

## Making a difference for customers and the environment



HP has understood from the beginning that industry leadership extends beyond simply bringing innovative technologies to our customers or delivering improved financial performance. Part of our job as a leading technology company is to make an ongoing contribution to society. For us, that includes a firm commitment to the environment.

Environmental responsibility is not new to HP. Bill Hewlett and Dave Packard were lifelong environmentalists, having grown up exploring the great outdoors in California and Colorado. In 1957 they instituted a corporate Good Citizenship objective, encouraging responsible practices within the communities where the company does business. Grassroots employee initiatives in the 1960s and 1970s led to punch-card recycling and employee-driven van pools. HP instituted more formal policies in the 1970s in response to the growing problems stemming from increased traffic and air pollution.

In 1981, HP was among the first technology companies to begin a hardware remarketing program, and six years later, we introduced a global product recycling program. We formalized our Design for Environment (DfE) strategy in 1992 to reduce the amount of energy used by our products, lessen the impact of the materials used in manufacturing and make recycling our products easier.

Today, we continue to design for the environment across virtually every aspect of our business. We strive to increase the energy efficiency of our own operations, improve environmental and social standards across our supply chain and lead important efforts to influence environmental responsibility in the technology industry.

We're demonstrating through our strategies that environmental responsibility and business success go hand in hand—that doing what's right for the environment is not only the right thing to do, but also a smart business practice. We hear every day from customers who want to save money through more energy-efficient products, find easier ways to recycle their equipment and meet their own environmental stewardship goals. Customers choose HP products and services because they feel HP helps them reduce energy consumption, conserve materials and save on operational costs. Our environmental stewardship helps us deliver on our commitment to simplify our customers' technology experiences. We feel HP has an unmatched ability to provide practical environmental solutions to our customers, to drive smart innovation, and to practice industry- and companywide stewardship that is good for customers, good for business and good for the planet.

## Practical solutions

HP is helping our customers go green with PCs, workstations, displays, notebooks, servers, printers, TVs and many other products designed to reduce impact on the environment. More than 1,000 HP technology products meet global eco-label standards including ENERGY STAR®, Taiwan Green Mark and Blue Angel from Germany.

Environmental responsibility makes financial sense for our customers, too. HP's energy-saving IT solutions can help reduce power costs by up to 60 percent, while driving ever-greater computing performance. Gains in energy efficiency help cut facility costs as well, contributing to lower cost structures that can make a business more competitive. And efficient print solutions reduce paper and ink consumption while increasing productivity. In addition, sound environmental policies can help businesses attract customers who need to reduce their carbon footprint or simply want to support responsible companies.

HP offers a range of industry-leading, secure system reuse and recycling options in more than 50 countries and territories, making it convenient for customers to responsibly recycle everything from print cartridges to computing systems. To date, HP has recycled more than 1 billion pounds of electronics equipment around the world. In 2006 alone, we recycled the equivalent weight of 600 jumbo jets in technology products and components. And, we intend to accelerate our efforts with a goal of doubling our annual recovery rate to reach 2 billion pounds by the end of 2010.

## Smart innovation

HP believes technology can be a powerful tool in reducing environmental impact and fighting global climate change. We help drive advances in resource conservation worldwide by building energy-saving intelligence into our products, developing new technologies and IT strategies to help businesses run more efficiently, and exploring materials innovations that reduce waste throughout product lifecycles.

Our research and development efforts include creating systems that consume less power when off or idle, start up faster when switched on and optimize power usage-levels. We develop energy-efficient, intelligent cooling approaches from the chip to the data center—with a goal to reduce data center energy consumption by more than 50 percent. And we're developing new approaches to common business and information technology management practices to help businesses run more efficiently and reduce costs as well as their environmental impact. For example, our cutting-edge HP Halo Collaboration Studios help improve global collaboration while avoiding travel-related CO<sub>2</sub> emissions, and our server virtualization and automation solutions help enterprises save materials and energy costs while using far fewer systems in their data centers.

We're designing more environmentally responsible products and packaging solutions by using fewer substances of concern, exploring the use of more recycled materials, and investigating the use of new materials as well. In the past 18 months, we've saved enough metal to build a second Eiffel Tower by changing the materials used in our PCs. We also keep recycling in mind at the drawing table, making use of recyclable materials and designing products with parts that are easy to disassemble and reuse.

## Industry influence

HP works with industry partners, supply chain members and policymakers worldwide to pursue progressive environmental goals and standards for the technology sector.

With the industry's largest supply chain, our footprint extends well beyond our doors. HP spends roughly \$50 billion annually on the procurement, manufacturing and distribution of HP's product and services portfolio globally. Approximately 500 suppliers worldwide account for 99 percent of HP's supply chain expenditures. When you consider that many of these suppliers have

multiple locations and employ hundreds (if not thousands) of people, the breadth of HP's supply chain—and its subsequent impact on people's lives and the environment—becomes clear.

That's why we have led the charge to raise labor and environmental standards and effect positive operational changes across the manufacturing, shipping and recycling of our products and services—and the technology industry as a whole. In 2004, HP co-lead the effort to develop the Electronics Industry Code of Conduct (EICC) with industry partners, providing suppliers with the industry's first clear outline of common requirements. We also lead innovative programs with our suppliers to conduct audits and offer training in socially and environmentally responsible practices, providing follow-up to measure compliance and facilitate progress.

HP believes companies, governments and organizations worldwide must work in tandem to address climate change. In 2006, HP and the World Wildlife Fund launched a joint initiative to advance the study of climate change, raise global awareness, and increase the adoption of consumer and business best practices. Through this partnership HP is working to reduce our own greenhouse gas emissions and expand energy efficiency in our products. We're also contributing more than \$2 million in equipment and funds to support WWF conservation efforts around the world.

## Company stewardship

As a large, global corporation, our actions can have far-reaching effects. That's why we continually work to reduce our own energy consumption and waste, while increasing recycling at our facilities. In 2006, HP's on-site energy consumption was 31 percent lower than 2005 levels. Our goal is to reduce the combined energy consumption of the company's operations and products by 20 percent below 2005 levels by 2010. And we've found that reducing the environmental impact of our operations makes economic sense as well.

We're in the midst of an IT transformation that involves consolidating data centers—from 85 to only six worldwide by the end of 2008. We estimate that this effort, in addition to bringing significant business and operational benefits, will reduce energy consumption in the data centers nearly 60 percent. Applying state-of-the-art, next-generation design, including technologies and services developed in HP Labs like Dynamic Smart Cooling and Thermal Zone Mapping for more energy efficient power and cooling, will lead to significant savings in energy use across our new data centers.

Finally, we take pride in creating a work environment in which employees are empowered to help reduce our environmental impact. HP has extensive employee education programs on environmental issues and best practices for home and work, including carbon calculators to help measure their goals and efforts. Worldwide we have nearly 13,000 employees who work exclusively from their home offices. We estimate that in 2006, the Telework program saved almost 2.5 million commutes in the United States and Canada alone, avoiding about 65 million miles of road travel and reducing emissions by almost 28,000 tonnes of CO<sub>2</sub>. We also support grassroots efforts and local engagement, as well as initiatives that capture and act on innovative employee ideas from around the globe for improving the company's environmental practices.

## Learn more

This is just a snapshot of what HP is doing to help reduce technology's global environmental impact. We focus on conservation at every level of our business, and each product or services group has its own story to tell.

For more information on HP's extensive environmental programs, please visit <http://www.hp.com/go/environment>.