that support individuals, businesses, and communities while creating potential commercial opportunities for HP. In partnership with nonprofits, educational institutions, governments, and international agencies, we deploy our people and technology in innovative programs that focus on skills development for businesses, entrepreneurs, and students. Our objective is to reduce joblessness and underemployment, build livelihoods, and empower people to succeed in a skills-based global economy. For more information and examples, see [Social investment: Economic](#).

<sup>1</sup> As of October 31, 2014.

## Contents

- Letter from CEO  
Meg Whitman
- Executive summary
- Governance
- Human Progress
- Economic Progress**
- Overview
- **Economic impacts across the value chain**
- Social investment
- Total social investment spend
- Data
- Environmental Progress
- About this report



# Economic impacts across the value chain

As a leading information technology (IT) company operating in countries worldwide, HP advances Economic Progress in many ways. Our business contributes to economies globally through the value we create for our customers, our direct financial transactions, and the indirect impacts that result when the money we spend circulates through economies. We produce economic impacts across our value chain, advancing sustainable growth and delivering lasting gains for HP and the millions of people who benefit from our products and operations around the world. For more on the scope of our value chain, see [HP profile](#).

## Supply chain

HP's far-reaching supply chain, which spans six continents and comprises hundreds of production suppliers and tens of thousands of nonproduction suppliers, supports local economies around the world by providing investment and jobs.

Most suppliers that manufacture our products are based in developing economies, where the IT industry plays a central role in economic development. Of our 63 final assembly sites, 44 are located in Asia, including 29 in China. For more on the geographical distribution of our suppliers, see the map at right.



**Where are HP products manufactured?**

[Visit our map to find out](#)

## Purchasing impacts

Globally, in 2014 our supply chain purchasing supported hundreds of thousands of jobs at supplier sites audited through our Supply Chain Responsibility program alone, in addition to many more at nonaudited locations. Our procurement activity also generates significant indirect benefits since our suppliers and their employees pay taxes and support local economies. Suppliers may also pay dividends to investors or reinvest income from HP to improve or expand their business.

HP strategic purchasing decisions can benefit regional and local economies as well as our business. For example, we increased resiliency in our supply chain by locating a manufacturing facility in Chongqing, Central China, an area of underemployment compared to the coasts. This move created much-needed jobs, helped open the door for other businesses and commerce to enter the region, and improved our operating margin, driving value back to shareholders.

## Contents

Letter from CEO  
Meg Whitman

Executive summary  
Governance

Human Progress

### Economic Progress

Overview

- [Economic impacts across the value chain](#)

Social investment

Total social investment spend

Data

Environmental Progress

About this report



## Supplier and worker capability building

HP's supply chain responsibility objective is to continuously improve our suppliers' Social and Environmental Responsibility (SER) performance. Strong SER performance not only helps a supplier secure contracts with HP but also benefits their business by increasing worker productivity, engagement, and retention. See [Benefits of supply chain responsibility](#) for more information.

HP strives to enhance the skills, knowledge, and economic circumstances of the people making our products. In 2014, we conducted worker-empowerment programs at 18 sites in China, South America, and Southeast Asia, reaching more than 87,000 workers and managers. These worker-centric programs cover areas such as financial literacy, occupational health and safety, personal health, and parenting skills, as well as support programs tailored for foreign workers. We deliver these programs through collaborations such as HERfinance, a BSR program that improves financial inclusion and literacy by connecting workers to financial services and using peer-training modules to reach a larger, broader group of factory workers. During 2014, we piloted HERfinance at a Flextronics factory in Brazil. Learn more in [Supply chain responsibility](#).

## Supplier diversity

Engaging diverse suppliers supports the economic strength of local communities while enhancing innovation and competitive advantage in our supply chain. For 45 years—through our Global Supplier Diversity Office—HP has encouraged and supported small businesses and companies owned by women, minorities, veterans, aboriginal or indigenous people, as well as lesbian, gay, bisexual, and transgender (LGBT) individuals to compete for our business. We have supplier diversity programs and partnerships in Australia, Canada, China, South Africa, the UK, Ireland, and the United States.

In 2014, our spend on small businesses declined by 13% to approximately \$3.4 billion compared to the prior year, primarily due to a decline in overall global procurement spend. In 2014, our U.S. diversity spend on minority-owned and women-owned businesses rose 7%, totaling \$1.5 billion.

To further improve our inclusive sourcing process for small and diverse businesses in the United States, we introduced an automated supplier diversity locator tool in 2014. It significantly increased our ability to provide our small and diverse businesses maximum practical opportunities to compete for our business and also expedited our purchasing process.

We are piloting a program to further expand our global scope and report local, country-level spend in the UK and Ireland, as well as Canada. In the UK and Ireland, we spent \$231 million in 2014 with diverse small- and medium-enterprise (SME) suppliers. Our success there is due to the SMEEngage program, established in 2012 to develop an ongoing supportive relationship with small and medium enterprises. With a dedicated business office, the program helps SMEs offer their skills, innovation, and entrepreneurial abilities to benefit HP's public and private sector customers. Improved reporting also supports our expanded efforts in this area. In 2014, we spent \$1.2 million with Canadian diverse suppliers in that country.

We also support diverse suppliers through mentoring and development activities that can play a pivotal role in their growth. For example, after three years of HP mentoring, teamrecruiter.com won the Canadian Aboriginal and Minority Supplier Council's Supplier of the Year Award. This small Canadian recruitment company, a long-standing HP supplier, now enjoys international success and plays an important role in our North American staffing activities.

Each year, HP requests that our strategic suppliers report their annual spend with small and diverse businesses. In 2014, the number of our strategic suppliers reporting this spend increased by 19%, achieving our [2014 goal](#).

## Operations

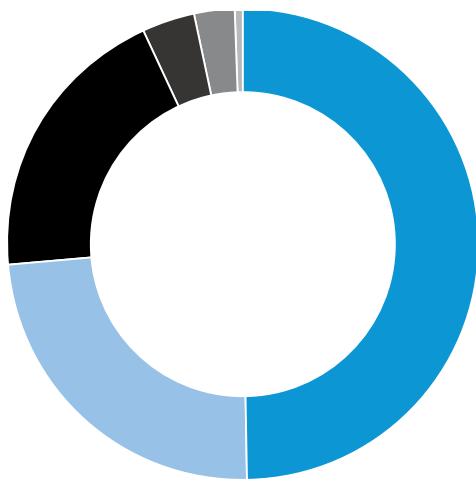
Our operations and resulting financial performance provide the foundation for our wide-ranging economic impacts and social investment activities. In FY14, we reported net revenue of \$111.5 billion and generated \$12.3 billion in cash flow from operations. We support a global workforce, with approximately 65% of net revenue in FY14 coming from outside the United States.

**Contents**

- Letter from CEO  
Meg Whitman
- Executive summary
- Governance
- Human Progress
- Economic Progress**
  - Overview
  - **Economic impacts across the value chain**
  - Social investment
  - Total social investment spend
  - Data
- Environmental Progress
- About this report

**Net revenue by segment, fiscal year 2014\***

[\$million]



|  |          |       |
|--|----------|-------|
| ■ <b>Printing and Personal Systems</b> | \$57,282 | 49.8% |
| ■ <b>Enterprise Group</b>              | \$27,723 | 24.1% |
| ■ <b>Enterprise Services</b>           | \$22,398 | 19.5% |
| ■ <b>Software</b>                      | \$3,933  | 3.4%  |
| ■ <b>HP Financial Services</b>         | \$3,498  | 3.0%  |
| ■ <b>Corporate Investments</b>         | \$302    | 0.3%  |

\* Net revenue by segment for FY14 is based upon an organizational change implemented by HP at the beginning of its first quarter of FY15. Please see our Form 8-K filed on February 24th, 2015 for additional information. The total segment net revenue, \$115,136 million, includes intersegment net revenue and other of (\$3,682 million). Total HP consolidated net revenue in FY14 equaled \$111,454 million. Segments do not add up to 100% due to rounding.

**Economic impacts on employees, governments, and shareholders**

Given our global scale, HP's operations have major, direct and indirect economic impacts on local economies. We provide 302,000 employees<sup>1</sup> worldwide with compensation and benefits, and they in turn pay taxes and generate further economic activity through their spending. In addition, we offer wide-ranging development opportunities to help employees advance their careers, boosting their incomes and spending power. In 2014, employees completed approximately 5.3 million training hours through HP University, improving their skills and knowledge. See [Building careers](#) for more information.

HP paid net cash income taxes of \$1.3 billion in 2014, contributing to government spending and programs around the world. We also returned \$3.9 billion of capital to shareholders in the form of dividends and share repurchases potentially increasing their spending and taxes.

For more detail, see [Data](#) at the end of this section. For more details about HP's financial performance, please see our [financial statements](#), [interactive stock chart](#), and [Annual Report on Form 10-K](#).

**Products and solutions**

HP is a leading global provider of technology to individual consumers, small- and medium-sized businesses and large enterprises, including customers in the government, health, and education sectors. HP is the world's largest vendor of servers, laptops, commercial PCs, and printer ink and toner<sup>2</sup>. Our products and solutions, including cloud services, security, big data systems, and mobility help customers become more agile and efficient, meeting their requirements while lowering costs. This in turn drives economic growth.

Some examples of our products and solutions that drive Economic Progress include:

**Actionable analytics** Our big data solutions can help customers and nonprofits create positive social change. For example, we are working with the Akshara Foundation to analyze the impact and effectiveness of school education programs in the state of Karnataka, India, generating information to help prioritize educational investments. Using HP's Actionable Analytics Services and Data Labs, in 2014 we consolidated disparate data sources across more than 46,000 schools and 800,000 students. The solution went beyond mathematical algorithms, presenting the results in clear and easily understood formats that were key to the project's success. For example, HP built a custom dashboard that provided insights including the optimal pupil-teacher ratio and the ideal number of books per child for the best educational outcomes. Akshara is working with the Karnataka government to use these findings to pilot initiatives that improve retention and literacy and implement educational best practices, which in turn drives Economic Progress.

**Highly efficient data centers** Rising data demands place increased pressure on the space and resources required by businesses and other organizations to house their IT equipment. The groundbreaking HP Apollo 8000 System, launched in 2014, supports up to 144 servers and operates at up to four times the teraflops<sup>3</sup> per square foot of data center than traditional air-cooled servers. The heat transferred to the cooling water can in turn be used for other purposes. Customers have experienced savings of up to an estimated \$1 million in energy costs over five years for each MW of IT in the data center compared to air-cooled systems. See [Servers, storage, and networking](#) for more information.

<sup>1</sup> As of October 31, 2014.

<sup>2</sup> As of Q4 2014.

<sup>3</sup> Flops (floating-point operations per second) is a measure of computing performance. One teraflop is equal to 1,000,000,000,000 flops.

**Contents**

Letter from CEO  
Meg Whitman

Executive summary  
Governance

Human Progress

**Economic Progress**

Overview

- **Economic impacts across the value chain**

Social investment

Total social investment spend

Data

Environmental Progress

About this report

**HP Managed Print Services**

**HP Managed Print Services** (MPS) combines our innovative hardware, supplies, software, and services to help organizations optimize, manage, and improve printing and digital workflows, saving money and resources. MPS has brought multiple benefits to our customers<sup>4</sup>, including decreases in imaging and printing costs of 10–30%, reductions in printing-related energy usage of 20–40%, and reductions in paper waste of 25% or more.

**Remanufactured products** HP Renew offers customers an extensive portfolio of completely remanufactured products and solutions, with the same reliability and performance as new HP products, but for at least 15% less cost.

**Accessibility** HP strives to create products, solutions, and online materials that are accessible to everyone, including persons 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 persons with disabilities. Learn more at [HP Accessibility & Aging](#).

**Cyber security** In the last five years, the annual cost of cybercrime has roughly doubled and the number of such attacks has risen by nearly 180%.<sup>5</sup> With adversaries evolving and collaborating on tactics, it's important for all organizations, including government agencies and businesses, to take a risk-based and adversary-centric approach to security by focusing on protecting what matters most and prioritizing resources based on risk. This calls for educating users, accelerating detection, securing critical data, and having a plan in place to mitigate potential damage.

## Future Cities: citizen-centered growth

Through HP Future Cities, we support citizen-centered government that delivers public value and drives human and economic progress. From the United States to Europe, Asia, and Australia, HP is using innovative IT solutions to help cities put the needs of local citizens and businesses at the center of decision making—from setting budgets to delivering public services. By deploying products and solutions that support big data collection and analysis, cloud services, mobility, and security we also help improve the services local governments deliver and reduce public costs.

Our approach includes using big data to develop a detailed understanding of local constituencies, identify trends, and target services to citizens when and where they need them. We also install systems that manage public services from the cloud, improving efficiency and responsiveness. These innovations enable governments to be more agile and resilient, improve quality of life for citizens, and drive economic growth. Examples of Future Cities partnerships and projects include:

- Integrating and improving the delivery of IT services for Norfolk County Council in the UK by migrating to cloud services with a \$15 million savings over five years. HP also helped the council create actionable knowledge and

insight from big data across multiple agencies to better protect vulnerable citizens and focus resources on early help and prevention.

- Improving transportation services in Auckland, New Zealand, by using HP's integrated big data platform, HAVEn, to analyze traffic patterns and trends. It in turn generates information that public agencies and emergency providers use to improve safety for pedestrians, cyclists, and motorists, optimize traffic flow, and enforce traffic laws.
- HP improved city management and situational awareness by creating an Enterprise Virtual Operations Center (EVOC) for the City of Anaheim in California, United States. EVOC is a virtual online command center for incident management and situational awareness that consolidates safety information systems and presents it in a portal interface that gives public safety officials a near-time presentation of police, fire, and EMS activities in the city. EVOC handles fire and emergency medical service calls for Anaheim and the surrounding cities of Fountain Valley, Fullerton, Garden Grove, Huntington Beach, Newport Beach, and Orange.

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

<sup>5</sup> Based on internal analysis of results from the 2010–2014 Cost of Cyber Crime Study: United States reports from Ponemon Institute. <http://www8.hp.com/us/en/software-solutions/ponemon-cyber-security-report/index.html>.

## Contents

- Letter from CEO  
Meg Whitman
- Executive summary
- Governance
- Human Progress
- Economic Progress**
- Overview
- **Economic impacts across the value chain**
- Social investment
- Total social investment spend
- Data
- Environmental Progress
- About this report



HP enables organizations to protect sensitive data and economic assets by taking a proactive approach to security, disrupting the life cycle of an attack through prevention and real-time threat detection. With market-leading products, services, and innovative research, HP Enterprise Security Services (ESS) enables organizations to integrate information correlation, application analysis, and network-level defense. We help customers securely implement new technologies, such as cloud computing, as well as support compliance with complex regulations governing data security and privacy.

With 10 Security Operations Centers worldwide and more than 5,000 credentialed security professionals on staff, ESS manages 23 billion security events a month, enabling our customers to defend themselves against increasingly sophisticated cyber threats. Our security services can detect intrusions within 12 minutes of arrival and resolve 92% of major incidents within two hours of identification.<sup>6</sup>

For more about our solutions, see [www.hp.com/go/esp](http://www.hp.com/go/esp), and for additional information about how we help customers manage risk and compliance, see [HP Security Services](#).

HP also conducts innovative, industry-leading research into evolving cyber threats, publishing monthly [Security Briefings](#). Our annual [HP Cyber Risk Report 2015](#) revealed that well-known issues and misconfigurations contributed to the most formidable threats in 2014 and offered recommendations to mitigate risk.

For information on HP's public policy positions and engagement related to data security and cyber resilience, including our partnership in this area with the World Economic Forum, see [Public policy](#).

View full data for [Economic impacts across the value chain](#).

# Goals

## Supplier diversity

| 2014 goals   | Progress  |
|--|-----------|
| Increase the number of HP strategic suppliers reporting diversity spend by 10%, compared with 2013.      | Achieved. |
| Increase the number of HP suppliers participating in our mentorship programs by 10%, compared with 2013. | Achieved. |

<sup>6</sup> <http://www8.hp.com/us/en/business-solutions/security-overview.html>.

## Contents

- Letter from CEO  
Meg Whitman
- Executive summary
- Governance
- Human Progress
- Economic Progress**
  - Overview
  - Economic impacts across the value chain
  - **Social investment**
  - Total social investment spend
  - Data
- Environmental Progress
- About this report



# Social investment

HP makes strategic social investments that enhance Economic Progress worldwide.

With more than 74 million young people jobless or underemployed, and technology forecast to be one of the five fastest growing sectors by 2020, our approach fosters entrepreneurship, skills development, and education as drivers of economic opportunity. In partnership with nonprofits, educational institutions, governments, and international agencies, we deploy our people and technology in innovative programs that help reduce the global skills gap.

## Investing in entrepreneurs

A thriving global economy depends on thriving local communities. When individuals and micro and small businesses have opportunities to succeed, the effect can be far-reaching. HP investments support such progress by helping current and aspiring entrepreneurs to access capital and build information technology (IT) and business skills.

### Matter to a Million

About 2.5 billion people, including many would-be entrepreneurs, lack access to mainstream banking services. In 2014, the HP Company Foundation launched Matter to a Million, a global employee engagement program to address this challenge, partnering with Kiva, a nonprofit microlender that connects low-income entrepreneurs to capital. This five-year, \$7 million collaboration supports farmers, shopkeepers, and other small business owners in more than 85 countries. In 2014, each HP employee received a \$25 credit to loan to Kiva borrowers who use the money to buy essentials such as tools, livestock, and supplies.

Matter to a Million has triggered a strong response from HP employees worldwide. In the first month after the program launch, 26.6% of employees took part, generating \$2.2 million in loans. Participation reached almost 120,000 through December 2014, with 43.5% of HP employees using their credits. Teams often pooled loans to maximize their impact. For example, 22 employees from Boston and Southborough, Massachusetts, supported Mariam, an Armenian farmer, to renovate a family-owned greenhouse and purchase potato seeds and fertilizer. The Matter to a Million homepage has received the second-most comments of any other page on our internal platform, HP News Now (HPNN).

Combined with HP Company Foundation contributions, more than \$5.9 million in loans was extended to entrepreneurs through this partnership by December 2014.

### HP LIFE e-Learning

HP LIFE e-Learning is a global online learning program, deployed on our cloud-hosting solution, HP Helion, that equips people with the 21st century business and IT skills to start, build, and manage their own business. It offers users 25 interactive learning modules as well as features such as certification, support from HP experts, and global community discussion forums. With the addition of Hindi and Simplified Chinese in 2014, the program is now available in seven languages. By December 2014, more than 480,000 users from more than 200 countries and territories were registered on the platform.

In 2014, we launched a dedicated Educator virtual resource area, providing resources and tools for teachers and coaches to combine face-to-face and online learning. More than 5,000 educators registered through December 2014. Educator registrations were driven through strategic

## Contents

Letter from CEO  
Meg Whitman

Executive summary

Governance

Human Progress

## Economic Progress

Overview

Economic impacts  
across the value chain

### • Social investment

Total social  
investment spend

Data

Environmental Progress

About this report



partnerships with organizations working at the secondary school and college level, and with small business advisory networks. Global highlights in each area included:

- Connecting aspiring high school entrepreneurs to HP LIFE e-Learning through our collaboration with SkillsUSA and the global Social Innovation Relay competition, in partnership with Junior Achievement Young Enterprise.
- At the postsecondary level, developing an entrepreneurship ecosystem in the United States centered on community colleges through our partnership with the National Association for Community College Entrepreneurship. By year end, at least 120 community college faculty were using HP LIFE e-Learning. Enactus, an international nonprofit that empowers undergraduates to solve social and environmental problems through entrepreneurship, now uses the program to teach professional skills to students in China.
- Piloting HP LIFE e-Learning in the UK through the national job center network, targeting registered job-seekers who described themselves as entrepreneurs. Run in partnership with the government's Department for Work and Pensions, the program offers additional tools, training, and resources for jobseekers planning to start their own businesses.

The ability of institutions to integrate HP LIFE e-Learning into the offerings of their students and clients has opened up new opportunities for HP business units to connect this online resource to customers around the globe, increasing the business relevance of this program.

## Investing in digital skills

Employees with a strong command of digital skills are critical to realizing the potential of the 21st century economy. However, companies are struggling to find such talent, especially in the IT industry. To address this challenge, we support digital skills development including through the following programs:

### Investing in women's IT skills

HP works to reverse the underrepresentation of women in technology. Our efforts support the IT industry's talent pipeline and broaden young women's career horizons. In the United States, we have committed \$1 million over four years to support the National Center for Women & Information Technology's (NCWIT) Aspirations in Computing Collegiate Program, which serves women studying undergraduate computing at the Center's Academic Alliance schools. For more information about how we focus on female talent, see Diversity and inclusion. We also provide HP scholarships and internships in support of the Scholarship for Women Studying Information Security run by the nonprofit Applied Computer Security Associates.

In the UK, HP is a platinum sponsor of Tech Future Girls, a national after school club for girls aged 10–14 to learn IT skills including coding and cyber security. Run by the nonprofit Tech Partnership, the teaching programs are available free, via license, to all schools in England, Wales, and Northern Ireland. In 2014, HP invested approximately \$120,000 in the program, and we encourage our employees to volunteer at participating schools. Our cyber security experts also contribute software content.

## Investing in STEM education

**HP Institute:** Today's technology skills gap hinders global Economic Progress and affects HP as a leading IT employer. In response, HP Institute has developed an industry-accredited IT skills learning program and certification exam that enhances students' employability. Developed with Certiport, the program is delivered in 230 high schools, technical colleges, and universities in 36 countries, with 17,500 certifications awarded to date. While HP Institute programs are for-profit, its personnel also support our social investment programs, lending their expertise in 2014 to co-develop an HP LIFE e-Learning module on IT strategy.

**HP CodeWars:** Since 1998, we have sponsored this high school computer programming competition to spark student interest in science, technology, engineering, and math (STEM). CodeWars challenges novice and advanced teams of students from grades 9–12 to tackle 20 programming problems in just three hours. Initiated in Texas, the competition spread to California, India, and Taiwan in 2014, with plans to expand to other countries. More than 1,200 students around the world took part in during the year.

## Assessing technology-driven learning outcomes

To help educators and education systems take full advantage of the impact that education technology can have on learning and society, we launched a major new initiative in 2014. The HP National Education Technology Assessment includes three elements—a framework for integrating technology into learning, a service to evaluate national education technology readiness, and an analytics data ecosystem (NET<sup>A</sup>) that informs teachers, schools, and school systems. Three schools in Silicon Valley, Delhi, and Johannesburg are developing and testing NET<sup>A</sup> in pilots that combine analytics tools, hardware, software, and professional development for participating teachers. The program builds on decades of HP collaboration with schools on teaching with technology, and includes HP mobile devices and HP software.

We also launched a free, online self-paced course called HP Teaching with Technology, that provides educators with fundamental techniques for effectively integrating technology into the classroom.



View full data for HP social investments.

## Contents

Letter from CEO  
Meg Whitman

Executive summary

Governance

Human Progress

**Economic Progress**

Overview

Economic impacts  
across the value chain

Social investment

• Total social  
investment spend

Data

Environmental Progress

About this report



# Total social investment spend

The total value of our social investments—across human, economic, and environmental progress—including contributions from HP and the HP Company Foundation, plus the valuation of employee volunteer hours, equaled \$119 million in 2014. This decrease of 12% from 2013, is largely due to the introduction of more stringent guidelines around the valuation of volunteer hours.

In 2014, more than 7,000 employees participated in the HP U.S. Cash Matching program and the U.S. Product Matching program. These employees, HP, and the HP Company Foundation provided more than \$10.4 million to NGOs and schools through cash and product donations.

We measure the outcomes of our social investments on a project-specific basis, using a range of metrics. These metrics include the number of people and places that our programs impact, how many employees support our programs, and completion of milestones. In addition, we measure how our social investment programs impact our competitive advantage and reputation.

## Disaster relief, 2014\*

| Disaster name and location              | Amount           |
|---|------------------|
| Typhoon Haiyan, Philippines             | \$400,000        |
| Yunnan earthquake, China                | \$350,000        |
| South Asia flooding, India and Pakistan | \$100,000        |
| Balkans flooding, Romania and Serbia    | \$83,540         |
| Calgary flooding, Canada                | \$15,000         |
| Colorado flooding, United States        | \$4,510          |
| <b>Total</b>                            | <b>\$953,050</b> |

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

For more on our disaster relief efforts during 2014, see [Social investment: Human](#).

## Total social investment spend

|  | 2010          | 2011          | 2012           | 2013           | 2014           |
|--|---------------|---------------|----------------|----------------|----------------|
| <b>Social investment [\$ million]*</b>   | <b>\$44.9</b> | <b>\$51.5</b> | <b>\$118.6</b> | <b>\$135.3</b> | <b>\$119.0</b> |
| Cash   | \$27.3        | \$20.3        | \$22.3         | \$23.8         | \$20.8         |
| Products and services**  | \$17.7        | \$31.2        | \$96.3         | \$111.5        | \$98.2†        |
| <b>Social investment ***[% of pretax profits]</b>  | 0.41%         | 0.57%         | Not applicable | 2.08%          | 1.81%          |
| <b>U.S. employee participation in Cash Matching Program and Product Matching Program [number of employees]</b> |               |               |                |                |                |
| Cash Matching Program  | 5,600         | 7,000         | 7,100          | 8,600          | 6,200          |
| Product Matching Program   | 1,100         | 1,700         | 1,600          | 2,700          | 900            |
| <b>Contributions to Cash Matching Program and Product Matching Program**** [\$ million]</b>                    | <b>\$10.8</b> | <b>\$12.0</b> | <b>\$12.4</b>  | <b>\$13.3</b>  | <b>\$10.4</b>  |
| U.S. employee contributions to Cash Matching Program   | \$3.2         | \$3.8         | \$4.2          | \$4.9          | \$4.4          |
| HP Company Foundation contributions to Cash Matching Program   | \$2.7         | \$3.1         | \$3.5          | \$3.9          | \$3.6          |
| U.S. employee contributions to Product Matching Program†   | \$1.2         | \$1.3         | \$1.2          | \$1.1          | \$0.6          |
| HP contributions to Product Matching Program†  | \$3.7         | \$3.8         | \$3.5          | \$3.4          | \$1.90         |

\* Social investments include all grants made to nonprofit organizations from HP and the HP Company Foundation, plus the valuation of employee volunteer hours. Data excludes contributions to the HP Company Foundation and employee donations but includes HP's matching contributions and contributions from the HP Company Foundation to other organizations. Some segments do not add up to total due to rounding.

\*\* 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. Services include the valuation of HP employee volunteer hours. Valuation rates are based on CECP standards. The numbers in 2012–2014 are considerably higher than past years due to increased employee programs and more complete volunteer hour data.

\*\*\* In FY12, HP recorded a pre-tax net loss, therefore a percentage of pre-tax profits cannot be calculated for that year.

\*\*\*\* Figures reflect the cash donations pledged by HP employees and the respective match from the HP 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.

† The year-over-year decrease in U.S. employee contributions to the Product Matching Program and HP contributions to the U.S. Product Matching Program, was due to the fact that the U.S. Product Matching Program was put on hiatus after the second quarter of FY14. 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.

**Contents**

Letter from CEO  
Meg Whitman

Executive summary

Governance

Human Progress

**Economic Progress**

Overview

Economic impacts  
across the value chain

Social investment

Total social  
investment spend**• Data**

Environmental Progress

About this report

# Data

## Economic impacts across the value chain

|   | 2010      | 2011      | 2012       | 2013      | 2014      |
|---|-----------|-----------|------------|-----------|-----------|
| <b>HP's spend with U.S. diverse suppliers*</b>  |           |           |            |           |           |
| Small businesses [\$ million]   | \$4,316   | \$4,400   | \$4,792    | \$3,910   | \$3,376   |
| Minority-owned businesses [\$ million]**  | \$827     | \$733     | \$989      | \$881     | \$965     |
| Women-owned businesses [\$ million]**   | \$861     | \$476     | \$547      | \$536     | \$550     |
| Veteran-owned businesses, service disabled veteran-owned businesses, HUBZone businesses, and others [\$ million]*** |           |           |            |           | \$141     |
| <b>Strategic supplier spend****</b>   |           |           |            |           |           |
| Amount spent by HP strategic suppliers on diverse suppliers <sup>†</sup> [\$ million]                               | \$318     | \$498     | \$431      | \$610     |           |
| <b>HP selected financial information††</b>  |           |           |            |           |           |
| Net revenue [\$ million]  | \$126,033 | \$127,245 | \$120,357  | \$112,298 | \$111,454 |
| Net earnings (loss) [\$ million]  | \$8,761   | \$7,074   | (\$12,650) | \$5,113   | \$5,013   |
| Research and development expense [\$ million]   | \$2,959   | \$3,254   | \$3,399    | \$3,135   | \$3,447   |
| Research and development expense as a % of net revenue  | 2.3%      | 2.6%      | 2.8%       | 2.8%      | 3.1%      |
| Defined contribution expense <sup>†††</sup> [\$ million]  | \$535     | \$626     | \$628      | \$603     | \$573     |
| Net investment in property, plant, and equipment <sup>††††</sup> [\$ million]                                       | \$3,531   | \$3,540   | \$3,089    | \$2,546   | \$3,010   |
| Dividends paid [\$ million]   | \$771     | \$844     | \$1,015    | \$1,105   | \$1,184   |
| Repurchase of common stock [\$ million]   | \$11,042  | \$10,117  | \$1,619    | \$1,532   | \$2,728   |
| Number of patents (approximate)   | 37,000    | 36,000    | 36,000     | 38,000    | 34,000    |

\* Figures for 2010–2011 are for U.S. purchases from U.S.-based businesses. Figures for 2012–2014 are for purchases in the United States, Puerto Rico, Canada, Europe, and Asia from U.S.-based businesses.

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

\*\*\* HP did not report this data in the Living Progress report prior to 2014.

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

<sup>†</sup> Figures include production and nonproduction suppliers.

<sup>††</sup> Data in this table is for the fiscal years ended on October 31 and has been obtained from the Form 10-K filed with the SEC.

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

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

## Contents

- Letter from CEO  
Meg Whitman
- Executive summary
- Governance
- Human Progress
- Economic Progress
-  Environmental Progress
  - Overview
  - Supply chain environmental impact
  - HP operations
  - Products and solutions
  - Product return and recycling
  - Social investment
  - Data
- About this report



# Environmental Progress

Making the environment stronger as we grow

## Contents

- Letter from CEO  
Meg Whitman
- Executive summary
- Governance
- Human Progress
- Economic Progress
- Environmental Progress**
- Overview
- Supply chain environmental impact
- HP operations
- Products and solutions
- Product return and recycling
- Social investment
- Data
- About this report



# Overview

With a rapidly growing global population and finite resources, “business as usual” is no longer an option. Through HP Living Progress, we make the environment stronger as we grow by improving the efficiency of our supply chain, operations, and products and solutions, as well as by making community investments that help tackle sustainability challenges.

We take a leadership role in our efforts. In 2014, we became the first global information technology (IT) company to have set greenhouse gas (GHG) emissions-reduction targets for our entire value chain: our suppliers, our operations, and our products and solutions. We publish our complete [carbon footprint](#) and [water footprint](#) annually.

The progress we make reflects our concerted strategies and actions across the value chain.

## Supply chain

Our primary environmental focus in our supply chain is tackling GHG emissions due to raw materials use, manufacturing, and product transport. We collaborate with our suppliers to better understand, report, and improve their performance. In 2014, we further expanded our supplier Energy Efficiency Program (EEP) in China and Southeast Asia to include 70 new HP supplier sites—promoting energy efficiency programs and practices through collaboration with nongovernmental organizations (NGOs) such as the WWF China and World Resources Institute. Materials use is a key contributor to GHG emissions in our supplier base, so innovative, less materials-intensive product design is another essential part of our approach.

We also help suppliers build their capabilities to use less water and decrease waste. In Brazil, our zero-waste initiative with our long-standing manufacturing partner avoids

228 tonnes carbon dioxide equivalent (CO<sub>2</sub>e) of GHG emissions annually through packaging reuse and is forecast to save \$1 million over two years by reusing wooden pallets.

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

## Operations

The main environmental impacts from our operations are GHG emissions associated with energy consumed in our facilities and the use of water and other natural resources. We reduce our climate impact through energy efficiency, including use of innovative HP technology and consolidation in our data centers. Smart building design, lower impact business travel, and clean energy are other focus areas. In 2014, we increased our installed capacity for on-site renewable energy by 150%.

We also strive to continually reduce waste and decrease water use—particularly in water-stressed regions. Partly through innovations such as leak detection systems and low-impact landscaping, in 2014 we reduced our water consumption in water-stressed locations by 3.2% compared to the prior year.

Learn more in [HP operations](#).

## Products and solutions

We work to improve environmental performance across the product life cycle, drawing insights from [life cycle assessments](#) and inspiration from the [circular economy model](#) to inform product design. We continually develop innovations that spur [energy efficiency](#) and reduce [materials](#) use across our portfolio. Decreasing the footprint of computing and printing is pivotal to Living Progress and advances our business. It also supports the corporate and environmental goals of our customers.

## Contents

|                                   |
|-----------------------------------|
| Letter from CEO                   |
| Meg Whitman                       |
| Executive summary                 |
| Governance                        |
| Human Progress                    |
| Economic Progress                 |
| <b>Environmental Progress</b>     |
| • Overview                        |
| Supply chain environmental impact |
| HP operations                     |
| Products and solutions            |
| Product return and recycling      |
| Social investment                 |
| Data                              |
| About this report                 |



For example, our water-cooled HP Apollo 8000 System uses 28% less energy than air-cooled servers, and the HP Officejet Pro X is the world's most energy-efficient printer in its class.<sup>1</sup> HP Managed Print Services, one of our innovative product-as-a-service offerings, has delivered customers<sup>2</sup> reductions in their energy usage of 20–40% as well as decreases in paper waste of 25% or more. We are looking to the future by exploring the possibilities of 3D printing, and, with The Machine, reinventing the fundamental architecture of computers to produce order-of-magnitude improvements in performance and efficiency.

We also reduce environmental impacts at product end of life. Working with suppliers and other companies, we continually improve our product return and recycling programs, which we expanded to include 73 countries and territories in 2014. During the year, we recovered 157,500 tonnes of computer hardware (for reuse and recycling) and supplies (for recycling) globally.

Learn more in Products and solutions and Product return and recycling.

## Social investment

We make strategic investments that combine the skills of our people and partners to use HP technology to address pressing sustainability challenges. We focus in areas that capitalize on our experience and expertise, such as using big data analysis to fight biodiversity loss. We also encourage and support our employees to volunteer on environmental projects that benefit their local communities.

For examples of our key initiatives, see Social investment: Environmental.

# Our footprint

We believe that understanding environmental impacts across our value chain is the first step towards taking meaningful action. In 2011, HP became the first IT company to publish its global carbon footprint. For the past two years, we have also published a complete water footprint.

CDP, the world's only global environmental disclosure system<sup>3</sup>, has recognized HP's actions to reduce GHG emissions and mitigate the risks of climate change to our business. In 2014, we received the highest possible disclosure score of 100 and an "A" performance rating. HP was again included on CDP's Climate Disclosure Leadership Index, which spotlights companies demonstrating the highest level of transparency and data quality. In addition, we were one of 34 S&P 500 companies on the CDP Climate Performance Leadership Index, which highlights companies that have integrated climate change into their business strategies and taken substantial steps to mitigate climate-related risk.

This section summarizes our progress to reduce our carbon and water footprints in 2014. More detail is found in the subsequent sections of Environmental Progress.

## Shifting toward a circular economy

Across industries worldwide, many products are created using a linear model of "take, make, discard." Momentum is now building around a more sustainable approach that is restorative and regenerative by intention, incorporating designs that eliminate waste.

Following this circular "make, use, return" model, companies design products and systems to continually recover and reuse materials. This approach can also be good for business when companies benefit from resource savings, product innovation, reputation enhancement, and strengthened customer engagement.

HP is already driving towards a circular approach across our value chain, reflected in our products and initiatives: our print supplies "closed loop" recycling programs, our use of recycled content in hardware, HP Managed Print

Services and Instant Ink, HP Renew, innovative packaging designs, and HP product return and recycling options. We continue to expand our offerings including through HP's disruptive 3D printing, which will make it possible to produce one-of-a-kind replacement parts locally, rapidly, and inexpensively, extending product lifespans and transforming supply chains.

Progress in this area demands leadership and collaboration. We belong to the Ellen MacArthur Foundation Circular Economy 100. We also contribute to public policy discussions such as on the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal and the legitimate movement of used equipment. Learn more about our engagement on responsible regulation of end-of-life electronics in Product return and recycling.

<sup>1</sup> As of November 2014.

<sup>2</sup> The following examples and figures are typical of those reported by leading industry analysts and HP client engagements. Estimated energy and paper savings based on analysis of select HP Managed Print Services customers' imaging and printing operations using data gathered on devices and paper consumption and comparing with post-MPS actuals or projections. Results depend on unique business environments, the way HP products and services are used, and other factors. Overall printing costs are unique to each company and should not be relied on for savings one may achieve.

<sup>3</sup> As of April 2015.

## Contents

Letter from CEO  
Meg Whitman

Executive summary  
Governance

Human Progress  
Economic Progress

## Environmental Progress

- Overview

Supply chain  
environmental impact

HP operations

Products and solutions

Product return and  
recycling

Social investment

Data

About this report



## Carbon

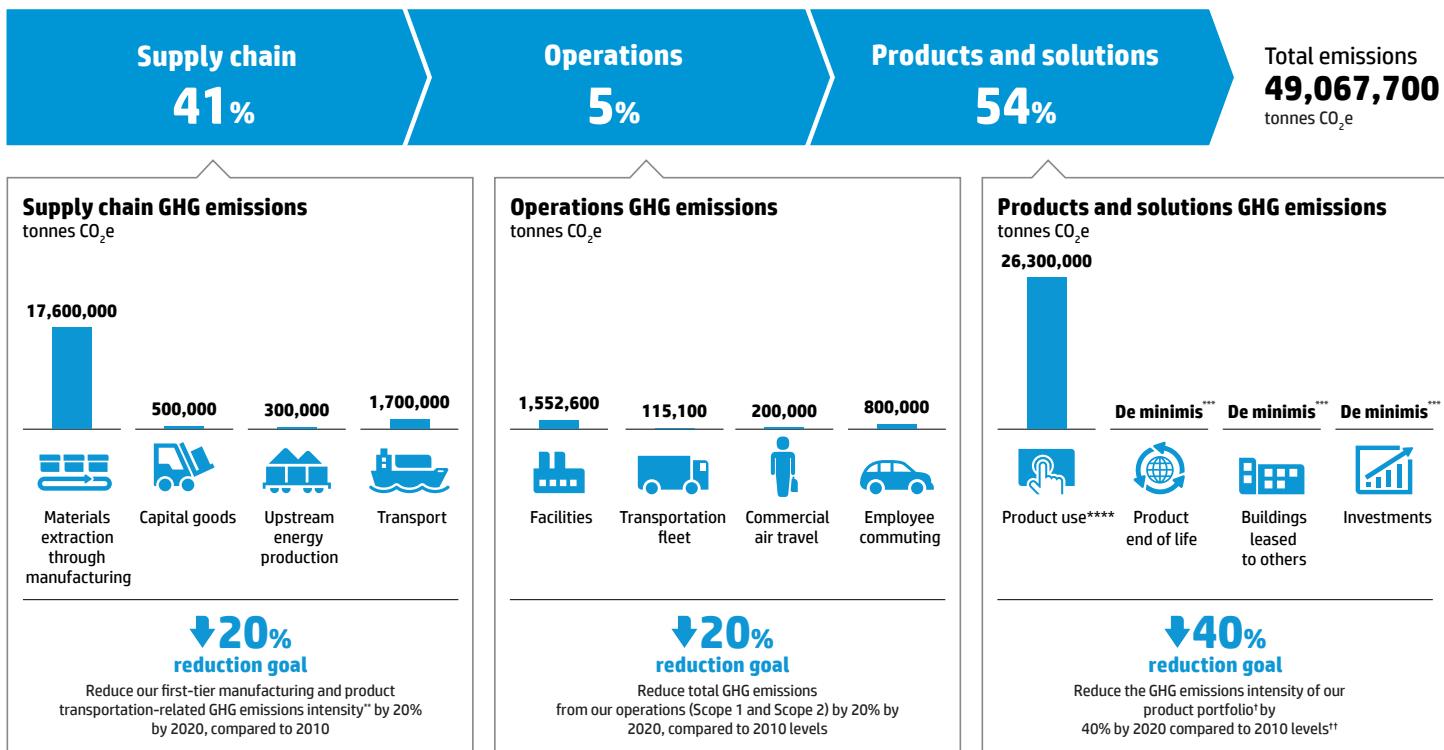
In 2014, our carbon footprint equaled 49,067,700 tonnes CO<sub>2</sub>e, a reduction of 10% compared with 2013 emissions.<sup>4</sup> The most significant change year over year was a 14% reduction in emissions related to product use, equivalent to 4.4 million tonnes CO<sub>2</sub>e, which accounted for about 79% of the total reduction. This resulted largely from improvements in our methodology to calculate GHG emissions related to personal systems energy use as well as increased product efficiency in our personal systems and printing groups, and shifts in product mix toward less carbon-intensive devices (for example, from laptops to tablets). Shipped volumes did not have a significant impact on the overall footprint year over year. We are committed to continually improving the accuracy of our calculations as we gain a better understanding of the aspects contributing to our footprint.

See [Supply chain environmental impact](#), [HP operations](#), and [Products and solutions](#) for detailed information about how we work to reduce GHG emissions across our business.

View an [interactive version](#) of the graphic online. [View full carbon footprint data for 2013–2014](#). More detail about our methodology and each category of emissions is available in the [HP carbon accounting manual](#).

View full data for [Our carbon footprint](#).

## Our carbon footprint, 2014\*



\* To calculate Scope 1, Scope 2, and Scope 3 emissions, HP has followed the principles outlined in the Greenhouse Gas Protocol developed by the World Resources Institute and the World Business Council for Sustainable Development. Additional details on calculations and methodology can be found in the [HP carbon accounting manual](#).

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

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

<sup>\*\*\*</sup> Total GHG emissions from product use differ by less than 1% from the value reported on page 94, due to rounding.

<sup>†</sup> Emissions intensity of the HP product portfolio refers to tonnes CO<sub>2</sub>e/net revenue arising from use of high-volume product lines, including notebooks, tablets, desktops, mobile computing devices and workstations; inkjet and LaserJet printers; and HP servers, including industry-standard servers, HP Moonshot and HP Apollo.

<sup>‡</sup> Expressed as emissions generated per unit of output. For printers and personal systems, each product constitutes a unit of output. For servers, each unit of output equals a task performed by the system, as defined by industry standards.

<sup>4</sup> HP improved the accuracy of carbon footprint calculations in FY14 for personal systems, printers, and servers. The personal systems carbon footprint calculation methodology changed due to product carbon footprint data becoming available for many more products. The printers calculation methodology for electricity and paper use utilizes paper consumption field data rather than estimates (field data was previously not available). The methodology for carbon emissions from servers uses a more accurate data source for shipped volumes, discovered this year. To enhance year-over-year comparability, FY13 printer- and server-related emissions and water use were restated based on the new methodologies and data sources. Personal systems-related emissions were not recalculated. Data for all years prior to FY13 does not reflect the accounting changes.

## Contents

- Letter from CEO
- Meg Whitman
- Executive summary
- Governance
- Human Progress
- Economic Progress
- Environmental Progress**
  - Overview
  - Supply chain environmental impact
  - HP operations
  - Products and solutions
  - Product return and recycling
  - Social investment
  - Data
- About this report



## Water

In 2014, our water footprint equaled 330,083,000 cubic meters, a reduction of 10% compared with 2013.<sup>5</sup> The most significant changes year over year were a 17% reduction related to product energy use and a 6% increase related to paper manufacturing and use. Similar to our carbon footprint, the changes in estimated product energy use resulted largely from improvements in our methodology to calculate personal systems energy use as well as increased product efficiency in our personal systems and printing groups, and shifts in product mix toward less carbon-intensive devices.

Electricity consumption is the largest driver of HP's water use across the value chain—77% of the total in 2014—because power generation consumes significant amounts of water. The bulk of that amount—54% of the overall footprint—is associated with electricity generated when customers use our products. This figure illustrates the close connection between energy, climate, and water consumption, and reinforces the importance of improving product energy efficiency.

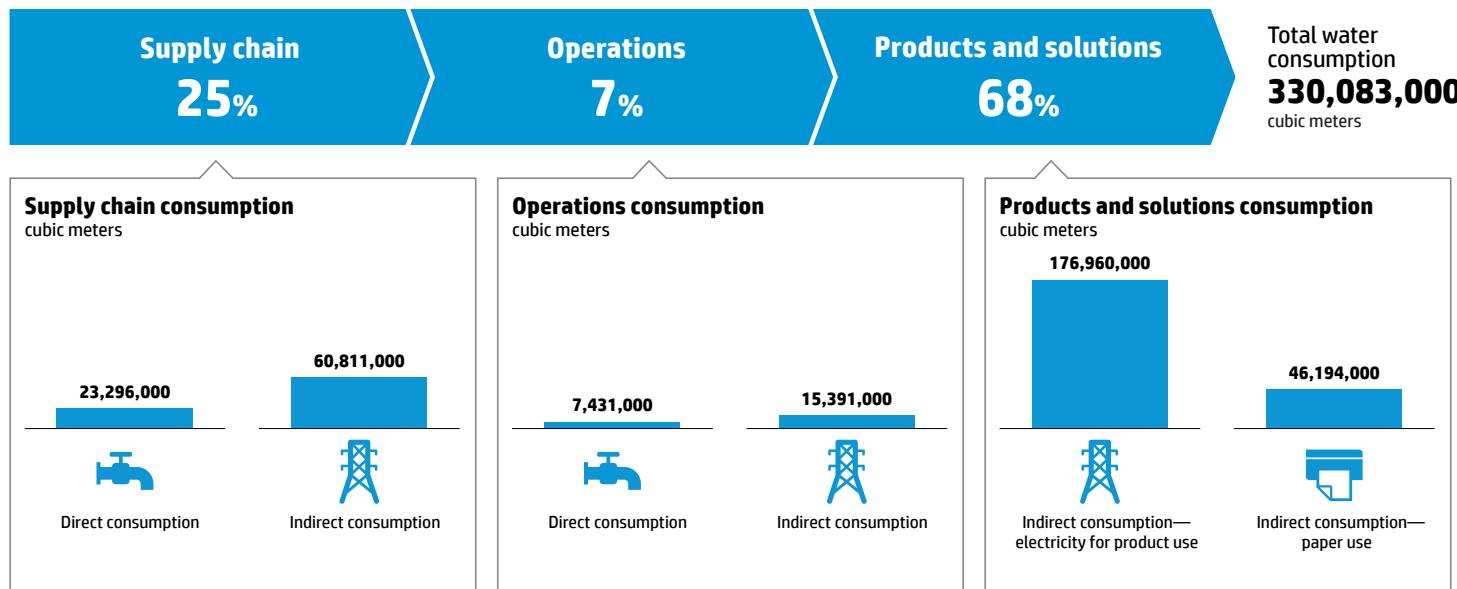
The next largest factor is the manufacturing of paper used by customers in our products, 14% of the total in 2014. To reduce these impacts, we encourage customers to use paper efficiently (such as through duplex printing), to use lower impact paper, and to recycle after use (see our [Environmentally Preferable Paper Policy](#)). We continue working to improve our methodology and data as we better understand the factors that contribute to our footprint.

Learn more about how we reduce water use across our business in [Supply chain environmental impact](#), [HP operations](#), and [Products and solutions](#).

View an [interactive version](#) of the graphic online. View full water footprint data for 2013–2014. More detail about our methodology and each category of consumption is available in the [HP water accounting manual](#).

[View full data for Our water footprint.](#)

## Our water footprint, 2014



<sup>5</sup> Data for 2013 water consumption related to printer and server electricity use is recalculated compared to information presented in the HP 2013 Living Progress Report to reflect improvements to our methodology and to enhance comparability with 2014. See footnote 4 on page 72.

## Contents

- Letter from CEO  
Meg Whitman
- Executive summary
- Governance
- Human Progress
- Economic Progress
- Environmental Progress**
- Overview
- **Supply chain environmental impact**
- HP operations
- Products and solutions
- Product return and recycling
- Social investment
- Data

About this report



# Supply chain environmental impact

Our supply chain offers both challenges and opportunities for reducing the environmental impact of our business and related risks. Suppliers contribute to our overall environmental footprint by consuming energy and water and generating greenhouse gas (GHG) emissions and waste. We collaborate with production, product transportation, and nonproduction<sup>1</sup> suppliers to reduce these impacts as part of our broader Supply Chain Responsibility (SCR) program. We also work with suppliers to reduce the environmental, health and safety impacts of manufacturing process substances.

Our approach has a strong focus on monitoring conformance to the provisions of HP's Supplier Code of Conduct through audits, including provisions related to environmental permits and reporting, pollution prevention and resource reduction, hazardous substances, wastewater and solid waste, and air emissions. We also concentrate on our supply chain GHG emissions, which accounted for 41% of HP's carbon footprint in 2014. During the prior year, we set an industry-leading goal to reduce the GHG emissions intensity of first-tier manufacturing and product transportation in our supply chain.

Having expanded the scope of supplier environmental reporting to include water withdrawal (in 2012) and waste generation (in 2013), we are now working to increase the coverage and accuracy of these figures. Building on our experience in improving labor standards, in addition to monitoring performance we also use capability-building initiatives to accelerate improvement. For more information, see [Supply chain responsibility](#).

In 2014, we earned external recognition for our leadership in this area, including a Green Supply Chain award from [Supply Chain Asia](#), for our overall supply chain environmental program. During the year, it was also announced that we had earned a place on the CDP [Supplier Climate Performance Leadership Index](#) 2014 for performance and disclosure of our governance, emissions, risks, and opportunities related to climate change.

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<sup>1</sup> HP uses the terms "production suppliers" and "nonproduction suppliers" throughout this report. "Production suppliers" provide materials and components for our product manufacturing and also assemble HP products. "Nonproduction suppliers" provide goods and services that do not go into the production of HP products (such as staffing, telecommunications, and travel) but exclude logistics service providers.

**Contents**

Letter from CEO  
Meg Whitman

Executive summary

Governance

Human Progress

Economic Progress

**Environmental Progress**

Overview

- Supply chain environmental impact

HP operations

Products and solutions

Product return and recycling

Social investment

Data

About this report



# Greenhouse gas emissions

In 2013, we introduced our industry's first supply chain GHG emissions-reduction goal: to decrease first-tier manufacturing and product transportation-related GHG emissions intensity<sup>2</sup> in our supply chain by 20% by 2020, compared to 2010. We set the goal with input and endorsement from Climate Savers, a World Wildlife Fund (WWF) program that promotes aggressive private sector action to reduce GHG emissions. Through December 2013, we achieved an 18% reduction in GHG emissions intensity from 2010 levels (see graph), exceeding our expectations for our supply chain's progress.

We also have a secondary goal of helping suppliers cut 2 million tonnes carbon dioxide equivalent (CO<sub>2</sub>e) of GHG emissions between 2010 and 2020. So far, we have achieved 30% of this target.

Our strategy for achieving our GHG emissions-reduction goals focuses on working with suppliers to:

- Incentivize the setting and achievement of GHG emissions-reduction goals
- Expand our existing supplier energy efficiency programs
- Continue deploying efficiency initiatives for transportation suppliers
- Provide suppliers with support tools and guidance on GHG emissions reduction

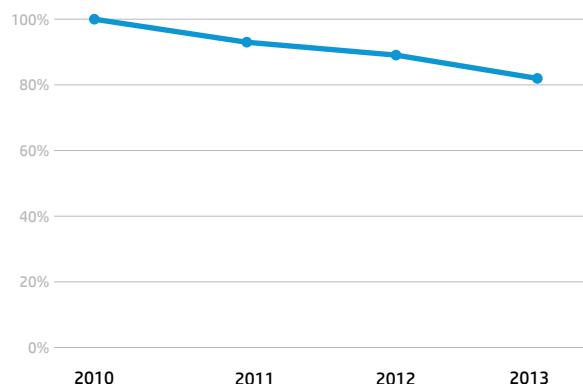
To learn more about how we calculate GHG emissions, see the [HP carbon accounting manual](#).

**"HP has taken actions to help suppliers save energy and reduce GHG emissions, while at the same time proving that such actions can go hand in hand with business growth."**

—Dr. Li Lin, Executive Director of Programmes, WWF China

## Reduction in first-tier production supplier and product transportation-related GHG emissions intensity\*

[tonnes CO<sub>2</sub>e/\$ million of HP net revenue, 2010 = 100%]



\* Each year's data is based on an average of the emissions-intensity values for that year and up to two prior years when data is available. Data for 2010–2012 were restated due to updated estimates from a supplier.

## Production suppliers

Production suppliers form the bridge between product design and delivery to the customer. They provide materials and components for our product manufacturing globally and also assemble the HP products our customers use.

In 2013<sup>3</sup>, our first-tier production suppliers generated 3,900,000 tonnes CO<sub>2</sub>e of Scope 1 and Scope 2 emissions, a 13% decrease compared to 2012 levels. Sixty-nine percent of these suppliers (by spend) had GHG emissions-reduction targets in place. Suppliers' Scope 3 reported emissions increased substantially over this period, which we believe is partly due to increased reporting requests from HP and their disclosure of additional Scope 3 categories.

In 2014, we further expanded our supplier Energy Efficiency Program (EEP) in China and Southeast Asia to include 70 new HP supplier sites—collaborating with nongovernmental organizations (NGOs) such as WWF China and World Resources Institute to promote energy efficiency programs and practices. We also held two supplier environmental summits—the first of their kind for HP. These forums provided an opportunity for us to provide detail about our 2020 emissions-intensity goal and associated supplier expectations, and enabled suppliers to share best practices in GHG emissions measurement and reduction. We asked participants to develop energy-saving action plans targeting local efficiency improvements. We are monitoring these action plans and reporting on their progress as part of our efforts to help suppliers eliminate 2 million tonnes of CO<sub>2</sub>e in GHG emissions between 2010 and 2020. Based on input received, we estimate that suppliers have saved a cumulative amount of roughly \$50 million through participation in this program.

<sup>2</sup> HP calculates intensity as its suppliers' GHG emissions divided by HP's annual net revenue. This method normalizes performance based on business productivity. Production supplier GHG emissions include Scope 1 and Scope 2 emissions.

<sup>3</sup> Note that data for production and nonproduction suppliers is a year behind, hence 2013 references.

**Contents**

Letter from CEO  
Meg Whitman

Executive summary  
Governance

Human Progress  
Economic Progress

**Environmental Progress**

Overview

- Supply chain environmental impact

HP operations

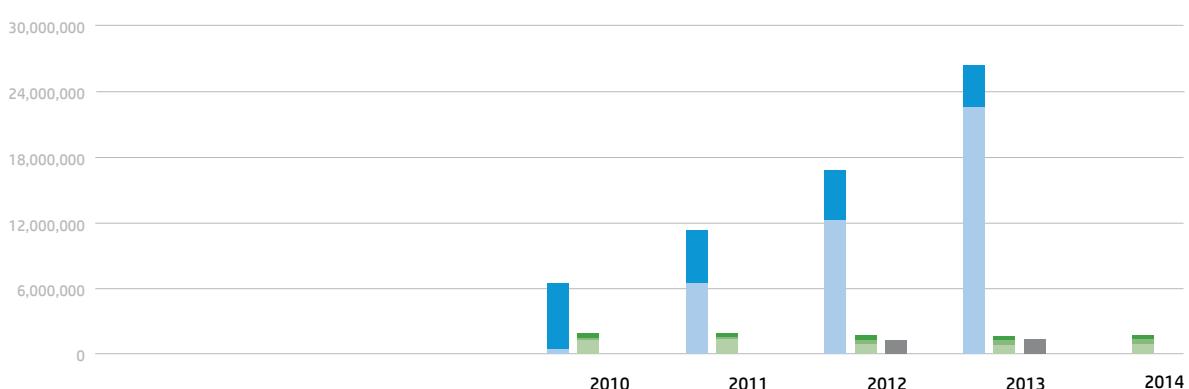
Products and solutions

Product return and recycling

Social investment

Data

About this report

**Supplier GHG emissions performance, 2010–2014\* [tonnes CO<sub>2</sub>e]****Production suppliers\*\***

| Scope 1 and Scope 2 emissions | 6,000,000 | 4,900,000 | 4,500,000  | 3,900,000*** | -       |
|-------------------------------|-----------|-----------|------------|--------------|---------|
| Scope 3 emissions***          | 400,000   | 6,400,000 | 12,200,000 | 22,500,000   | -       |
| Road (includes rail)          | 500,000   | 400,000   | 500,000    | 400,000      | 400,000 |
| Ocean                         | 200,000   | 200,000   | 300,000    | 400,000      | 400,000 |
| Air                           | 1,200,000 | 1,300,000 | 900,000    | 800,000      | 900,000 |

**Product transport†**

| Scope 1 and Scope 2 emissions | 1,200,000 | 1,300,000 | -       |
|-------------------------------|-----------|-----------|---------|
| Road (includes rail)          | 500,000   | 400,000   | 400,000 |

**Nonproduction suppliers††**

| Scope 1 and Scope 2 emissions | 1,200,000 | 1,300,000 | - |
|-------------------------------|-----------|-----------|---|
| Scope 3 emissions***          | 1,200,000 | 1,300,000 | - |

\* Emissions for production and nonproduction suppliers are estimated based on supplier-reported 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 2013 is the most recent for which data are available. The World Resources Institute defines Scope 1, 2, and 3 GHG emissions in its Greenhouse Gas Protocol; see [www.ghgprotocol.org/calculation-tools/faq](http://www.ghgprotocol.org/calculation-tools/faq).

\*\* Updated production supplier data for 2010–2012 includes revised estimated data from one of our suppliers and extrapolation to 100% of first-tier production suppliers. For each year 2010–2013, data collected represents 95% of supplier spend.

\*\*\* Data is revised from previous reporting.

\*\*\*\* Suppliers may not report all Scope 3 categories, although the number of categories reported by many suppliers has increased significantly during the last few years. For this reason, and due to increased accuracy in reporting, we have seen substantial increases in the amounts reported for Scope 3 emissions since 2010.

† The figures for product transport GHG emissions are based on data reported by logistics service providers that HP contracts to deliver our products. They may differ from the product life cycle assessment-based estimates presented on page 72 and page 115, which are based on a different calculation methodology, use a combination of HP-specific and industry data, and include additional upstream and downstream transport related to our products, as well as retail and storage.

†† Updated nonproduction supplier data for 2012 includes extrapolation to 100% of first-tier nonproduction suppliers. For 2012, data collected represented 27% of supplier spend; for 2013, 24%. This table does not include data from 2011 as reported in the HP 2013 Living Progress Report due to changes in methodology that make that data not comparable to 2012 and 2013. Due to the level of estimation and rounding involved in these calculations, we are unable to determine whether the difference between 2012 and 2013 reflects changes in actual supplier performance. We plan to continue to improve our calculation methodology in the coming years.

**Working with our sub-tier suppliers in China**

Ensuring sub-tier suppliers consistently meet our standards for environmental performance requires us to work closely with the first tier of our supply chain. In 2014, HP collaborated with four large first-tier manufacturing suppliers in China, with the goal of ensuring that sub-tier suppliers comply with local environmental laws, including those relating to air and water pollution, and waste.

We checked 1,014 of our sub-tier suppliers against the Institute of Public and Environmental Affairs' (IPE) list of environmental violations since 2012. Of these, 34 were found to be in violation of local environmental law. As of the end of 2014, 100% of those suppliers had provided

corrective and preventive action plans or monitoring reports, validating that the issues had been addressed and closed. In all, 88% of these suppliers (30 total) also provided this information to the IPE or followed the IPE audit process to validate the actions they took.

We continue to strengthen relationships with our first-tier suppliers in China, promoting the benefits of increased transparency to IPE via its Corporate Information Transparency Index (CITI). In 2014, HP ranked second in the IT sector and fifth overall out of 147 global companies assessed as part of the CITI Index.

## Contents

- Letter from CEO
- Meg Whitman
- Executive summary
- Governance
- Human Progress
- Economic Progress
- Environmental Progress**
  - Overview
  - Supply chain environmental impact
  - HP operations
  - Products and solutions
  - Product return and recycling
  - Social investment
  - Data
- About this report



## Product transportation providers

Transporting HP products is an essential part of our supply chain—we ship more than 1 million products between manufacturing sites, distribution centers, and customers on a typical day. Reducing the carbon footprint of these activities is an important contributor to achieving our supply chain GHG emissions-intensity reduction goal.

In 2014, our product transportation providers generated 1,700,000 tonnes of CO<sub>2</sub>e emissions, representing a 6% increase compared to 2013. Although we implemented various GHG emissions-reduction programs during the year, these were outweighed by substantial increases in the volume of products shipped by air.

We continue to make progress and drive industry standards in four key areas:

### More efficient supply chain network

We ship products directly to customers or to the distribution centers closest to them and consolidate shipments to maximize the use of trucks and trains to carry HP products. For example, our CenterPool initiative in the United States merges less-than-truckload and low-density truck shipments from ocean ports into full truckload intermodal shipments, which are transported to five regional distribution centers. From those locations, full truckload shipments are then delivered to our customers and resellers. In 2014, CenterPool reduced our emissions by an estimated 13,000 tonnes of CO<sub>2</sub>e.

### Less environmentally impactful modes of transport

Air transport is by far the most GHG-intensive mode of transportation used to carry HP products. Shifting to other modes such as ocean carriers reduces our GHG emissions significantly.

### Efficient product transportation providers

In 2014, HP became one of the first companies to be awarded a “first leaf” by [Green Freight Asia](#) and [Green Freight Europe](#) for transparency of CO<sub>2</sub>e data and policies related to transportation GHG emissions. This is the initial step in a new four-tier labeling system designed to benchmark and recognize members’ GHG emissions-reductions efforts. In the United States, HP ships 100% of our products using [SmartWay](#)<sup>sm</sup> road transportation carriers, a program developed by the U.S. Environmental Protection Agency. In 2014, we received the SmartWay<sup>sm</sup> Excellence Award for the third time, recognizing HP’s environmental leadership and innovation in the transportation of goods via roadways across America. During the year, we also converted some truck shipments around the world to compressed natural gas—a lower carbon, cleaner-burning, and less-expensive alternative to diesel. HP supports the [Climate & Clean Air Coalition](#) Global Green Freight Action plan to reduce short-lived climate pollutants from freight transportation, which include “black carbon” emitted by “heavy duty” diesel trucks.

### Enhancing logistics through innovative packaging

Product packaging affects the environmental impact associated with transport. Developing smaller and lighter packaging helps to optimize shipping densities and reduce transport GHG emissions per product. Read more about our [innovative packaging](#) solutions.

### Estimated distribution of GHG emissions from product transport by mode, 2010–2014

|  | Road (includes rail) |      |      |      |      | Ocean |      |      |      |      | Air  |      |      |      |      |
|--|----------------------|------|------|------|------|-------|------|------|------|------|------|------|------|------|------|
|  | 2010                 | 2011 | 2012 | 2013 | 2014 | 2010  | 2011 | 2012 | 2013 | 2014 | 2010 | 2011 | 2012 | 2013 | 2014 |
| GHG emissions<br>[% of total from transport]               | 25%                  | 20%  | 30%  | 30%  | 25%  | 10%   | 10%  | 20%  | 20%  | 20%  | 65%  | 70%  | 50%  | 50%  | 55%  |
| Shipment mix by<br>weight-distance<br>[approximate, kg-km] | 20%                  | 20%  | 15%  | 15%  | 15%  | 70%   | 70%  | 80%  | 80%  | 80%  | 10%  | 10%  | 5%   | 5%   | 5%   |

## Decreasing logistics impacts in Europe

In November 2013, we opened a new logistics hub in Piraeus, Greece, to provide us with more flexible European transport options. Its use is driving reduced shipping times, related GHG emissions, and costs.

Piraeus has since become an essential part of our distribution network for notebooks and printers in Southern and Eastern Europe and the Mediterranean. It serves as a gateway for 17 countries, with 30% by volume of our

Europe, Middle East, and Africa region printing and personal systems products passing through the port. This hub reduces shipping distances and associated GHG emissions—previously, inbound shipments would have traveled from China to our transport hub in the Netherlands, before being sorted and sent back out to the destination countries, most of which are more accessible from the new Greek hub.

## Contents

|                                     |
|-------------------------------------|
| Letter from CEO                     |
| Meg Whitman                         |
| Executive summary                   |
| Governance                          |
| Human Progress                      |
| Economic Progress                   |
| <b>Environmental Progress</b>       |
| Overview                            |
| • Supply chain environmental impact |
| HP operations                       |
| Products and solutions              |
| Product return and recycling        |
| Social investment                   |
| Data                                |
| About this report                   |



## Nonproduction suppliers

Nonproduction suppliers provide HP with important services such as staffing, telecommunications, and travel. Although not included in our supply chain GHG emissions intensity-reduction goal, we work with our nonproduction suppliers to reduce their environmental impacts.

We have reported nonproduction supplier GHG emissions since 2012, and in 2013 began working more closely with these companies to improve data collection. New requests for information can present a challenge, so we offer training and support to help firms achieve our reporting objectives. In 2013, HP nonproduction supplier GHG emissions attributable to HP equaled 1,300,000 tonnes of CO<sub>2</sub>e, an 8% increase compared to 2012. Due to the level of estimation and rounding involved in these calculations, we are unable to determine whether the difference between 2012 and 2013 reflects changes in actual supplier performance. We plan to continue to improve our calculation methodology in the coming years.

# Water

Water is an increasingly scarce resource in many regions. Our supply chain currently accounts for about 25% of HP's water footprint—see [HP's water footprint](#).

We work with our suppliers to improve water management and encourage responsible withdrawal and discharge. For example, HP is a member of the Global Social Compliance Programme (GSCP) and uses its Environmental Reference Tools to help suppliers improve water use practices and other aspects of environmental performance. We use the World Business Council for Sustainable Development [Global Water Tool](#) to assess risks to local environments and communities and to identify the key locations in which to focus our efforts. In 2014, we expanded our pilot water management program—in which suppliers in water-stressed regions use GSCP tools to implement on-site improvements—to include three sites: China, Mexico, and Turkey.

In 2013, aggregated water withdrawal by production suppliers equaled 46 million cubic meters, 5% more than in 2012. It is likely that this increase reflects improvements in supplier data collection and reporting. In addition, 59% of these suppliers (by spend) had goals related to water withdrawal.

## Production supplier water withdrawal

|  | 2011       | 2012       | 2013       |
|--|------------|------------|------------|
| Aggregated water withdrawal for use* [cubic meters]        | 73,000,000 | 44,000,000 | 46,000,000 |
| Companies with water withdrawal-related goals [% of spend] | 38%        | 41%        | 59%        |

\* This metric reports the amount of water withdrawn by suppliers, not the amount consumed by our multi-tier supply chain as reported in [Our water footprint](#). Because water that is withdrawn can also be returned, the footprint reported in this table is inherently larger—it refers to first-tier suppliers for manufacturing, materials, and components. Withdrawal is estimated based on suppliers' reported values 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 2013 is the most recent for which data is available; 2011 is the earliest. Updated data for 2011–2012 reflects extrapolation to 100% of first-tier production suppliers (compared to 38% coverage for 2011 and 62% coverage for 2012 as reported in the HP 2013 Living Progress Report). In 2013, coverage equaled 50%.

# Waste

Working with our suppliers to minimize waste helps reduce the environmental footprint of HP products. It also offers opportunities for innovation and commercial benefit, for example through our [zero-waste initiative with key suppliers in Brazil](#). We track and report suppliers' waste-generation data to encourage greater awareness. In addition, the GSCP Environmental Reference Tools include waste minimization guidance and expectations for suppliers.

In 2013, our production suppliers produced 163,000 tonnes of nonhazardous waste and 74,000 tonnes of hazardous waste. In addition, 59% of these suppliers (by spend) had goals related to waste reduction. We continue to encourage more suppliers to track and share waste-generation data, and we are working with them to improve reporting accuracy.

## Production supplier waste generation

|   | 2012    | 2013    |
|---|---------|---------|
| Nonhazardous waste [tonnes]                     | 179,000 | 163,000 |
| Hazardous waste [tonnes]                        | 60,000  | 74,000  |
| Companies with waste-related goals [% of spend] | 44%     | 59%     |

\* Waste data is estimated based on suppliers' waste data and their dollar volume of HP business compared with their total revenue. The majority of these companies report on a calendar year basis. The year 2013 is the most recent for which data are available; 2012 is the earliest. Updated data for 2012 reflects extrapolation to 100% of first-tier production suppliers (compared to 54% for nonhazardous waste and 64% for hazardous waste in 2012 as reported in the HP 2013 Living Progress Report). In 2013, coverage equaled 48% for nonhazardous waste and 48% for hazardous waste. Data for 2012 is restated compared to information reported in the HP 2013 Living Progress Report due to corrections received from a reporting supplier.



[View full data for Supply chain environmental impact.](#)

## Contents

- Letter from CEO
- Meg Whitman
- Executive summary
- Governance
- Human Progress
- Economic Progress
- Environmental Progress**
  - Overview
  - Supply chain environmental impact
  - HP operations
  - Products and solutions
  - Product return and recycling
  - Social investment
  - Data
- About this report



## HP Brazil—embracing the circular economy

HP has substantial manufacturing operations in Brazil, producing high volumes of PCs, printers, and servers. Consistent with our corporate-wide objectives of promoting zero-waste manufacturing and a circular economy, we collaborate with our suppliers in Brazil to innovate and develop projects that feed used materials into new products and packaging. We engage many suppliers in our efforts, particularly our long-standing manufacturing partner, which currently produces 100% of HP PCs and printers manufactured in the country, all in one facility.

Having such a high percentage of manufacturing under one roof and a well-developed local supply chain facilitates the transformation of recycled and scrap materials into raw material for new parts and packaging. For example, we have used plastic from used cartridges in printer parts and handles for notebook boxes, and we have utilized test paper in new printer pulp-cushion packaging. Where we cannot reuse materials within our own supply chain, we collaborate with other industries such as steel and aluminum producers to find reuse options.

This zero-waste initiative has decreased the environmental impact of manufacturing our products in Brazil while conserving resources and saving money. For example, packaging reuse from this effort avoids 228 tonnes CO<sub>2</sub>e of GHG emissions annually, wooden pallet reuse is forecast to save \$1 million over two years, and creating new pulp cushions from old cartons is projected to utilize 720 tonnes of recycled material each year. No waste goes to landfill from manufacturing activities at this location.

Evolving product specifications and a dynamic supply chain will continue to present fresh challenges, so HP and our manufacturing partner collaborate to develop new reuse and recycling processes in a dedicated research and development laboratory. We will continue to expand this program in Brazil, and our experience here helps us to explore opportunities for applying a similar circular economy approach elsewhere in HP and in other markets.

# Goals

## Supply chain environmental impact

| 2014 goals   | Progress   |
|--|--|
| Extend the Energy Efficiency Program (EEP) program to Malaysia and Chongqing, China, adding more than 40 new suppliers in support of the HP supply chain GHG emissions-reduction goal.   | Achieved: 70 new supplier sites were added during 2014.  |
| Increase nonproduction supplier reporting on GHG emissions to 80% in 2014 (by spend) compared with 65% in 2013.  | We expanded the scope of nonproduction suppliers included in this calculation, so the original goal no longer applies. |
| Increase the number of nonproduction suppliers participating in our GHG emissions-reduction training by 10% from our 2013 baseline.  | Achieved a 10% increase.   |
| 2020 goals   | Progress   |
| Decrease first-tier manufacturing and product transportation-related GHG emissions intensity* in our supply chain by 20% compared with 2010.   | On track: GHG emissions intensity has been reduced by 18% since 2010.  |
| Assist our suppliers in preventing 2 million tonnes CO <sub>2</sub> e of GHG emissions, cumulatively between 2010 and 2020 through specific supplier environmental improvement projects. | Prevented a cumulative 600,000 tonnes CO <sub>2</sub> e of emissions since 2010.                                       |

\*HP calculates intensity as its suppliers' GHG emissions divided by HP's annual net revenue. This method normalizes performance based on business productivity.

## Contents

- Letter from CEO  
Meg Whitman
- Executive summary
- Governance
- Human Progress
- Economic Progress
- Environmental Progress**
- Overview
- Supply chain environmental impact
- **HP operations**
- Products and solutions
- Product return and recycling
- Social investment
- Data
- About this report



# HP operations

Environmental impacts from our operations worldwide are much less significant than those from customer use of our products and services, or from our supply chain. Greenhouse gas (GHG) emissions from our offices, data centers, and manufacturing facilities, for example, represent only 5% of emissions across our value chain.

Nonetheless, as part of our commitment to Environmental Progress, we work to reduce environmental impacts from our operations. Reducing energy use and associated GHG emissions is a priority, and we focus on energy efficiency, smart building design, and renewable energy installations. We also work to reduce waste, paper use (our main nonhazardous waste stream), water consumption, and wastewater discharges.

## About our operational data

As of October 31, 2014, HP owned and leased 673 sites in 97 countries.<sup>1</sup> During 2014, we collected data from 321 sites (including all HP-owned manufacturing sites and our largest owned and leased offices, warehouses, data centers, and distribution sites). At the close of the year, due

to real estate consolidation, that number decreased to 312 sites. These sites represented 84.3% of our total floor space of 6.6 million square meters at that time. We extrapolated data from comparable data centers and offices for the remaining floor space, unless stated otherwise.<sup>2</sup>

<sup>1</sup> This site count and reported square meters may differ from other published information, such as HP's Annual Report on Form 10-K for the year ended October 31, 2014, due to the assumptions used for greenhouse gas accounting.

<sup>2</sup> The availability of data varies by location and utility. Electricity data is most commonly available and covers 84.3% of our space as of October 31, 2014. 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 process ensures the most complete and accurate representation of environmental performance in operations possible.

**Contents**

- Letter from CEO  
Meg Whitman
- Executive summary
- Governance
- Human Progress
- Economic Progress
- Environmental Progress**
  - Overview
  - Supply chain environmental impact
  - **HP operations**
    - Products and solutions
    - Product return and recycling
    - Social investment
    - Data
  - About this report



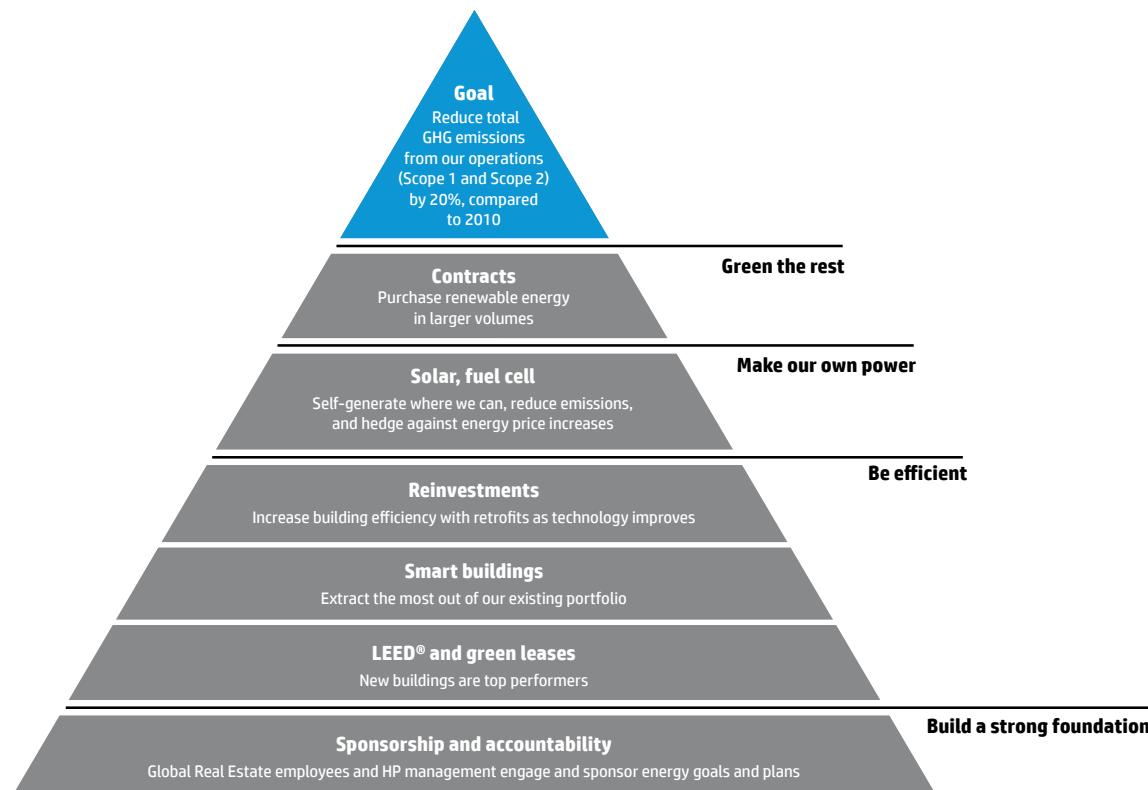
# Management and compliance

Our efforts to limit the environmental impact of our operations are grounded in our Environmental, Health, and Safety (EHS) Policy and EHS management systems. These ensure we comply with applicable laws and regulations and meet company standards across all our facilities.

HP manufacturing operations in owned and leased space worldwide are certified to ISO 14001, the international standard for environmental management systems. In 2014, six data centers in the UK maintained or achieved ISO 14001 certification, alongside 13 offices in our Europe, Middle East, and Africa region for our information technology services operations. Furthermore, seven of HP's UK data centers are accredited to the European Code of Conduct for Data Centres. During 2015, this accreditation is also being sought for other major facilities in mainland Europe. Newly acquired companies must implement our EHS management system as part of their integration. We investigate thoroughly all allegations of noncompliance with the law to correct any issues, determine the root causes, and, if applicable, take action to prevent recurrence.

For information on the recognition HP has received for environmental management and performance, see Awards. Our management of health and safety and wellness is covered in Our employees.

## Driving toward leadership on reducing GHG emissions



# Greenhouse gas emissions

We work to reduce GHG emissions and minimize our contribution to climate change at our facilities. We take a broad approach and focus on optimizing the performance of our existing buildings through best-in-class operational practices and a new initiative for recommissioning existing buildings initiated in late 2014. We also work to embed new technologies in our buildings, such as smarter lighting controls and advanced fault detection of underperforming systems. Using cleaner energy is another important aspect of our approach. We therefore continue to seek further opportunities to self-generate and purchase renewable energy. These activities collectively drive progress toward our goal to reduce GHG emissions (Scope 1 and Scope 2) from our operations by 20% by 2020, compared with 2010 levels.<sup>3</sup>

## Progress in 2014

In 2014, GHG emissions from HP facilities continued to decrease. Our operations produced 1,667,700 tonnes of carbon dioxide equivalent (CO<sub>2</sub>e) emissions, a 5.5% reduction from 1,765,100 tonnes of CO<sub>2</sub>e in 2013 and a 17.3% decrease from our 2010 baseline. This reduction puts us on track to meet our 2020 goal. HP's total operations-related GHG emissions, normalized to net revenue, equaled 15.0 tonnes of CO<sub>2</sub>e per \$ million in 2014, down 4.8% from 2013 and 6.5% less than 2010.

<sup>3</sup> For a list of HP's Scope 1 and 2 emissions, see Sources of GHG emissions from HP operations.

## Contents

- Letter from CEO  
Meg Whitman
- Executive summary
- Governance
- Human Progress
- Economic Progress
- Environmental Progress**
  - Overview
  - Supply chain environmental impact
  - **HP operations**
  - Products and solutions
  - Product return and recycling
  - Social investment
  - Data
- About this report



We reduced emissions in 2014 through our continued strategy of making energy efficiency improvements globally. This reduction was largely achieved through data center consolidation and energy efficiency initiatives (see [Making data centers more efficient](#)) and various conservation measures and operational changes in our facilities. We also increased our on-site renewable energy-generating capacity by 150% during the year (see [Renewable energy](#)) and reduced emissions from business travel.

Energy use, one of our largest operational costs, accounted for 91% of our GHG emissions from operations in 2014. The remaining 9% was associated with our transportation fleet, refrigeration equipment, and HP semiconductor-development processes, which use perfluorocarbons (PFCs).

### Sources of GHG emissions from HP operations, 2010–2014\*

| Sources of GHG emissions |                       | 2010 | 2011 | 2012 | 2013 | 2014 |
|--------------------------|-----------------------|------|------|------|------|------|
| Scope 2**                | Electricity***        | 84%  | 84%  | 87%  | 88%  | 87%  |
| Scope 1                  | Natural gas           | 4%   | 4%   | 4%   | 4%   | 4%   |
|                          | Transportation fleet  | 7%   | 7%   | 8%   | 6%   | 7%   |
|                          | Refrigerant emissions | 4%   | 4%   | 2%   | 1%   | 2%   |
|                          | Diesel                | <1%  | <1%  | <1%  | <1%  | <1%  |
|                          | Perfluorocarbons      | <1%  | <1%  | <1%  | <1%  | <1%  |

\* Numbers do not add up to 100% due to rounding.

\*\* In this document, HP reports Scope 2 GHG emissions following the guidance of the version of the GHG Protocol that was in effect until January 20, 2015. We plan to align our Scope 2 GHG emissions reporting with the updated methodology in the coming year.

\*\*\* Takes into account self-generated electricity from diesel and PV solar.

## About our GHG emissions data

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

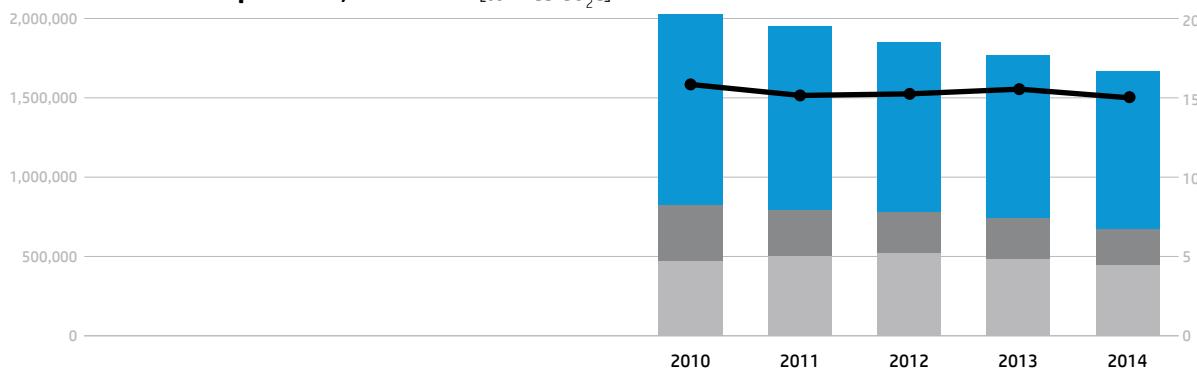
- Scope 1 emissions include those from the direct use of natural gas, diesel fuel, refrigerants, and PFCs in operations and from fuel used by HP's transportation fleet.
- Scope 2 emissions are primarily from purchased electricity used in our operational real estate and trade data centers.
- Scope 3 emissions in our operations result from employee business travel by commercial airlines and employee commuting.

In other sections of this report, we also disclose several other categories of Scope 3 emissions. View HP's [carbon footprint](#) for more detail. [View](#) HP's GHG emissions by Scope.

## Energy efficiency

Improving energy efficiency is the most effective way to reduce our direct energy use and related GHG emissions from operations, while saving money. Recommendations on energy efficiency and resource conservation are an important part of our construction guidelines and operating standards, and cover data center design, lighting, heating, and cooling. Our facility management suppliers perform extensive audits on 10–15 sites each year, using the U.S.-based ASHRAE (American Society of Heating, Refrigerating, and Air-Conditioning Engineers) guidelines

### GHG emissions from operations, 2010–2014\* [tonnes CO<sub>2</sub>e]



| Region  | 2010             | 2011             | 2012             | 2013             | 2014             |
|---|------------------|------------------|------------------|------------------|------------------|
| Americas  | 1,197,300        | 1,160,600        | 1,069,900        | 1,023,900        | 992,100          |
| Europe, Middle East, and Africa   | 358,900          | 284,700          | 267,800          | 259,500          | 232,800          |
| Asia Pacific and Japan  | 460,500          | 504,500          | 512,700          | 481,700          | 442,800          |
| <b>Total</b>  | <b>2,016,700</b> | <b>1,949,800</b> | <b>1,850,400</b> | <b>1,765,100</b> | <b>1,667,700</b> |
| <b>GHG emissions intensity**</b> [tonnes CO <sub>2</sub> e/\$ million of net revenue] | <b>16.0</b>      | <b>15.3</b>      | <b>15.4</b>      | <b>15.7</b>      | <b>15.0</b>      |

\* 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.

## Contents

Letter from CEO  
Meg Whitman

Executive summary

Governance

Human Progress

Economic Progress

## Environmental Progress

Overview

Supply chain  
environmental impact

### • HP operations

Products and solutions

Product return and  
recycling

Social investment

Data

About this report

for Level 2 building audits. Since 2011, they have also reviewed operational practices at HP sites to look for additional opportunities for energy efficiency improvements.

HP operations consumed 3,852 million kWh of energy in 2014, 4.1% less than in 2013 and an 11.0% decrease from our 2010 baseline. Our energy intensity equaled 34,600 kWh per \$ million of net revenue, a 3.4% decrease from 2013 and a 0.7% increase compared with 2010.

Energy efficiency initiatives in 2014 included:

- **United States** Installed nearly 750 LED lighting fixtures in our HP data center facilities in Georgia, reducing energy use from lighting by 89%
- **United States** Performed a full recommissioning of our corporate headquarters in Palo Alto, California, to improve the functioning of building equipment and services, with energy savings of 1 million kWh per year
- **United States** Substituted a chiller at our Corvallis, Oregon, site with a variable speed drive unit, saving 1 million kWh of energy per year
- **North America** Replaced energy-intensive infrared humidification systems with ultrasonic alternatives at two data centers, one in the United States and the other in Canada, saving 2.7 million kWh of energy per year
- **Worldwide** Replaced aging building management systems at several sites, including Santa Fe, Mexico; Lyon, France; Dublin, Ireland; and Barcelona, Spain, achieving energy savings of 2.1 million kWh per year

### Making data centers more efficient

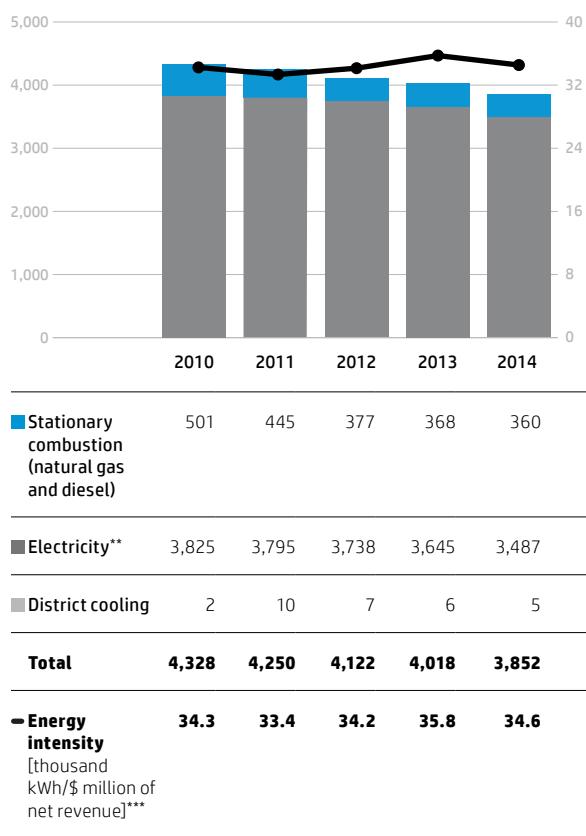
HP operates client-serving (or “trade”) data centers around the world that enable organizations to remotely store, process, and distribute large amounts of data. Data centers are energy intensive, so we work to improve operational efficiency in various ways. In 2014, for instance, we installed floating head pressure controls in two trade data centers in Canada, reducing the energy required for mechanical cooling by 2.9 million kWh per year.

Energy efficiency improvements in our global client data centers have led to a 21% improvement in power usage effectiveness (PUE)<sup>4</sup> from 2010 through 2014. From 2010 through the end of 2014, we have closed 93 older, less-efficient data centers and consolidated nearly 9,500 racks of IT equipment for more than 700 clients into fewer, more energy-efficient facilities without service impact. This change has saved more than 69,000 square meters of data center space—equivalent to 13 U.S. football fields. We have also pursued energy efficiency programs in our own data centers. In 2014, we completed energy efficiency initiatives at 17 data centers that will save an estimated 11 million kWh annually and reduce associated GHG emissions by nearly 9,000 tonnes of CO<sub>2</sub>e a year, equivalent to removing about 1,900 passenger vehicles from the road.<sup>5</sup>

HP also supports international efforts to improve data center environmental performance, including through the European Code of Conduct for Data Centres accreditation program, a voluntary initiative

## Energy use from HP operations, 2010–2014\*

[million kWh]



\* 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.

managed by the European Commission that we helped to establish. By the end of 2014, seven HP data centers in our Europe, Middle East, and Africa (EMEA) region had been accredited under this program, with plans to obtain accreditation for four other sites during 2015.

## Sustainable building design

By using our buildings more efficiently and improving the design of new and existing facilities, we reduce energy use and decrease environmental impacts in other areas, such as materials use, waste generation, and water consumption, which conserves natural resources and money while extending the life of our buildings.

We promote improvements in building environmental performance, in new building design as well as renovations. Our design guidelines prompt project managers to consider more sustainable specifications for energy and materials use, waste management, and water efficiency. We continue to refine and expand these guidelines as new technology, such as LED lighting, lighting controls, advanced cooling systems, and smart building software become more mainstream.

<sup>4</sup> Power usage effectiveness is the accepted measure of data center energy efficiency.

<sup>5</sup> According to <http://www.epa.gov/cleanenergy/energy-resources/calculator.html>.

## Contents

Letter from CEO  
Meg Whitman  
Executive summary  
Governance  
Human Progress  
Economic Progress

## Environmental Progress

Overview  
Supply chain environmental impact  
• HP operations  
Products and solutions  
Product return and recycling  
Social investment  
Data  
About this report



We use sustainable building standards such as LEED® when feasible. Nine HP building projects worldwide achieved LEED® certification during 2014. Of these, one in China and one in India achieved the highest Platinum certification, while three more (two in the United Arab Emirates and one in India) were rated Gold. We plan to seek LEED® certification for eight more facilities in 2015, including in Bulgaria, the Czech Republic, Ireland, and Singapore.

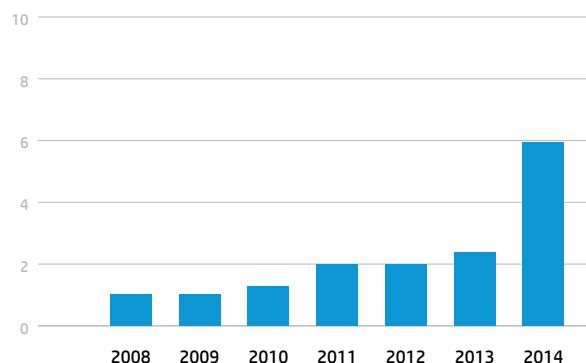
## Renewable energy

Using renewable energy sources, such as solar power, at HP facilities reduces greenhouse gas (GHG) emissions while providing a hedge against rising fossil fuel prices. In 2014, our installed capacity for on-site renewable energy rose to 5.9 MW, a 150% increase in capacity compared to 2013 (2.4 MW). This increase was largely due to the completion of new solar panel installations at seven HP sites worldwide: four facilities in India (1.6 MW total), one at Kiryat Gat, Israel (0.2 MW); one in Guadalajara, Mexico (0.8 MW); and one at our Palo Alto, California, headquarters in the United States (1 MW). Our solar installations now avoid an estimated 5,700 tonnes of CO<sub>2</sub>e emissions annually. In 2015, our installed solar capacity will increase again by more than 60% as we complete two new installations at our Andover, Massachusetts, and Roseville, California, sites in the United States. Together they will have an installed capacity of about 3.4 MW.

We continue to evaluate additional solar projects, but recognize that technology is not viable in all locations. We are also exploring other self-generation technologies, such as fuel cells, and are looking for a suitable location for a 0.5 MW fuel cell installation in 2015, possibly in India. We take into account factors such as GHG-emissions-intensity, reliability of the electrical grid, cost of electricity, and the type of business operations in assessing these projects.

HP also purchased 528 million kWh of renewable energy from outside providers in 2014, mostly through energy contracts in Ireland, the UK, and other European countries, plus renewable energy credits in the United States. Our reporting excludes renewable energy provided by default in the power grid.

## HP renewable energy self-generation capacity, 2008–2014 [MW]



## Business travel and employee programs

In 2014, we launched a comprehensive strategy to promote and expand sustainable travel practices across HP by influencing the behavior of employees and travel providers. We have increased the transparency and accuracy of our travel data, allowing improved performance reporting. We encourage our employees to use more energy-efficient forms of transportation, such as rail, compact cars, and shared ground transportation, as well as virtual collaboration tools that reduce the need for travel. In 2014, the HP transportation fleet and employee commercial air travel generated 315,100 tonnes of CO<sub>2</sub>e emissions, a 15% decrease from 2013. Emissions per employee decreased by 11% during the year and have dropped by 25% since 2010.

We encourage employees to choose commuting options that reduce GHG emissions and in some locations provide free bus passes, ride-share programs, electric vehicle-charging stations, and preferred parking for car pools. For bicycle commuters, we offer bike racks, showers, lockers, emergency repair kits, and tune up events.

## GHG emissions from transportation fleet and commercial air travel, 2010–2014 [tonnes CO<sub>2</sub>e]

|   | 2010    | 2011    | 2012    | 2013    | 2014    |
|---|---------|---------|---------|---------|---------|
| Total emissions                           | 448,800 | 462,800 | 403,100 | 372,200 | 315,100 |
| Transportation fleet (Scope 1 emissions)* | 144,800 | 142,800 | 133,100 | 112,200 | 115,100 |
| Americas**                                | 80,300  | 77,200  | 78,900  | 69,600  | 73,200  |
| Europe, Middle East, and Africa           | 63,700  | 61,700  | 51,100  | 41,500  | 40,800  |
| Asia Pacific and Japan                    | 800     | 3,900   | 3,100   | 1,100   | 1,100   |
| Commercial air travel (Scope 3 emissions) | 304,000 | 320,000 | 270,000 | 260,000 | 200,000 |
| Emissions per employee***                 | 1.38    | 1.32    | 1.21    | 1.17    | 1.03    |

\* In 2010–2013, emissions are CO<sub>2</sub> only, but 2014 also includes CH<sub>4</sub> and N<sub>2</sub>O expressed as CO<sub>2</sub>e.

\*\* In 2010–2013, data reported in the Americas regions included Canada and the United States. Beginning in 2014, this data includes those countries and territories as well as Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, Peru, Puerto Rico, and Venezuela.

\*\*\* Based on employee numbers as reported in past HP Global Citizenship reports.

## Contents

- Letter from CEO
- Meg Whitman
- Executive summary
- Governance
- Human Progress
- Economic Progress
- Environmental Progress**
  - Overview
  - Supply chain environmental impact
  - **HP operations**
    - Products and solutions
    - Product return and recycling
    - Social investment
    - Data
  - About this report



## Business travel

We require vehicle rental companies to provide U.S. Environmental Protection Agency (EPA) SmartWay<sup>sm</sup> certified vehicles and to offer hybrid and fuel-efficient cars when available. During 2014, 100% of rental car bookings made by HP employees were for designated fuel-efficient cars. To encourage HP employees to choose more fuel-efficient vehicles, we have updated our booking tool to default to compact cars across all regions. When employees travel to large customer events, we help them to share rides in large cars, vans, or shuttle buses.

We designate hotels that meet environmental standards such as LEED®, ISO 14001, or Nordic Swan in our records with a green leaf logo. In 2014, 69% of room nights were at hotels determined to be in the top four based on a range of environmental considerations, such as water and energy conservation. In 2015, we will encourage more hotel suppliers to make improvements in areas such as GHG emissions and waste reduction.

Our intranet travel portal has a link to the U.S. EPA's emissions calculator, which shows the carbon footprint of possible trips and helps employees select more efficient flights. It also provides information about using the train and travel alternatives such as videoconferencing and virtual collaboration tools. We increased the use of such tools by 300% in 2014 compared with 2013. Partly as a result, emissions from commercial air travel in 2014 equaled 200,000 tonnes of CO<sub>2</sub>e, 23% less than in 2013.

## Auto fleet

Launched in 2014, across 25 countries globally and in collaboration with our fleet-management suppliers, HP's Auto Fleet transformation program has improved the company's fuel consumption and embedded fleet efficiency into our program to reduce total cost of ownership.

The first priority, and biggest challenge, has been to improve data accuracy and transparency. In Europe, we consolidated to a single fuel provider and fuel card system. This enables more effective tracking and analysis of fuel usage, allowing us to better set and monitor progress against reduction goals. During 2015, we are implementing this program in 23 countries in the region.

We have also worked with our suppliers to shift our fleet to more fuel-efficient cars and increase visibility into related environmental impacts. In North America, we have increased average fuel economy by changing the standard option from an SUV to a sedan. In Europe, we have reduced fleet average GHG emissions from 128 g CO<sub>2</sub>e/km in 2012 to 121 g CO<sub>2</sub>e/km in 2014.

Based on this improved data, we set a goal to reduce total GHG emissions from our global auto fleet by 20% by 2020, compared to 2010. We are on track to meet this goal. In the United States, we also continue to support the Clinton Global Fleets for Change initiative, which commits us to reduce GHG emissions from our U.S. auto fleet by 10% per vehicle by 2015, from 2010 levels.

## Commuting

In 2014, we increased the number of electric vehicle-charging stations at HP sites around the world from 20 to more than 70, and we plan significant further additions in 2015. As a partner with the U.S. Department of Energy's Workplace Charging Challenge, we are committed to providing workplace charging to employees. Employee usage is particularly strong at our California sites and in the United Kingdom.

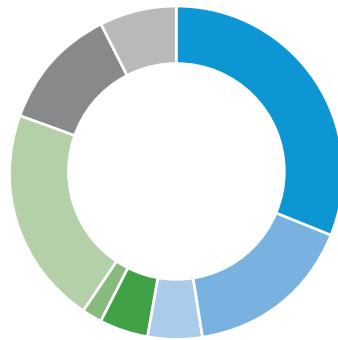
# Waste and recycling

Although our facilities around the world do not generate large amounts of waste, we work to reduce related environmental impacts through a global policy of "reduce, reuse, and recycle," coupled with employee engagement.

We minimize the amount of nonhazardous solid waste—such as paper, pallets, and packaging—that we send to landfill. For hazardous waste—mainly liquid

## Nonhazardous waste composition, 2014\*

[percentage of total]



## Reused or recycled

|                      |       |
|----------------------|-------|
| Paper                | 31.1% |
| Pallets              | 16.4% |
| Electronic equipment | 5.3%  |
| Packaging materials  | 4.8%  |
| Metals               | 1.9%  |
| Other                | 21.1% |
| Landfill             | 12.0% |
| Incineration         | 7.3%  |

\* HP sites report nonhazardous waste volumes and disposition based on information provided by our waste disposal vendors (such as waste manifests, bills of lading, receipts, or other documentation). Some sites are unable to directly track nonhazardous waste. In those cases, we estimate nonhazardous waste volumes and disposition using intensity factors based on similar operations. Segments do not add up to total due to rounding.

## Contents

- Letter from CEO  
Meg Whitman
- Executive summary
- Governance
- Human Progress
- Economic Progress
- Environmental Progress**
  - Overview
  - Supply chain environmental impact
  - **HP operations**
  - Products and solutions
  - Product return and recycling
  - Social investment
  - Data
- About this report



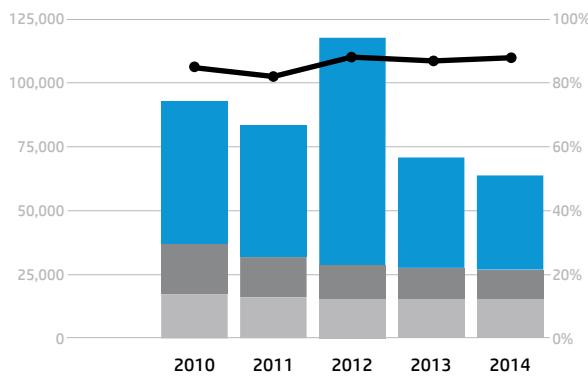
from our ink and inkjet manufacturing facilities and batteries from data centers—we prioritize waste management options with lower environmental impacts and only use disposal as a last resort. We reuse electronic equipment when appropriate. Otherwise, we recycle it responsibly through the same programs we offer our customers. See [Product return and recycling](#) for detail. Additionally, we work with an external vendor to recycle HP business mobile phones in the United States.

HP employees play a key role in these efforts, recycling 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 where recycling is available.

## Progress in 2014

In 2014, HP generated approximately 69,700 tonnes of total waste compared with 78,700 tonnes in 2013, a reduction of 11.5%. The vast majority (90.7%) of this was nonhazardous solid waste. We reused, recycled, or incinerated about 55,600 tonnes of nonhazardous waste, achieving a landfill-diversion rate of 88.0%—up from 87.0% in 2013. In all, 50 HP sites around the world diverted 100% of their waste from landfills during 2014. About 31.1% of the nonhazardous waste we generated in 2014 was paper (see [Paper](#)).

### Nonhazardous waste, 2010–2014\* [tonnes]



|                                 | Americas | Europe, Middle East, and Africa | Asia Pacific and Japan | Total   | Landfill diversion rate |
|---------------------------------|----------|---------------------------------|------------------------|---------|-------------------------|
| Americas                        | 55,800   | 19,400                          | 17,300                 | 92,500  | 84.8%                   |
| Europe, Middle East, and Africa | 51,300   | 15,900                          | 15,800                 | 82,900  | 82.1%                   |
| Asia Pacific and Japan          | 88,900   | 13,500                          | 15,200                 | 117,600 | 88.2%                   |
| Total                           | 43,000   | 12,800                          | 15,000                 | 70,800  | 87.0%                   |
| Landfill diversion rate         | 36,800   | 11,900                          | 14,500                 | 63,200  | 88.0%                   |

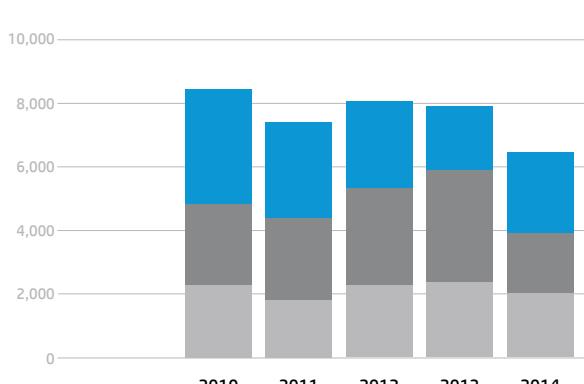
\* Some segments do not add up to total due to rounding.

Waste-reduction initiatives in 2014 included:

- **New Zealand** We changed waste-processing vendors at our sites in this country, allowing us to expand our paper recycling program. As a result, we recycled an extra 360 tonnes of paper in New Zealand in 2014, increasing the landfill-diversion rate by more than 7% during the year.
- **Spain** At our Barcelona site, we reduced the amount of vinyl packaging waste sent to landfill in 2014 by 37 tonnes—31 tonnes of which was recycled and 6 tonnes converted into a fuel blend. These improvements were the result of a study we conducted of the composition of the site's waste stream, followed by a detailed analysis of new recycling opportunities.
- **United States** Our U.S.-wide initiative to remove disposable cups from coffee stations saved millions of cups from going to landfill. Our Houston, Texas, site eliminated an estimated 1.5 million disposable cups alone, and provided employees with free reusable mugs made from corn.

In addition to such measures, local sites and regions manage their own recycling activities.

### Hazardous waste, 2010–2014\* [tonnes]



|                                 | Americas | Europe, Middle East, and Africa | Asia Pacific and Japan | Total |
|---------------------------------|----------|---------------------------------|------------------------|-------|
| Americas                        | 3,600    | 2,570                           | 2,270                  | 8,430 |
| Europe, Middle East, and Africa | 3,030    | 2,560                           | 1,810                  | 7,400 |
| Asia Pacific and Japan          | 2,760    | 3,040                           | 2,270                  | 8,060 |
| Total                           | 2,020    | 3,560                           | 2,340                  | 7,920 |
| Landfill diversion rate         | 2,560    | 1,910                           | 2,000                  | 6,470 |

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

## Contents

Letter from CEO  
Meg Whitman

Executive summary

Governance

Human Progress

Economic Progress

## Environmental Progress

Overview

Supply chain  
environmental impact

### • HP operations

Products and solutions

Product return and  
recycling

Social investment

Data

About this report



# Water

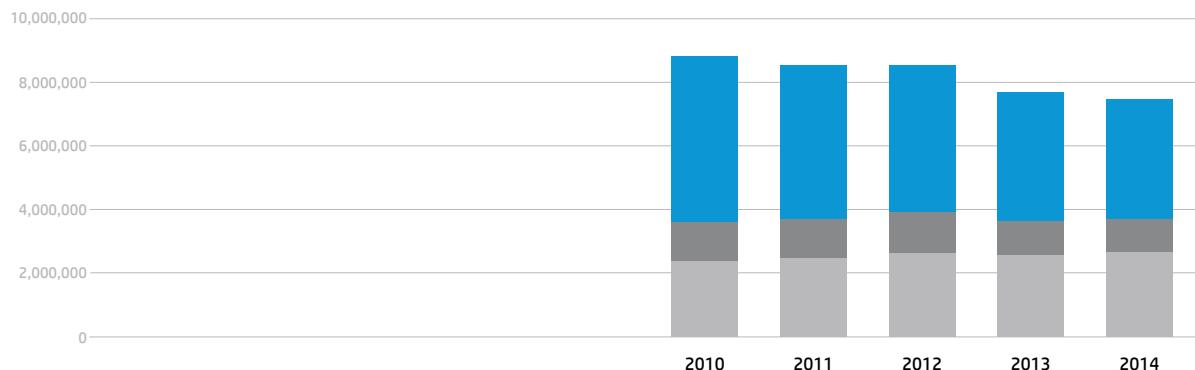
Only 7% of water use across HP's value chain is related to our operations. However, water availability is a growing concern in many parts of the world, and we are committed to reducing our water consumption, especially in water-stressed regions such as India, Israel, and Singapore. We take part in the CDP water program to improve our understanding of water issues and enhance our disclosure.

In 2014, we developed a new water goal: to reduce fresh-water consumption (per employee) by 20% at our office sites by 2020,<sup>6</sup> compared to 2010. Although this goal is global, we will focus initially on water-stressed areas and on our top ten water-consuming sites in each region. When developing this goal, we revised our list of water-stressed sites based on the WBCSD Global Water Tool. We also added several sites known to be under drought conditions but which the WBCSD Global Water Tool did not identify—including our Palo Alto and Roseville sites in California.

## Progress in 2014

Globally in 2014, HP consumed 7,431,000 cubic meters of water worldwide, predominantly for use in buildings, cooling, and landscape irrigation. This figure represented a 3.1% decrease from 2013. Consumption at our 45 priority sites in water-stressed locations decreased by 3.2% in 2014, compared to the prior year. We consumed 19.2 cubic meters of water per employee at the sites covered by our 2020 goal, 5.8% less than in 2013 and a decrease of 14.2% from 2010.

### Water consumption, 2010–2014\* [cubic meters]



\*As part of our normal data auditing processes, several sites made corrections to reported historical water consumption values. Some of these corrections included data back to 2010. These updates are reflected in the tables here. Some segments do not add up to total due to rounding.

Water-reduction initiatives during 2014 included:

- **Israel** Installed water leak-detection systems at our Mercury site, enabling us to identify and fix several leaks, decreasing water consumption in two buildings by an estimated 19% compared to 2013
- **Puerto Rico** Reduced water consumption by 2,650 cubic meters per year by modifying and upgrading manufacturing cleaning equipment and by reusing condensate water in cooling towers
- **Singapore** Built our newly opened Tuas ink plant to use 78% less potable water than comparable buildings by installing low-consumption water fittings, planting drought-tolerant landscaping, and using municipally supplied recycled water for cooling towers, toilets, and irrigation
- **United States** Cut annual water consumption at our Houston site by 35,000 cubic meters—a 12% reduction—through landscaping improvements such as installing moisture sensors for irrigation and using drought tolerant landscaping; decreased landscape irrigation water use by nearly 44,000 cubic meters compared to the prior year (a 33% decrease) at our Roseville site

Globally, in 2014, we recycled and/or reclaimed more than 260,000 cubic meters of water. Initiatives included:

- **India** Used treated industrial wastewater for landscaping and flushing of toilets
- **Singapore** Reclaimed reject water from high-purity water operations and reused it in a cooling tower

<sup>6</sup>This goal covers only locations where HP directly tracks water consumption, as opposed to sites where the company extrapolates the data based on other locations.

## Contents

Letter from CEO

Meg Whitman

Executive summary

Governance

Human Progress

Economic Progress

## Environmental Progress

Overview

Supply chain  
environmental impact

### • HP operations

Products and solutions

Product return and  
recycling

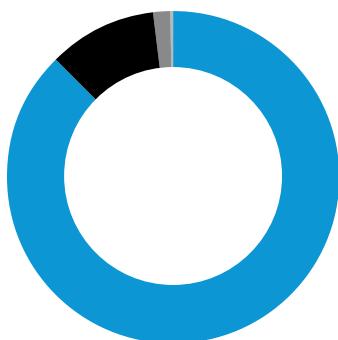
Social investment

Data

About this report

- United States** Reclaimed reject water from high-purity water operations at our Corvallis plant in Oregon and recycled it back into the process or reused it in acid exhaust scrubbers

### Water consumption, by source, 2014\* [cubic meters]



|   |                  |             |
|---|------------------|-------------|
| <b>Municipal water</b>                                      | 6,507,000        | 87.6%       |
| <b>Wastewater from another organization<br/>(NeWater**)</b> | 780,000          | 10.5%       |
| <b>Tanker water***</b>                                      | 137,000          | 1.8%        |
| <b>Well water</b>   | 7,000            | 0.1%        |
| <b>Total</b>  | <b>7,431,000</b> | <b>100%</b> |

\* Direct use of surface water and rainwater are insignificant and not included in data reported.

\*\* NeWater is ultra-purified wastewater used in manufacturing operations in Singapore.

\*\*\* Well water that is delivered to the site by tanker truck.

## Wastewater

Wastewater is not a significant environmental aspect of HP operations. While our six imaging and printing product-manufacturing facilities generate some process wastewater, those effluents are pretreated, strictly monitored, and discharged under government-issued permits to municipal wastewater plants where they undergo further treatment. We also implement procedures to prevent unauthorized discharges of chemicals to our facility wastewater systems and ensure we do not discharge wastewater directly from these HP operations to surface water or to groundwater.

View full data for [HP operations](#).

# Goals

## HP operations

| 2015 goals   | Progress   |
|--|--|
| Reduce GHG emissions from HP's U.S. auto fleet by 10% on a per-unit basis, compared to 2010.   | We continue working toward this goal, including by introducing more fuel-efficient vehicles and switching from SUVs to sedans as our standard car selection. |
| 2020 goals   | Progress   |
| Reduce total GHG emissions from our operations (Scope 1 and Scope 2) by 20%, compared to 2010. | Since 2010, we have decreased total GHG emissions from our operations by 17.3%, ahead of schedule to achieve this goal.                                      |
| Reduce total GHG emissions from our global auto fleet by 20%, compared to 2010.                | On target.   |
| Reduce freshwater consumption per employee at office sites by 20% by 2020, compared to 2010.*  | Since 2010, we have reduced freshwater consumption per employee at office sites by 14.2%, ahead of schedule to achieve this goal.                            |

\* This goal covers only locations where HP directly tracks water consumption, as opposed to sites where the company extrapolates the data based on other locations.

## Contents

- Letter from CEO  
Meg Whitman
- Executive summary
- Governance
- Human Progress
- Economic Progress
- Environmental Progress**
- Overview
- Supply chain environmental impact
- HP operations
- **Products and solutions**
- Product return and recycling
- Social investment
- Data
- About this report



# Products and solutions

In just 40 years, information technology (IT) has redefined how we live and work through the Internet, big data, cloud computing, mobile personal devices, and digital printing.

**“As one of the world’s largest IT companies, we believe we are uniquely positioned to help our company and our customers lower carbon emissions by developing more sustainable technologies that replace outdated, inefficient processes and behaviors.”**

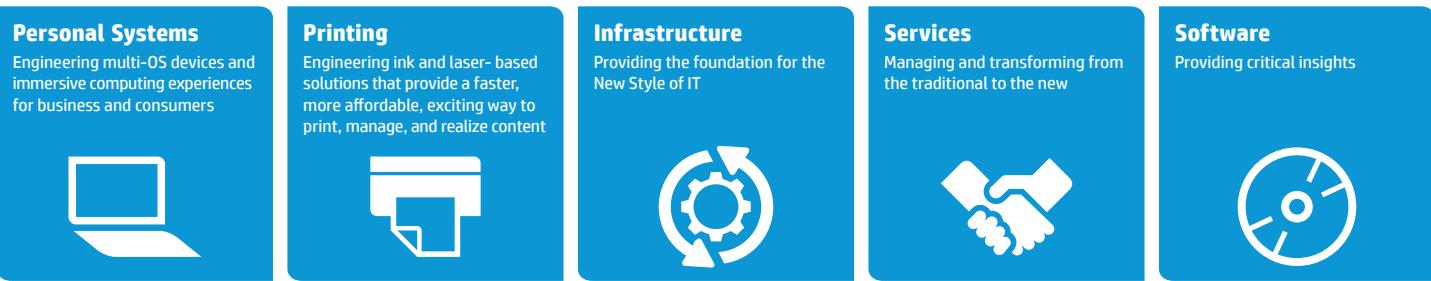
—Gabi Zedlmayer, Chief Progress Officer, Corporate Affairs, HP

As the use of IT continues to grow, so does the volume of data, the requirements placed on technology infrastructure, and the environmental impacts. Data is expected to double every two years, resulting in a total of 44 zettabytes (44 trillion gigabytes) by 2020. Unless transformative technologies are introduced, the GHG emissions associated with IT is projected to grow from 1.9% of global emissions in 2011 to 2.3% in 2020<sup>1</sup>.

HP’s products and IT solutions for the New Style of Business help customers manage this explosion of data. We are finding ways to do more with less and reduce the environmental footprint of computing and printing by:

- Decreasing the carbon footprint of HP products across our portfolio. In 2014, we set a goal to reduce the GHG emissions intensity of our product portfolio<sup>2</sup> by 40% by 2020 compared to 2010 levels.<sup>3</sup> This

## HP products and solutions portfolio



## Financial Services

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

<sup>2</sup> Emissions intensity of the HP product portfolio refers to tonnes CO<sub>2</sub>e/net revenue arising from use of high-volume product lines, including notebooks, tablets, desktops, mobile computing devices and workstations; inkjet and LaserJet printers; and HP servers, including industry-standard servers, HP Moonshot and HP Apollo.

<sup>3</sup> Expressed as emissions generated per unit of output. For printers and personal systems, each product constitutes a unit of output. For servers, each unit of output equals a task performed by the system, as defined by industry standards.

## Contents

Letter from CEO  
Meg Whitman

Executive summary

Governance

Human Progress

Economic Progress

## Environmental Progress

Overview

Supply chain

environmental impact

HP operations

### • Products and solutions

Product return and recycling

Social investment

Data

About this report

goal builds on progress against previous goals and accelerates our journey toward more sustainable computing and printing.

- Delivering radical improvements in the resource intensity and cost of computing and printing through innovations such as The Machine, the Apollo 8000 server system, HP OfficeJet X series printers with HP PageWide Technology, and HP Desktop Minis.
- Addressing materials management (including materials of concern) across the value chain—within our supply chain, in our products, and at their end of life.
- Moving from the linear model of “take, make, waste” toward a “circular economy” approach, which designs out waste, builds in product longevity, and offers our customers ongoing services rather than simply selling them products.
- Capitalizing on trends such as the Internet of Things and exponential growth in computing power to enable and conduct analyses that benefit society and the environment—for example smart grids, HP Earth Insights, and HP Healthcare Analytics.

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

# Design for the Environment

The environmental impact of a product or solution is largely determined before it is built, packaged, and shipped—at the design stage. Product design also plays a role in innovative product service models such as Instant Ink that can deliver significant reductions in resource use. Together, our product supply chain (resource extraction, manufacturing, and transportation) and product use phase (energy, paper, and ink and toner cartridge consumption) account for 95% of HP’s carbon footprint and 93% of our water footprint.

Product design is therefore by far the single greatest lever we can use to improve our overall environmental performance. It is a key focus for HP and plays a

central role in progress toward our goal to reduce the GHG emissions intensity of our product portfolio<sup>4</sup> by 40% by 2020 compared to 2010 levels.<sup>5</sup>

Sustainability is embedded in our research agenda—through HP Labs, our central research organization, and across our business groups. We look at emerging trends to understand where our industry—and our world—is headed. We then create revolutionary technologies to address the most complex challenges and important opportunities facing our customers and society in the next decade and beyond. For example, in 2014, HP Labs partnered with HP business groups on two disruptive new technologies: The Machine and 3D printing.

HP’s Design for the Environment (DfE) program dates back to 1992. Since then, our approach, tools, and processes have become more sophisticated, but they still support the same aim: to consider environmental impact in the design of every HP product and solution.

We focus on:

- **Energy efficiency** Reduce the energy required to manufacture and use our products—see Energy efficiency
- **Materials innovation** Use less material, increase recycled and recyclable content, and use materials with lower environmental impact—see Materials
- **Services** Design service models to reduce environmental impacts and increase product longevity through support (for example, care packs and upgrades) and new business models (such as “product as a service”)
- **End-of-life options** Make responsible return and recycling easier—see Product return and recycling

The foundation of our DfE program is a comprehensive product environmental management system that guides our design teams and more than 50 environmental product stewards on a path of continuous improvement. It includes the evaluation of environmental impacts such as energy use and resource intensity across the life cycle for all HP products, as well as the identification of legal and customer requirements such as public procurement specifications.

<sup>4</sup> Emissions intensity of the HP product portfolio refers to tonnes CO<sub>2</sub>e/net revenue arising from use of high-volume product lines, including notebooks, tablets, desktops, mobile computing devices and workstations; inkjet and LaserJet printers; and HP servers, including industry-standard servers, HP Moonshot and HP Apollo.

<sup>5</sup> Expressed as emissions generated per unit of output. For printers and personal systems, each product constitutes a unit of output. For servers, each unit of output equals a task performed by the system, as defined by industry standards.

## Contents

- Letter from CEO  
Meg Whitman
- Executive summary
- Governance
- Human Progress
- Economic Progress
- Environmental Progress**
  - Overview
  - Supply chain environmental impact
  - HP operations
  - **Products and solutions**

- Product return and recycling
- Social investment
- Data
- About this report



The process also involves audits of product design and compliance activities, as well as benchmarking against best practices from outside HP and seeking external certification where appropriate. For example, product design and development operations in our LaserJet Enterprise Solutions and Personal Systems product groups are ISO 14001 certified, demonstrating that our entire design process across these two product groups adheres to rigorous environmental management systems criteria.

Our DfE program is an important driver of business value. In 2014, we engaged with customers who had green procurement requirements in relation to more than \$24 billion of existing and potential business revenue, demonstrating how HP could meet those needs.

## Materials

The selection of materials is central to our design process, and we evaluate the environmental and human impacts of materials across the product life cycle. We seek to use less material, evaluate and replace substances of concern with viable alternatives, and increase the percentage of recycled content and recyclable materials whenever possible. This approach enables us to reduce our environmental footprint and any potential for human health impacts, while also meeting customer requirements for weight, durability, reliability, and cost.

Collaboration is central to our materials strategy—working with industry, government, and nongovernmental organization (NGO) partners globally is critical to our efforts to drive consistent industry standards and encourage a forward looking approach to the responsible use of materials in IT products. In 2014, we further developed our leading work in identifying and restricting substances of concern and assessing alternatives by expanding our approach beyond products to include substances used in manufacturing.

### Using less material

Our supply chain accounts for 41% of HP's carbon footprint, largely as a result of materials extraction and primary manufacturing. Using less raw materials and more recycled materials can therefore significantly reduce our overall environmental impact.

## Extending product life

We contribute to the circular economy by extending product life. For example, HP Renew offers customers access to an extensive portfolio of completely remanufactured HP products and solutions.

Remanufactured products retain the same reliability and performance as new HP products, but for at least 15% less cost. The process keeps older products out of landfill,

instead repurposing them for additional use. Products come with a full HP warranty and meet the same quality tests as new items.

This situation requires innovation in technology and design. In 2014, HP decreased the amount of materials used compared to relevant net revenue by approximately 6% for personal systems, compared to 2013. This was primarily due to design improvements, such as smaller form factor desktop PCs—see Personal systems for detail.

The decrease related to printers was largely due to a change in measurement approach. During 2014, we updated the methodology used to calculate materials use for printers for consistency with the methodology used for personal systems. Both are now based on individual product data rather than representative products. As a result, printer data for 2014 is not comparable to 2013 values. However, the revised approach will enable more meaningful year-over-year comparisons moving forward.

We also work to reduce materials use in accessories. For example, as part of our drive to reduce PVC and copper usage, shortening HP Notebook power cords led to the avoidance of 1,400 tonnes of material in 2014.

### Estimated materials use intensity for HP high-volume personal systems and printers, 2013–2014

[tonnes/\$ million of net revenue]

|              | Personal systems* |            | Printers** |           |
|--------------|-------------------|------------|------------|-----------|
|              | 2013              | 2014       | 2013       | 2014      |
| Metal        | 5.1               | 4.5        | 29.4       | 14.7      |
| Plastic      | 2.1               | 1.9        | 34.5       | 28.0      |
| Wires/cables | 0.9               | 0.8        | 0.6        | 0.4       |
| PCAs         | 0.7               | 0.7        | 2.0        | 1.7       |
| LCDs         | 1.4               | 1.4        | 0.2        | -         |
| Batteries    | 0.2               | 0.3        | -          | -         |
| <b>Total</b> | <b>10</b>         | <b>9.4</b> | <b>67</b>  | <b>45</b> |

\* Personal systems data for 2013 and 2014 are based on individual products that are representative of the HP product portfolio for those years. Segments do not add up to total due to rounding.

\*\* Printer data for 2014 are not comparable to 2013 values due to differences in calculation methodology. 2013 values are based on representative products, while 2014 values are based on individual product data. Estimates for printer volumes do not include graphic arts, industrial, web press printers, scanners, or ink or toner cartridges. Segments do not add up to total due to rounding.

We also consider how to extend product life at the design stage, for example by putting working prototypes through rigorous reliability tests to ensure they are designed to last. Watch more [here](#).

## Contents

Letter from CEO  
Meg Whitman  
Executive summary  
Governance  
Human Progress  
Economic Progress

## Environmental Progress

Overview  
Supply chain environmental impact  
HP operations  
• Products and solutions  
Product return and recycling  
Social investment  
Data  
About this report

## Evaluating substances of concern

We proactively evaluate materials in our products, taking into account published lists of substances of concern, upcoming legal requirements, and customer preferences, as well as when scientific analysis reveals a potential impact to human health or the environment. When replacing substances of concern, we provide guidance on commercially viable alternatives with lower potential impact.

We continue to phase out halogen-containing materials such as brominated flame retardants (BFRs) and polyvinyl chloride (PVC), as well as phthalates, where technically feasible. All HP notebooks, EliteDesk and ProDesk products, and 79% of our other personal systems product groups are low halogen, as of the end of 2014.<sup>6</sup> In addition, a large proportion of the components in other HP-branded products are also low halogen, including 85% of disk drives, 85% of application-specific integrated circuits (ASICs), and 90% of memory modules.

We have expanded our focus to restrict not only substances of concern used in products but also those used in manufacturing. To support this approach, we have updated the HP General Specification for the Environment to include a list of manufacturing process substances, which we hope to expand as we evaluate other substances in the future. In addition, our supplier monitoring and capability-building programs

drive our suppliers to evaluate hazardous substances and ensure proper protection for workers. For more information, see Supply chain responsibility.

## Assessing alternatives

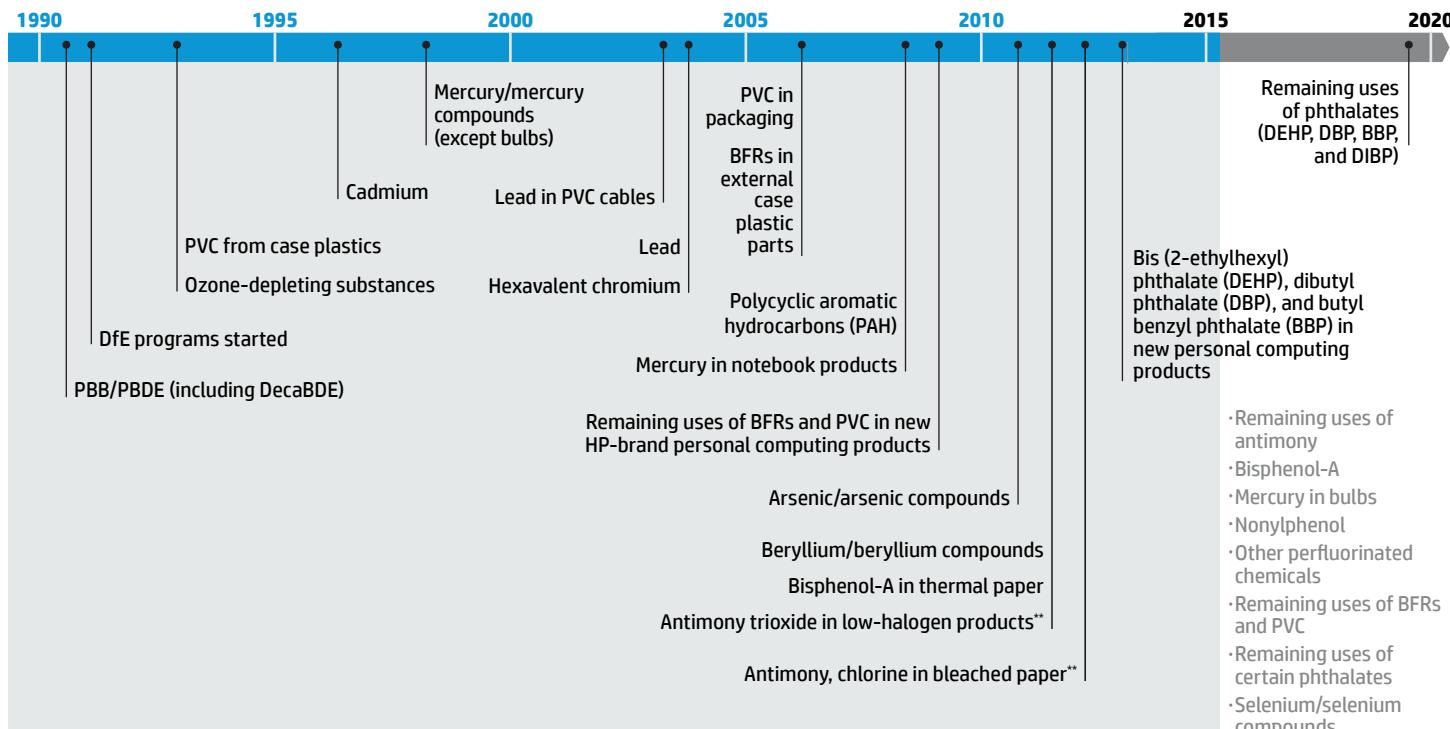
Our approach to phasing out substances of concern is to adopt alternatives that reduce the risk of adverse human health and environmental impacts, while meeting performance and cost criteria.

In 2014, we updated our long-established alternative materials program to align with the state-of-the-art National Academies of Science publication "A Framework to Guide Selection of Chemical Alternatives."

Our alternatives assessment process also uses the GreenScreen® For Safer Chemicals to identify alternatives with lower impacts to human health and the environment. In 2014, HP became the first electronics company to have staff certified through the GreenScreen Practitioners program. Since we launched the HP alternative materials program, we have completed more than 160 assessments of materials that account for more than 80% of the weight of our products sold.

Beyond HP operations, we use alternatives assessment to drive the adoption of lower impact materials throughout our supply chain. To facilitate transitions to lower impact materials, we share the findings of our assessments

## 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 2015 have been identified by stakeholders as potential materials of concern. Future possible restriction of those materials depends, in part, on the qualification of acceptable alternative materials. For a comprehensive list of HP's materials restrictions, including numerous materials restricted by HP on a worldwide basis in response to regional regulations, refer to HP's General Specification for the Environment.

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

<sup>6</sup> External components such as keyboards, mice, cables, and cords are not low-halogen. Notebooks with decorative films on external case plastic parts use an industry standard PVC congener.

## Contents

Letter from CEO  
Meg Whitman

Executive summary

Governance

Human Progress

Economic Progress

## Environmental Progress

Overview

Supply chain  
environmental impact  
HP operations

### • Products and solutions

Product return and  
recycling

Social investment

Data

About this report

with suppliers through procurement guidance, enabling them to make better-informed decisions about potential replacements for substances of concern. For example, in 2014 some major suppliers moved to preferred<sup>7</sup> nonphthalate plasticizers based on our Phthalate Replacement Guide. See [Supply chain responsibility](#) for more information about our work with suppliers.

## Using recycled and recyclable materials

As part of our contribution to the [circular economy](#), we increasingly develop and use “closed loop” processes by effectively recycling materials into new products and reducing our contribution to landfill. HP’s leadership with “closed loop” plastics recycling began in 2005 with the recycled polyethylene terephthalate (PET) program in ink cartridges. During 2014, we implemented two new “closed loop” processes for polypropylene in ink cartridges—see [Printing](#) for more detail.

HP personal systems product families are another focus area for incorporating recycled materials. In 2014, 35% of commercial displays contained more than 10% postconsumer recycled plastic. We used nearly 6,300 tonnes of postconsumer recycled plastic in PCs and displays shipped during the year, equivalent to more than 300 million drinking water bottles.

HP also considers recyclability when selecting materials. For example, in 2014 we chose a recyclable material as the base resin for our carbon fiber reinforced plastic cases for the development of super resilient, lightweight commercial notebook products.

Read more about our [product return and recycling](#) activities.

## Collaboration

**Principles for Safer Chemicals** HP is an active member of the [Business-NGO Working Group](#) (BizNGO), a unique collaboration between companies and environmental groups to encourage adoption of more sustainable materials. We have integrated the [BizNGO Principles for Safer Chemicals](#) into our materials strategy, and they directly shape our programs and processes. HP endorsed the principles in 2013, and as of March 2015 was the only IT company to do so.

In 2014, HP co-chaired the BizNGO project to create a [Model Alternatives Assessment for Decabromodiphenyl Ether \(DecaBDE\)](#) in External Computer Housings as part of a demonstration project for the new California Safer Consumer Product regulations. We also helped develop and pilot a new [Chemical Footprint](#) tool, which gives

companies a standard way to evaluate their progress in reducing chemicals of high concern and proactively identify opportunities for the reduction of their use.

**Industry harmonization** HP works with the International Electronics Manufacturing Initiative (iNEMI) to help harmonize alternatives assessment methods across the industry and ensure that they reflect current best practices. We are a member of the iNEMI steering committee, serve as co-chair of the iNEMI [Alternative Materials Assessment](#) workgroup, and participate in the initiative’s work on [metals recycling](#).

**Materials legislation** HP complies with all relevant government regulations wherever we do business and communicates these requirements to our business partners worldwide through our [General Specification for the Environment](#).

We also go beyond compliance by promoting progressive and consistent legislation and reporting requirements related to materials use. For example, we advocated for the restriction of BFRs and PVC through the European Union Restriction of Hazardous Substances (RoHS) Directive and offer advice to regulators to make sure RoHS is relevant to the latest technologies. Our proactive approach to materials regulations has been recognized by regulators around the world. For example, in 2014 we received an award from the Chinese Ministry of Industry and Information Technology acknowledging HP’s sustained contribution to the development of China’s RoHS legislation.

## Energy efficiency

HP uses multiple ways to assess the energy performance of its product portfolio. Our product use carbon footprint (measured on an absolute basis) takes into account shipped volumes to provide a measure of overall climate impact related to product use. Product energy intensity assesses the energy performance of products across the portfolio and illustrates our success enhancing energy performance on an individual product basis.

## Product use carbon and water footprint

The energy, paper, and ink and toner cartridges that customers consume using HP products and solutions together accounted for 54% of our overall carbon footprint in 2014, with 44% of the total due to electricity consumption during use. These items also represented 68% of our water footprint, largely due to the considerable amounts of cooling water used in electricity generation. Improving

## Sourcing materials responsibly

We work with our HP-branded paper suppliers to ensure that the fiber used to produce the paper is legally and responsibly sourced—read more in [Paper and Packaging](#).

We also pay close attention to the sourcing of materials such as gold, tantalum, tin, and tungsten—see [Conflict minerals](#) for more detail.

<sup>7</sup> Based on HP analysis of chemical hazard level.

## Contents

Letter from CEO

Meg Whitman

Executive summary

Governance

Human Progress

Economic Progress

## Environmental Progress

Overview

Supply chain environmental impact

HP operations

### • Products and solutions

Product return and recycling

Social investment

Data

About this report

## GHG emissions from product use

[tonnes CO<sub>2</sub>e]

| Product group                             | 2013              | 2014              |
|---|-------------------|-------------------|
| Personal Systems*                         | 15,300,000        | 11,600,000        |
| Printers (energy)                         | 4,000,000         | 3,700,000         |
| Printers (paper and ink/toner cartridges) | 4,800,000         | 4,800,000         |
| Servers                                   | 6,500,000         | 6,100,000         |
| <b>Total**</b>                            | <b>30,600,000</b> | <b>26,200,000</b> |

\* 2014 data for Personal Systems is not comparable to 2013 data due to refinements in calculation methodology. These refinements also influenced the totals. Printer and server energy use and water consumption for 2013 were recalculated with 2014 methodology to enhance comparability. See footnote 4 on page 72.

\*\* Total GHG emissions from product use differ by less than 1% from the values reported on page 72 and on page 115, due to rounding.

## Water consumption related to product use

[cubic meters]

| Product group                             | 2013               | 2014               |
|---|--------------------|--------------------|
| Personal Systems*                         | 126,636,000        | 95,486,000         |
| Printers (energy)                         | 33,230,000         | 30,821,000         |
| Printers (paper and ink/toner cartridges) | 43,698,000         | 46,194,000         |
| Servers                                   | 53,825,000         | 50,653,000         |
| <b>Total</b>                              | <b>257,389,000</b> | <b>223,154,000</b> |

product energy efficiency through our DfE program is therefore one of the most effective ways to decrease our overall environmental impact, and it's a priority for HP.

Each of our product groups contributes a significant portion to our total GHG emissions and water consumption during the use phase, so our efforts to improve energy efficiency extend across our entire portfolio.

Between 2013 and 2014, overall GHG emissions from product use decreased by 14%, and water consumption related to product use fell by 13%. The biggest change related to our personal systems, which represented a 25% decrease in both GHG emissions and water consumption. Refinements to our methodology to estimate energy use, as well as increased product efficiency and shifts in product mix toward less carbon-intensive devices (for example, from laptops to tablets) were the main factors. Shipped volumes did not have a significant impact. Changes related to the other product groups were relatively minor during the year.

## Product energy intensity

To drive ongoing improvement, we set a goal in 2014 to reduce the GHG emissions intensity of our product portfolio<sup>8</sup> by 40% by 2020 compared to 2010 levels.<sup>9</sup> This figure builds on a 50% reduction of product energy consumption that we achieved between 2005 and 2010.<sup>10</sup> Progress against our 2020 goal is measured on an intensity basis and is independent of the number of units shipped, unlike the carbon footprint, which is measured on an absolute basis.

Focusing on use phase GHG emissions intensity complements our supply chain and operations goals. We use different methodologies for each of our product groups to measure contributions to GHG emissions-intensity reduction, reflecting the distinct uses of each product. For

example, our methodology for printers takes into account GHG emissions from the paper, ink, and toner cartridges consumed during printing as well as energy usage.

Through the end of 2014, we reduced the GHG emissions intensity of our product portfolio by 20%, compared to 2010. A significant amount of the improvement was due to gains in server processing power, as performance in that area is normalized to tasks performed. Personal systems also contributed to this progress, due to energy efficiency gains as well as shifts in product mix (for example, from laptops to tablets).

Several innovative new products have supported our progress toward our 2020 goal.

- **Servers** The HP Apollo 8000 system uses 28% less energy than air-cooled servers, saving up to 3,800 tonnes of CO<sub>2</sub>e annually.
- **Servers** HP Gen9 ProLiant servers, launched in 2014, use 30% less energy per unit of IT work than our Gen 8 servers and 60% less than HP servers sold in 2010.
- **Personal systems** The EliteDesk 800 G1 Desktop Mini uses up to 28% less energy than equivalent platforms.<sup>11</sup>
- **Printers** Business printers with HP PageWide Technology have a carbon footprint up to 81% smaller<sup>12</sup> than comparable laser printers during use and use less energy to print a single page than any other HP printing and imaging device.

HP makes it easy for our customers to save energy by equipping our products with power-management options and related guidance, which includes presetting power management modes and providing instructions for low-power mode in user documentation. Beyond our hardware products, HP services and software help enterprise customers to save energy and reduce their carbon footprints<sup>13</sup>—see Enterprise Services and software.

<sup>8</sup> Emissions intensity of the HP product portfolio refers to tonnes CO<sub>2</sub>e/net revenue arising from use of high-volume product lines, including notebooks, tablets, desktops, mobile computing devices and workstations; inkjet and LaserJet printers; and HP servers, including industry-standard servers, as well as HP Moonshot and HP Apollo.

<sup>9</sup> Expressed as emissions generated per unit of output. Calculations for personal systems are based on energy use—measured as emissions per unit (a single device). Calculations for printers include energy use, paper, ink, and toner cartridges—measured as emissions per unit (a single device). Calculations for servers are based on energy use, measured as emissions per unit of work (a task performed by the system, as defined by industry standards).

<sup>10</sup> The average energy consumption of HP products was estimated annually between 2005 and 2010 using high-volume product lines representative of the overall shipped product volume. The high-volume product lines include notebook and desktop computers, inkjet and HP LaserJet printers, and industry-standard servers. These calculations were based on different assumptions and methodologies than the 2020 goal.

<sup>11</sup> Measured by ENERGY STAR® annual total energy consumption (kilowatt hours).

<sup>12</sup> CO<sub>2</sub>e emissions over the average lifetime use of an HP OfficeJet Pro x576dn printing 100,000 pages compared to in-class HP LaserJet printers. Life cycle assessments commissioned by HP and conducted by PE International in September 2014.

<sup>13</sup> These savings are outside of the scope of our 2020 GHG emissions-intensity reduction goal described here.

## Contents

Letter from CEO  
Meg Whitman

Executive summary

Governance

Human Progress

Economic Progress

### Environmental Progress

Overview

Supply chain  
environmental impact

HP operations

#### • Products and solutions

Product return and  
recycling

Social investment

Data

About this report



## Communicating product environmental performance

As well as designing products with the environment in mind, we communicate our progress clearly so that our customers can make informed choices.

We educate customers about the environmental performance of our products through:

- **ECO declarations** In 2014, approximately 95% of relevant product sales by revenue were covered by ECO declarations—an industry standard format for providing environmental information about products or product families.<sup>14</sup>
- **Carbon footprint calculator** Our web-based HP Carbon Footprint Calculator received more than 10,000 unique visitors in 2014 and covers more than 12,000 HP and non-HP devices, including printers, computers, and monitors. Customers can use the calculator to compare estimated energy and paper use and costs, along with CO<sub>2</sub>e emissions, for HP- and Compaq-branded computing and printing products.<sup>15</sup>
- **Eco-labels** A large percentage of our products meet voluntary third-party eco-label standards, such as EPEAT® and ENERGY STAR®. This demonstrates the success of our DfE efforts. [Learn more.](#)

To drive continued improvement across the industry, HP is a leader in the development of standards such as ENERGY STAR®, EPEAT®, and ECMA-370. For example, we work with the U.S. Environmental Protection Agency to regularly update ENERGY STAR® standards, in line with evolving technology. This includes the most recent 6.0 specification for personal systems and 2.0 specification for printing and imaging products.

## Life cycle assessment

HP uses life cycle assessment (LCA) to understand the environmental characteristics and impacts of our products and solutions. One subset of LCA is a product carbon footprint (PCF), which assesses the greenhouse gas (GHG) emissions of a product across its life cycle.

LCAs and PCFs help us to understand the environmental impacts of each stage of a product's life, including manufacturing, packaging, transportation, use and reuse, recycling, or disposal. We use insights from these tools to prioritize areas for improvement to products and across our supply chain, to compare the impacts of different product types and components (including how they contribute to our company-wide carbon and water footprints), and to inform future design.

As we work toward our 2020 product use GHG emissions-intensity reduction goal, LCAs and PCFs will help us to identify specific areas for improvement and track progress.

HP follows ISO 14040/14044 and ISO 14025, which define universal standards for LCA methodology. For PCFs, we use and assisted in the development of the International Electrotechnical Commission Technical Report 62921, which defines streamlined methodologies for computer and display products.

## New LCAs and PCFs

In 2014, we completed or updated 28 LCAs for our printing portfolio, including 11 LaserJet products, 11 inkjet products, and six stand-alone or comparative LCAs, including a comparative LCA for original, refilled, and remanufactured inkjet cartridges. In total, we have completed LCAs for products representing 97% of HP's printing portfolio revenues and 29% of HP's overall product revenues for 2014.<sup>16</sup>

**Eco-labels across our portfolio** [% models, for products shipped in 2014]\*

| Product group        | EPEAT® identifies high-performance, environmentally preferable products |                          |                          | ENERGY STAR® qualified   |     |
|----------------------|---|--------------------------|--------------------------|--|-----|
|                      | EPEAT® Gold registered  | EPEAT® Silver registered | EPEAT® Bronze registered | ENERGY STAR® recognizes products with superior energy efficiency |     |
| Personal systems     | 40%   | 29%                      | 0%                       |  | 73% |
| Printers and imaging | 0%  | 34%                      | 22%                      |  | 81% |

\* EPEAT® data is for models registered in the United States. ENERGY STAR® data is worldwide. All data is calendar year.

<sup>14</sup> Does not include graphics printers, which are out of scope for IT ECO declarations.

<sup>15</sup> Taking into account user location.

<sup>16</sup> All paper values are scaled to 8.5" x 11" paper, including for wide format printers. Graphics printers are not included in calculations.

## Contents

- Letter from CEO  
Meg Whitman
- Executive summary
- Governance
- Human Progress
- Economic Progress
- Environmental Progress**
- Overview
- Supply chain environmental impact
- HP operations
- **Products and solutions**
- Product return and recycling
- Social investment
- Data
- About this report



HP undertakes PCFs before products are placed on the market for all HP commercial all-in-one systems, desktops, monitors, notebooks, and tablets. Products covered by PCF analysis methods made up 96% of HP's personal systems revenues and 43% of the company's overall product revenues in 2014.<sup>17</sup>

We update our LCA and PCF tools to ensure they stay relevant—for example, in 2014 we revised our LaserJet LCA tool and collaborated on a new PCF tool for tablets and all-in-ones.

## Collaboration

We work with others to drive consistent methodologies for LCA across the IT sector. For example, we belong to a multi-stakeholder collaboration led by researchers at the Massachusetts Institute of Technology (MIT), which developed a universal carbon footprint methodology for personal systems—the Product Attribute to Impact Algorithm (PAIA). In 2014, the group completed PAIA tools for tablets and all-in-one systems, building on existing tools for notebooks, desktops, and monitors.

In 2014, HP also began leading a cross-industry collaboration focused on reducing fluorinated greenhouse gas (F-GHG) emissions in the manufacture of LCD displays.

## Using LCA to improve products and manufacturing

**Personal systems** We use PCFs to help us understand and mitigate the impact of specific manufacturing activities. For example, F-GHGs used to clean panels in the production of LCD displays have global warming potentials as much as 22,800 times greater than CO<sub>2</sub> and remain in the atmosphere for up to 3,200 years.<sup>18</sup> Abatement activities can prevent the release of F-GHGs during the cleaning process. A recent internal PCF comparison shows these abatement activities can significantly reduce GHG emissions associated with manufacturing. Informed by this analysis, we are working with our suppliers to develop policies to reduce F-GHG use. We are also evaluating other opportunities to reduce supply chain impacts based on this type of assessment.

**Printing** Carbon footprinting undertaken in 2014 has helped us to understand which stages of an HP printer's life cycle contribute most to its footprint. For example, a PCF of the HP OfficeJet Enterprise Color Multifunction Printer X585dn shows that about 82% of the product's overall GHG emissions are due to the manufacturing of the paper that is used. This insight influences the design of our products and solutions, for example, the

development of Thin Paper for use in HP printers. They also influence how we communicate with customers about issues such as responsible paper use—see Paper.

# Innovation in 2014

We develop innovative products and solutions across our broad portfolio that help HP and our customers improve environmental performance and drive Economic Progress. Learn more about several advances in 2014 in the sections that follow.

## Servers, storage, and networking

HP's innovative server, storage, and networking portfolio empowers customers worldwide to run mission-critical workloads and manage exponentially increasing amounts of data. Our Converged Infrastructure approach combines these functions into a single system, delivering economic and environmental benefits by improving hardware utilization, saving space and materials, and reducing the GHG emissions associated with energy use for power and cooling. Here, we provide 2014 updates on existing and new HP products and services in this area.

### Servers

Servers accounted for 23% of our product use carbon footprint in 2014. We work to continually reduce these impacts through innovative design.

**HP Apollo** Traditional data center supercomputers require enterprises to add progressively more racks of servers to meet rapidly increasing data demands. With each additional rack, physical space requirements, IT equipment and infrastructure materials usage, and GHG emissions due to energy use increase.

The water-cooled HP Apollo 8000 System offers a groundbreaking solution. It supports up to 144 servers and operates at up to four times the teraflops<sup>19</sup> per square foot of data center than traditional air-cooled servers. Apollo occupies less space than traditional servers and optimizes the efficiency of IT equipment and power and cooling infrastructure. Its innovative design also uses 28% less energy than air-cooled servers, saving up to 3,800 tonnes of carbon dioxide equivalent (CO<sub>2</sub>e) annually<sup>20</sup>—about the same amount of GHG emissions produced by 800 cars in one year. The heat transferred to the cooling water can in turn be used for other purposes, such as to heat adjacent office spaces as well as the walkways around those buildings. Customers have experienced savings of up to an estimated \$1 million in energy costs over five years for each MW of IT in the data center compared to air-cooled systems.<sup>21</sup>

<sup>17</sup> Percentages are in terms of HP product revenue for Printing and Personal Systems Group and Enterprise Group, excluding Technology Services. The segments included accounted for approximately \$77 billion in revenue in FY14. Net revenue by segment for fiscal 2014 is based upon an organizational change implemented by HP at the beginning of its first quarter of fiscal 2015. Please see our Form 8-K filed on February 24th, 2015 for additional information.

<sup>18</sup> Based on the Intergovernmental Panel on Climate Change assessment of F-GHG sulfur hexafluoride (SF6).

<sup>19</sup> Flops (floating-point operations per second) is a measure of computing performance. One teraflop is equal to 1,000,000,000,000 flops.

<sup>20</sup> HP internal estimate; savings is per HP Apollo 8000 system vs. an air-cooled data center with 3 megawatts of IT. An industry-standard sustainability formula was used to derive CO<sub>2</sub>e savings in tonnes using the KW-hr savings based on real-world data center analysis.

<sup>21</sup> Typical results based on customer-reported data. Actual results may vary.

## Contents

- Letter from CEO  
Meg Whitman
- Executive summary
- Governance
- Human Progress
- Economic Progress
- Environmental Progress**
  - Overview
  - Supply chain environmental impact
  - HP operations
  - **Products and solutions**
    - Product return and recycling
    - Social investment
    - Data
- About this report



**HP ProLiant** We launched our Gen9 ProLiant servers in 2014, adding to HP's portfolio of servers that offer more computing power with less environmental impact. Gen9 servers use 30% less energy per unit of IT work than our Gen8 servers and 60% less than HP servers sold in 2010. Many of our storage solutions also leverage ProLiant Server hardware.

**HP Moonshot** Delivering breakthrough economics and environmental performance, HP Moonshot servers deliver the right computing power for the right workloads. Unlike general purpose servers, HP Moonshot is optimized for specific applications, including those powering the New Style of Business—mobility, cloud,

and big data. HP Moonshot servers utilize up to 65% less power and use 90% less space compared to traditional servers.<sup>22</sup> And on specific workloads, HP Moonshot delivers even more substantial savings. For example, the HP Moonshot for NoSQL Databases would utilize up to 90% less power, use 97% less space, and cost 78% less than a traditional server environment.<sup>23</sup>

By revolutionizing the space and energy economics of the data center, HP is helping address the explosive demand for data while enabling our customers to innovate in ways that tackle diseases, protect the environment, and transform lives.

## The Machine: a new kind of computer

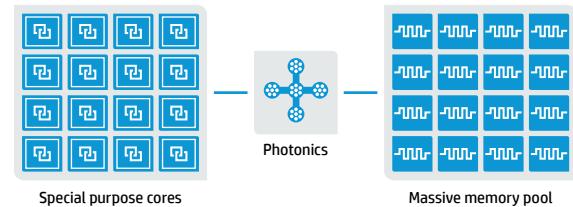
The world is facing an explosion of data, which is increasing pressure on the resources required to move, store, process, and secure it. The Machine is an ambitious HP Labs research project that aims to meet this challenge. It reinvents the basic architecture of computers to enable significant leaps in performance and energy efficiency.

**“Our new architecture is also extremely energy-efficient, of the order of 1/100th of the energy per calculation achievable today.”**

—Martin Fink, Executive Vice President and Chief Technology Officer

Rather than looking to new innovations such as photronics and memristor as replacements for existing technologies, HP is redesigning how all these components come together. HP Moonshot was the first step along this path and delivers major efficiency gains. The Machine will continue along this road, integrating standard microprocessor cores, application-specific cores, memory, management, and networking all in a single package. The Machine aims to reinvent computing from the ground up using novel hardware, a new open-source operating system, and groundbreaking analytics algorithms.

### The machine



We estimate The Machine will use on the order of 1% of the energy per calculation achievable today.<sup>24</sup> Another exciting property of The Machine architecture is its ability to accommodate vast amounts of memory in a small space and access it extremely quickly.<sup>24</sup> A 2014 simulation of The Machine was able to search 80 million images in a large pool of “nonvolatile memory” in about 100 milliseconds,<sup>25</sup> compared to searching 4 million images on a conventional disk-based system in about 3 minutes.<sup>26</sup> These innovations will greatly reduce the energy requirements and physical footprint of computing.

The Machine will be highly scalable: different versions will be small enough to fit into a sensor or large enough to replace a data center. Every type of IT device could contain some form of The Machine, making its benefits available on a global scale.

We expect to bring The Machine to market by the end of this decade, with various component technologies available sooner. Watch this video to learn more about The Machine and its potential applications.

<sup>22</sup> Numbers vary by Moonshot server cartridge and customer configuration; based on HP internal analysis, as of April 2013.

<sup>23</sup> HP Internal testing, compared to a traditional 2U/2P rack server, as of March 2015.

<sup>24</sup> Based on internal HP Labs calculations.

<sup>25</sup> Simulation undertaken at HP Discover Barcelona 2014.

<sup>26</sup> Based on internal HP Labs calculations, as of Dec 11, 2014. Note that memristor is a type of nonvolatile memory. The simulation also looks at a comparison with an in-memory implementation.

## Contents

- Letter from CEO  
Meg Whitman
- Executive summary
- Governance
- Human Progress
- Economic Progress
- Environmental Progress**
  - Overview
  - Supply chain
  - environmental impact
  - HP operations
- **Products and solutions**
  - Product return and recycling
  - Social investment
  - Data
  - About this report



## Storage

**Flash-based storage** First launched in 2013, HP 3PAR StoreServ All-Flash Arrays reduce energy costs for power and cooling by an estimated 90% compared to arrays using hard disk drive capacity.<sup>27</sup> In 2014, we added new flash arrays to the 3PAR StoreServ family, including new converged controller models that support consolidation of block and file workloads and provide object access. This enables customers to purchase a single storage system to fulfill multiple storage needs. In addition, high-capacity, low-cost commercial multi-level cell (cMLC) drives, when combined with data-compaction technologies, decrease capacity requirements and associated energy consumption by 75%.<sup>28</sup>

**Converged data protection** Converged data protection that includes interoperable physical appliances and virtual appliances reduces the complexity and the amount of hardware required of backup storage, saving materials and energy. In 2014, we introduced HP StoreOnce Recovery Manager Central software, which eliminates the need for traditional backup processes in favor of native movement of storage snapshots from primary storage to backup systems and frees up capacity on primary storage arrays. Since 2010, “deduplicated backup”<sup>29</sup> with HP StoreOnce Backup physical and virtual appliances has saved customers an estimated 13.8 exabytes (one exabyte equals one billion gigabytes of data) of storage capacity and \$68.8 million.<sup>30</sup>

**Software-defined storage** Virtual Storage Appliance (VSA) software can reduce an enterprise's physical space requirements for primary storage by 80% and associated energy consumption by 60%, compared to traditional server/storage deployments. As of the end of 2014, we had distributed 1 million HP StoreVirtual and HP StoreOnce VSA licenses, representing the elimination of as many as a million dedicated hardware appliances across primary (StoreVirtual) and protection (StoreOnce) storage.<sup>31</sup>

## Networking

**Virtual Services Router** Our new Virtual Service Router is designed for cloud computing and “virtual services”.<sup>32</sup> By eliminating the need for a separate physical “Layer 3” router, customers can reduce their physical footprint, rack space, and power and cooling costs by up to 50%.<sup>33</sup> This generates initial cost savings of up to 87% while lowering the customer’s environmental impact.

**Switches** Network switches direct data between computing devices such as servers and storage. The new 5400R zl2 Switch Series, which is ideal for medium and large networks, operates using 80 PLUS® Gold Certified<sup>34</sup> power supplies and is 87% more energy-efficient than a leading competitor’s equivalent offering, for 27% lower cost.<sup>35</sup>

**Network virtualization** HP Distributed Cloud Networking (DCN) is a complete and comprehensive networking solution that enables service providers and large organizations to virtualize existing data centers and improve management of network resources. DCN uses approximately 67% less space, power, and cooling than a competitor’s similar solution.<sup>36</sup>

## Data center facility services

Over the next decade, IT systems will need to manage exponentially more data, increasing the resources required to build and operate data centers. As well as holding the potential to transform how we live and work, this growth in data also offers great opportunities for environmental sustainability initiatives. For example, the Internet of Things, which will connect an estimated 26 billion devices by 2020,<sup>37</sup> could enable large-scale reductions in GHG emissions on a global scale—read more in [Enterprise Services and software](#).

In response to these trends, HP is making data centers more space and energy-efficient by incorporating innovative thinking about power and cooling. HP is a leader in developing lower impact data centers and is a founding member of [The Green Grid Association](#)—a collaborative organization focused on improving the resource efficiency of data centers.

Our data centers and data center services bring together [HP servers, storage, and networking](#) devices and expertise to address our customers’ evolving cloud, big data, and other needs. We design, build, run, and upgrade data centers for our customers and for our own use—see [HP operations](#) for more information. Our Data Center Facilities (DCF) Consulting services and Datacenter Care services help customers optimize data center energy consumption, space requirements, and performance—enabling the completion of more work with fewer resources.

Here, we provide 2014 updates on existing and new HP services in this area.

<sup>27</sup> Calculations based on internal comparison of the HP 3PAR StoreServ 7450 fully populated with four controller nodes and 1.92 TB SSD drives to the EMC VNX 20000 populated with a mixture of 400 GB SSDs and 600 GB Fibre Channel drives. Calculations based on a three year period assuming a 4:1 deduplication ratio on the 3PAR system and a 20% data growth rate for both systems.

<sup>28</sup> As compared to not using data-compaction technologies. Based on a 4:1 data-compaction ratio achieved with the combination of HP 3PAR Thin Technologies.

<sup>29</sup> Data deduplication removes duplicate copies of repeated data.

<sup>30</sup> Based on a 20:1 deduplication ratio.

<sup>31</sup> Based on internal tracking of downloads and software distributions.

<sup>32</sup> Virtual services are networking functionalities delivered virtually, that are normally delivered through hardware.

<sup>33</sup> Compared to a physical “Layer 3” router and server configuration.

<sup>34</sup> 80 PLUS® is a voluntary certification program intended to promote efficient energy use in computer power supply units. <http://www.plugloadsolutions.com/80pluspowersupplies.aspx>.

<sup>35</sup> As of December 2014, from the Tolly report [HP 5400R zl2 Switch Series Competitive Performance, Power Consumption and TCO Evaluation versus Cisco Catalyst 4507R+E](#).

<sup>36</sup> According to customer-reported data, as of February 2015. Typical savings may vary depending on customer usage and other factors.

<sup>37</sup> According to the Gartner report Forecast: The Internet of Things, Worldwide, 2013 (see <http://www.gartner.com/newsroom/id/2636073>).

## Contents

- Letter from CEO
- Meg Whitman
- Executive summary
- Governance
- Human Progress
- Economic Progress
- Environmental Progress**
  - Overview
  - Supply chain environmental impact
  - HP operations
  - Products and solutions**
    - Product return and recycling
    - Social investment
    - Data
  - About this report



## Data center design and implementation

HP DCF Consulting<sup>38</sup> provides customers with expertise to create new data centers and upgrade existing ones. As of February 2015, DCF Consulting has designed more than 65 million square feet of data centers worldwide, including 43% of all LEED® Platinum-, 33% of all LEED® Gold-, and 20% of all LEED® Silver-certified new construction data centers worldwide.<sup>39</sup> LEED® is a green building certification program that recognizes best-in-class building strategies and practices.

Since its inception, HP DCF Consulting has helped formulate the European Data Centre Code of Conduct as well as the Singapore Standard for Green Data Centers, which support data center operators and owners to cost-effectively reduce energy consumption. In 2014, we completed energy efficiency initiatives in our own data centers worldwide that will save an estimated 11 million kWh annually—equivalent to the annual GHG emissions from 1,900 passenger vehicles—see HP operations for more information.

## Facility as a Service

Launched in 2014, our “Facility as a Service” offering enables customers to avoid upfront capital expenditure for data centers through a pay-as-you-go leasing model, matching space and energy requirements to current needs. Avoiding the use of additional infrastructure reduces power and cooling requirements and associated GHG emissions, physical footprint, and cost, as well as the embedded carbon impact of building oversize data centers.

## Software-defined Infrastructure

In 2014, we introduced Technology Services for Software-defined Infrastructure, which combines our server, storage, networking, software capabilities,

and facilities to offer a cost-effective service for our customers’ IT management. Every aspect of data center infrastructure—including power and cooling—is controlled centrally to maximize energy efficiency and reduce unnecessary workloads through the linkage of vendor data center infrastructure management systems and HP’s OneView IT Management system.

## Enterprise Services and software

Our customers demand leading performance and innovation from the IT systems that support their businesses. HP Enterprise Services help companies capitalize on important trends, such as smart utility grids and the Internet of Things, that offer compelling market opportunities as well as the potential for dramatic improvements in environmental performance. HP Software products, such as our big data platforms, enable customers to analyze vast data sets quickly and efficiently, providing valuable insights and helping our customers to improve outcomes in areas such as energy and healthcare.

Here, we provide 2014 updates on existing and new HP offerings in these areas.

### Enterprise Services

**HP Smart Meter Managed Service** Smart meters can improve energy management, reducing energy bills and decreasing GHG emissions. However, utility companies introducing smart meters face challenges related to customer uptake, complex vendor management, and the need for new IT infrastructure.

## HP and the Internet of Things

The Internet of Things is based on the idea that any electronic device—from heart monitoring implants to airplanes—can be connected to the Internet, offering the ability to collect and analyze vast data sets in real-time. This has profound implications for everyday life in diverse areas—from health and environmental monitoring to quality control and transport systems, including for increasing energy efficiency and reducing environmental impacts. Estimates suggest that the incorporation of machine-to-machine communication in the agriculture, buildings, energy, and transportation sectors alone could reduce annual global GHG emissions by more than 9 billion tonnes CO<sub>2</sub> e by 2020.<sup>40</sup>

In early 2015, HP released its Internet of Things (IoT) Platform, as well as the HP Energy Management Pack, the first vertical application developed for the HP IoT Platform. This application empowers telecommunications providers and their utility customers to securely provide home

automation and energy control to consumers, industries, and municipalities. Possible uses include:

- **Metering** Use home-equipped smart meters to manage prepaid energy, dynamic updates of tariffs from the grid and real-time consumption measurement.
- **Energy management** Monitor and optimize energy consumption of connected home appliances based on use, temperature and light conditions, and tariffs.
- **Public lighting** Remotely manage public lights based on use profiles, emergency requests and weather conditions.
- **Smart city services** Address city services using electronic parking systems to relay smart connectivity to sensors centrally controlling parking capacity and electronically monitoring meters.

HP Mobility Solutions is working with Jasper, a pioneering cloud-focused company to power the Internet of Things—watch more [here](#).

<sup>38</sup> Formerly Critical Facilities Services.

<sup>39</sup> As of February 20, 2015. Based on U.S. Green Building Council and HP data.

<sup>40</sup> Estimates taken from the February 2013 Carbon War Room report Machine-to-Machine Technologies: Unlocking the Potential of a \$1 Trillion Industry (see <https://carbonwarroom.com/what-we-do/research-publications/M2MReport>).

## Contents

Letter from CEO

Meg Whitman

Executive summary

Governance

Human Progress

Economic Progress

## Environmental Progress

Overview

Supply chain

environmental impact

HP operations

### • Products and solutions

Product return and recycling

Social investment

Data

About this report

HP Smart Meter Managed Service delivers the infrastructure and applications that support smart meter programs for customers around the world. Based upon our Utility Center software, our services provide a secure, flexible “pay-as-you-grow” option that helps companies minimize the technology investment required to deploy smart meters and accelerate time to market. We offer a combination of data handling, meter management, and network management to support utility providers in areas such as energy efficiency and conservation programs, energy consumption alerts, and commercial and industrial energy management.

These activities improve consumer and business customer energy awareness and management and help to reduce related GHG emissions. In 2014, we expanded our activities in Japan, with two additional multimillion smart meter programs selecting our Utility Center software to manage their activities.

## Software

**Big data** Our big data platforms—HP IDOL (Intelligent Data Operating Layer) and HP Vertica Analytics Platforms—enable organizations to rapidly collect, access, understand, and act on large amounts of information from any source. We help customers deploy these platforms across a range of sectors.

For example, HP Healthcare Analytics, launched in 2014 and powered by HP IDOL, offers healthcare providers new insights into clinical data—reducing errors, avoiding unnecessary treatments, and enabling preventative measures that decrease the rate of avoidable diseases. From an environmental perspective, the innovative software helps to identify and eliminate healthcare-related waste, as well as increase resource efficiency and reduce costs. We developed the platform in collaboration with Stanford Children’s Health and Lucile Packard Children’s Hospital, in Palo Alto, California.

Our HP Vertica big data platform was designed to be fast, scalable, and simple and is used by companies from a range of sectors. It operates an average of 100–500 times faster than traditional data warehouse solutions<sup>41</sup> and reduces resource intensity by storing 10–30 times more data per server, at 30% of the cost of those systems.

In 2014, E.ON Energy Research Center, an industry-owned client focused organization operating at the heart of the UK energy industry, in collaboration with the Energy Savings Trust, used HP Vertica software to provide an analytics service supporting the government-led rollout of 53 million smart meters to residential properties across the country. The Smart Meter Installation Dataset has been developed using advanced data analytics and contains statistical predictions on every British domestic property, including the location of existing electricity meters, the type of property, and the likelihood of access issues or of additional network operator support being needed, thus aiding the efficiency and effectiveness of the rollout.

## IT Operations Management HP’s Operations

Management software drives more efficient IT operations by reducing energy consumption and associated GHG emissions. For example, HP Operations Bridge

gives customers high-level control and visibility of their overall energy use. It also has applications in the broader renewable energy market, where we are developing a software solution that will provide wind farm vendors with an end-to-end management system. This will enable close monitoring and analysis of data from thousands of sensors, driving increased operational efficiency and more cost-effective renewable energy production.

## Personal systems

HP personal computers (PCs) and devices fulfill a broad range of customer needs—from 7-inch tablets made for music and web browsing, to elite desktop PCs for professional use. In every category, we strive to continually reduce the resources required to produce and use our personal systems. These efforts make our products easier to transport and use, while reducing the environmental footprint of HP and our customers.

Personal systems accounted for 44% of our product use carbon footprint in 2014. Our products meet leading international voluntary standards such as ENERGY STAR® and EPEAT®, and we are working to achieve even greater energy efficiency as we make progress towards our 2020 GHG emissions-intensity reduction goal.

We contribute to the circular economy by increasing the use of postconsumer recycled (PCR) plastic in our personal systems and extending product longevity through offerings such as spare part guarantees for commercial customers and upgrades to product components and software.

Here we provide 2014 updates on existing and new HP products and activities in this area.

## Product carbon footprints

Calculating the carbon footprint of our personal systems products helps us to understand how GHG emissions are distributed across the product life cycle and identify opportunities for improvement. For example, in 2014 carbon footprint analysis illustrated the environmental benefits of working with our suppliers to reduce fluorinated GHG (F-GHG) emissions in the manufacture of LCD displays. See Life cycle assessment for more information about our approach in this area.

## Innovative materials use

We are increasing the amount of PCR content used in our products. For example, 33% of new commercial desktop products introduced in 2014 contained greater than 10% PCR content, compared with 22% of those products in 2013. Between 2013 and 2014, we also decreased the materials use intensity for HP high-volume personal systems compared to relevant net revenue by approximately 6%, primarily due to design improvements. See Materials for detail.

As part of our materials strategy we continue to produce low-halogen personal computing products where technically feasible—read more in Materials.

<sup>41</sup> As of October 2014.

## Contents

Letter from CEO

Meg Whitman

Executive summary

Governance

Human Progress

Economic Progress

## Environmental Progress

Overview

Supply chain  
environmental impact

HP operations

### • Products and solutions

Product return and  
recycling

Social investment

Data

About this report

## HP Desktop Minis

In 2014, we launched the HP EliteDesk 800 G1 Desktop Mini—a top-of-the-line desktop PC designed for business critical computing, with numerous accessories allowing for future expandability and flexibility. The Desktop Mini form factor is available in all of our business PC portfolio categories. It offers a smaller physical footprint than traditional desktops, with less environmental impact. For example, the EliteDesk 800 G1 Desktop Mini weighs 4.5 kg less (using 70% less materials) than its equivalent ‘Small Form Factor’ platform and 7.4 kg less (using 79% less materials) than its equivalent Tower platform. In addition to saving materials, this size also reduces GHG emissions associated with materials extraction through manufacturing. The EliteDesk 800 G1 Desktop Mini also uses up to 26% less energy than its equivalent Small Form Factor platform and 28% less energy than its equivalent Tower platform.<sup>42</sup>

## Product certification

In 2014, HP was an early adopter in the transition to the latest ENERGY STAR® 6.0 specification—91% of personal system product models introduced during the year had configurations available certified to ENERGY STAR® 6.0. In addition, 61% of commercial product families introduced in 2014 earned EPEAT® Gold, which identifies “high-performance, environmentally preferable products.”<sup>43</sup> HP is part of the working group for the revision of the

Institute of Electrical and Electronics Engineers 1680.1 standard for the environmental assessment of personal computing products, which provides clear and consistent performance criteria for product design. See [Design for the Environment](#) for more detail on eco-labels.

## Printing

As a global leader in printing and imaging products, we continually innovate to create more sustainable products across our entire printing and imaging portfolio—from compact desktops to industrial presses. Printing and imaging accounted for 32% of our product use carbon footprint in 2014, and we are creating innovative printers with lower emissions such as the HP OfficeJet Pro X with HP PageWide Technology as we work towards our 2020 GHG emissions-intensity reduction goal.

Materials are another important focus area, and we are increasing the recyclability and amount of recycled content in our printing portfolio through our “closed loop” ink cartridge programs. Encouraging responsible paper use and printing—for example by setting auto-duplexing as default—is also an important contributor to reaching our 2020 goal. [Read more](#) about our efforts to achieve more sustainable paper use, including our new “thin paper” products.

## Reducing the footprint of printing: HP PageWide Technology

HP PageWide Technology brings groundbreaking improvements in the materials and energy efficiency of business, large-format, and web press printers—a stationary print bar spans the width of a page and prints entire pages in a single pass, offering clean, quiet printing that also saves time and money.

Currently, the HP OfficeJet Pro X and HP OfficeJet Enterprise X series of printers and multifunction printers (MFPs) use this innovative technology. It offers a step-change in materials use, generating up to 94% less supplies and packaging waste than comparable laser printers.<sup>44</sup> This equates to avoiding as much as 23kg of waste per printer per year.<sup>45</sup> HP PageWide Technology has made the HP OfficeJet Pro X the industry’s most energy-efficient printer in its class.<sup>46</sup>

The EPEAT® Silver-registered<sup>46</sup> HP OfficeJet Pro X printer has a carbon footprint that’s up to 81% smaller than comparable ink and laser printers and MFPs.<sup>47</sup>

These environmental advances combine with economic benefits. HP PageWide Technology offers up to double the operating speed<sup>48</sup> at up to 50% less cost per page<sup>49</sup> than comparable laser printers. In addition, clean-room certified printing<sup>50</sup> and a low-noise Quiet Mode<sup>51</sup> make business printers with HP PageWide Technology ideal for healthcare and learning environments.

[Watch some of our customers talk about benefits of the HP OfficeJet X series and HP PageWide Technology.](#)

<sup>42</sup> Measured by ENERGY STAR® annual total energy consumption (kilowatt hours).

<sup>43</sup> EPEAT® data is for models registered in the United States.

<sup>44</sup> As tested by Buyers Lab Inc. on request by HP using the HP OfficeJet Pro X576dn, savings based on 15,000 pages compared with major in-class competitors’ color laser MFPs <\$1,000 and color laser printers <\$800 as of July 2014.

<sup>45</sup> Based on [Typical Electricity Consumption as reported by ENERGY STAR®](#) for color printers of print speed from 30 to 75 ppm.

<sup>46</sup> EPEAT® Silver registered where applicable. EPEAT® registration varies by country. See [www.epeat.net](#) for registration status by country.

<sup>47</sup> Carbon dioxide equivalent (CO<sub>2</sub>e) emissions over the average lifetime use of an HP OfficeJet Pro X576dn printing 100,000 pages compared to traditional laserjet printers. Life cycle assessments commissioned by HP and conducted by PE International in September 2014.

<sup>48</sup> Comparison based on manufacturers’ published specifications of fastest available color mode (as of December 2013) and includes HP OfficeJet Enterprise X series versus traditional color laser MFPs <\$3,000 and printers <\$1,200, based on market share as reported by IDC as of Q3 2013 and HP internal testing in fastest available color mode (sample, four-page category documents tested from ISO 24734). For more information, see [hp.com/go/printerspeeds](#).

<sup>49</sup> HP OfficeJet Pro X: Claim is based on the majority of color laser MFPs <\$1000 and color laser printers <\$800 as of August 2013, based on market share as reported by IDC as of Q2 2013. For details, see [www.hp.com/officejet](#). Cost per page (CPP) comparisons for laser supplies based on published specifications of manufacturers’ highest capacity cartridges. HP OfficeJet CPP based on high-capacity HP 970XL/971XL, 950/951 XL, and standard-capacity HP 980 ink cartridges estimated street price, published yield for color prints and continuous printing in default mode. Actual prices and yields can vary. See [www.hp.com/go/learnaboutsupplies](#).

<sup>50</sup> The HP OfficeJet Enterprise Color X and HP OfficeJet Pro X series have been tested by UL and shown to be consistent with use in an ISO specification class 5 cleanroom. Based on results of third-party testing of HP OfficeJet Enterprise Color MFP X585 series with HP 980 Original ink cartridges. The device has been tested in a chamber that simulates a cleanroom in the 4.5/5 class range.

<sup>51</sup> Certain models contain Quiet Mode selectable by users, that keeps print noise at or below 63 dB declared sound power level deemed suitable for “rooms predominately used for intellectual activities” by Blue Angel.

**Contents**

Letter from CEO  
Meg Whitman

Executive summary

Governance

Human Progress

Economic Progress

**Environmental Progress**

Overview

Supply chain  
environmental impact

HP operations

**• Products and solutions**Product return and  
recycling

Social investment

Data

About this report



Here, we provide 2014 updates on existing and new HP products and services in printing.

**Indigo digital presses**

We continually look for new ways to improve the environmental performance of our Indigo presses, which customers employ for activities such as publishing. Indigo presses enable efficient on-demand printing, including customized, short print runs. Our third-generation models that were launched in 2014 optimize imaging oil reuse—decreasing overall oil use and reducing the amount of waste oil generated by each machine by approximately 50%. All HP series 3 presses have achieved carbon neutral manufacturing through our carbon offset program, which in 2014 reduced our GHG emissions by an amount equivalent to removing more than 2,500 cars from the road for one year.<sup>52</sup> Read more about Indigo [here](#).

**HP Managed Print Services**

HP Managed Print Services (MPS) combines our innovative hardware, supplies, software, and services to help organizations optimize, manage, and improve printing and digital workflows, saving money and resources. Our environmental assessments and consulting services help clients to understand and reduce the environmental impact of their printing and imaging. We conduct a thorough analysis of each client's printing and imaging practices and produce a

roadmap to improve performance, covering areas such as carbon footprint, paper use, recycling, fleet design, user behaviors, security, and workflow improvements.

MPS is a key contributor to our [circular economy](#) efforts and our drive to reduce the footprint of computing and printing. This innovative model, which shifts the emphasis from selling products to delivering higher value services, has brought multiple benefits to our customers<sup>53</sup>, including:

- Reductions in printing-related energy usage of 20–40%.
- Decreases in imaging and printing costs of 10–30%.
- Reductions in paper waste of 25% or more—one customer reduced CO<sub>2</sub>e emissions<sup>54</sup> by more than 170 tonnes through duplex printing alone. Another customer saved 100,000 pages per quarter by using pull- and PIN-printing solutions, which decrease unclaimed print jobs and misprints by 10% to 30%. Automating industry-specific workflows in areas such as [healthcare](#), [financial services](#), [manufacturing](#), and [government](#) decreases paper use as well.
- Promotion of responsible recycling—making it even easier to use [HP return and recycling programs](#).

Read more about [HP Managed Print Services](#), including several customer examples.

**3D printing**

In October 2014, HP announced its new Blended Reality ecosystem, designed to break down the barriers between the digital and physical worlds, with the innovative new personal computing system [Sprout by HP](#) and a new commercial 3D printer technology, Multi Jet Fusion. This 3D printer technology prints up to 10 times faster<sup>55</sup> at a lower cost<sup>56</sup> compared to competitors' systems in the market—while still offering improved quality, new color capabilities, and systems that can reduce energy during use and waste.<sup>57</sup>

This breakthrough has the potential to accelerate the adoption of 3D design and hardware innovation, which could contribute to a digital transformation of manufacturing and help to enable the [circular economy](#).

This disruptive technology may improve materials efficiency by streamlining the prototyping process, improving the economics of short-run manufacturing, and avoiding waste associated with mass production. It also enables superior designs that are feasible only using “additive manufacturing” techniques. By making it possible to produce individual replacement parts locally, rapidly, and inexpensively, 3D printing can extend the lifespan of some products. Since it reduces the number of material types used in manufacturing, 3D printing may also increase the recyclability and value of product materials at end of life.

[Learn more](#).

<sup>52</sup> Based on <http://www.epa.gov/cleanenergy/energy-resources/calculator.html>.

<sup>53</sup> The following examples and figures are typical of those reported by leading industry analysts and HP client engagements. Estimated energy and paper savings based on analysis of select HP Managed Print Services customers' imaging and printing operations using data gathered on devices and paper consumption and comparing with post-MPS actuals or projections. Results depend on unique business environments, the way HP products and services are used, and other factors. Overall printing costs are unique to each company and should not be relied on for savings you may achieve.

<sup>54</sup> The estimated savings for CO<sub>2</sub> emissions is based on the findings from an Environmental Protection Agency (EPA) study. The reduced CO<sub>2</sub> emission total is calculated by comparing baseline data from the most recent Quarterly Business Review using the Carbon Footprint Calculator at: <http://www.hp.com/large/cfc/index.html>.

<sup>55</sup> Based on internal HP testing of part build time, for a set of representative parts in batch process comparing HP Thermal Inkjet based Multi Jet Fusion™ technology to the leading 3D printing technologies in the United States—selective laser sintering (SLS) and fused deposition modeling—as of October, 2014.

<sup>56</sup> HP Multi Jet Fusion™ technology leverages proprietary HP Thermal Inkjet technology, enabling lower cost systems that output similar quality to more expensive devices—such as SLS—and speed.

<sup>57</sup> Compared to SLS and fused deposition modeling technologies in the market as of October 2014, HP Multi Jet Fusion™ technology can reduce the overall energy requirements needed to attain full fusing and reduce the system requirements for large, vacuum-sealed ovens. In addition, HP Multi Jet Fusion™ technology uses less heating power than SLS systems for better material properties and material reuse rates, minimizing waste. Finally, the combination of breakthrough economics and speed amplifies the total cost of ownership advantage of HP Multi Jet Fusion™ technology.

## Contents

- Letter from CEO
- Meg Whitman
- Executive summary
- Governance
- Human Progress
- Economic Progress
- Environmental Progress**
  - Overview
  - Supply chain environmental impact
  - HP operations
  - **Products and solutions**
    - Product return and recycling
    - Social investment
    - Data
    - About this report



## HP Instant Ink

HP Instant Ink is our ink-subscription service. A printer orders ink when it is running low, and the replacement is delivered automatically to the customer. Prepaid envelopes encourage customers to return used cartridges for recycling. Innovative design enabled by this service model enables this offering to reduce cartridge-related materials consumption for most customers by 40–67% per page printed, for example, through higher capacity cartridges and less packaging.<sup>58</sup>

### The HP “closed loop” journey

In 2014, we added a third initiative to our existing programs for recycled polyethylene terephthalate (RPET) and recycled polypropylene (RPP). The latest program recycles a new stream of RPP (“r2P2”) derived exclusively from HP ink cartridges returned by customers—building upon our prior initiatives that used plastics derived from HP cartridges mixed with other postconsumer plastics—making it a fully “closed loop” process. We developed this process in about nine months, compared to nearly five years for our first RPET process, drawing on the extensive experience we’ve gained since launching our first “closed loop” initiative in 2005.

At the end of 2014, more than 75% of HP ink cartridges shipped contained an average of 20% recycled plastic from these streams. We estimate that combined, these three streams will utilize approximately 9,000 tonnes of recycled plastic for use in our ink cartridges in 2015, helping to drive our shift towards a circular economy.

Our original RPP process received a Green Apple Gold Award in 2014.

### External collaboration and certification

HP is a Platinum Patron of the Sustainable Green Printing Partnership (SGP). The SGP works with printing companies worldwide through certification and continuous improvement programs focused on reducing environmental impacts. We also qualify for a broad range of eco-label certifications such as EPEAT® and ENERGY STAR® across our printing portfolio—[read more](#).

Another focus area is printer emissions and related air quality. In particular, HP printing systems are checked to meet stringent emissions criteria of the internationally recognized Blue Angel eco-label. Many of our laser and inkjet printers are awarded the Blue Angel certification.

## Paper

Paper use contributes significantly to the environmental footprint of printing, representing 13–61% of the GHG emissions of an HP printer across its life cycle.<sup>59</sup> Responsible paper sourcing is essential to ensure healthy, well-managed forests, which play a crucial role in absorbing carbon dioxide, supporting biodiversity, and contributing to the livelihoods of local communities.

We are committed to continually improving the environmental performance of our printing and paper products, focusing on responsible paper sourcing and sales, helping customers improve paper use, and optimizing paper use across HP.

Our Environmentally Preferable Paper Policy defines our principles for buying, selling, and using paper and paper-based packaging, and describes our commitment to sourcing from suppliers that demonstrate responsible forestry and manufacturing practices. This policy applies worldwide to all our product lines, functions, and business units. Read more about our packaging priorities and progress.

Our participation in World Wildlife Fund’s Global Forest & Trade Network (GFTN), an initiative to promote legal and responsible forestry and trade, and our long-standing partnerships with the Forest Stewardship Council® (FSC®) and with our supplier International Paper, a GFTN and FSC member, reflect our commitment to source fiber responsibly and develop sustainable designs for paper, printing, and packaging.

### Responsible paper sourcing

Approximately 250,000 tonnes of HP-branded printer and copier papers were sold in 2014. This number included 50 tonnes of recycled fiber and 230,000 tonnes of certified fiber.<sup>60</sup>

We require suppliers to verify the origin of fiber used in HP-branded papers to ensure it is legally and responsibly sourced. In 2014, we achieved our goal for 50% of HP-branded paper worldwide by tonnage to be FSC-certified and/or contain at least 30% postconsumer waste—a year earlier than planned. We increased FSC-certified products from 9% in 2011 to more than 50% at the end of 2014. In 2014, most of our HP-branded wide format papers were FSC-certified worldwide. We will continue to work with suppliers to secure FSC-certified pulp for paper making, as in many regions the availability of FSC-certified timber products remains a challenge.

<sup>58</sup> Actual savings may vary depending on number of pages actually printed per month, content of pages printed, and printer model.

<sup>59</sup> The range of emissions reflects the amount of printing undertaken by different products across the life cycle. For example, personal and home printers tend to have a lower overall workload and therefore lower GHG emissions due to paper use, compared to high-volume office printers.

<sup>60</sup> Certified fiber is the fiber used in products that are labeled with FSC® or PEFC™ the Programme for the Endorsement of Forest Certification Schemes on the pack. HP trademark license code FSC®-C017543, see [fsc.org](http://fsc.org). Not all FSC®-certified products are available in all regions. HP PEFC Trademark license code PEFC/29-31-198.

## Contents

Letter from CEO

Meg Whitman

Executive summary

Governance

Human Progress

Economic Progress

## Environmental Progress

Overview

Supply chain

environmental impact

HP operations

### • Products and solutions

Product return and recycling

Social investment

Data

About this report



Beyond increasing the amount of certified paper in our own portfolio, we collaborate with organizations such as the FSC to promote their standards across industries. In 2014, we attended the FSC General Assembly to vote on issues, priorities, and strategy for the next three years.

### Helping customers improve paper use

The paper used by our customers in HP products represents about 7% of our carbon footprint and 14% of our water footprint. By helping them improve paper use, we enhance our own environmental performance.

We encourage our customers to:

- Use responsibly sourced and certified paper: Whether our customers buy paper from HP or elsewhere, we encourage them to identify and use responsibly sourced paper. HP supports the FSC brand to increase awareness of responsible forestry among consumers and commercial enterprises.
- Use paper efficiently: We set auto-duplex printing as the default across some print fleets and offer applications such as HP Smart Print. Digital printers such as HP Web Presses are designed to optimize paper use.

We also support broader industry efforts towards responsible printing, such as the Sustainable Green Printing Partnership.

- Recycle paper after use: We improve the recyclability of our paper by developing solutions for paper deinking.

### Optimizing paper use across HP

We encourage and enable responsible paper use across our operations, focusing on commercial print and publishing, paper use in our offices, and the paper we ship "in the box" with our products. For example, we:

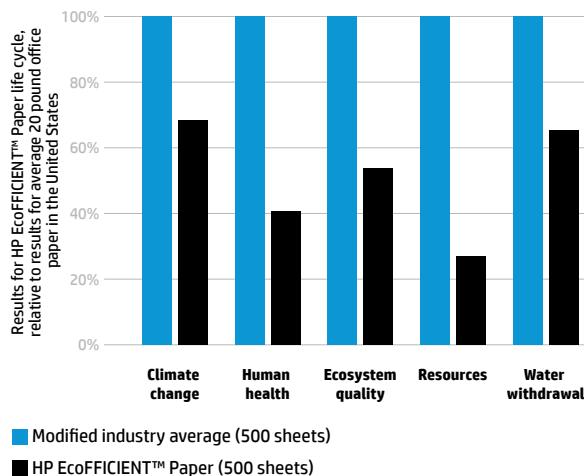
- Increase efficiency of paper use for our sales and marketing materials with HP's Print on Demand strategy
- Use a default setting of two-sided printing and provide HP employees with tips to reduce the environmental impact of printing
- Look for opportunities to reduce product documentation, for example, by providing electronic versions where possible

## Thinner paper, less impact

In 2014, we introduced FSC-certified HP EcoFFICIENT™ Paper—a lower weight, 16-pound bond paper—in North America. This innovative product is 25% thinner than typical office paper and fully compatible with the HP printing fleet, while still meeting stringent print quality standards. It also offers reduced environmental and human health impacts.

The HP business partner that manufactures this new product commissioned a life cycle assessment (LCA) to examine the potential impact of HP EcoFFICIENT™ Paper on climate change, human health, ecosystem quality, resource use, and water withdrawal. The analysis shows that HP EcoFFICIENT™ Paper reduces impact by more than 30% across each of those five sustainability dimensions, compared to the industry-standard 20 pound office paper in the United States.<sup>61</sup> Learn more about HP's LCA activities.

### Life cycle assessment of HP EcoFFICIENT™ Paper\*



<sup>61</sup> The LCA follows International Organization for Standardization (ISO) 14040 and 14044 standards for public disclosure, including a peer-review by an independent panel.

## Contents

Letter from CEO

Meg Whitman

Executive summary

Governance

Human Progress

Economic Progress

## Environmental Progress

Overview

Supply chain  
environmental impact

HP operations

### • Products and solutions

Product return and  
recycling

Social investment

Data

About this report

## Packaging

HP aims to have our industry's most efficient and sustainable packaging designs. We continually innovate to use less material, optimize shipping densities, and utilize recycled and recyclable materials—reducing the GHG emissions and raw materials use associated with packaging and product transportation. Our packaging innovations contribute to reducing the environmental footprint of HP products. We apply six principles to our packaging activities:

- **Remove** substances of concern when lower impact alternatives are readily available—see [Materials](#)
- **Reduce** the amount of packaging material used per product, compared with its predecessor
- Design packaging for **reuse** where feasible, enabling retailers, distributors, and enterprise customers to return packaging materials to HP or redeploy the materials for future shipments
- Increase the proportion of **recycled** content in our packaging
- **Replace** hard-to-recycle materials with more easily recycled substitutes
- **Influence** vendors to increase use of recycled fiber content and sustainably harvested fiber in our paper-based packaging

These principles are underpinned by [HP's General Specification for the Environment](#), which restricts substances of concern such as polyvinyl chloride (PVC) in our packaging, and requires 100% of materials used in HP packaging to be recyclable.<sup>62</sup> All HP packaging is required to comply with our Environmentally Preferable Paper Policy—see [Paper](#).

Collaborating with suppliers is central to reducing the environmental impact of packaging. We work with our vendors to drive their use of recycled and sustainably harvested fiber, and we provide detailed guidelines to promote innovative and environmentally responsible packaging designs. HP prefers suppliers that demonstrate strong environmental performance and a commitment to sourcing from responsibly managed forests.

We also participate in WWF's Global Forest and Trade Network (GFTN) to promote sustainable packaging activities in our operations and beyond.

Designing packaging requires us to balance a range of factors. These include product protection, various environmental impacts, customer expectations, and cost—while always complying with evolving regulations.

## Progress in 2014

During 2014, we implemented ongoing and new packaging initiatives for HP personal systems, printing and graphic solutions, servers, and storage with the following benefits:<sup>63</sup>

- Avoided CO<sub>2</sub>e emissions of 11,800 tonnes, equivalent to about 0.7% of our GHG emissions from product transport<sup>64</sup>
- Reduced packaging material by 4,070 tonnes, including 471 tonnes of foam
- Used 15,600 tonnes of recycled lumber (up 8% from 2013)
- Used 2,200 tonnes of recycled cushion material
- Saved HP \$12 million

## Ongoing programs

During 2014, we realized environmental savings from several ongoing packaging initiatives:

- Continued reuse of wooden pallets in North America, avoiding the use of approximately 781,000 new pallets. Since its inception in 2012, this program has saved 23.4 million board feet of lumber.
- Expanded our straw-based packaging project by shipping all Deskjet 1510 Series printers in the Americas and Europe with this new material instead of traditional paper-based packaging. In 2014, implementation of this program resulted in the avoidance of approximately 320 tonnes of CO<sub>2</sub>e emissions<sup>64</sup> and the reduction of potential air quality and health impacts, by utilizing straw that would otherwise have been burned.
- Continued to use 100%-recycled materials in new product cushions for multiple desktop PCs manufactured in North America—using approximately 2,450 tonnes of recycled foam in 2013 and 2014 combined.
- Extended our partnership with a key supplier and a polymer foam specialist to manufacture postconsumer polyethylene foam packaging. Since 2013, we have produced more than 175,000 cushions using more than 19 tonnes of diverted and recycled material.

<sup>62</sup> Not all locations have suitable recycling infrastructure to recycle all materials used in HP packaging.

<sup>63</sup> Avoidance, reductions, and savings data presented in this section is based on comparisons of current and prior generations of packaging, either for the same or comparable products.

<sup>64</sup> Emissions figures relate to either the fabrication and/or transportation phase of the packaging life cycle.

**11,800**

tonnes avoided in  
CO<sub>2</sub>e emissions from  
packaging initiatives



## Contents

Letter from CEO  
Meg Whitman

Executive summary  
Governance

Human Progress

Economic Progress

## Environmental Progress

Overview

Supply chain  
environmental impact  
HP operations

### • Products and solutions

Product return and  
recycling

Social investment  
Data

About this report

## 2014 packaging innovations

The following examples, selected from more than 30 projects completed or initiated in 2014, illustrate the range of packaging innovations across our product portfolio.

| Packaging innovation*   | Reduce material usage | Optimize shipping densities | Utilize recycled materials | Summary of benefits**  |
|---|-----------------------|-----------------------------|----------------------------|--|
| LaserJets: Reduced corrugated and foam packaging for the Color LaserJet MPF M476 series   | x                     | x                           |                            | Avoided 1,620 tonnes of CO <sub>2</sub> e emissions<br>Reduced use of corrugate by 293 tonnes and foam by 100 tonnes<br>Eliminated need for 278 ocean shipping containers  |
| LaserJets: Reduced foam packaging weight by 50% for the LaserJet Pro MFP M127 and decreased the package size of the LaserJet Pro 400 by 42% | x                     | x                           |                            | Avoided 2,720 tonnes of CO <sub>2</sub> e emissions<br>Reduced use of corrugate by 747 tonnes and foam by 295 tonnes<br>Eliminated need for 329 ocean shipping containers  |
| Inkjets: Modified packaging for OfficeJet Pro 8600 Series printers by replacing corrugated elements and reducing the package size           | x                     |                             |                            | Avoided 143 tonnes of CO <sub>2</sub> e emissions<br>Reduced use of corrugate by 57 tonnes   |
| Inkjet supplies: Reduced packaging size and increased efficiency of production process***   | x                     | x                           |                            | Avoided 146 tonnes of CO <sub>2</sub> e emissions<br>Reduced use of paper-based packaging by 176 tonnes  |
| Desktops: Reduced packaging size by 25% for the rp7100 Series all-in-one desktop  | x                     | x                           |                            | Avoided 161 tonnes of CO <sub>2</sub> e emissions<br>Eliminated need for 27 ocean shipping containers  |
| Notebooks: Reduced packaging on all consumer and commercial notebooks, and changed ocean packing method from pallets to slip sheets****     | x                     | x                           |                            | Avoided 1,700 tonnes of CO <sub>2</sub> e emissions<br>Reduced use of corrugate, expanded polyethylene, and pallets by 700 tonnes<br>Replaced approximately 88,000 pallets with slip sheets, reducing CO <sub>2</sub> e emissions from materials fabrication by an additional 1,100 tonnes |
| Servers: Replaced virgin polyethylene foam with recycled foam in packaging for the ProLiant Server DL380                                    |                       | x                           |                            | Avoided 431 tonnes of CO <sub>2</sub> e emissions<br>Used 566 tonnes of recycled foam  |

\* Avoidance, reductions, and savings data are based on comparisons of current and prior generations of packaging, either for the same or comparable products.

\*\* All savings and reductions occurred during either the fabrication and/or transportation phase of the packaging life cycle. All savings are for 2014 unless otherwise indicated. Some estimates of benefits were calculated using production forecast data.

\*\*\* This program was launched in 2013.

\*\*\*\* Thin pallet-sized sheets of plastic, heavy laminated kraft paperboard, or corrugated fiberboard, used in commercial shipping in place of pallets.



## Contents

Letter from CEO  
Meg Whitman

Executive summary  
Governance

Human Progress

Economic Progress

## Environmental Progress

Overview

Supply chain

environmental impact

HP operations

### • Products and solutions

Product return and recycling

Social investment

Data

About this report

# Goals

## Energy efficiency

| 2020 goal   | Progress                               |
|---|--|
| Reduce the GHG emissions intensity of HP's product portfolio* by 40% by 2020 compared to 2010 levels.** | Achieved a 20% reduction through 2014. |

\*Emissions intensity of the HP product portfolio refers to tonnes CO<sub>2</sub>e/net revenue arising from use of high-volume product lines, including notebooks, tablets, desktops, mobile computing devices and workstations; inkjet and LaserJet printers; and HP servers, including industry-standard servers, as well as HP Moonshot and HP Apollo.

\*\*Expressed as emissions generated per unit of output. Calculations for personal systems are based on energy use—measured as emissions per unit (a single device). Calculations for printers include energy use, paper, ink, and toner cartridges—measured as emissions per unit (a single device). Calculations for servers are based on energy use, measured as emissions per unit of work (a task performed by the system, as defined by industry standards).

## Life cycle assessment

| 2014 goal  | Progress                                      |
|--|---|
| Promote and support the development of an <u>International Electrotechnical Commission Technical Report</u> to establish harmonized product category PCF standards for PCs and displays. | Achieved—the <u>final report</u> is complete. |

## Paper

| 2014 goal  | Progress  |
|--|-----------|
| 50% of HP-branded paper FSC-certified and/or containing at least 30% postconsumer waste by the end of 2015.* | Achieved. |

\*Goal is worldwide, by tonnage.

## Contents

Letter from CEO  
Meg Whitman

Executive summary

Governance

Human Progress

Economic Progress

### Environmental Progress

Overview

Supply chain  
environmental impact

HP operations

Products and solutions

#### • Product return and recycling

Social investment

Data

About this report



# Product return and recycling

When HP products reach the end of their useful lives, we work to provide options for responsible collection and treatment. We extend the life of some HP hardware through remanufacturing and refurbishment programs, such as HP Renew, that reuse older products, keeping them in circulation. We recycle what cannot be reused, recovering valuable materials in the process. As a last resort, we responsibly dispose of anything that remains.

Our product-recovery programs, which complement our Design for the Environment innovations at the beginning of the life cycle, play an essential role in our drive toward a more circular economy. For instance, under our “closed loop” recycling process, old HP ink and toner cartridges are reduced to raw materials that can be used to make new cartridges and other products.

HP is an industry leader in product take-back programs, which we began offering in 1987. Since then, we have recovered 1,683,000 tonnes (3.71 billion pounds) of

computer hardware (for reuse and recycling) and HP supplies (for recycling), and we now offer take-back programs in 73 countries and territories.<sup>1</sup> Our initiatives go well beyond providing take-back options for our own products. We also support the development of electronics recycling infrastructure around the world. In 2014, we expanded our product return and recycling network and launched new collaborations to capture end-of-life products, including in Brazil, Kenya, Mexico, and Panama.

<sup>1</sup> As of October 31, 2014.

## Contents

Letter from CEO

Meg Whitman

Executive summary

Governance

Human Progress

Economic Progress

## Environmental Progress

Overview

Supply chain  
environmental impact

HP operations

Products and solutions

### • Product return and recycling

Social investment

Data

About this report

## Progress in 2014

In 2014, we recovered 157,500 tonnes of hardware (including HP and non-HP products) and supplies. Of this amount, we:

- Recovered 4.2 million computer hardware units weighing 39,100 tonnes for reuse and remarketing
- Recycled 118,400 tonnes

In 2014, we achieved a total reuse and recycling rate of approximately 12% of relevant HP hardware sales worldwide. Although this rate increased from 10% in 2013, it is down from 14% in 2012.<sup>2</sup> This overall trend is due partly to increased competition for used electronic products in developed as well as developing countries. In several EU countries, the amount gathered by private collection companies is approaching or exceeding that collected by producers like HP. While this trend increases overall recycling rates and benefits the environment, it makes it more challenging for us to achieve our goal to recycle 3.5 billion pounds (1.6 million tonnes) of electronic products and supplies by the end of 2015 (since 1987).

During the year, we continued to strengthen recycling capabilities and standards in emerging and developed markets worldwide. In Vietnam, HP is one of the founding members of the Vietnam Recycling Platform, a consortium that takes back used or defective electronic products to ensure they are recycled in an efficient and environmentally responsible manner. The organization's

Vietnam Recycles program aligns with new Vietnamese legislation on the collection and treatment of discarded products, which came into effect at the beginning of 2015.

In the United States, we introduced a website for mobile devices that helps consumers find the nearest recycling location for hardware or supplies.

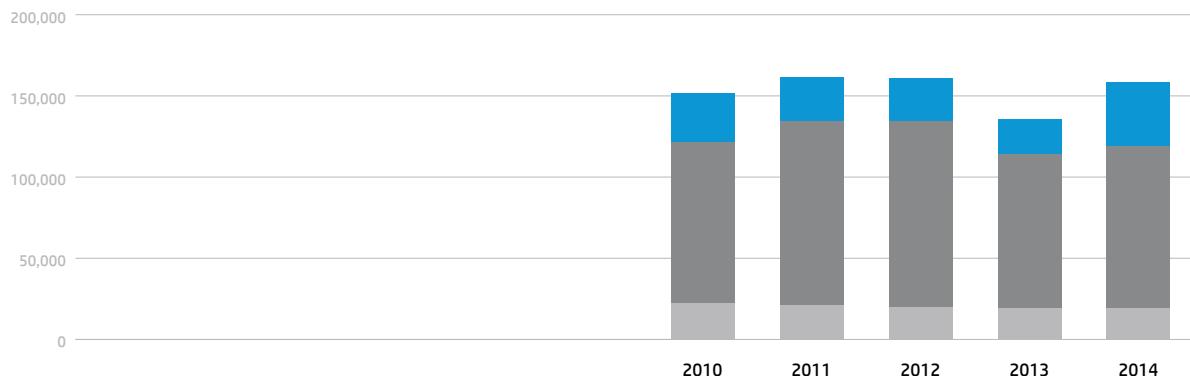
 View full data for Product return and recycling.

## Our approach

Addressing the end of life of HP products is a priority for HP and central to our efforts to decrease environmental impacts across our value chain. We prefer to refurbish and resell equipment because this solution has the lowest environmental impact and the most economic benefit. When reuse of hardware is not an option, we break down and recycle the materials that make up our products, extracting as much volume and value as possible. The average age of HP products when they are returned to us is between three and 10 years, so product condition can vary greatly at the time that we receive them.

To advance our objectives, we work with a global network of reuse and recycling vendors, and we commission third-party audits to ensure they conform to our high standards. We also collaborate with governments and industry stakeholders around the world to promote responsible regulation that supports efforts in this area.

### Product return and recycling, 2010–2014 [tonnes]



|                                    |                |                |                |                |                |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Total reuse of equipment*</b>   | 30,000         | 26,700         | 26,000         | 21,400         | 39,100         |
| <b>Recycling—computer hardware</b> | 99,100         | 113,700        | 114,500        | 95,000         | 100,000        |
| <b>Recycling—supplies</b>          | 21,800         | 20,300         | 19,100         | 18,200         | 18,400         |
| <b>Total**</b>                     | <b>150,900</b> | <b>160,600</b> | <b>159,600</b> | <b>134,500</b> | <b>157,500</b> |

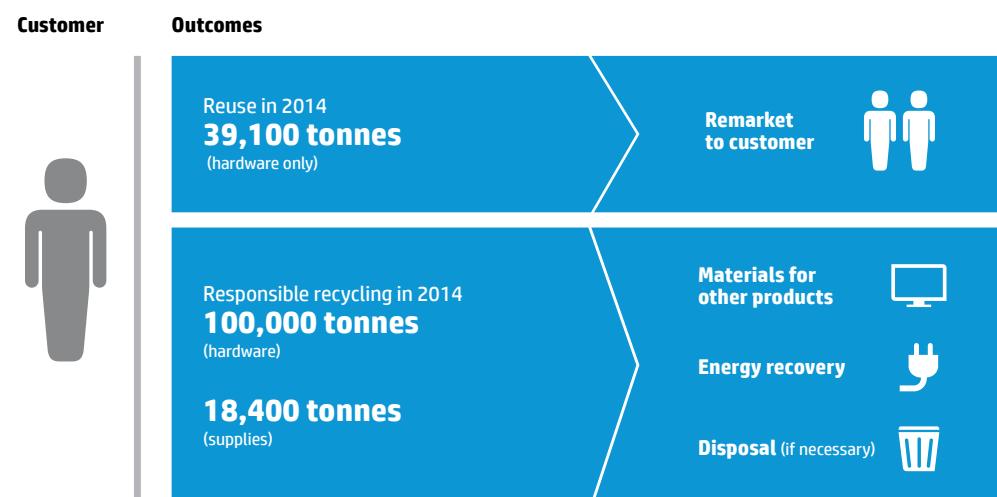
\*The decrease in tonnage from 2010–2013 is due to a reduction in the average weight of returned units, rather than a decline in the total number of returned units. Returned units during that period were: 2010: 3.81 million units; 2011: 3.44 million units; 2012: 3.9 million units; 2013: 3.7 million units. In 2014, HP increased both tonnage and the number of returned units (4.2 million units in 2014). The weight of reuse volume reported nearly doubled between 2013 and 2014. This is due to a substantial increase in the number of units returned year over year as well as a refinement to the calculation methodology used to estimate total weight.

\*\*Totals include all hardware and supplies returned to HP for processing, with ultimate dispositions including recycling, energy recovery, and, where no suitable alternatives exist, responsible disposal. Hardware recycling data from Europe, Middle East, and Africa, and HP LaserJet cartridge recycling data are calendar year. The remaining data is based on the HP fiscal year. Some segments do not add up to total due to rounding.

<sup>2</sup> It is impractical for HP to report the recycling rate by product category as materials are not typically sorted at collection points.

**Contents**

- Letter from CEO  
Meg Whitman
- Executive summary
- Governance
- Human Progress
- Economic Progress
- Environmental Progress**
  - Overview
  - Supply chain environmental impact
  - HP operations
  - Products and solutions
  - Product return and recycling
  - Social investment
  - Data
- About this report

**Outcomes of product return and recycling, 2014\***

\* Segments in this graphic are not drawn to scale.

**HP take-back programs\***

HP offers hardware reuse, hardware recycling, and HP ink and toner cartridge recycling programs via various channels, including through our [HP Planet Partners Program](#). We use a network of vendors in 73 countries and territories to collect, process for resale, and recycle returned products. HP and its partners follow strict protocols to ensure 100% of returned products go through a data-cleansing process to ensure customer privacy.

| Program  | Availability                              | Description  |
|--|---|--|
| <b>Hardware reuse** (trade in, return for cash, leasing return, and donation***)</b> | Available in 52 countries and territories | We resell refurbished products, from PCs to data center equipment, at the end of leasing terms or as part of trade-in agreements. We follow strict processes set out in our hardware reuse standard to protect user data and meet environmental requirements. View a <a href="#">virtual tour</a> of our HP Financial Services asset-recovery centers.   |
| <b>Hardware recycling</b>  | Available in 59 countries and territories | We recycle returned products that are not suitable for reuse. The European Recycling Platform, which we co-founded, provides take-back and recycling services to HP and other companies in Europe. In the United States, consumers can drop off hardware products for recycling at more than 3,700 Staples and FedEx Office locations or they can use our Consumer Buyback Program to return IT equipment of any brand in exchange for money or purchase credits if the product has some value. If the equipment is of no value, then we will responsibly recycle it. We also provide recycling services to commercial customers. See a list of <a href="#">recycling options by country</a> . |
| <b>HP ink and toner cartridge recycling</b>  | Available in 53 countries and territories | Consumers and commercial customers can return used HP ink and LaserJet toner cartridges through HP Planet Partners to authorized collection sites, at one of more than 11,000 free drop-off locations around the world. For some products and in selected countries, we offer <a href="#">free pickup and mail back options</a> . Through our "closed loop" recycling process, Original HP ink and LaserJet toner cartridges are reduced to raw materials that can be used to make new cartridges, as well as other metal and plastic products. More than 75% of HP Ink cartridges are now made with some recycled materials, and we plan to increase this percentage.                         |

\* Information in this table about the number of countries and territories in which reuse and recycling options are available is as of October 31, 2014.

\*\* Availability of reuse offerings varies by location.

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

## Contents

Letter from CEO  
Meg Whitman

Executive summary  
Governance

Human Progress  
Economic Progress

### Environmental Progress

Overview  
Supply chain environmental impact  
HP operations  
Products and solutions  
**• Product return and recycling**  
Social investment  
Data  
About this report



## Vendor audits

HP works with specialist third-party vendors that provide reuse and recycling programs on our behalf. We require these to adopt environmentally responsible processing techniques and to fully comply with relevant regulations. We also require vendor certification to third-party recycling standards (R2 and e-Stewards) in the many countries where they are recognized. We contract with Environmental Resources Management (ERM) to audit our recycling vendors to ensure conformance with the following HP policies and vendor standards:

- [Export of Electronic Waste to Developing Countries Policy](#)
- [HP's Supplier Code of Conduct](#)
- [Reuse and Recycling Standards](#)

ERM's audits assess our vendors' environmental, health, and safety practices and performance, and also check downstream material flows based on shipment and receipt records to certify no "leakage" of materials to facilities outside our approved vendor network. When audits identify areas of nonconformance, vendors have 30 days to submit a corrective action plan and 90 days to address those items. In extreme cases, we stop doing business with vendors who lack sufficient transparency or the willingness to make required changes.

### 2014 audits and findings

In 2014, through ERM, HP audited 72 vendor facilities (29 reuse and 43 recycling) in 24 countries. This number includes repeat audits of 29 recycling vendors and 10 reuse vendors to confirm their ongoing commitment to responsible recycling and improved performance. Of the 72 vendors audited globally, ERM found 20 vendor facilities with major nonconformances. Eleven of these were from new audits and nine were from repeat audits. The major nonconformances were found in audit categories

including health and safety, environment, labor, ethics, site security, management systems, asset tracking, and management. The two most common categories of major nonconformance were health and safety (22%) and site security (16%). HP works closely with our vendors to confirm they resolve nonconformances in a timely manner. Sites with major nonconformances are required to undergo a full site re-audit in the following year.

Read a [statement from ERM](#).

## Responsible regulation of end-of-life electronics

We engage with governments and stakeholders around the world to improve the movement and management of end-of-life electronic products. During 2014, we engaged regulators to explore the impact of current and future regulations on the classification and management of used IT. We support the objectives of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal and avoid transporting hazardous waste to developing countries that do not have the resources or capacity to manage recycling and treatment of such wastes. At the same time, we support the legitimate movement of used equipment for repair and reuse, which can extend the useful life of IT equipment and thereby reduce the generation of electronic waste.

On a related topic, most legislation holds manufacturers responsible for collection and treatment of their used products, yet, this is increasingly being undertaken by private collection companies. We are leading discussions on how regulations could be adjusted to reflect this shift and continue to improve the efficient collection and environmentally responsible recycling of end-of-life products.



[View full data for Product return and recycling.](#)

# Goals

## Product return and recycling

| 2015 goals   | Progress   |
|--|--|
| Recycle 3.5 billion pounds (1.6 million tonnes) of electronic products and supplies by the end of 2015 (since 1987). | HP recycled 261 million pounds of electronic products and supplies in 2014, bringing the total since 1987 to 3.05 billion pounds. We are likely to fall slightly short of this goal due to the impact that private collection companies are having on our recycling volumes. |
| Reuse 40 million electronic products and accessory units by the end of 2015 (since 2003).                            | HP reused 4.2 million computer hardware units in 2014, bringing the total since 2003 to 38.9 million.  |

## Contents

Letter from CEO

Meg Whitman

Executive summary

Governance

Human Progress

Economic Progress

### Environmental Progress

Overview

Supply chain  
environmental impact

HP operations

Products and solutions

Product return and  
recycling

### • Social investment

Data

About this report



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

# Social investment

Making the environment stronger as we grow is a Living Progress aspiration. We work with partners to apply the transformative power of technology to address environmental challenges, catalyzing scalable solutions and thought leadership that advance sustainability. We also encourage and support our employees to volunteer on environmental projects at HP sites or in their communities.

Examples of key environmental investments are highlighted here.

## Advancing big data environmental solutions

HP Earth Insights is a powerful example of Environmental Progress, demonstrating how breakthrough technology empowers decision makers to respond proactively to environmental threats.

The program advances environmental science by deploying HP's big data solutions to provide a first-of-its-kind early-warning system for threatened species in the world's tropical forests. Pioneered in partnership with a leading environmental nongovernmental organization

(NGO), Conservation International (CI), HP Earth Insights enables scientists and park managers to improve dramatically the accuracy and speed of forest-based research data collection and analysis. The technology also generates near real-time analytics that show population trends among rare and threatened species. Initial findings, based on 2014 data, revealed that 12% of the 275 species being monitored by CI and partners in 15 countries had decreased significantly in numbers. Threatened species with declining populations included the sun bear and wild boar in Malaysia, the agile mangabey in the Republic of Congo, and the greater grison in Ecuador.

Through 2014, CI and partner researchers at 18 tropical forest protected areas in 15 countries in Africa, Asia, and Latin America used HP Earth Insights to collect, manage, and analyze data that included more than 2 million photos and more than 4 million climate measurements. The technology analyzes information nine times faster than CI's previous processes, generating species trends and reports on the impacts of climate change, people, and land use on wildlife within 30 hours of data upload. Park managers, governments, NGOs, universities, and the general public can access this information using the [Wildlife Picture Index \(WPI\) Analytics System](#).

**Contents**

Letter from CEO  
Meg Whitman

Executive summary  
Governance

Human Progress

Economic Progress

**Environmental Progress**

Overview

Supply chain  
environmental impact

HP operations

Products and solutions

Product return and  
recycling

**• Social investment**

Data

About this report

At the 2014 Clinton Global Initiative, HP and CI announced a \$2.7 million commitment to expand the reach of HP Earth Insights by cultivating the implementation of data analytics-based national biodiversity monitoring programs. Of this, HP is contributing approximately \$2 million in grants, internal investments, and operating costs.

Through events such as the World Parks Congress and in one-on-one briefings, we are working with CI to scale its use by national wildlife and parks agencies. For example, the National Protected Area Service of Peru has used WPI data to demonstrate protected area effectiveness and biodiversity levels in Manu National Park.

**"HP Earth Insights is transforming environmental science. Until now, the right data, the technology, and scale have been noticeably missing from our field. What once took a team of scientists weeks, months or more to analyze can now be done by a single person in hours."**

—Peter Seligmann, Chairman and CEO,  
Conservation International

**Supporting employee environmental activities**

Many of our employees are passionate about sustainability and engage in environmental activities that benefit their communities. With more than 30 chapters globally, HP's Sustainability Network is our largest environmental volunteer and engagement group. Typical activities include Earth Day celebrations, community gardening projects, tree planting, and on-site waste-reduction events.

In our 2014 Global Volunteer Survey, employees reported more than 80,000 hours of community volunteering for environmental causes, including many activities during our Global Day of Service. Examples included cleaning beaches in Chennai, India; building pollinators in Toronto, Canada; volunteering at a recycling plant in New Taipei City, Taiwan; and tending a community garden in Dallas, Texas. In Costa Rica, 49 HP volunteers took part in Junior Achievement school, teaching 540 children from low-income households about recycling and climate change while delivering free books.

 View full data for HP social investments.

**Nature Is Speaking, HP spreads the message**

We use our technology to power Conservation International's creative video and social media campaign Nature Is Speaking, which drew more than 800,000 public responses through March 2015. Launched in October 2014, the campaign features videos of Hollywood stars including Harrison Ford, Robert Redford, Julia Roberts, and Kevin Spacey who personify nature to highlight how humans mistreat the Earth. The objective is to raise

awareness of the critical role nature plays in humanity's well-being and survival. We provide HP Explore cloud-based analytics technology that CI uses to track the spread of #NatureIsSpeaking and the conversation it is generating online. As the exclusive partner of the #NatureIsSpeaking hashtag, HP also gives CI \$1 every time someone uses, clicks, shares, likes, or favorites #NatureIsSpeaking on a social media platform—up to \$1 million.

**Contents**

Letter from CEO  
Meg Whitman

Executive summary

Governance

Human Progress

Economic Progress

**Environmental Progress**

Overview

Supply chain  
environmental impact

HP operations

Products and solutions

Product return and  
recycling

Social investment

**• Data**

About this report

# Data

## Our footprint

| <b>Carbon footprint (Scopes 1–3, including from operations)*</b>                     | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> | <b>2014</b> |
|--|-------------|-------------|-------------|-------------|-------------|
| <b>GHG emissions from operations** [tonnes CO<sub>2</sub>e]</b>                      | 2,016,700   | 1,949,800   | 1,850,400   | 1,765,100   | 1,667,700   |
| Americas   | 1,197,300   | 1,160,600   | 1,069,900   | 1,023,900   | 992,100     |
| Europe, Middle East, and Africa  | 358,900     | 284,700     | 267,800     | 259,500     | 232,800     |
| Asia Pacific and Japan   | 460,500     | 504,500     | 512,700     | 481,700     | 442,800     |
| <b>GHG emissions intensity*** [tonnes CO<sub>2</sub>e/\$ million of net revenue]</b> | 16.0        | 15.3        | 15.4        | 15.7        | 15.0        |
| <b>GHG emissions by scope [tonnes CO<sub>2</sub>e]</b>                               |             |             |             |             |             |
| Scope 1  |             |             |             |             |             |
| Scope 1 emissions, by region [tonnes CO <sub>2</sub> e]                              | 326,200     | 309,900     | 247,400     | 208,300     | 210,800     |
| Americas   | 193,000     | 184,600     | 145,400     | 123,000     | 129,200     |
| Europe, Middle East, and Africa  | 103,300     | 102,100     | 83,600      | 73,800      | 72,200      |
| Asia Pacific and Japan   | 29,900      | 23,200      | 18,400      | 11,500      | 9,400       |
| Scope 1 emissions, by type   |             |             |             |             |             |
| Natural gas [tonnes CO <sub>2</sub> e]   | 84,700      | 77,100      | 64,500      | 63,300      | 62,900      |
| Americas   | 51,400      | 45,400      | 37,300      | 36,100      | 37,100      |
| Europe, Middle East, and Africa  | 31,800      | 30,300      | 25,600      | 25,500      | 24,000      |
| Asia Pacific and Japan   | 1,500       | 1,400       | 1,600       | 1,700       | 1,800       |
| Diesel/gas/oil**** [tonnes CO <sub>2</sub> e]  | 16,100      | 7,300       | 8,700       | 7,200       | 4,500       |
| Americas   | 3,200       | 1,400       | 2,500       | 2,500       | 2,800       |
| Europe, Middle East, and Africa  | 1,000       | 900         | 600         | 1,200       | 400         |
| Asia Pacific and Japan   | 11,900      | 5,000       | 5,600       | 3,500       | 1,300       |
| Transportation fleet <sup>†</sup> [tonnes CO <sub>2</sub> e]                         | 144,800     | 142,800     | 133,100     | 112,200     | 115,100     |
| Americas   | 80,300      | 77,200      | 78,900      | 69,600      | 73,200      |
| Europe, Middle East, and Africa  | 63,700      | 61,700      | 51,100      | 41,500      | 40,800      |
| Asia Pacific and Japan   | 800         | 3,900       | 3,100       | 1,100       | 1,100       |
| Refrigerants (hydrofluorocarbons (HFCs)) [tonnes CO <sub>2</sub> e]                  | 77,000      | 75,200      | 37,500      | 21,300      | 24,400      |
| Americas   | 54,500      | 53,100      | 23,100      | 10,500      | 12,200      |
| Europe, Middle East, and Africa  | 6,800       | 9,200       | 6,300       | 5,600       | 7,000       |
| Asia Pacific and Japan   | 15,700      | 12,900      | 8,100       | 5,200       | 5,200       |
| Perfluorocarbons (PFCs) <sup>††</sup> [tonnes CO <sub>2</sub> e]                     | 3,600       | 7,500       | 3,600       | 4,300       | 3,900       |
| Americas   | 3,600       | 7,500       | 3,600       | 4,300       | 3,900       |
| Europe, Middle East, and Africa  | 0           | 0           | 0           | 0           | 0           |
| Asia Pacific and Japan   | 0           | 0           | 0           | 0           | 0           |
| Scope 2  |             |             |             |             |             |
| Scope 2 emissions, by region [tonnes CO <sub>2</sub> e]                              | 1,690,500   | 1,639,900   | 1,603,000   | 1,556,800   | 1,456,900   |
| Americas   | 1,004,300   | 976,000     | 924,500     | 900,900     | 862,900     |
| Europe, Middle East, and Africa  | 225,600     | 182,600     | 184,200     | 185,700     | 160,600     |
| Asia Pacific and Japan   | 430,600     | 481,300     | 494,300     | 470,200     | 433,400     |
| Scope 2 emissions, by type   | 1,690,500   | 1,639,900   | 1,603,000   | 1,556,800   | 1,456,900   |
| Purchased electricity for operations [tonnes CO <sub>2</sub> e]                      | 1,895,900   | 1,910,100   | 1,895,200   | 1,845,000   | 1,757,200   |

continued

**Contents**

Letter from CEO

Meg Whitman

Executive summary

Governance

Human Progress

Economic Progress

**Environmental Progress**

Overview

Supply chain environmental impact

HP operations

Products and solutions

Product return and recycling

Social investment

**• Data**

About this report

|  | <b>Carbon footprint (Scopes 1–3, including from operations)*</b> | <b>2010</b> | <b>2011</b> | <b>2012</b>           | <b>2013</b>           | <b>2014</b> |
|--|--|-------------|-------------|-----------------------|-----------------------|-------------|
| Americas   | 1,070,600  | 1,055,900   | 1,020,500   | 990,800               | 963,600               |             |
| Europe, Middle East, and Africa  | 395,400  | 379,200     | 384,800     | 387,800               | 363,300               |             |
| Asia Pacific and Japan   | 429,900  | 475,000     | 489,900     | 466,400               | 430,300               |             |
| District cooling (purchased) for operations [tonnes CO <sub>2</sub> e]   | 900  | 6,500       | 4,600       | 4,000                 | 3,300                 |             |
| Americas   | 0  | 0           | 0           | 0                     | 0                     |             |
| Europe, Middle East, and Africa  | 200  | 200         | 200         | 200                   | 200                   |             |
| Asia Pacific and Japan   | 700  | 6,300       | 4,400       | 3,800                 | 3,100                 |             |
| Reductions from voluntary purchases of renewable energy and renewable energy credits [tonnes CO <sub>2</sub> e]  | -149,900   | -224,600    | -242,100    | -239,700              | -257,300              |             |
| Americas   | -66,300  | -79,900     | -96,000     | -89,900               | -100,700              |             |
| Europe, Middle East, and Africa  | -83,600  | -144,700    | -146,100    | -149,800              | -156,600              |             |
| Asia Pacific and Japan   | 0  | 0           | 0           | 0                     | 0                     |             |
| Reductions from voluntary upgrades to other no/low-carbon energy sources (such as large hydro) [tonnes CO <sub>2</sub> e]                                  | -54,600  | -52,100     | -54,700     | -52,500               | -46,300               |             |
| Americas   | 0  | 0           | 0           | 0                     | 0                     |             |
| Europe, Middle East, and Africa  | -56,400  | -52,100     | -54,700     | -52,500               | -46,300               |             |
| Asia Pacific and Japan   | 0  | 0           | 0           | 0                     | 0                     |             |
| <b>Scope 3 [tonnes CO<sub>2</sub>e]</b>  |  |             |             | <b>52,360,000</b>     | <b>47,400,000</b>     |             |
| Materials extraction through manufacturing (Scope 3, category 1; also see <a href="#">Greenhouse gas emissions on page 75</a> ) [tonnes CO <sub>2</sub> e] |  |             |             | <b>17,800,000</b>     | <b>17,600,000</b>     |             |
| Capital goods (Scope 3, category 2) [tonnes CO <sub>2</sub> e]   |  |             |             | <b>500,000</b>        | <b>500,000</b>        |             |
| Upstream energy production (Scope 3, category 3) [tonnes CO <sub>2</sub> e]  |  |             |             | <b>300,000</b>        | <b>300,000</b>        |             |
| Transport (Scope 3, categories 4 and 9; also see <a href="#">Product transportation providers on page 77</a> ) [tonnes CO <sub>2</sub> e]                  |  |             |             | <b>1,900,000</b>      | <b>1,700,000</b>      |             |
| Waste generated in operations (Scope 3, category 5) [tonnes CO <sub>2</sub> e]   |  |             |             | <b>De minimis***</b>  | <b>De minimis</b>     |             |
| Commercial air travel (Scope 3, category 6)**** [tonnes CO <sub>2</sub> e]   |  |             |             | <b>260,000</b>        | <b>200,000</b>        |             |
| Employee commuting (Scope 3, category 7) [tonnes CO <sub>2</sub> e]  |  |             |             | <b>900,000</b>        | <b>800,000</b>        |             |
| Upstream leased assets (Scope 3, category 8) [tonnes CO <sub>2</sub> e]  |  |             |             | <b>0†</b>             | <b>0</b>              |             |
| Processing of sold products (Scope 3, category 10) [tonnes CO <sub>2</sub> e]  |  |             |             | <b>De minimis</b>     | <b>De minimis</b>     |             |
| Product use (Scope 3, category 11)‡,**** [tonnes CO <sub>2</sub> e]  |  |             |             | <b>30,700,000</b>     | <b>26,300,000</b>     |             |
| Product end of life (Scope 3, category 12) [tonnes CO <sub>2</sub> e]  |  |             |             | <b>De minimis</b>     | <b>De minimis</b>     |             |
| Buildings leased to others (Scope 3, category 13) [tonnes CO <sub>2</sub> e]   |  |             |             | <b>De minimis</b>     | <b>De minimis</b>     |             |
| Franchises (Scope 3, category 14) [tonnes CO <sub>2</sub> e]   |  |             |             | <b>Not applicable</b> | <b>Not applicable</b> |             |
| Investments (Scope 3, category 15) [tonnes CO <sub>2</sub> e]  |  |             |             | <b>De minimis</b>     | <b>De minimis</b>     |             |

\* To calculate Scope 1, Scope 2, and Scope 3 emissions, HP has followed the principles outlined in the Greenhouse Gas Protocol. Additional details on calculations and methodology can be found in the [HP carbon accounting manual](#).

\*\* Total includes HP's reported values for 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.

\*\*\*\* HP does not estimate or extrapolate diesel use for non-reporting sites.

† CO<sub>2</sub>e emissions associated with CH<sub>4</sub> and N<sub>2</sub>O were calculated and reported for the first time in FY14. These emissions account for less than 1% of total CO<sub>2</sub>e emissions in this category.

†† Use of updated industry standard emissions factors for process tools resulted in a considerable increase in estimated emissions in 2011. Estimated emissions decreased in 2012 due to changes in process activity. This data is 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.

‡ Total GHG emissions from product use differ by less than 1% from values reported on [page 94](#), due to rounding.

‡‡ HP improved the accuracy of carbon footprint calculations in FY14 for personal systems, printers, and servers. The personal systems carbon footprint calculation methodology changed due to product carbon footprint data becoming available for many more products. The printers calculation methodology for electricity and paper use utilizes paper consumption field data rather than estimates (field data was previously not available). The methodology for carbon emissions from servers uses a more accurate data source for shipped volumes, discovered this year. To enhance year-over-year comparability, FY13 printer- and server-related emissions and water use were restated based on the new methodologies and data sources. Personal systems-related emissions were not recalculated. Data for all years prior to FY13 do not reflect the accounting changes.

## Contents

Letter from CEO

Meg Whitman

Executive summary

Governance

Human Progress

Economic Progress

## Environmental Progress

Overview

Supply chain

environmental impact

HP operations

Products and solutions

Product return and recycling

Social investment

### • Data

About this report

| Water footprint   | 2010        | 2011        | 2012       | 2013        | 2014        |
|---|-------------|-------------|------------|-------------|-------------|
| <b>HP water footprint</b> [cubic meters]  |             |             |            | 364,778,000 | 330,083,000 |
| Water consumed by HP suppliers in their operations* [cubic meters]  |             |             | 23,214,000 | 23,296,000  |             |
| Water consumption associated with the generation of electricity used by HP suppliers [cubic meters]               |             | 60,342,000  | 60,811,000 |             |             |
| Water consumption in HP operations [cubic meters]   |             |             | 7,684,000  | 7,431,000   |             |
| Water consumption associated with the generation of electricity used in HP operations [cubic meters]              |             |             | 16,149,000 | 15,391,000  |             |
| Water consumption associated with the generation of electricity used by HP products** [cubic meters]              | 213,691,000 | 176,960,000 |            |             |             |
| Water consumption associated with the manufacturing of paper used by HP customers with HP products [cubic meters] |             |             | 43,698,000 | 46,194,000  |             |

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

\*\*Data for 2013 water consumption related to server and printer electricity use is recalculated compared to information presented in the HP 2013 Living Progress Report, to reflect improvements to our methodology and to enhance comparability with 2014. See footnote 4 on page 72.

## Supply chain environmental impact

|  | 2010       | 2011       | 2012       | 2013         | 2014      |
|--|------------|------------|------------|--------------|-----------|
| Reduction in first-tier manufacturing and product transportation-related GHG emissions intensity* [tonnes CO <sub>2</sub> e/\$ million of HP net revenue, 2010 = 100%] | 100%       | 96%        | 93%        | 82%          |           |
| Production supplier GHG emissions**  |            |            |            |              |           |
| Production supplier Scope 1 and Scope 2 emissions [tonnes CO <sub>2</sub> e]   | 6,000,000  | 4,900,000  | 4,500,000  | 3,900,000*** |           |
| Production supplier Scope 3 emissions**** [tonnes CO <sub>2</sub> e]   | 400,000    | 6,400,000  | 12,200,000 | 22,500,000   |           |
| Estimated GHG emissions from product transport†  |            |            |            |              |           |
| Total  | 1,900,000  | 1,900,000  | 1,700,000  | 1,600,000    | 1,700,000 |
| Road (includes rail)   | 500,000    | 400,000    | 500,000    | 400,000      | 400,000   |
| Ocean  | 200,000    | 200,000    | 300,000    | 400,000      | 400,000   |
| Air  | 1,200,000  | 1,300,000  | 900,000    | 800,000      | 900,000   |
| Nonproduction supplier GHG emissions††   |            |            |            |              |           |
| Nonproduction supplier Scope 1 and Scope 2 emissions [tonnes CO <sub>2</sub> e]  |            |            | 1,200,000  | 1,300,000    |           |
| Production supplier water withdrawal†††  |            |            |            |              |           |
| Production supplier water withdrawal for use [cubic meters]  | 73,000,000 | 44,000,000 | 46,000,000 |              |           |
| Production suppliers with water withdrawal-related goals [% of spend]  |            | 38%        | 41%        | 59%          |           |

continued

## Contents

Letter from CEO

Meg Whitman

Executive summary

Governance

Human Progress

Economic Progress

## Environmental Progress

Overview

Supply chain  
environmental impact

HP operations

Products and solutions

Product return and  
recycling

Social investment

### • Data

About this report



|   | 2010 | 2011    | 2012    | 2013 | 2014 |
|---|------|---------|---------|------|------|
| <b>Production supplier waste generation<sup>††††</sup></b>        |      |         |         |      |      |
| <b>Production supplier nonhazardous waste generation [tonnes]</b> |      | 179,000 | 163,000 |      |      |
| <b>Production supplier hazardous waste generation [tonnes]</b>    |      | 60,000  | 74,000  |      |      |
| <b>Production suppliers with waste-related goals [% of spend]</b> |      | 44%     | 59%     |      |      |

\* HP calculates intensity as its suppliers' GHG emissions divided by HP's annual revenue. This method normalizes performance based on business productivity. Production supplier GHG emissions include Scope 1 and Scope 2.

\*\* 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 2013 is the most recent for which data is available. Updated production supplier data for 2010–2012 includes revised estimated data from one of our suppliers and extrapolation to 100% of first-tier production suppliers. For each year 2010–2013, data collected represents 95% of supplier spend. The World Resources Institute defines Scope 1, 2, and 3 GHG emissions in its Greenhouse Gas Protocol; see [www.ghgprotocol.org/calculation-tools/faq](http://www.ghgprotocol.org/calculation-tools/faq).

\*\*\* Data is revised from previous reporting.

\*\*\*\* Suppliers may not report all Scope 3 categories, although the number of categories reported by many suppliers has increased significantly during the last few years. For this reason, and due to increased accuracy in reporting, we have seen substantial increases in the amounts reported each of the last several years.

† The figures for product transport GHG emissions are based on data reported by logistics service providers that HP contracts to deliver our products. They may differ from the product life cycle assessment-based estimates presented on page 72 and page 115, which are based on a different calculation methodology, use a combination of HP-specific and industry data, and include additional upstream and downstream transport related to our products, as well as retail and storage.

†† Updated nonproduction supplier data for 2012 to include extrapolation to 100% of first-tier nonproduction suppliers. For 2012, data collected represented 27% of supplier spend; for 2013, 24%. This table does not include data from 2011 as reported in the HP 2013 Living Progress Report due to changes in methodology that make that data not comparable to 2012 and 2013. Due to the level of estimation and rounding involved in these calculations, we are unable to determine whether the difference between 2012 and 2013 reflects changes in actual supplier performance. We plan to continue to improve our calculation methodology in the coming years.

††† This metric reports the amount of water withdrawn by suppliers, not the amount consumed by our multi-tier supply chain as reported in our total [Our water footprint](#) on page 73. Because water withdrawn can also be returned, this footprint is inherently larger. Refers to first-tier suppliers for manufacturing, materials, and components. Withdrawal is estimated based on suppliers' reported water withdrawal and their dollar volume of HP business compared with their total revenue. The majority of these companies report on a calendar year basis. The year 2013 is the most recent for which data is available; 2011 is the earliest. Updated data for 2011–2012 reflects extrapolation to 100% of first-tier production suppliers (compared to 38% coverage for 2011 and 62% coverage for 2012 as reported in the HP 2013 Living Progress Report).

†††† Waste data is estimated based on suppliers' waste data and their dollar volume of HP business compared with their total revenue. The majority of these companies report on a calendar year basis. The year 2013 is the most recent for which data is available; 2012 is the earliest. Updated data for 2012 reflects extrapolation to 100% of first-tier production suppliers (compared to 54% for nonhazardous waste and 64% for hazardous waste in 2012 as reported in the HP 2013 Living Progress Report). In 2013, coverage equaled 48% for nonhazardous waste and 48% for hazardous waste. Data for 2012 is restated compared to information reported in the HP 2013 Living Progress Report due to corrections received from a reporting supplier.

## HP operations\*

|   | 2010  | 2011  | 2012  | 2013  | 2014  |
|---|-------|-------|-------|-------|-------|
| <b>Energy use [million kWh]</b>   | 4,328 | 4,250 | 4,122 | 4,018 | 3,852 |
| <b>Energy intensity** [thousand kWh/\$ million of net revenue]</b>        | 34.3  | 33.4  | 34.2  | 35.8  | 34.6  |
| <b>Direct energy use in operations (corresponds to Scope 1 emissions)</b> | 503   | 448   | 380   | 371   | 367   |
| <b>Electricity (generated on site) [million kWh]</b>                      | 38    | 24    | 25    | 23    | 22    |
| <b>Natural gas [million kWh]</b>  | 465   | 423   | 354   | 348   | 345   |
| <b>Americas</b>   | 283   | 249   | 205   | 199   | 204   |
| <b>Europe, Middle East, and Africa</b>                                    | 175   | 166   | 141   | 140   | 132   |
| <b>Asia Pacific and Japan</b>   | 8     | 8     | 9     | 9     | 10    |
| <b>Renewable (generated on site) [million kWh]</b>                        | 2     | 3     | 3     | 3     | 7     |
| <b>Diesel/gas/oil/LPG *** [million kWh]</b>                               | 36    | 22    | 22    | 20    | 15    |
| <b>Indirect energy use (corresponds to Scope 2 emissions)</b>             | 3,824 | 3,803 | 3,742 | 3,647 | 3,484 |
| <b>Electricity (purchased) [million kWh]</b>                              | 3,823 | 3,793 | 3,735 | 3,642 | 3,480 |
| <b>Americas</b>   | 2,224 | 2,187 | 2,115 | 2,055 | 1,992 |
| <b>Europe, Middle East, and Africa</b>                                    | 1,006 | 952   | 947   | 941   | 880   |
| <b>Asia Pacific and Japan</b>   | 592   | 654   | 673   | 645   | 608   |
| <b>Voluntary purchases of renewable energy**** [million kWh]</b>          | 309   | 467   | 494   | 496   | 528   |

continued

## Contents

Letter from CEO

Meg Whitman

Executive summary

Governance

Human Progress

Economic Progress

## Environmental Progress

Overview

Supply chain  
environmental impact

HP operations

Products and solutions

Product return and  
recycling

Social investment

### • Data

About this report

|   |  | 2010      | 2011      | 2012      | 2013      | 2014 |
|---|--|-----------|-----------|-----------|-----------|------|
|   | District cooling and heating (purchased) [million kWh] | 2         | 10        | 7         | 6         | 5    |
| Americas  | 0  | 0         | 0         | 0         | 0         | 0    |
| Europe, Middle East, and Africa   | 1  | 0         | 0         | 0         | 0         | 0    |
| Asia Pacific and Japan  | 1  | 9         | 6         | 5         | 4         |      |
| <b>Nonhazardous waste</b> [tonnes]  | 92,500   | 82,900    | 117,600   | 70,800    | 63,200    |      |
| Americas  | 55,800   | 51,300    | 88,900    | 43,000    | 36,800    |      |
| Europe, Middle East, and Africa   | 19,400   | 15,900    | 13,500    | 12,800    | 11,900    |      |
| Asia Pacific and Japan  | 17,300   | 15,800    | 15,200    | 15,000    | 14,500    |      |
| <b>Nonhazardous waste landfill diversion rate</b> [% of total produced]                       |  |           |           |           |           |      |
| Global  | 84.8%  | 82.1%     | 88.2%     | 87.0%     | 88.0%     |      |
| Americas  | 81.8%  | 80.4%     | 88.9%     | 85.4%     | 85.8%     |      |
| Europe, Middle East, and Africa   | 89.3%  | 87.4%     | 89.1%     | 93.0%     | 92.9%     |      |
| Asia Pacific and Japan  | 89.6%  | 82.0%     | 83.3%     | 86.4%     | 89.6%     |      |
| <b>Hazardous waste</b> [tonnes]   | 8,430  | 7,400     | 8,060     | 7,920     | 6,470     |      |
| Americas  | 3,600  | 3,030     | 2,760     | 2,020     | 2,560     |      |
| Europe, Middle East, and Africa   | 2,570  | 2,560     | 3,040     | 3,560     | 1,910     |      |
| Asia Pacific and Japan  | 2,270  | 1,810     | 2,270     | 2,340     | 2,000     |      |
| <b>Water consumption, by region</b> [cubic meters]  | 8,807,000  | 8,517,000 | 8,542,000 | 7,665,000 | 7,431,000 |      |
| Americas  | 5,249,000  | 4,836,000 | 4,643,000 | 4,011,000 | 3,789,000 |      |
| Europe, Middle East, and Africa   | 1,205,000  | 1,245,000 | 1,291,000 | 1,113,000 | 982,000   |      |
| Asia Pacific and Japan  | 2,353,000  | 2,436,000 | 2,608,000 | 2,540,000 | 2,660,000 |      |
| <b>Water consumption, by source<sup>†</sup></b> [cubic meters]                                | 8,807,000  | 8,517,000 | 8,542,000 | 7,665,000 | 7,431,000 |      |
| Well water  | 0  | 0         | 0         | 21,000    | 7,000     |      |
| Wastewater from another organization <sup>††</sup> (NeWater)                                  | 748,000  | 707,000   | 800,000   | 734,000   | 780,000   |      |
| Tanker water <sup>†††</sup>   | 0  | 0         | 0         | 124,000   | 137,000   |      |
| Municipal water   | 8,059,000  | 7,811,000 | 7,742,000 | 6,786,000 | 6,507,000 |      |
| <b>Reused treated sewage treatment plant water<sup>††††</sup></b> [cubic meters]              | 0  | 0         | 0         | 98,000    | 93,000    |      |
| <b>Ozone depletion potential of estimated emissions<sup>‡</sup></b> [kg of CFC-11 equivalent] | 9,168  | 6,678     | 474       | 305       | 330       |      |
| Americas  | 6,493  | 5,894     | 320       | 149       | 234       |      |
| Europe, Middle East, and Africa   | 59   | 82        | 45        | 46        | 19        |      |
| Asia Pacific and Japan  | 2,616  | 702       | 110       | 111       | 77        |      |

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

\*\* 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 on-site energy generation.

\*\*\*\* Renewable energy and renewable energy credits, excluding renewable energy provided by default in the power grid.

<sup>†</sup>Prior to 2013, well water and tanker water were included in the Municipal water category.

<sup>††</sup>NeWater is ultrapurified wastewater used in manufacturing operations in Singapore.

<sup>†††</sup>Well water that is delivered to the site by tanker truck.

<sup>††††</sup>This water is used for landscaping and toilets.

<sup>‡</sup>In 2012, we began to calculate ODS emissions by tracking sites that have reported replacing refrigerants due to leakage. We apply an intensity factor based on those actual quantities for nonreporting sites. Previously, we estimated the level of leakage across the entire real estate portfolio based on the inventory of refrigerants in equipment and in storage.

**Contents**

- Letter from CEO  
Meg Whitman
- Executive summary
- Governance
- Human Progress
- Economic Progress
- Environmental Progress**
  - Overview
  - Supply chain environmental impact
  - HP operations
  - Products and solutions
  - Product return and recycling
  - Social investment
- Data
- About this report

**Product return and recycling\***

|  | 2010    | 2011      | 2012      | 2013      | 2014      |
|--|---------|-----------|-----------|-----------|-----------|
| <b>Total cumulative recycling—computer hardware and supplies combined [tonnes]</b>         | 884,500 | 1,018,400 | 1,152,000 | 1,265,000 | 1,383,400 |
| <b>Total cumulative recycling—computer hardware and supplies combined [million pounds]</b> | 1,949   | 2,245     | 2,540     | 2,789     | 3,050     |
| <b>Total reuse and recycling combined [tonnes, approximate]</b>                            | 150,900 | 160,600   | 159,600   | 134,500   | 157,500   |
| Reuse of equipment**   | 30,000  | 26,700    | 26,000    | 21,400    | 39,100    |
| Recycling—hardware and supplies  | 120,900 | 133,900   | 133,600   | 113,200   | 118,400   |
| <b>Number of countries and territories with HP return and recycling programs</b>           | 58      | 60        | 69        | 70        | 73        |
| <b>Total recycling, by region [tonnes]</b>   | 120,900 | 133,900   | 133,600   | 113,200   | 118,400   |
| Americas   | 38,600  | 49,600    | 60,165    | 55,200    | 56,700    |
| Europe, Middle East, and Africa  | 76,300  | 77,100    | 67,700    | 50,600    | 53,100    |
| Asia Pacific and Japan   | 5,900   | 7,200     | 5,685     | 7,400     | 8,600     |
| <b>Total recycling, by type [tonnes]</b>   | 120,900 | 133,900   | 133,600   | 113,200   | 118,400   |
| Hardware   | 99,100  | 113,700   | 114,500   | 95,000    | 100,000   |
| HP LaserJet toner cartridges***  | 19,600  | 18,550    | 17,350    | 16,200    | 16,400    |
| HP ink cartridges***   | 2,200   | 1,700     | 1,745     | 2,040     | 1,990     |
| <b>HP LaserJet toner cartridge recycling</b>   |         |           |           |           |           |
| <b>HP LaserJet market covered by program [%]</b>   | 92%     | 94%       | 94%       | 90%       | 91%       |
| <b>Composition [%]</b>   |         |           |           |           |           |
| Materials recycled into new products****   | 85.0%   | 82.1%     | 80.1%     | 78.8%     | 74.6%     |
| Materials used for energy recovery   | 15.0%   | 13.9%     | 15.9%     | 17.3%     | 22.4%     |
| Reuse of components†   |         | 4.0%      | 4.0%      | 4.0%      | 3.0%      |
| Material in storage—pending processing†  |         | 0.0%      | 0.0%      | 0.0%      | 0.0%      |
| Incineration†  |         | 0.0%      | 0.0%      | 0.0%      | 0.0%      |
| Landfill†  |         | 0.0%      | 0.0%      | 0.0%      | 0.0%      |
| <b>HP ink cartridge recycling</b>  |         |           |           |           |           |
| <b>Ink market covered by program [%]</b>   | 87%     | 88%       | 88%       | 88%       | 90%       |
| <b>Composition [%]</b>   |         |           |           |           |           |
| Materials recovered for recycling  | 73.0%   | 74.2%     | 69.1%     | 70.9%     | 70.4%     |
| Materials used for energy recovery   | 23.0%   | 21.6%     | 29.3%     | 27.6%     | 28.9%     |
| Reuse of components†   |         | 0.0%      | 0.0%      | 0.0%      | 0.0%      |
| Material in storage—pending processing†  |         | 0.2%      | 0.0%      | 0.0%      | 0.4%      |
| Incineration†  |         | 4.0%      | 1.5%      | 1.5%      | 0.3%      |
| Landfill†  |         | 0.0%      | 0.0%      | 0.0%      | 0.0%      |

\* Totals include all hardware and supplies returned to HP for processing, with ultimate dispositions including recycling, energy recovery, and, where no suitable alternatives exist, responsible disposal. Hardware recycling data from Europe, Middle East, and Africa, and HP LaserJet cartridge data are calendar year. The remaining data is based on the HP fiscal year. Although for HP supplies we report the composition of recovered materials, we cannot provide this data for hardware because we do not have operational control over all recycling processes and so do not have access to this information. Some segments do not add up to total due to rounding.

\*\* The decrease in tonnage from 2010–2013 is due to a reduction in the average weight of returned units, rather than a decline in the total number of returned units. Returned units during that period were: 2010: 3.81 million units; 2011: 3.44 million units; 2012: 3.9 million units; 2013: 3.7 million units. In 2014, HP increased both tonnage and the number of returned units (4.2 million units in 2014). The weight of reuse volume reported nearly doubled between 2013 and 2014. This is due to a substantial increase in the number of units returned year over year as well as a refinement to the calculation methodology used to estimate total weight.

\*\*\* Includes cartridges returned by customers and cartridges from HP internally for 2010. The 2011, 2012, 2013, and 2014 figures are cartridges returned by customers only.

\*\*\*\* The decrease in toner cartridge materials recycled into new products is mainly due to improvements in data collection by our contractor.

† This category of data was added in 2011.

## **Contents**

- Letter from CEO  
Meg Whitman
- Executive summary
- Governance
- Human Progress
- Economic Progress
- Environmental Progress
- **About this report**
  - Overview
  - Independent Accountants' Report
  - United Nations Global Compact index
  - Material issues
  - Global Reporting Initiative index

# About this report

## Contents

- Letter from CEO  
Meg Whitman
- Executive summary
- Governance
- Human Progress
- Economic Progress
- Environmental Progress
- About this report**
  - Overview**
  - Independent Accountants' Report
  - United Nations Global Compact index
  - Material issues
  - Global Reporting Initiative index

# Overview

This report describes HP's global citizenship policies, programs, and performance through FY2014 (which ended October 31, 2014). It provides in-depth information to stakeholders including customers, industry analysts, socially responsible investors, nongovernmental organizations (NGOs), employees, sustainability specialists, governments, and others. Since 2001, we have reported yearly on our progress. 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 strong practices.

Our [Living Progress website](#) provides summary information for readers seeking a higher-level overview of our approach and performance, and in some cases additional detail. Previous reports are available at the [reporting page](#).

## 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 stated otherwise.
- All references to dollars are to U.S. dollars.
- "Tonnes" refers to metric tons. (One metric ton is equivalent to 2,205 pounds.)

## 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, which ensures that these 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 metrics for the entire company. We continue to standardize our measurement systems and metrics. Data is rounded to reflect the appropriate level of certainty.

Reporting performance beyond our immediate operations can also be challenging. For example, we must make assumptions when estimating Scope 3 greenhouse gas

(GHG) emissions, product energy consumption and resulting GHG emissions, and the percentage of HP products sold that are recycled.

Wherever possible, we describe the context for performance data so readers can understand any limitations and draw appropriate conclusions.

## Your feedback

Your comments and suggestions are important to us. Please provide any feedback on HP's Living Progress report, performance, or website 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 any projections of revenue, margins, expenses, effective tax rates, net earnings, net earnings per share, cash flows, benefit plan funding, share repurchases, currency exchange rates, or other financial items; any projections of the amount, timing, or impact of cost savings or restructuring charges; any statements of the plans, strategies and objectives of management for future operations, including the previously announced separation transaction and the future performances of the post-separation companies if the separation is completed, as well as the execution of restructuring plans and any resulting cost savings, or revenue, or profitability improvements; any statements concerning the expected development, performance, market share or competitive performance relating to products or services; any statements regarding current or future macroeconomic trends or events and the impact of those trends and events on HP and its financial performance; any statements regarding pending investigations, claims or disputes; 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, including the planned separation transaction; the impact of macroeconomic and geopolitical trends and events; the need to manage third-party suppliers and the distribution of HP's products and the delivery of HP's 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

## Contents

Letter from CEO  
Meg Whitman  
Executive summary  
Governance  
Human Progress  
Economic Progress  
Environmental Progress

- **About this report**

- **Overview**

Independent Accountants' Report  
United Nations Global Compact index  
Material issues  
Global Reporting Initiative index

employees; integration and other risks associated with business combination and investment transactions; the execution, timing, and results of the separation transaction or restructuring plans, including estimates and assumptions related to the cost (including any possible disruption of HP's business) and the anticipated benefits of implementing the separation transaction and restructuring plans; the resolution of pending investigations, claims and disputes; and other risks that are described in HP's Annual Report on Form 10-K for the fiscal year ended October 31, 2014, and HP's other filings with the Securities and Exchange Commission including HP's Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 2015. HP assumes no obligation and does not intend to update these forward-looking statements.

## Assurance

We believe that obtaining assurance helps demonstrate that the information provided in our Living Progress Report describes our performance accurately and completely.

## External verification

In 2014, HP engaged external assurance provider Ernst & Young LLP (EY) to perform an independent review of a selected number of key performance indicators in our 2014 Living Progress Report in accordance with AT 101, Statements on Standards for Attestation Engagements, of the American Institute of Certified Public Accountants. For a full listing of the indicators within scope of EY's review, please see the [Independent Accountants' Report](#).

In addition, the following data in this report received external assurance during the year:

- **Product reuse and recycling** In 2014, through Environmental Resources Management (ERM), HP audited 29 reuse and 43 recycling vendor facilities in 24 countries, including repeat audits of 29 recycling vendors and 10 reuse vendors to confirm vendors' ongoing commitment to responsible recycling and improved performance. Learn more in [Vendor audits](#).

• **Supply chain responsibility** HP engages third-party audit firms to conduct verification audits of our suppliers' social and environmental responsibility performance against the HP Supplier Code of Conduct requirements. These audits include suppliers associated with a specific allegation in an NGO report. We also use third-party audit findings to validate our internal audit results. Learn more in [Supply chain responsibility](#).

• **Financial data** HP reports financial data in its 2014 Annual Report on Form 10-K. In accordance with the requirements of the US Securities and Exchange Commission, the consolidated financial statements of HP included in the Form 10-K are subject to audit by an independent registered public accounting firm. Ernst & Young LLP's report, dated December 17, 2014, was included in the most recently reported Form 10-K. Selected data from that report along with segment data included in HP's Form 8-K filed on February 24th, 2015 are included herein. Selected data from that report is included herein. Learn more in [Economic impacts across the value chain](#).

**Contents**

Letter from CEO  
Meg Whitman

Executive summary

Governance

Human Progress

Economic Progress

Environmental Progress

**• About this report**

Overview

**• Independent Accountants' Report**

United Nations Global Compact index

Material issues

Global Reporting Initiative index

# Independent Accountants' Report

To the Board of Directors and Management of Hewlett-Packard Company

We have reviewed selected performance indicators (the "Subject Matter") included in Appendix A and as presented in the Hewlett-Packard Company ("HP") 2014 Living Progress Report (the "Report") for the year ended October 31, 2014. We did not review all information included in the Report. We did not review the narrative sections of the Report, except where they incorporated the Subject Matter. HP management is responsible for the Subject Matter included in the table below and as also presented in the Report, and for selection of the criteria against which the Subject Matter is measured and presented.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform our review to obtain limited assurance about whether any material modifications should be made to the Subject Matter. A review consists principally of applying analytical procedures, making inquiries of persons responsible for the Subject Matter, obtaining an understanding of the data management systems and processes used to generate, aggregate and report the Subject Matter and performing such other procedures as we considered necessary in the circumstances. A review is substantially less in scope than an examination, the objective of which is to obtain reasonable assurance about whether the selected performance indicators in Appendix A for the year ended October 31, 2014, are free from material misstatement, in order to express an opinion. Accordingly, we do not express such an opinion. We believe that our review provides a reasonable basis for our conclusion.

As described in Note 2 in Appendix A, non-financial information as contained within corporate responsibility reports is 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, referred to above, for the year ended October 31, 2014 is not presented, in all material respects, in conformity with the criteria set forth in Appendix A.

As discussed in Note 1 to Appendix A, the Company has elected to change its method of accounting for Scope 3 GHG emissions in 2014. Our report is not modified with respect to this matter.

The logo for Ernst & Young LLP, featuring the company name in a stylized, handwritten font.

May 18, 2015

**Contents**

- Letter from CEO
- Meg Whitman
- Executive summary
- Governance
- Human Progress
- Economic Progress
- Environmental Progress
- About this report**
  - Overview
  - Independent Accountants' Report**
  - United Nations Global Compact index
  - Material issues
  - Global Reporting Initiative index

**Appendix A**

| Indicator Name   | Unit  | Reported Value <sup>1</sup>  | Criteria   | Reference                              |  |  |
|--|---|--|--|--|--|--|
| Scope 1 greenhouse gas ("GHG") emissions <sup>2</sup>                            | Tonnes of carbon dioxide equivalents (tCO <sub>2</sub> e)   | 210,800  | World Resources Institute ("WRI") / World Business Council for Sustainable Development's ("WBCSD") The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard and HP management definitions disclosed in our 2014 Living Progress Report ("LPR") | p. <a href="#">72, 82, 114</a>         |  |  |
| Scope 2 GHG emissions <sup>2</sup>   | tCO <sub>2</sub> e  | 1,456,900  |  | p. <a href="#">72, 82, 114</a>         |  |  |
| Scope 3 GHG emissions <sup>2</sup>   | tCO <sub>2</sub> e  | 47,400,000 <sup>3</sup>  | WRI/WBCSD's The Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and HP's Carbon Accounting Manual  | p. <a href="#">72, 115</a>             |  |  |
| Scope 1 energy consumption   | Million kWh   | 367  | Global Reporting Initiative (GRI) G4, EN3 and HP management definitions disclosed in the 2014 LPR  | p. <a href="#">117</a>                 |  |  |
| Scope 2 energy consumption   | Million kWh   | 3,484  | GRI G4, EN3 and HP management definitions disclosed in the 2014 LPR  | p. <a href="#">117</a>                 |  |  |
| Renewable energy consumption   | Million kWh   | 528  | GRI G4, EN3 and HP management definitions disclosed in the 2014 LPR  | p. <a href="#">84, 117</a>             |  |  |
| Direct water consumption <sup>4</sup>  | Cubic meters  | 7,431,000  | GRI G4, EN8 and HP management definitions disclosed in the 2014 LPR <sup>5</sup>   | p. <a href="#">73, 116</a>             |  |  |
| Conflict Mineral disclosure  | N/A - Qualitative assertion   | HP identified the smelters and refiners on our list by a survey of HP suppliers conducted between January 2014 and December 2014 as a part of HP's conflict minerals compliance program. The suppliers we surveyed contribute material, components, or manufacturing to HP products containing 3TG. Each smelter or refiner reported was identified in at least one of the Templates received from an HP supplier. | HP management definitions disclosed in our 2014 LPR  | p. <a href="#">39</a>                  |  |  |
| Supply chain social and environmental responsibility (SER) audit results         | Number of SER audits conducted in 2014, by type <sup>6</sup>  | Initial Audits: 40<br>Follow up: 49<br>Full Re-audits: 39  | GRI G4, HR10, HP management definitions disclosed in our 2014 LPR and EICC Code of Conduct requirements for 3rd party audits   | p. <a href="#">133</a>                 |  |  |
| Distribution of major and priority nonconformances by EICC Category <sup>7</sup> | Health and safety: 31%<br>Labor: 24%<br>Management Systems: 22%<br>Ethics: 9%<br>Environmental: 14% |  | GRI G4, HR10, HP management definitions disclosed in our 2014 LPR and EICC Code of Conduct requirements for 3rd party audits   | p. <a href="#">37</a>                  |  |  |
| Number of supplier audits performed per region <sup>8</sup>                      |   |  | GRI G4, HR10, HP management definitions disclosed in our 2014 LPR and EICC Code of Conduct requirements for 3rd party audits   | p. <a href="#">36</a>                  |  |  |
| Region   | Initial Audits  | Follow up audits   | Full Re-audits   | Total                                  |  |  |
| China  | 18  | 28   | 24   | 70                                     |  |  |
| APJ  | 11  | 11   | 6  | 28                                     |  |  |
| EMEA   | 5   | 4  | 2  | 11                                     |  |  |
| Americas   | 6   | 6  | 7  | 19                                     |  |  |
| Number of workers <sup>9</sup> at supplier sites audited                         | 45,000  |  | GRI G4, HR10, HP management definitions disclosed in our 2014 LPR and EICC Code of Conduct requirements for 3rd party audits   | External link on p. <a href="#">37</a> |  |  |

**Contents**

- Letter from CEO  
Meg Whitman
- Executive summary
- Governance
- Human Progress
- Economic Progress
- Environmental Progress
- **About this report**
  - Overview
  - **Independent Accountants' Report**
  - United Nations Global Compact index
  - Material issues
  - Global Reporting Initiative index

| <b>Indicator Name</b>                 | <b>Unit</b>  | <b>Reported Value<sup>1</sup></b> | <b>Criteria</b>              | <b>Reference</b> |
|---------------------------------------|--------------|-----------------------------------|------------------------------|------------------|
| Water Footprint<br>2013 <sup>10</sup> | Cubic meters | 364,778,000                       | HP's Water Accounting Manual | p. 116           |
| Water Footprint<br>2014 <sup>10</sup> | Cubic meters | 330,083,000                       | HP's Water Accounting Manual | p. 116           |

<sup>1</sup> All indicators are reported for the year ended 31 October, 2014 except as otherwise indicated.

<sup>2</sup> Carbon Accounting Explanations document available at: <http://h20195.www2.hp.com/V2/GetPDF.aspx/c03742931.pdf>

<sup>3</sup> See Note 1.

<sup>4</sup> Direct water consumption for HP operations.

<sup>5</sup> Note that Sewage Treatment Plant (STP) water is not included within the scope of water consumption and is reported as a separate line item in the FY14 LPR.

<sup>6</sup> Total full re-audits include one recycling vendor audit.

<sup>7</sup> Includes initial audits and full re-audits only; EICC stands for Electronic Industry Citizenship Coalition.

<sup>8</sup> Regions include: China, APJ (Asia Pacific and Japan), EMEA (Europe, Middle East, and Africa), and the Americas (North, Central, and South America).

<sup>9</sup> Number of workers as of the date of the site visit per the production and nonproduction initial supplier audit reports, rounded to the nearest thousand.

<sup>10</sup> Water Footprint Accounting Explanations document available at: <http://h20195.www2.hp.com/V2/GetPDF.aspx/c04278007.pdf>

**Note 1:**

In an effort to improve the accuracy of reported data, during the current reporting period HP updated its calculation methodology for Scope 3 Greenhouse Gas emissions relating to the following product groups: personal systems, printers and paper use, and servers. The personal systems carbon footprint calculation methodology changed due to product carbon footprint data becoming available for many more products. The printers calculation methodology for electricity and paper use utilizes paper consumption field data rather than estimates (field data was previously not available). The methodology for carbon emissions from servers uses a more accurate data source for shipped volumes, discovered this year. The changes in methodology resulted in a material decrease in Scope 3 emissions numbers when compared to the previous method.

**Note 2:**

Environmental and energy use data, 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.

# United Nations Global Compact index

HP is a signatory to the United Nations Global Compact, a set of voluntary commitments for companies to improve human rights, labor conditions, the environment, and anti-corruption controls. This table links to the sections of this report that address the Global Compact's 10 principles.

"To promote higher standards across the areas of human rights, labor, environment, and anti-corruption, we endorse the United Nations Global Compact as a practical framework for the development, implementation, and disclosure of sustainability policies and practices."

—Meg Whitman  
President and Chief Executive Officer, HP

| Principle   | Information in report  |
|---|--|
| <b>Human rights</b>   |  |
| Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and                     | <a href="#">Human rights</a><br><a href="#">Supply chain responsibility</a><br><a href="#">Privacy</a><br><a href="#">Our employees</a>                                      |
| Principle 2: make sure that they are not complicit in human rights abuses.  | <a href="#">Human rights</a><br><a href="#">Supply chain responsibility</a>  |
| <b>Labor standards</b>  |  |
| Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; | <a href="#">Human rights</a><br><a href="#">Supply chain responsibility</a>  |
| Principle 4: the elimination of all forms of forced and compulsory labor;   | <a href="#">Human rights</a><br><a href="#">Supply chain responsibility</a>  |
| Principle 5: the effective abolition of child labor; and  | <a href="#">Human rights</a><br><a href="#">Supply chain responsibility</a>  |
| Principle 6: the elimination of discrimination with respect to employment and occupation.   | <a href="#">Human rights</a><br><a href="#">Supply chain responsibility</a><br><a href="#">Diversity and inclusion</a>   |
| <b>Environment</b>  |  |
| Principle 7: Businesses should support a precautionary approach to environmental challenges;  | <a href="#">Materials</a>  |
| Principle 8: undertake initiatives to promote greater environmental responsibility; and   | <a href="#">Supply chain environmental impact</a><br><a href="#">HP operations</a><br><a href="#">Products and solutions</a><br><a href="#">Product return and recycling</a> |
| Principle 9: encourage the development and diffusion of environmentally friendly technologies.  | <a href="#">Supply chain environmental impact</a><br><a href="#">HP operations</a><br><a href="#">Products and solutions</a><br><a href="#">Product return and recycling</a> |
| <b>Anti-corruption</b>  |  |
| Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.                                | <a href="#">Anti-corruption</a><br><a href="#">Supply chain responsibility</a>   |

# Material issues

The following table summarizes issues determined to meet the materiality threshold for this report. See [Materiality update](#) for more information.

| Issue  | Description  | GRI G4 Aspect(s)   | Aspect boundary   | Location in report  |
|--|--|--|---|---|
| High importance to sustainable development, high importance to HP's business success   |  |  |   |   |
| ● <b>Product energy efficiency</b>   | Increasing the energy efficiency of HP products and services, and enabling customers to reduce their energy use.   | Energy   | Products and solutions  | <a href="#">Our footprint</a><br><a href="#">Energy efficiency</a><br><a href="#">Servers, storage, and networking</a><br><a href="#">Data center facility services</a><br><a href="#">Enterprise Services and software</a><br><a href="#">Personal systems</a><br><a href="#">Printing</a> |
|  |  |  |   |   |
| ● <b>Product life cycle management</b>   | Managing the environmental impacts of HP products through the entire product life cycle from production of raw materials, through engineering design and manufacture, to service and product reuse, recycling, and disposal.   | Materials<br>Energy<br>Products and Services   | Supply chain<br>Products and solutions  | <a href="#">Our footprint</a><br><a href="#">Supply chain environmental impact</a><br><a href="#">Design for the Environment</a><br><a href="#">Product return and recycling</a>  |
| ● <b>IT as a sustainability solution</b>   | Enabling customers across industries to use IT to reduce their environmental impacts and promoting IT's "enabling effects" to decrease impacts more broadly.   | Energy<br>Products and Services  | Products and solutions  | <a href="#">Products and solutions</a>  |
| ● <b>Social application of IT</b>  | Providing IT solutions that advance human, economic, and environmental progress.   | Indirect Economic Impacts  | Projects conducted in numerous locations globally (beyond HP's controlled operations)                                 | <a href="#">Human progress: Social investment</a><br><a href="#">Economic impacts across the value chain</a><br><a href="#">Economic progress: Social investment</a><br><a href="#">Environmental progress: Social investment</a>   |
|  |  |  |   |   |
| ● <b>Labor practices in supply chain</b>   | Maintaining labor standards in working hours and conditions, wages and benefits, and humane treatment of workers; eliminating all forms of forced and compulsory labor, child labor, and human trafficking; upholding the human right of freedom of association and recognition of the right to collective bargaining. | Nondiscrimination<br>Freedom of Association and Collective Bargaining<br>Child Labor<br>Forced or Compulsory Labor | Supply chain (first- and second-tier suppliers)   | <a href="#">Human rights</a><br><a href="#">Supply chain responsibility</a>   |
| ● <b>Privacy</b>   | Collecting, analyzing, using, storing, transferring, and sharing information in a manner that upholds the right to privacy.  | Customer Privacy   | HP operations (employees)<br>Products and solutions (customers, clients, and partners)                                | <a href="#">Privacy</a>   |
| Medium importance to sustainable development, high importance to HP's business success |  |  |   |   |
| ● <b>Ethical behavior and business partnerships</b>                                    | Promoting high standards of ethics in business behavior with all third parties with whom HP does business, including suppliers and business partners.  | Anti-competitive Behavior<br>Compliance  | Supply chain (interactions with suppliers, business partners, and contractors)<br>HP operations (sales and marketing) | <a href="#">Corporate ethics</a><br><a href="#">HP 2014 10-K</a><br>(Note 15: Litigation and Contingencies; this information is as of the end of FY14)  |
| ● <b>Transparency, accountability, and reporting</b>                                   | Providing clear and comparable information in an accessible manner.  | Overall report   | Supply chain<br>HP operations<br>Products and solutions   | <a href="#">GRI index</a>   |
| ● <b>Bribery and corruption</b>  | Working against bribery and corruption in all aspects of HP's business.  | Anti-corruption  | Supply chain<br>HP operations<br>Products and solutions (interactions with partners and customers globally)           | <a href="#">Anti-corruption</a><br><a href="#">Supply chain responsibility</a>  |
| ● <b>Diversity and inclusion</b>   | Working to promote diversity and inclusion across HP's global workforce.   | Diversity and Equal Opportunity  | HP operations   | <a href="#">Human rights</a><br><a href="#">Diversity and inclusion</a>   |

| Issue  | Description  | GRI G4 Aspect(s)  | Aspect boundary   | Location in report  |
|--|--|---|---|---|
| ● <b>Cyber security</b>  | Ensuring that information collected, captured, analyzed, used, stored, transferred, and shared is protected from unwanted parties and unauthorized access, such as security threats and cyber attacks.         | No GRI-specific Aspects   | Supply chain<br>HP operations<br>Products and solutions   | <a href="#">Public policy</a><br><a href="#">Economic impacts across the value chain</a>  |
| High importance to sustainable development, medium importance to HP's business success   |  |   |   |   |
| ● <b>Energy and GHG emissions in operations and supply chain</b>                         | Improving the energy efficiency of HP's operations and supply chain to reduce energy use and costs as well as GHG emissions, and using renewable energy sources when feasible.                                 | Energy Emissions  | Supply chain (first- and second-tier suppliers, Scope 3 emissions)<br>HP operations (Scope 1 and Scope 2 emissions)   | <a href="#">Our footprint</a><br><a href="#">Supply chain environmental impact</a><br><a href="#">HP operations</a>                                   |
| Medium importance to sustainable development, medium importance to HP's business success |  |   |   |   |
| ● <b>Waste and hazardous materials in operations and supply chain</b>                    | Responsibly managing and disposing of hazardous and nonhazardous waste within HP's operations and supply chain.  | Effluents and Waste   | Supply chain (first-tier suppliers)<br>HP operations  | <a href="#">Supply chain environmental impact</a><br><a href="#">HP operations</a>  |
| ● <b>Water in operations and supply chain</b>  | Reducing water use in our operations and supply chain.   | Water   | Supply chain (first-tier suppliers)<br>HP operations  | <a href="#">Our footprint</a><br><a href="#">Supply chain environmental impact</a><br><a href="#">HP operations</a>                                   |
| ● <b>Use of substances of concern in products</b>  | Managing use of materials and substances of concern, and using alternative materials that reduce the risk of human health and environmental impacts, while meeting performance and cost criteria.              | Products and Services<br>Materials  | Supply chain<br>Products and solutions  | <a href="#">Materials</a>   |
| ● <b>Supply chain codes, standards, and engagement</b>                                   | Implementing and enforcing codes and standards that set a baseline for supplier social and environmental responsibility (SER) and improving HP suppliers' SER performance through engagement and transparency. | Supplier Environmental Assessment<br>Supplier Assessment for Labor Practices<br>Supplier Human Rights Assessment<br>Supplier Assessment for Impact on Society | Supply chain (first- and second-tier suppliers)<br>We ask that first-tier suppliers communicate our Electronic Industry Citizenship Coalition Code of Conduct to their suppliers, thereby propagating the requirements to our sub-tier suppliers. | <a href="#">Supply chain responsibility</a>   |
| ● <b>Responsible sourcing of minerals</b>  | Working to ensure the responsible sourcing of minerals used in HP products (e.g., conflict minerals from the Democratic Republic of Congo).  | No GRI-specific Aspects   | Supply chain (sub-tier suppliers in high-risk areas such as the Democratic Republic of Congo; there are multiple tiers between HP and smelters who trade with exporters)  | <a href="#">Conflict minerals</a>   |
| Medium importance to sustainable development, medium importance to HP's business success |  |   |   |   |
| ● <b>Public policy engagement</b>  | Influencing public policy development through direct engagement and through multi-stakeholder associations or initiatives.   | Public Policy   | HP operations   | <a href="#">Public policy</a>   |
| ● <b>Board structure and independence</b>  | Ensuring HP board diversity, independent oversight, and sustainability governance.   | No GRI-specific Aspects   | HP operations   | <a href="#">Living Progress strategy</a><br><a href="#">Corporate ethics</a><br><a href="#">Governance</a><br><a href="#">HP 2015 Proxy Statement</a> |
| ● <b>Intellectual property protection</b>  | Protecting HP's intellectual property as essential to our business success and continued innovation in the IT sector.  | No GRI-specific Aspects   | Supply chain<br>HP operations<br>Products and solutions   | <a href="#">Public policy</a>   |
| ● <b>Responsible marketing</b>   | Working to ensure that marketing and communication of products and services is honest, transparent, and fair.  | Marketing Communications  | HP operations<br>Products and solutions   | <a href="#">GRI index</a>   |
| ● <b>Product transport and logistics</b>   | Managing and reducing fuel use and environmental impacts from product transportation and logistics.  | Transport Emissions   | Supply chain<br>Products and solutions  | <a href="#">Product transportation providers</a>  |
| ● <b>Packaging</b>   | Working to decrease the environmental impact of HP packaging by reducing material use, optimizing shipping densities, and utilizing recycled and recyclable materials.   | Materials   | Products and solutions  | <a href="#">Packaging</a>   |
| ● <b>Sale and misuse of IT products and services</b>                                     | Avoiding sales of HP products to restricted parties and to individuals, groups, or entities that may misuse those products to violate human rights.  | No GRI-specific Aspects   | Products and solutions  | <a href="#">Human rights</a>  |

# Global Reporting Initiative index

We considered the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines when preparing this report. HP self-declares this report to the Core In Accordance level.

| GRI guideline                                     | Disclosure title   | Location   | Assurance scope |
|---|--|--|-----------------|
| <b>Strategy and Analysis</b>                      |  |  |                 |
| G4-1  | Statement from the most senior decision maker of the organization  | <a href="#">Letter from Meg Whitman</a>  |                 |
| <b>Organizational Profile</b>                     |  |  |                 |
| G4-3  | Name of the organization   | <a href="#">HP profile</a>   |                 |
| G4-4  | Primary brands, products, and services   | <a href="#">HP profile, HP 2014 10-K</a>   |                 |
| G4-5  | Location of the organization's headquarters  | <a href="#">HP profile</a>   |                 |
| G4-6  | Number of countries where organization operates, names of countries where organization has significant operations or that are specifically relevant to this report | <a href="#">Locations of HP geographic headquarters and major product development, manufacturing, data centers, and HP Labs, map of HP supplier sites</a>  |                 |
| G4-7  | Nature of ownership and legal form   | <a href="#">HP profile</a>   |                 |
| G4-8  | Markets served   | <a href="#">HP profile, HP 2014 10-K</a>   |                 |
| G4-9  | Scale of the organization  | <a href="#">HP profile, HP operations, HP 2014 10-K</a>  |                 |
| G4-10   | Employee demographics  | <a href="#">Diversity and inclusion</a><br><br>A portion of the organization's work is performed by individuals other than employees or supervised workers, including employees and supervised employees of contractors.   |                 |
| G4-11   | Percentage of total employees covered by collective bargaining agreements  | HP follows its <a href="#">Global Human Rights Policy</a> and its <a href="#">Standards of Business Conduct</a> . In about 40% of the countries where we have employees operating, some of those employees are represented by works councils or unions, or are covered by a collective bargaining agreement. The percentage of employees covered by collective bargaining agreements is managed at a local level. HP considers this percentage on a consolidated level not relevant. |                 |
| G4-12   | Description of organization's supply chain   | <a href="#">Supply chain responsibility, Supply chain responsibility: Our approach</a>   |                 |
| G4-13   | Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain                                       | <a href="#">Company separation and Living Progress, Supply chain responsibility, Product transportation providers, HP 2014 10-K</a>  |                 |
| G4-14   | Whether and how the precautionary approach or principle is addressed by the organization   | <a href="#">Materials</a>  |                 |
| G4-15   | Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or which it endorses      | <a href="#">Public policy, Human rights, Supply chain responsibility, Supply chain responsibility: Our approach, Privacy, Supply chain environmental impact, Products and solutions, United Nations Global Compact index</a>   |                 |
| G4-16   | List of memberships of associations and national or international advocacy organizations in which the organization is involved                                     | <a href="#">Affiliations and memberships</a>   |                 |
| <b>Identified Material Aspects and Boundaries</b> |  |  |                 |
| G4-17   | Entities included in the organization's consolidated financial statements or equivalent documents  | <a href="#">HP 2014 10-K</a><br>Differences in entities covered in different parts of the report are noted in those sections.  |                 |
| G4-18   | Process for defining report content and Aspect boundaries  | <a href="#">Materiality update</a>   |                 |
| G4-19   | Identified material Aspects  | <a href="#">Material issues</a>  |                 |
| G4-20   | For each material Aspect, report the Aspect Boundary within the organization   | <a href="#">Material issues</a>  |                 |
| G4-21   | For each material Aspect, report the Aspect Boundary outside the organization  | <a href="#">Material issues</a>  |                 |
| G4-22   | Effect of any restatements of information provided in previous reports   | Included in relevant sections as appropriate   |                 |
| G4-23   | Significant changes from previous reporting periods in Scope and Aspect Boundaries   | The overall content in this report is similar to last year. Identified board structure and independence and intellectual property protection as material issues during refresh of materiality assessment.  |                 |

| GRI guideline                 | Disclosure title   | Location  | Assurance scope |
|-------------------------------|--|---|-----------------|
| <b>Stakeholder Engagement</b> |  |   |                 |
| G4-24                         | Stakeholder groups engaged by the organization   | <a href="#">Stakeholder engagement</a>  |                 |
| G4-25                         | Basis for identification and selection of stakeholders with whom to engage   | <a href="#">Stakeholder engagement</a><br>We identify appropriate stakeholders to engage by assessing factors such as their expertise, their willingness to collaborate, their reputation, their location, and their sphere of influence. |                 |
| G4-26                         | Approach to stakeholder engagement   | <a href="#">Stakeholder engagement</a>  |                 |
| G4-27                         | Key topics and concerns raised through stakeholder engagement, and organization's response   | <a href="#">Stakeholder engagement</a>  |                 |
| <b>Report Profile</b>         |  |   |                 |
| G4-28                         | Reporting period   | <a href="#">About this report</a>   |                 |
| G4-29                         | Date of most recent previous report  | June 2014   |                 |
| G4-30                         | Reporting cycle  | Annual  |                 |
| G4-31                         | Contact point for questions regarding report   | <a href="#">About this report</a>   |                 |
| G4-32                         | GRI index  | <a href="#">GRI index</a> , <a href="#">Independent Accountants' Report</a>   |                 |
| G4-33                         | Policy and current practice with regard to seeking external assurance for the report   | <a href="#">Assurance</a>   |                 |
| <b>Governance</b>             |  |   |                 |
| G4-34                         | Governance structure, including committees of highest governing body   | <a href="#">Living Progress governance</a> , <a href="#">Governance</a>   |                 |
| G4-37                         | Processes for consultation between stakeholders and board on economic, environmental, and social topics                                      | <a href="#">Living Progress governance</a>  |                 |
| G4-38                         | Composition of the highest governance body and its committees  | <a href="#">HP board of directors</a> , <a href="#">HP board committee composition</a>  |                 |
| G4-39                         | Whether chair of the highest governance body is also an executive officer  | <a href="#">Ethics and compliance</a>   |                 |
| G4-40                         | Nomination and selection process for the highest governance body and its committees  | <a href="#">Corporate governance guidelines</a>   |                 |
| G4-41                         | Processes for the highest governance body to ensure conflicts of interest are avoided and managed  | <a href="#">Corporate governance guidelines</a>   |                 |
| G4-45                         | Highest governance body's role in the identification and management of economic, environmental, and social impacts, risks, and opportunities | <a href="#">Living Progress governance</a>  |                 |
| G4-47                         | Frequency of the highest governance body's review of economic, environmental, and social impacts, risks, and opportunities                   | <a href="#">Living Progress governance</a>  |                 |
| G4-49                         | Process for communicating critical concerns to the highest governance body   | <a href="#">Contact the board</a>   |                 |
| G4-51                         | Remuneration policies for the highest governance body and senior executives and relation to economic, environmental, and social objectives   | <a href="#">HP 2014 10-K</a>  |                 |
| <b>Ethics and Integrity</b>   |  |   |                 |
| G4-56                         | Organization's values, principles, standards, and norms of behavior such as codes of conduct and codes of ethics                             | <a href="#">Policies and standards</a> , <a href="#">Corporate ethics</a> , <a href="#">Human rights</a> , <a href="#">Supply chain responsibility</a> , <a href="#">Our employees</a>  |                 |
| G4-57                         | Internal and external mechanisms for seeking advice on ethical and lawful behavior   | <a href="#">Corporate ethics</a>  |                 |
| G4-58                         | Internal and external mechanisms for reporting concerns about unethical or unlawful behavior   | <a href="#">Corporate ethics</a>  |                 |

| GRI guideline                                     | Disclosure title   | Location   | Assurance scope                                      |
|---|--|--|--|
| <b>Specific Standard Disclosures</b>              |  |  |  |
| <b>Category: Economic</b>                         |  |  |  |
| <b>Aspect: Economic Performance*</b>              |  |  |  |
| G4-DMA  | Generic Disclosures on Management Approach   | Economic impacts across the value chain, HP 2014 10-K  |  |
| G4-EC1  | Direct economic value generated and distributed  | Economic impacts across the value chain, Total social investment spend, HP 2014 10-K   |  |
| G4-EC2  | Financial implications and other risks and opportunities for the organization's activities due to climate change   | HP's most recent CDP submission  |  |
| G4-EC3  | Coverage of the organization's defined benefit plan obligations  | HP 2014 10-K   |  |
| <b>Material Aspect: Indirect Economic Impacts</b> |  |  |  |
| G4-DMA  | Generic Disclosures on Management Approach   | Economic impacts across the value chain  |  |
| G4-EC8  | Significant indirect economic impacts, including the extent of impacts   | Supply chain responsibility, Economic impacts across the value chain, Products and solutions                                 |  |
| <b>Aspect: Procurement Practices*</b>             |  |  |  |
| G4-DMA  | Generic Disclosures on Management Approach   | Supplier diversity   |  |
| G4-EC9  | Proportion of spending on local suppliers at significant locations of operation  | Supplier diversity   |  |
| <b>Category: Environmental</b>                    |  |  |  |
| <b>Material Aspect: Materials</b>                 |  |  |  |
| G4-DMA  | Generic Disclosures on Management Approach   | Design for the Environment, Materials  |  |
| G4-EN1  | Materials used by weight or volume   | Materials  |  |
| G4-EN2  | Percentage of materials used that are recycled input materials   | Materials, Printing  |  |
| <b>Material Aspect: Energy</b>                    |  |  |  |
| G4-DMA  | Generic Disclosures on Management Approach   | Design for the Environment: Energy efficiency, Management and compliance, HP Operations: Energy efficiency, Renewable energy |  |
| G4-EN3  | Energy consumption within the organization   | HP Operations: Energy efficiency, Renewable energy, Environmental Progress: Data   | See EY's Independent Accountants' Report on page 123 |
| G4-EN5  | Energy intensity   | HP Operations: Energy efficiency   |  |
| G4-EN6  | Reduction of energy consumption  | HP Operations: Energy efficiency   |  |
| G4-EN7  | Reductions in energy requirements of products and services   | Products and solutions   |  |
| <b>Material Aspect: Water</b>                     |  |  |  |
| G4-DMA  | Generic Disclosures on Management Approach   | Our footprint, Management and compliance, Water  |  |
| G4-EN8  | Total water withdrawal by source   | Water  | See EY's Independent Accountants' Report on page 123 |
| G4-EN10   | Percentage and total volume of water recycled and reused   | Water  |  |
| <b>Aspect: Biodiversity*</b>                      |  |  |  |
| G4-DMA  | Generic Disclosures on Management Approach   | Social investment: Environmental   |  |
| G4-EN12   | Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas | Social investment: Environmental   |  |
| <b>Material Aspect: Emissions</b>                 |  |  |  |
| G4-DMA  | Generic Disclosures on Management Approach   | Our footprint, Management and compliance, HP operations: Greenhouse gas emissions  |  |
| G4-EN15   | Direct greenhouse gas (GHG) emissions (Scope 1)  | HP operations: Greenhouse gas emissions, Environmental Progress: Data, HP carbon accounting manual                           | See EY's Independent Accountants' Report on page 123 |

| GRI guideline   | Disclosure title  | Location   | Assurance scope                                      |
|---|---|--|--|
| G4-EN16   | Energy indirect GHG emissions (Scope 2)   | <a href="#">HP operations: Greenhouse gas emissions</a> , <a href="#">Environmental Progress: Data</a> , <a href="#">HP carbon accounting manual</a>   | See EY's Independent Accountants' Report on page 123 |
| G4-EN17   | Other indirect GHG emissions (Scope 3)  | <a href="#">Our footprint</a> , <a href="#">Environmental Progress: Data</a>   | See EY's Independent Accountants' Report on page 123 |
| G4-EN18   | GHG emissions intensity   | <a href="#">HP operations: Greenhouse gas emissions</a> , <a href="#">Environmental Progress: Data</a>   |  |
| G4-EN19   | Reduction of GHG emissions  | <a href="#">HP Operations: Energy efficiency</a>   |  |
| G4-EN20   | Emissions of ozone-depleting substances (ODS)   | <a href="#">Environmental Progress: Data</a>   |  |
| <b>Material Aspect: Effluents and Waste</b>               |   |  |  |
| G4-DMA  | Generic Disclosures on Management Approach  | <a href="#">Management and compliance</a> , <a href="#">Waste and recycling</a>  |  |
| G4-EN23   | Total weight of waste by type and disposal method   | <a href="#">Waste and recycling</a>  |  |
| G4-EN24   | Total number and volume of significant spills   | We apply the risk-prevention and management procedures of our EHS management system to help prevent unplanned releases at our facilities. In 2014, the only significant unplanned release was of diesel fuel at a UK facility, caused by a mechanical failure. HP is working closely with the UK Environment Agency to complete recovery and clean-up operations, which successfully contained the spill on HP property. |  |
| <b>Material Aspect: Products and Services</b>             |   |  |  |
| G4-DMA  | Generic Disclosures on Management Approach  | <a href="#">Design for the Environment</a>   |  |
| G4-EN27   | Extent of impact mitigation of environmental impacts of products and services   | <a href="#">Our footprint</a> , <a href="#">Products and solutions</a> , <a href="#">Materials</a>   |  |
| G4-EN28   | Percentage of products sold and their packaging materials that are reclaimed by category  | <a href="#">Product return and recycling</a>   |  |
| <b>Material Aspect: Transport</b>                         |   |  |  |
| G4-DMA  | Generic Disclosures on Management Approach  | <a href="#">Business travel and employee programs</a> , <a href="#">Product transportation providers</a>   |  |
| G4-EN30   | Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce | <a href="#">Business travel and employee programs</a> , <a href="#">Product transportation providers</a>   |  |
| <b>Material Aspect: Supplier Environmental Assessment</b> |   |  |  |
| G4-DMA  | Generic Disclosures on Management Approach  | <a href="#">Supply chain responsibility: Our approach</a>  |  |
| G4-EN32   | Percentage of new suppliers that were screened using environmental criteria   | <a href="#">Supply chain responsibility: Our approach</a>  | See EY's Independent Accountants' Report on page 123 |
| <b>Category: Social</b>                                   |   |  |  |
| <b>Subcategory: Labor Practices and Decent Work</b>       |   |  |  |
| <b>Aspect: Employment*</b>                                |   |  |  |
| G4-DMA  | Generic Disclosures on Management Approach  | <a href="#">Rewards and recognition</a>  |  |
| G4-LA2  | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation                             | <a href="#">Rewards and recognition</a>  |  |
| <b>Aspect: Occupational Health and Safety*</b>            |   |  |  |
| G4-DMA  | Generic Disclosures on Management Approach  | <a href="#">Health and safety</a>  |  |
| G4-LA6  | Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender           | <a href="#">Health and safety</a>  |  |
| <b>Material Aspect: Training and Education</b>            |   |  |  |
| G4-DMA  | Generic Disclosures on Management Approach  | <a href="#">Building careers</a>   |  |
| G4-LA9  | Average hours of training per year per employee by gender, and by employee category   | <a href="#">Building careers</a>   |  |
| G4-LA10   | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings                 | <a href="#">Building careers</a>   |  |

| GRI guideline  | Disclosure title   | Location   | Assurance scope  |
|--|--|--|--|
| G4-LA11  | Percentage of employees receiving regular performance and career development reviews, by gender and by employee category   | <a href="#">Building careers</a>   |  |
| <b>Material Aspect: Diversity and Equal Opportunity</b>                  |  |  |  |
| G4-DMA   | Generic Disclosures on Management Approach   | <a href="#">Diversity and inclusion</a>  |  |
| G4-LA12  | Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity                         | <a href="#">Diversity and inclusion, HP board of directors</a>   |  |
| <b>Material Aspect: Supplier Assessment for Labor Practices</b>          |  |  |  |
| G4-DMA   | Generic Disclosures on Management Approach   | <a href="#">Supply chain responsibility: Our approach</a>  |  |
| G4-LA14  | Percentage of new suppliers that were screened using labor practices criteria  | <a href="#">Supply chain responsibility: Our approach</a>  | <a href="#">See EY's Independent Accountants' Report on page 123</a> |
| <b>Aspect: Labor Practices Grievance Mechanisms*</b>                     |  |  |  |
| G4-DMA   | Generic Disclosures on Management Approach   | <a href="#">Our employees</a>  |  |
| G4-LA16  | Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms  | For 2014, the number of cases we received regarding human resources policy and practices compared to the total number of employees was less than 0.2%. All were addressed and resolved, most within 90 days.   |  |
| <b>Subcategory: Human Rights</b>   |  |  |  |
| <b>Material Aspect: Nondiscrimination</b>                                |  |  |  |
| G4-DMA   | Generic Disclosures on Management Approach   | <a href="#">Supply chain responsibility: Our approach</a>  |  |
| G4-HR3   | Total number of incidents of discrimination and corrective actions taken   | <a href="#">Supply chain responsibility: Audit results, Audit results</a> , HP discloses the rates of nonconformance in supplier sites audited, but not the absolute numbers. Presenting this information in this manner provides additional context for the reader. | <a href="#">See EY's Independent Accountants' Report on page 123</a> |
| <b>Material Aspect: Freedom of Association and Collective Bargaining</b> |  |  |  |
| G4-DMA   | Generic Disclosures on Management Approach   | <a href="#">Supply chain responsibility: Our approach</a>  |  |
| G4-HR4   | Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights | <a href="#">Supply chain responsibility: Audit results, Audit results</a>  | <a href="#">See EY's Independent Accountants' Report on page 123</a> |
| <b>Material Aspect: Child Labor</b>                                      |  |  |  |
| G4-DMA   | Generic Disclosures on Management Approach   | <a href="#">Supply chain responsibility: Our approach</a>  |  |
| G4-HR5   | Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor                                | <a href="#">Supply chain responsibility: Audit results, Audit results</a>  | <a href="#">See EY's Independent Accountants' Report on page 123</a> |
| <b>Material Aspect: Forced or Compulsory Labor</b>                       |  |  |  |
| G4-DMA   | Generic Disclosures on Management Approach   | <a href="#">Supply chain responsibility: Our approach</a>  |  |
| G4-HR6   | Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor   | <a href="#">Supply chain responsibility: Audit results, Audit results</a>  | <a href="#">See EY's Independent Accountants' Report on page 123</a> |
| <b>Material Aspect: Supplier Human Rights Assessment</b>                 |  |  |  |
| G4-DMA   | Generic Disclosures on Management Approach   | <a href="#">Supply chain responsibility: Our approach</a>  |  |
| G4-HR10  | Percentage of new suppliers that were screened using human rights criteria   | <a href="#">Supply chain responsibility: Our approach</a>  | <a href="#">See EY's Independent Accountants' Report on page 123</a> |
| <b>Subcategory: Society</b>  |  |  |  |
| <b>Material Aspect: Anti-corruption</b>                                  |  |  |  |
| G4-DMA   | Generic Disclosures on Management Approach   | <a href="#">Corporate ethics</a>   |  |
| G4-SO3   | Total number and percentage of operations assessed for risks related to corruption and the significant risks identified  | <a href="#">Anti-corruption</a>  |  |
| G4-SO4   | Communication and training on anti-corruption policies and procedures  | <a href="#">Corporate ethics, Anti-corruption</a>  |  |

| GRI guideline  | Disclosure title  | Location   | Assurance scope  |
|--|---|--|--|
| <b>Material Aspect: Public Policy</b>                              |   |  |  |
| G4-DMA   | Generic Disclosures on Management Approach  | <a href="#">Public policy</a>  |  |
| G4-S06   | Total value of political contributions by country and recipient/beneficiary   | <a href="#">Public policy</a> , <a href="#">HP political engagement</a>  |  |
| <b>Material Aspect: Anti-competitive Behavior</b>                  |   |  |  |
| G4-DMA   | Generic Disclosures on Management Approach  | <a href="#">HP 2014 10-K (Note 15: Litigation and Contingencies; this information is as of the end of FY14)</a>  |  |
| G4-S07   | Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes  | <a href="#">HP 2014 10-K (Note 15: Litigation and Contingencies; this information is as of the end of FY14)</a>  |  |
| <b>Material Aspect: Compliance</b>                                 |   |  |  |
| G4-DMA   | Generic Disclosures on Management Approach  | <a href="#">HP 2014 10-K (Note 15: Litigation and Contingencies; this information is as of the end of FY14)</a>  |  |
| G4-S08   | Monetary value of significant fines and total number of nonmonetary sanctions for noncompliance with laws and regulations   | <a href="#">HP 2014 10-K (Note 15: Litigation and Contingencies; this information is as of the end of FY14)</a>  |  |
| <b>Material Aspect: Supplier Assessment for Impacts on Society</b> |   |  |  |
| G4-DMA   | Generic Disclosures on Management Approach  | <a href="#">Supply chain responsibility: Our approach</a>  |  |
| G4-S09   | Percentage of new suppliers that were screened using criteria for impacts on society  | <a href="#">Supply chain responsibility: Our approach</a>  | <a href="#">See EY's Independent Accountants' Report on page 123</a> |
| <b>Subcategory: Product Responsibility</b>                         |   |  |  |
| <b>Material Aspect: Marketing Communications</b>                   |   |  |  |
| G4-DMA   | Generic Disclosures on Management Approach  | HP is committed to responsible marketing and providing consumers and businesses accurate, relevant information. Our <a href="#">Standards of Business Conduct</a> and corporate guidelines set expectations regarding the company's advertising practices. These resources require that advertisements and marketing collateral be fair, factual, and complete. Advertising claims must be formally substantiated with current factual data before publishing. HP sells its products in compliance with laws in the jurisdictions in which it does business.<br><br>Training is available for employees in relevant parts of our business as well as for agencies that act on HP's behalf. This covers aspects of responsible marketing such as proper claims, substantiation, necessary advertising disclosures, and endorsement of HP products by third parties. |  |
| G4-PR7   | Total number of incidents of noncompliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes | HP does not consider this metric to be highly applicable to the information technology industry, given the lack of strict regulations and voluntary industry codes in this area that are applicable to some other industries. Further, the information is not currently available. HP does not believe that this information will be feasible to collect in the future.  |  |
| <b>Material Aspect: Customer Privacy</b>                           |   |  |  |
| G4-DMA   | Generic Disclosures on Management Approach  | <a href="#">Privacy</a>  |  |
| G4-PR8   | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data   | <a href="#">Privacy</a>  |  |

\* Although this GRI G4 Aspect was not determined to be material in HP's materiality assessment, we recognize that it is relevant to some stakeholders and we provide information about HP's programs and performance in this area.