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Hewlett-Packard (HP) is a technology solutions provider to consumers, businesses and institutions globally. The company's offerings span IT infrastructure, personal computing and access devices, global services and imaging and printing for consumers, enterprises and small and medium businesses.

Governance

HP's overall governance structure includes a Board of Directors with five board committees (Acquisitions, Audit, Human Resources and Compensation, Nominating and Governance, Technology); an Executive Team that consists of Senior and Executive Vice Presidents from business divisions and heads of corporate functions. There are executive committees that have sustainability focus (e.g. Ethics Committee, Stakeholder Council).

The HP Corporate Affairs group leads the development and management of the company-wide global citizenship strategy,¹ and works with the business units and other functions that are responsible for executing the strategy. This group is led by the Senior Vice President, Corporate Affairs and Total Customer Experience and Quality, and there is also a Vice President, Corporate, Social and Environmental Responsibility. Within Corporate Affairs is the Environmental Strategies Group that includes four specialists that facilitate and leverage resources embedded throughout the business units to implement the company's global citizenship strategy.

In order to effectively manage global citizenship across the company, HP brings together employees with expertise in specific areas to focus on key issues for the company. For example, executives from business units, regions and relevant corporate functions have formed councils working on a range of issues such as diversity, ethics, privacy and supply chain. These groups meet periodically to establish goals, ensure integration of the strategy into the business, oversee implementation and measure progress. HP has an Environmental Strategies Council, which has representation at the manager and Director-level from each major division, business unit, each geographic location and relevant corporate functions such as supply chain, financial services and operations. The Council has monthly conference calls and meets twice per year face-to-face. The Council makes decisions on strategies going forward, and considers proposals on where HP should invest, organizations they should partner with, etc. The Council also integrates environmental attributes into new product planning. The Environmental Strategies Council reports to the Stakeholder Council, which includes Vice Presidents and Executive Vice Presidents that oversee major corporate strategic areas.

HP also has a Network of Product Stewards that is directly embedded in HP's design groups to ensure that environmental components are built into product design.

In 2006, HP created the new position of Vice President and Chief Ethics and Compliance Officer, responsible for ensuring adherence to HP's ethical guidelines/Standards of Business Conduct (SBC). There is also an Ethics Committee that receives monthly case activity reports and oversees the development and enforcement of HP's SBC, as well as a Global SBC Team that manages the ethics process and an SBC Compliance Team that oversees and monitors complaints and investigations.

HP has also established a supply chain program governance structure with a Supply Chain Council that reports directly to HP's Executive Council and is responsible for implementation of the program. There is a Procurement Council that consists of supply chain leaders from each business unit, as well as Supplier Relationship Managers (SRMs) that directly interact with supplier companies. SRMs are empowered to communicate Supply Chain Social and

¹ HP uses the term global citizenship to describe its social, environmental and economic/sustainability performance.

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Environmental Responsibility (SER) Policy requirements to suppliers and work with them towards conformance. HP also has several internal auditors that audit supplier manufacturing facilities against SER requirements.

HP Canada is a wholly owned subsidiary of California-based Hewlett-Packard Co. A Leadership Council has oversight of global citizenship in Canada. The Vice President and General Manager for HP's Imaging & Printing Group leads the Council and is the identified global citizenship champion in Canada. Each business unit head is also on the Leadership Council, as well as representatives from Human Resources and Legal Services. HP Canada also has a Steering Committee on Environment, Health and Safety (EHS), and a Director of Environmental Programs.

Business Processes

Strategic Planning:

HP has aligned its corporate global citizenship strategy and priorities with its business strategy. The three strategic focus areas for HP's global citizenship agenda are based on the importance to its business, the technology industry and society. HP's strategic focus areas include reducing product environmental impacts, raising standards in HP's global supply chain and increasing access to information technology. HP also establishes priorities based on stakeholder concern, strategic importance to HP's business and the company's ability to have an impact. The process involves assessing customer needs and trends, benchmarking performance against other companies and realigning priorities and resources, as appropriate.

HP sets specific objectives and core programs to support the identified global citizenship priority areas. Current HP global citizenship programs include: accessibility to information technology; Design for Environment (DfE); education; employee diversity; ethics and compliance; health, safety and wellness; labour practices; the environmental impacts of operations; privacy; public policy; social investment; and supply chain responsibility.

The global strategic plan is presented to HP's Executive Council and priorities are re-evaluated on a yearly basis against progress.

Business Planning:

Global citizenship is a company-wide objective and each business unit and corporate function integrates relevant aspects of the global strategic plan into their own business plans. As an example, the Environmental Strategies Council met regarding phasing-out flame retardant chemicals in HP products and discussed what the company could do, if it would cost more to produce products without these materials, if it was safer to exclude them, etc. A decision was made in Council to phase-out flame retardant chemicals and a goal was set. It was then up to the business units to figure out how they could contribute to meeting this corporate objective and incorporate it into their business planning.

HP Canada includes only Sales and Marketing so there is no product design related issues addressed in their business planning process. However, feedback from customers is passed onto design engineers. HP Canada is working with governments to develop end-of-life legislation and also working with the sales team to incorporate this thinking into their work. Global citizenship issues are also incorporated into marketing information.

Business Development:

HP established a DfE program in 1992, integrating global citizenship into its business development activities such as product development. HP's Environmental Strategies Council coordinates the implementation of the DfE strategy, which sets three design priorities for its products:

- **Energy efficiency** – reduce the energy needed to manufacture and use products;
- **Materials innovation** – reduce the amount of materials used in products and develop materials that have less environmental impact and more value at end-of-life; and

- **Design for recyclability** – design equipment that is easier to upgrade and/or recycle.

The Network of Product Stewards mentioned under Governance, plays a key role in ensuring these priorities are integrated into new product design. They sit on each of the product design teams, and bring specific expertise related to reducing the environmental footprint of products (e.g. embossing is better than a sticker from a design for recyclability perspective). Guidelines for environmental product design considerations exist (e.g. DfE Standard, and Design for Recyclability Standard), as well as for packaging. HP also has a list of chemicals that cannot be used in the design of new products. This list of banned substances has been influenced by *Restriction of Hazardous Substances Directive (RoHS)* in the European Union. These considerations are embedded in HP's normal processes. An example of an innovative product that HP hopes will reduce business air travel and associated climate impacts is an advanced system of video conferencing co-developed with DreamWorks to improve the quality of current video conferencing technology. The system simulates a face-to-face meeting with its high definition imaging and elimination of speech delay. Another example is that many of HP's consumer PCs, and business desktops and notebook PCs meet ENERGY STAR requirements.

HP has also incorporated sustainability into its supply chain, and has audited many suppliers on global citizenship issues, including labour issues, health and safety, environmental performance, and ethics. HP has a sophisticated supply chain management program in place and reports on the results of the program in its annual Global Citizenship Report.

Risk Management: HP uses its environmental management system (EMS) to identify environmental risks throughout the company's operations. Sites undergo regular aspect identification analyses and policies and procedures are developed to manage key risk areas.

One of the primary roles of the Internal Audit group is to assess risks throughout the company and to evaluate, monitor and improve the effectiveness of controls and governance processes that support corporate objectives. The group audits global citizenship issues and management systems, and provides regular reports directly to the Board Audit Committee on its findings.

Project Management: HP integrates global citizenship into its project management / procedures. One example includes HP's packaging. The company developed the Robust Orientation Size effect (ROSe) calculator to help engineers develop packaging designs that minimize the amount and cost of materials used. ROSe also optimizes packaging for more efficient loading on pallets and trucks, based on product size, weight, the required protection level and the arrangement of the pack contents. For example, the company was able to reduce the quantity of packaging materials for one category of PCs, while also increasing the number of PCs shipped per pallet. This resulted in a 40% reduction in the energy required to ship each unit.

Disclosure: HP identifies environmental liabilities (remediation and costs) in their annual report. Environmental laws are identified as a risk factor for the company and there is also a discussion of potential risks related to the *Restriction of Hazardous Substances Directive* in the European Union, which came into effect in 2006, and similar legislation in China, including labelling provisions, which came into effect on March 1, 2007. HP presents a qualitative discussion of the potentially significant liabilities the company could face in connection with product take-back legislation.

Assurance: The Internal Audit group provides regular reports directly to the Board Audit Committee. Audits are conducted in all regions where HP operates and include aspects of the Standards of Business Conduct and ethical business practices.

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The SBC address: labour; labour management system; health and safety; environment; EHS management system; and ethics. To ensure HP is meeting its EMS standards, internal EMS audits are done on a frequency based on risk, and external ISO re-registration audits are conducted when required to maintain ISO 14001 and 9000 certification. Responsibility for meeting EMS requirements is at the site-level and an external auditor an average of twice per year audits facilities against different aspects of the ISO standards. External auditors have also been used to verify the company's greenhouse gas (GHG) emission measurements and reporting, and an internal audit program was developed to check the accuracy of reported GHG source data. Internal audits on health and safety are also conducted on a regular basis by Safety Committees.

As mentioned previously, HP also audits manufacturing facilities of its' suppliers around the world against HP's Supply Chain Social and Environmental Responsibility Policy and Supplier Code of Conduct. Extensive information on this assurance program is reported in HP's Global Citizenship Report.

Stakeholder Engagement

Community Relations: In 2006, HP established a Stakeholder Engagement Council of senior HP managers to manage the company's relationships with NGOs and other stakeholders. Each Council member works with a key stakeholder on issues of mutual importance, and Council members meet regularly to share learnings and review engagements.

HP is working at integrating stakeholder engagement into its core business practices. To support this, the company has a planning tool for stakeholder engagement, an online knowledge management database (featuring best practices, key learnings, and current activities), and an employee support center and training programs. There are numerous examples of how HP engages with various stakeholders (e.g. forums, surveys, etc.) and incorporates feedback into its operations (e.g. employee survey input results in the development of action plans to address responding input).

In Canada, HP is involved with Recycling Councils and other NGOs and is a founding member & founding funder of Electronics Product Stewardship Canada. HP uses its involvement with these organizations to address e-waste management issues and to better understand emerging issues. HP Canada also has Regional Community Investment Committees to ensure the effective distribution of money and goods at the regional level in order to meet local stakeholder needs.

Investor Relations: HP Investor Relations integrates global citizenship by working directly with socially responsible investment (SRI) firms worldwide. HP believes that the evaluation and feedback that SRI firms provide helps educate other investors about HP's social and environmental performance and identify emerging issues. HP engages with SRI firms through direct discussion, investor conferences and the completion of questionnaires. HP also holds annual meetings with SRI investors, and distributes a notice of its Global Citizenship Report to both SRI and mainstream investors (report is electronic only so no hard-copy distribution).

Human Resources

Recruitment and Orientation: EHS fundamentals are a mandatory part of employees' orientation training. On an infrequent basis, new employees are taken through HP's contracted recycling plant in Toronto run by Sims as an orientation/environmental training initiative. HP Canada also uses incentives (e.g. new cameras, etc.) to encourage staff to participate in awareness initiatives such as answering global citizenship related surveys, taking training, etc. HP Canada is also increasing publicity around awards HP wins based on its global citizenship practices, and the Director of Environmental Programs makes presentations to

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business units to help increase the profile of these issues and to keep staff engaged and informed.

The President of HP Canada speaks on global citizenship issues. These speeches are posted on HP Canada's Intranet. Global citizenship is also mentioned at least once per year in the President's all employee sessions that are webcast.

HP Canada conducted an employee survey that specifically asked if HP's environmental programs made employees more likely to work/stay at HP. The results indicated that the programs act as a retention tool with the most recent results identifying that nearly 60% of responding employees said yes.

Training: HP provides an online ethics (Standards of Business Conduct) training course every year to all employees, and participation is tracked. HP also provides EHS training for employees in local languages, and training is regularly refreshed through an online EHS Policies and Standards training module, employee websites and EHS communications. The standard EHS electronic course is mandatory for HP employees. Additionally, employees receive health and safety training specific to their job. Employees are trained on emergency response procedures and regularly participate in emergency evacuation and other drills.

HP also provides Health, Safety and Wellness (HSW) training that is tailored to employees' jobs and available in local languages. For example, in Canada there is some specific training for employees called "WorkWell," which includes a mandatory ergonomic assessment and training.

Stakeholder engagement training has been provided to HP employees who interact with external stakeholders regarding global citizenship, and global citizenship information is available to employees on HP's Intranet and Internet sites.

HP has an executive leadership program where elements of global citizenship are integrated, such as ethics for example.

Performance Appraisal and Compensation: Environmental aspects are incorporated into performance pay for relevant HP employees.
