

Global Citizenship at HP

Few companies can match HP's legacy of good corporate citizenship. Our founders, Bill Hewlett and Dave Packard, were pioneers in recognizing that, beyond making a profit for its investors, a company has a fundamental responsibility to enrich the lives of its customers, partners, employees and stakeholders. For nearly 70 years, we've honored that responsibility by striving to be an economic, intellectual and social asset to each community in which we work and live. As HP has grown to become the world's largest IT company, our commitment to global citizenship has remained at the core of our business strategy.

Global citizenship at HP is based on a foundation of strong corporate accountability and governance, a commitment to environmental responsibility, and active investment in local communities.

Keeping the trust and loyalty of those we serve depends on doing business with honesty and uncompromising integrity. These values guide our business practices and shape our policies and actions in the areas of ethical conduct, personal data protection and responsible supply-chain management. We hold our employees, partners and suppliers accountable for their actions in all aspects of our business. HP was founded on the idea that integrity really matters, and we strive to reflect this every day.

At HP, we are committed to reducing the environmental impact of our operations, products and services. We design our products to be sustainable throughout their life cycles, offer product reuse and recycling solutions, and set high environmental standards in our operations and supply chain.

We invest in communities around the globe to help people learn, work and thrive. Our goal is to help people use technology to inspire creativity and open doorways into valuable information and global web communities. Our programs focus on three key areas: economic development, education and environment. Through equipment and cash grants, we help nonprofits that support microenterprises in underserved communities and provide technology and teacher support to schools, colleges and universities. In addition, we support research and innovation to advance climate change science and reduce the impact of information technology on the environment.

HP also believes that companies, governments and communities need to work together to address mutual social and environmental challenges. We engage with governments to develop public policy and collaborate with nongovernmental organizations and other stakeholders to address social and environmental concerns.

We have set three global citizenship priorities to complement our core programs and reflect current issues that are especially important to our customers, stakeholders and the success of our business.

First, we ensure that our suppliers and vendors meet HP's high standards for social and environmental responsibility. HP was the first IT company to formally launch a Supplier Code of Conduct, and we continually work with suppliers to help build capabilities and raise the bar for labor and human rights, health and safety, environmental responsibility, and ethics standards. Suppliers representing approximately 98 percent of our supply chain expenditures have completed self-assessments to determine the risks their operations pose. We will conduct 100 audits of at-risk suppliers in 2007 while partnering with other industry organizations to streamline program implementation. Through such proactive leadership, we promote higher labor and environmental

standards throughout our global supply chain, influencing how our industry's products are designed, manufactured, packaged and distributed.

Second, we reduce energy consumption. We develop products and continually improve our operations to increase energy efficiency and reduce emissions that contribute to climate change. Our goal is to reduce the combined energy consumption of our operations and products by 20 percent below 2005 levels by 2010. We're also improving the efficiency of our products; approximately 1,000 HP products sold around the world carry eco-labels, meeting stringent energy-efficiency requirements. To help our customers lower their cost of ownership and reduce their impact on the environment, HP has introduced new technologies to cool power-hungry data centers and reduce a company's associated energy costs by 25 to 45 percent. Our innovative Halo Virtual Collaboration System is revolutionizing long-distance meetings, which may help cut down on business travel and lower CO₂ emissions.

And in November 2006, HP launched an international climate change initiative with the conservation organization World Wildlife Fund to advance climate change science and help raise global awareness through education and outreach. In 2007 alone, HP will invest more than \$2 million in equipment and funding to support research, information gathering and collaboration among conservation scientists worldwide.

Third, we promote product reuse and recycling. We're designing our products to use fewer and more environmentally sound materials that are easier to reuse and recycle. For example, up to 40 percent of glass in new HP CRT monitors is recycled from discarded monitors. The scope and rigor of our acclaimed reuse and recycling services has set the bar for the entire IT industry. Spanning more than 40 countries, regions and territories around the world, HP's reuse and recycling services are on track to meet our ambitious goal of recycling 1 billion pounds of hardware and HP print cartridges by 2007.

We believe our work and influence in these three areas can make the greatest impact on protecting the environment, enhancing people's lives and contributing to HP's prosperity. We reevaluate these priorities regularly to assess progress, and as new issues emerge, we will respond accordingly.