



Strategic CSER

How HP integrates CSER into its business

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Corporate, Social & Environmental
Responsibility

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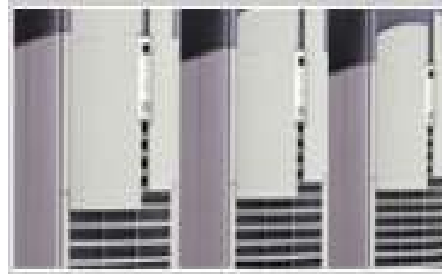


Topics

- HP at a Glance
- Current landscape
- Organizational review
- CSER goals, measures, and business integration
- Global Citizenship Reporting
- Supply Chain Management
- Summary



HP At A Glance



Personal Systems

Imaging and Printing

Customer Solutions

Technical Solutions

Founded

1939

Headquarters

Palo Alto, CA

Revenues

US\$79.9B (FY04)

Employees

over 140,000

Countries

160+

Trends driving increased importance of CSER to business success



- An increasing number of customers require CSER on RFQs
- Competitors want leadership position
- Investors measure and use CSER performance
- Employee expectations growing within HP
- NGOs and other stakeholders measure and publicize CSER performance
- Imminent regulations redefine competitive landscape and market access
- Increased transparency expectations
- Eroding trust in corporations & corporate leaders
- Scale, scope and impact of MNCs



Rising interest in global citizenship across all core stakeholder groups



Customers

- Requiring performance data with bids
- Growing interest in global citizenship partnerships



Shareowners

- Growth in social screening of investments
- Rising shareowner activism

Employees

- Response to “Global Citizenship in Action” newsletter
- Sustainability Network
- Graduation Pledge Alliance
- Stanford School of Business Study



Business value for HP

Brand value

Innovative new solutions

Access to new markets

Competitive position



Global Citizenship/CSR



Leadership framework

strategy

- HP corporate objectives
- HP corporate strategy
- HP operating model

culture and
behavior

structure and
processes

metrics and
rewards

Corporate objectives

- Customer loyalty
- Profit
- Market leadership
- Growth
- Employee commitment
- Leadership capability
- **Global citizenship** - Good citizenship is good business. We live up to our responsibility to society by being an economic, intellectual and social asset to each country and community in which we do business.



Leadership & Commitment



- "We believe that the winning companies of this century will be those that not only increase shareholder value but increase social and environmental value. ... By developing products and solutions that are environmentally sound, by bringing the benefits of information technology to emerging markets, by holding our company to the highest standards of business conduct, and by giving back to the communities in which we operate, HP is contributing to a more sustainable future while also making HP a stronger company and the preferred IT solutions provider."

Leadership Legacy



“Many assume, wrongly, that a company exists simply to make money...the real reason HP exists is to make a contribution...to improve the welfare of humanity...to advance the frontiers of science. Profit is not the proper end and aim of management – it is what makes all of the proper ends and aims possible...”

David Packard 1947

Corporate Affairs

Purpose:

Build the brand and grow the business through recognized leadership in global citizenship.

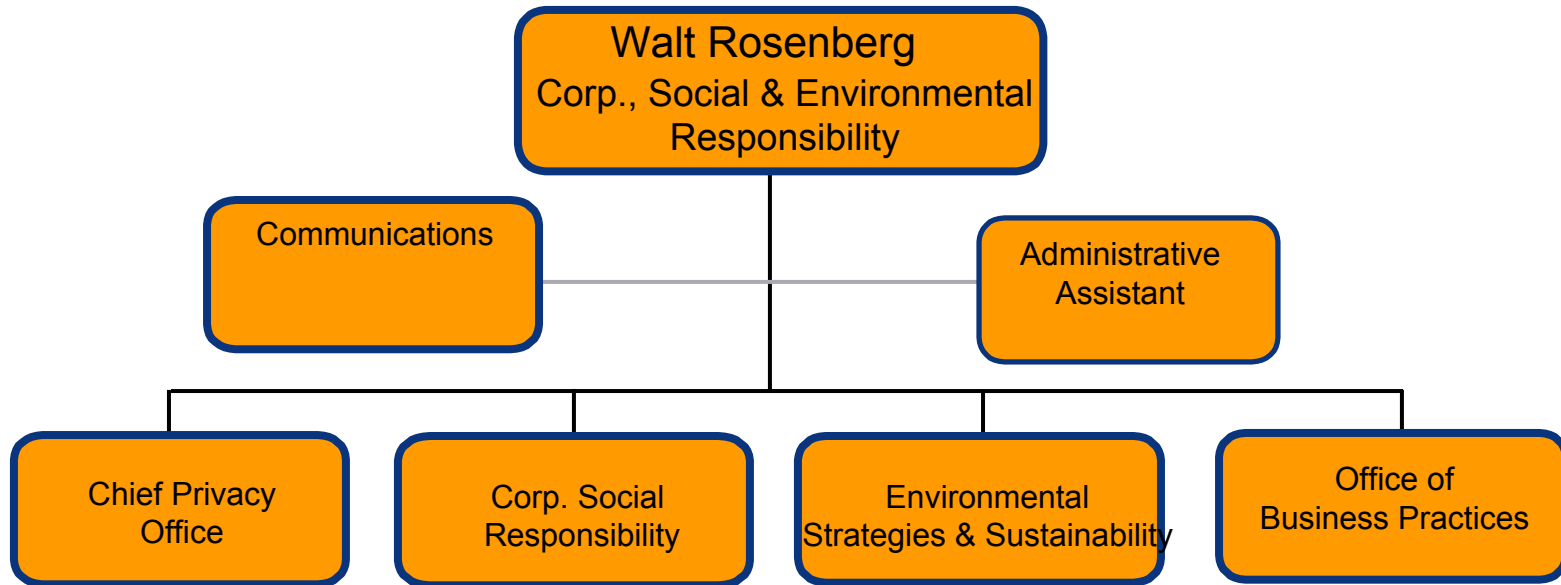
Debra Dunn
SVP Corporate Affairs

Maureen Conway
e-Inclusion &
Emerging Market
Solutions

Gary Fazzino
Government &
Public Affairs

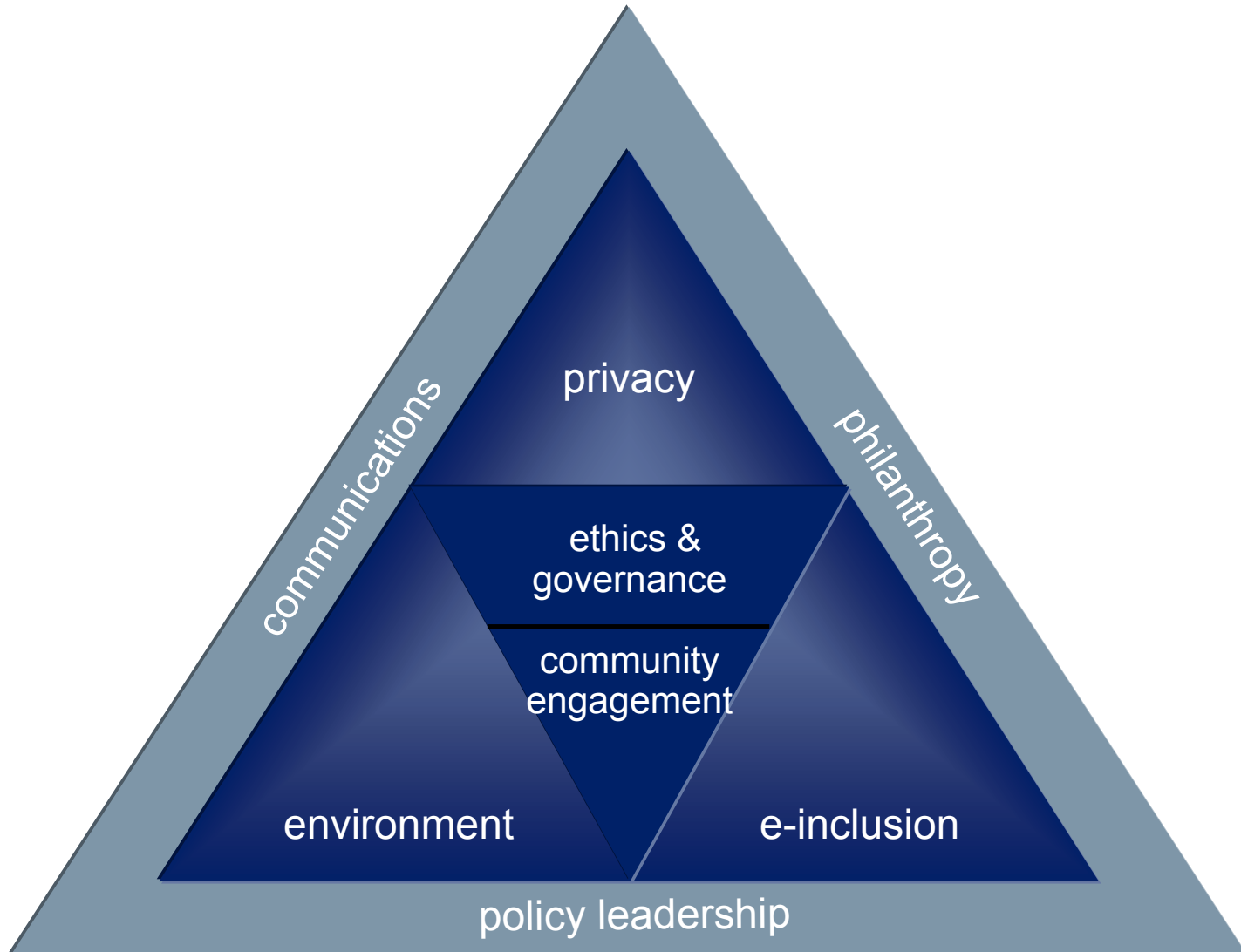
Walt Rosenberg
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Global Citizenship Framework



CSR Goals

Maximize hp's recognition and brand image as the industry leader in CSR

- define leadership strategy, goals and measures
- integrate and enable CSR activities across the company
- partner with the businesses to facilitate company CSR initiatives
- develop and implement solutions that aid horizontal business processes
- engage stakeholders to define and anticipate expectations in CSR



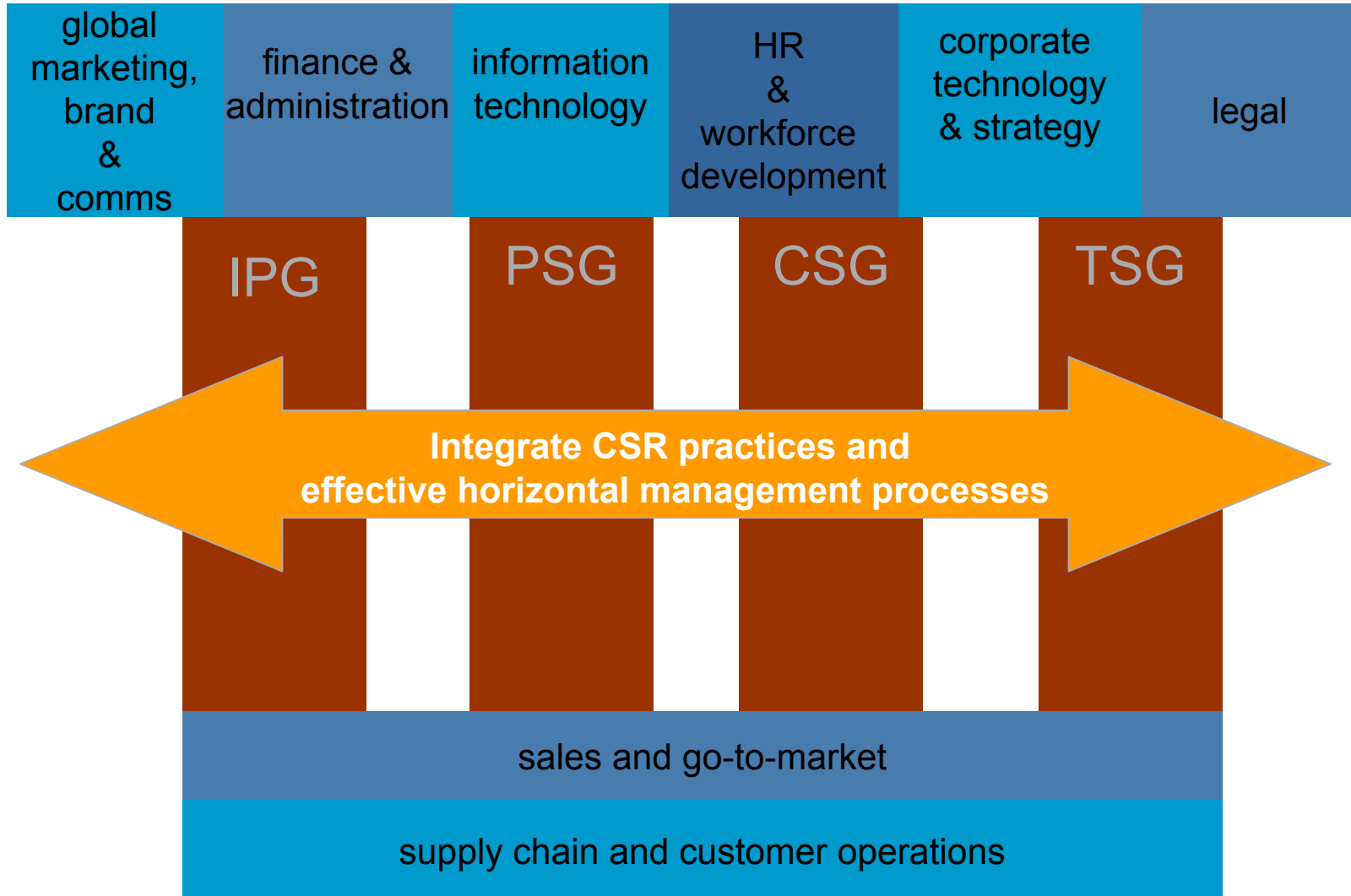
CSER Measures

Some of the CSER measures include:

- Inclusion on DJSI and FTSE4Good indices
- Customer recycling volumes
- GCR rating
- Business Ethics 100 Best Corp Citizens
- Internal process performance through surveys



CSER Engagement Model



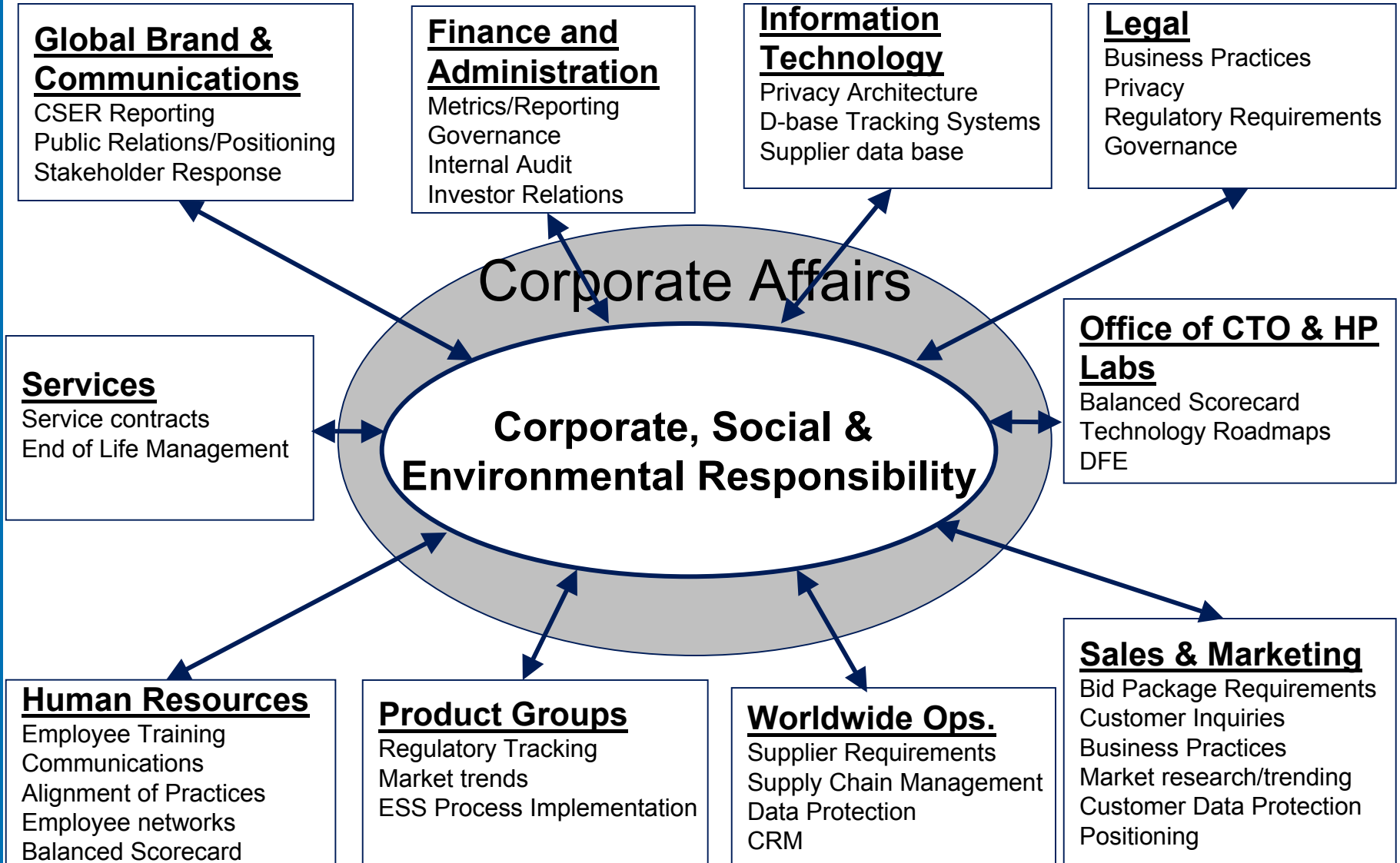
How CSER Goals Support the Businesses



- Integrating key practices and metrics through an effective horizontal management process
- Creating and delivering knowledge tools
- Driving continuous improvement through global governance processes
- Leveraging business opportunities through engagement of stakeholders
- Identifying regulatory, legislative, and market trends
- Strengthening brand and fueling revenue growth



CSER Network



Communications – Visibility is Critical



Effective communications and transparency enable our global citizenship framework to take effect:

- Extensive internal communication
- Interactive communication with external audiences
- Global Citizenship report



Global Citizenship Reporting



- Brand and Reputation
- Accountability and Credibility
- Customers, employees, investors and NGOs
- Global reporting trend:
 - Increasing numbers of firms reporting, also to GRI
 - Part of our competitive environment
- Leadership reports driven by goal setting, measurement and clear accountability, at a global level
- Citizenship reporting is a component of transparency

Challenges of a Global Supply Chain



- Increasing demands for transparency of operations of global companies
- A need to know what are the labor/human rights/ environment practices in our supplier's operations
 - To control possible negative press
 - To ensure that our values are reflected in the work of our suppliers
- Implemented Supplier Code of Conduct
- Became a participant in the UN Global Compact





Supplier Code of Conduct

What is it?

- Supplier agreement with HP that defines the minimum requirements (EHS, Labor Practices, and Management systems) that suppliers must meet in order to do business with HP
- Associated self assessment questionnaires for compliance (HP SCoC , Environment, Occupational Safety, Labor Practices)

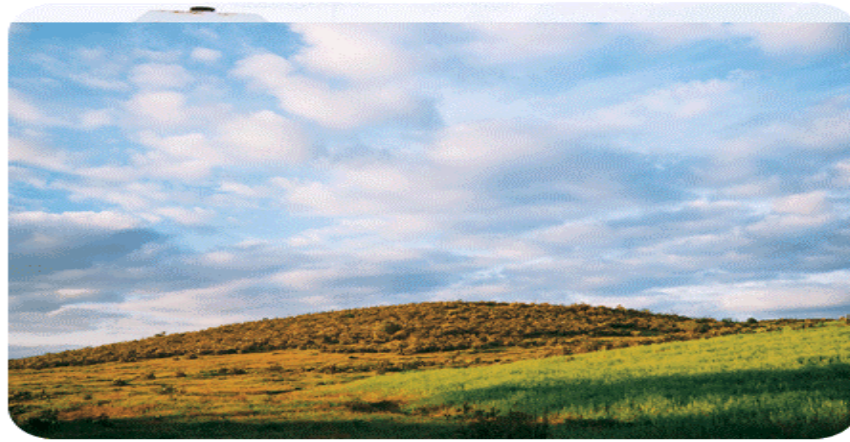
How is it being implemented in Direct Procurement?

- 2003 focused on the top 50 suppliers that make up ~70% of the direct procurement spend.
- 2004 rolled out further, nearly 300 assessments, 50 audits

November 2004 – major milestone

- Electronics Industry Code of Conduct (IBM, Dell, Solectron, and others)

Summary



- HP recognizes the importance of emerging global citizenship issues.
 - Each organization/company/NGO may define global citizenship differently
- We are committed to leadership by example, and will reach our goals through:
 - Commitment of highest levels of the organization
 - Engagement and action of employees
 - Willingness to experiment & learn
 - Innovation of our products and solutions
 - Partnerships with key alliances and stakeholders
- End result will be a sustainable business enterprise.



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