Sustainable Procurement the HP Way: HP's Ideas on a Regulatory Path Forward

Kelsey Kober

Director, Federal Procurement Policy

Julia Comeau

Director, Global Sustainability Policy

HP Today

$63B
Revenue in FY22

~58,000
Employees

250,000+
Channel partners

180
Countries[3] in operation

28,000+
Patents[5]

#59
on the Fortune 100[1]

#1 Newsweek
America's Most Responsible Companies for 4th consecutive year[2]

Among America's Most JUST Companies for fifth consecutive year

#12 WSJ
Top 250 Best-Managed Companies of 2022[4]

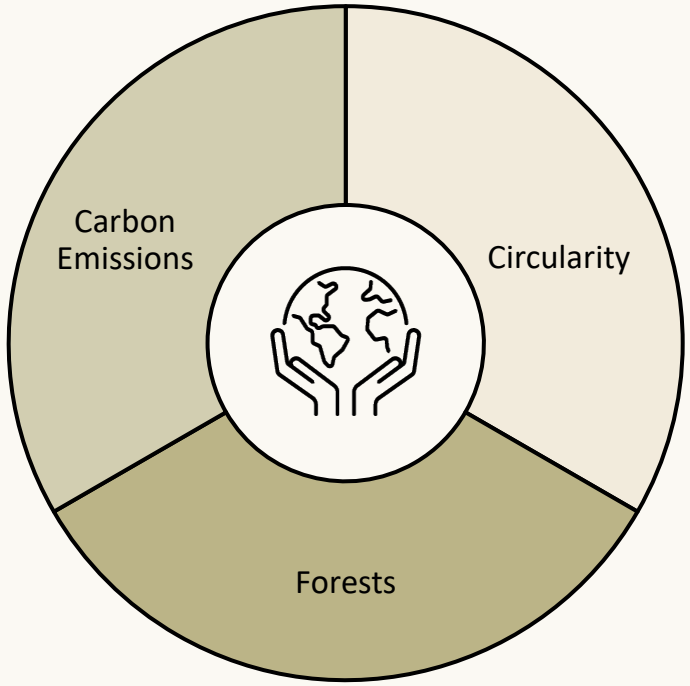
1. HP ranking as of May 2022 – please see: https://fortune.com/company/hp/fortune500/ 2. HP ranking as of Dec. 2022 – please see: https://www.newsweek.com/rankings/americas-most-responsible-companies-2023 3. As reflected in HP Proxy Statement 2022: https://s2.q4cdn.com/602190090/files/doc_financials/2020/sr/HPQ-2021-Proxy-Statement.pdf 4. HP ranking as of Dec. 2022 – Please see: https://www.wsj.com/articles/best-managed-companies-2022-11670621928?mod=article_inline 5. Patent number reflected in HP's 2022 10-K Filing 6. HP Ranking as of 2022 – please see: https://100best.3blmedia.com/

Our Vision

We aim to be the world’s most sustainable and just technology company.

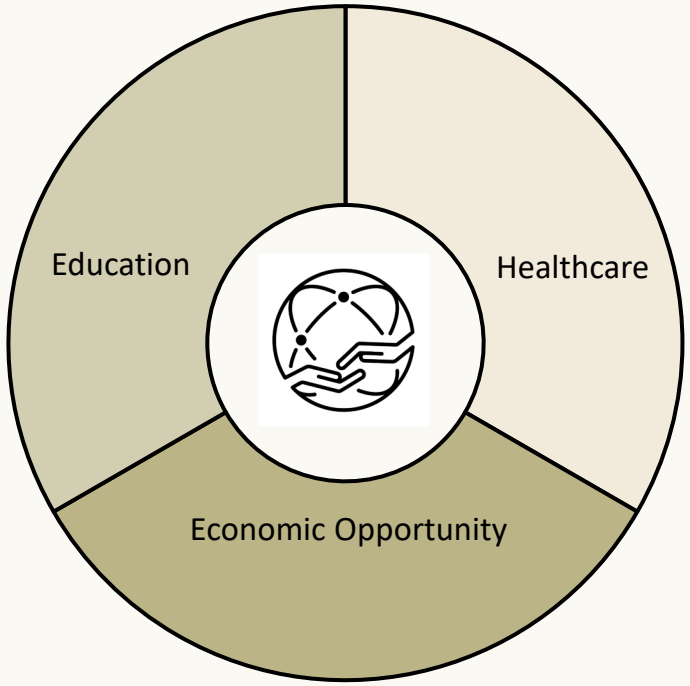
Our Sustainability Strategy

Climate Action



Human Rights

Digital Equity



Strategy: Building a Stronger HP

HP's Sustainable Impact Goals

Climate Action

- Only tech company to receive triple A list rankings for ambition, transparency and performance by CDP in Climate Change, Water Security and Forests categories i 2022 (only 12 companies worldwide out of nearly 15,000.)
- More than 1.8 million lbs of ocean-bound plastics used in HP products since 2016. These come from Haiti & are processed in Montreal.
- HP Planet Partners Program has recycled 879,100 tonnes of hardware and supplies since 2016, with a goal to recycle 1.2 million tonnes from 2016 to 2025.
- First tech company globally to disclose full carbon footprint including Scope 3 emissions, independently audited and verified.
- Among the first 10% of companies with GHG emissions reduction goals approved by the Science Based Targets Initiative.

Human Rights

- Ranked 5th out of 60 companies in the Know The Chain's ICT Benchmark in 2022. A tool for companies to understand and address forced labour within their supply chains.
- HP offers employees 4 hours of paid volunteer time per month, dollars for doers, donation cash matching of up to 10,000 USD per year and time off grants with a focus on disadvantaged communities.
- HP has the world's most secure printers and PCs[1,2].

Digital Equity

- Offers state of the art free skills-training courses for entrepreneurs and business owners in 8 different languages through HP LIFE which has enrolled 731K users since 2016.
- Developed partnerships with various NGOs, that deliver digital equity to improve access to healthcare, education and economic opportunity for marginalized groups.
- Since the beginning of 2015, 103.9 million students and adult learners have benefitted from HP's education programs and solutions that advance quality learning, digital literacy and enable better learning outcomes.

- Listed on Corporate Knights 2023 Global 100 Most Sustainable Corporations for the 9th year in a row.
- Listed on Corporate Knights' Clean200 Companies in 2023, a list of the world's 200 largest companies ranked by their clean revenues.

- View our multi year story of sustainability leadership in our milestones document.
- View our annual sustainability performance in our 22nd annual Sustainable Impact Report

1 HP's most advanced embedded security features are available on HP Enterprise-class devices with FutureSmart firmware 4.5 or above and is based on HP review of 2019 published embedded security features of competitive in-class printers. Only HP offers a combination of security features for integrity checking down to the BIOS with self-healing capabilities. For more information visit: HP Wolf Enterprise Security for Print - Managed and Workgroup Print Security | HP® Canada

2. Based on HP's unique and comprehensive security capabilities at no additional cost and HP's Manageability Integration Kit's management of every aspect of a PC including hardware, BIOS and software management using Microsoft System Center Configuration Manager among desktop workstation vendors as of July 2018 on HP Desktop Workstations with 8th Gen and higher Intel® Processors

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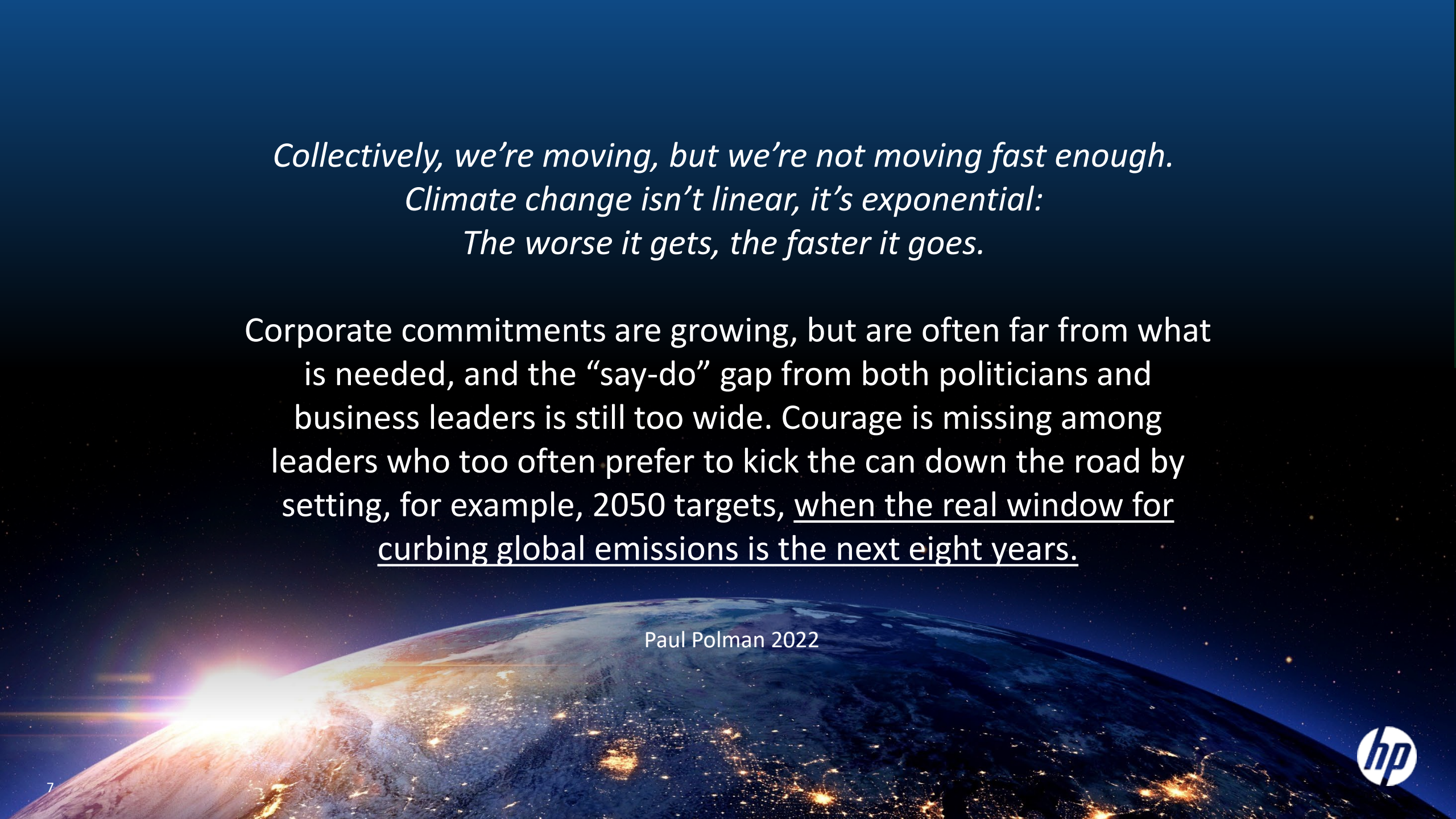
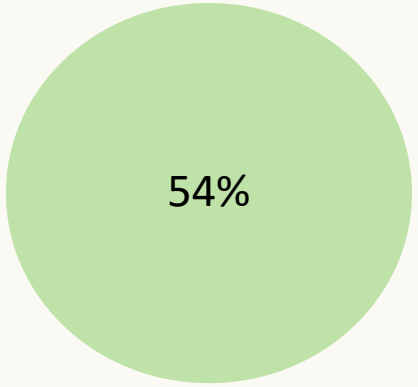
Collectively, we're moving, but we're not moving fast enough.
Climate change isn't linear, it's exponential:
The worse it gets, the faster it goes.

Corporate commitments are growing, but are often far from what is needed, and the "say-do" gap from both politicians and business leaders is still too wide. Courage is missing among leaders who too often prefer to kick the can down the road by setting, for example, 2050 targets, when the real window for curbing global emissions is the next eight years.

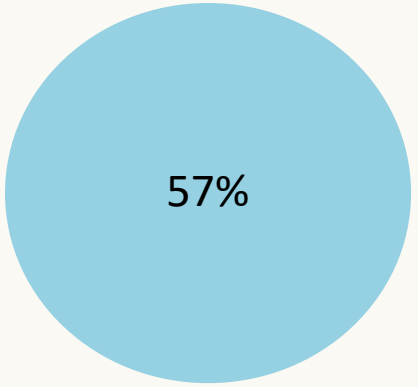
Paul Polman 2022



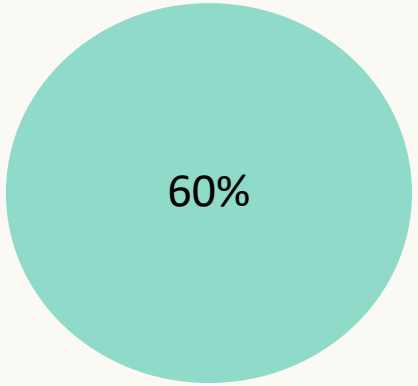
USG industrial base is beginning to adopt sustainability practices



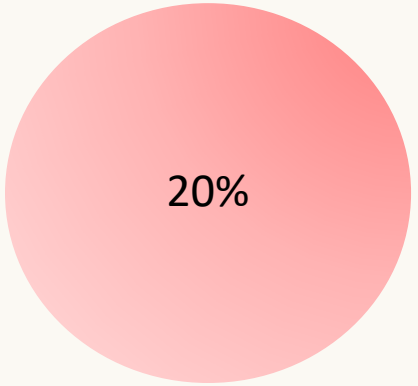
Public Disclosure via CDP



Public GHG Emissions Targets



Public GHG Inventories



Science-Based Targets

US Government is Leading the Charge

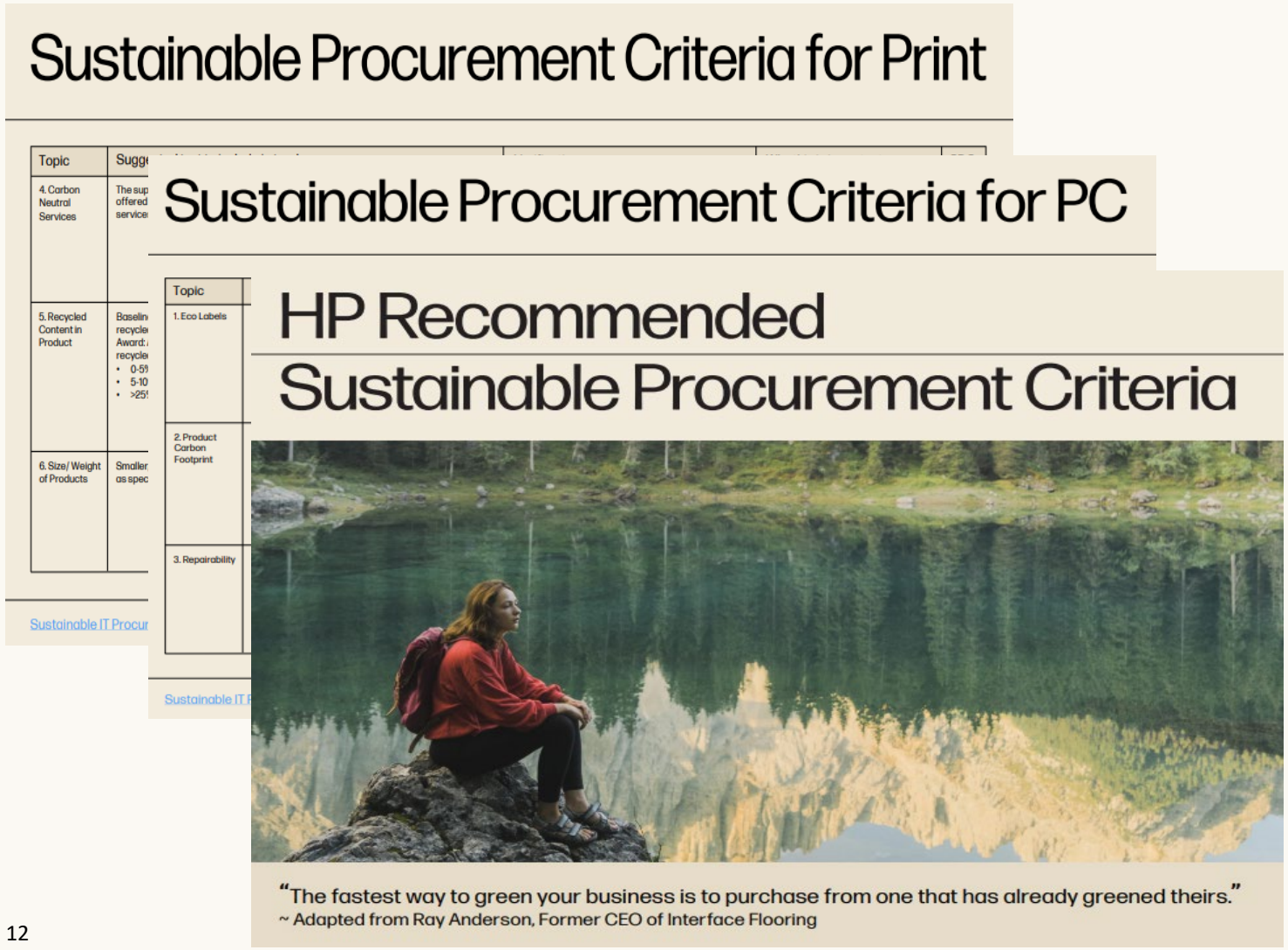
- Electronic Product Environmental Assessment Tool (EPEAT) and 2023 reforms
- January 2021: *Executive Order on Tackling the Climate Crisis at Home and Abroad*
- May 2021: *Executive Order on Climate-Related Financial Risk*
- November 2022: Proposed FAR Case 2021-015, *Disclosure of Greenhouse Gas Emissions and Climate-Related Financial Risk*
  - Requires “significant contractors” to annually disclose Scope 1 and Scope 2 GHG emissions
  - Requires “major contractors” to annually disclose Scope 3 emissions and set science-based targets
  - Compliance considered as part of responsibility determinations in FAR Part 9
- Expected: FAR Case 2021-016, *Minimizing the Risk of Climate Change in Federal Acquisitions*
  - Amends FAR to ensure social cost of GHG emissions and minimizing climate-related risk is factored in procurement decisions; award contracts to suppliers with lower social cost of GHG emissions
  - October 2021: RFI published to seek stakeholder input

Key Challenges with Sustainable Procurement

- How do we standardize sustainability practices and assessments?
- How to account for company size/industry?
- Reporting at parent versus subsidiary level
- How do we minimize impact on small businesses?

Recommendations

HP Sustainable Procurement Criteria



HP publishes a set of recommended purchasing criteria to help procurers include sustainability when tendering print/imaging devices, PC's, and supplies.

The criteria were developed with key principles of public procurement in mind. The criteria are closely aligned with the **UN Sustainable Development Goals** (UN SDGs) that act as a useful blueprint to address global challenges by 2030. Most notably, SDG 12, Responsible Consumption and Production, which includes "promoting public procurement practices that are sustainable, in accordance with national policies & priorities".

What procurement criteria would encourage circular business models?

Circular Supplies

- ✓ What are your recycled content goals and performance
- ✓ Do you use renewable energy in your supply chain & what are your goals for this
- ✓ How much recycled content is in your product (& packaging)
- ✓ If using virgin materials are they able to become circular (avoid substances of concern)

Product as a Service

- ✓ Offer higher scores for PaaS
- ✓ Ask for total cost of ownership
- ✓ Require vendors to manage End of (first) life of products
- ✓ Look for flexibility in provisioning
  - ✓ Ability to change fleet size based on changing needs such as number of printers or number of vehicles.

Product Life Extension

- ✓ Ask for vendor's design for the Circular Economy program
- ✓ Require design for repairability:
  - ✓ Availability of spare parts
  - ✓ Availability of repair manuals
- ✓ IFixit score?
- ✓ Require durability
  - ✓ Tested & Sanitizeable

Sharing

- ✓ Is the product or service offered through a sharing platform
- ✓ Ask for cybersecurity assurance for digital sharing platforms
- ✓ Are products available for use short-term and on demand
  - ✓ i.e. HP 3D printing, Uber, Airbnb

Resource Recovery

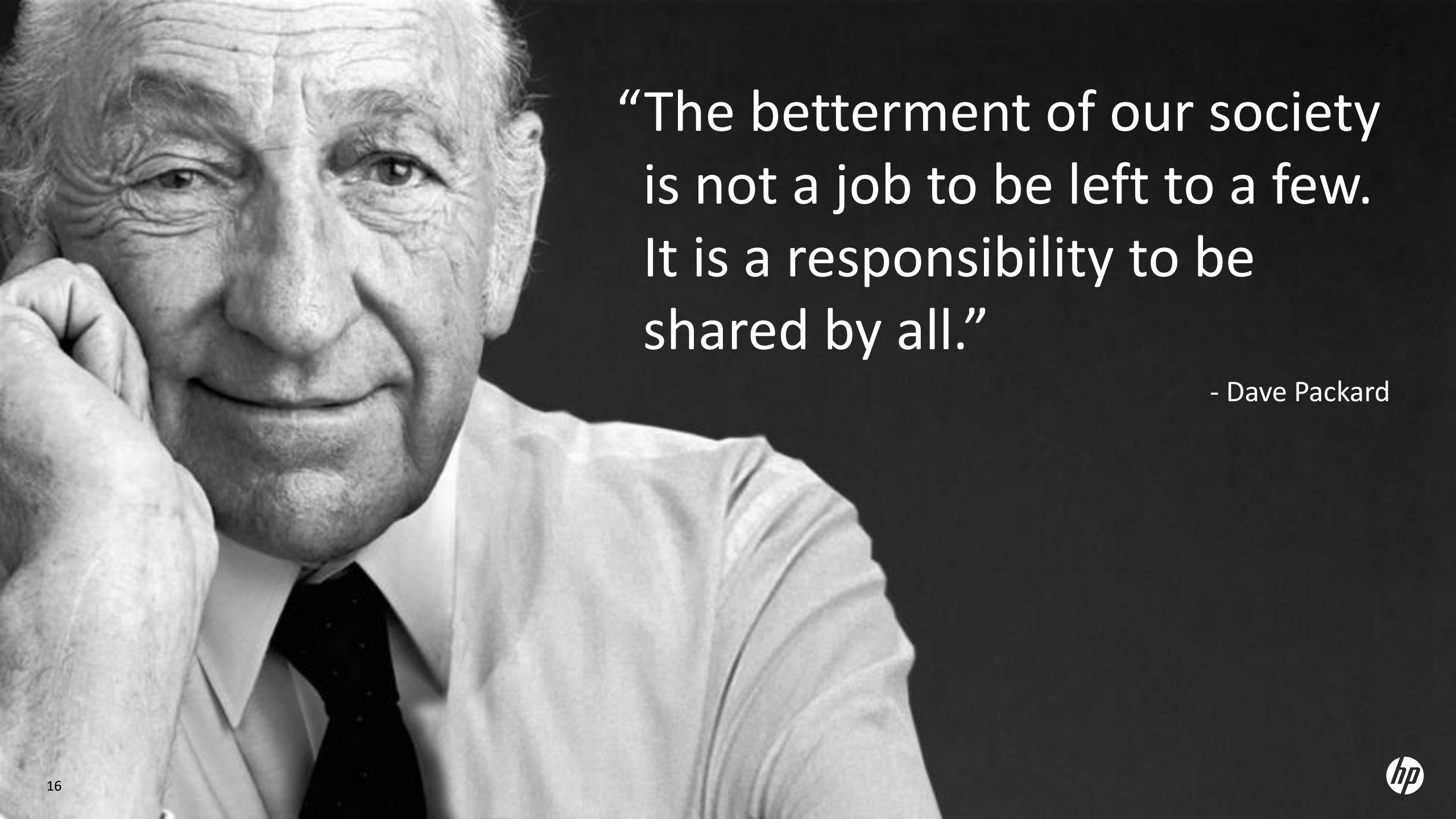
- ✓ Are products designed for disassembly & recycling
- ✓ Does the vendor take back everything they sell- what are their goals – transparency & performance
- ✓ Require vendors to manage End of (first) life of products

Going FAR and beyond: Use FAR “betterment” process to encourage sustainability

- Federal Acquisition Institute: “Betterment is a process where vendors have the opportunity, in a dedicated space in their quote or proposal, to outline specific aspects of their proposed solution that exceed or enhance the government’s requirement and the value those aspects bring to the government”
- Two-tier approach: Set minimum requirements (FAR Case 2021-015) and incentivize bidders to exceed requirements
- Allows bidders to demonstrate their unique ways to approaching sustainability that aligns with agency mission goals and programmatic requirements
- Complement with regular acquisition workforce training on common corporate sustainability practices and what to look for

Actions the U.S. government can take immediately

1. Require all vendors to have measured, disclosed and set targets to reduce their carbon emissions
2. Require all vendors to set & disclosure of postconsumer plastics goals in the goods and packaging you purchase
3. Buy whatever you can as a service
4. Signal to vendors that you want their help in meeting your goals
5. Signal that you expect companies to invest in social impact work.
6. Signal your intention to give significant weightings to Circularity, transparency and performance (using the full definition of Circular procurement) = >30%!


“The betterment of our society is not a job to be left to a few. It is a responsibility to be shared by all.”
- Dave Packard