HP Inc

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Introduction

In June 2021, HP Inc (the "Company "or "HP") issued sustainability bonds aimed at financing projects that are expected to create positive environmental and social impacts under the HP Inc. Sustainable Bond Framework[1] (the "Framework"). Sustainalytics provided a Second-Party Opinion for the Framework in June 2021.[2]

In April 2022, HP engaged Sustainalytics to review the projects funded through the issued 2021 sustainability bond and provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the Framework.

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded with proceeds from the 2021 sustainability bonds based on whether the projects and programmes:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the HP Inc. Sustainable Bond Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the HP Inc. Sustainable Bond Framework.

Table 1 lists the Use of Proceeds, Eligibility Criteria, while Table 2 lists the associated KPIs.

Table 1: Use of Proceeds and Eligibility Criteria

Use of Proceeds	Eligibility Criteria
Renewable Energy	Expenditures related to new renewable energy including the installation, maintenance and operation of renewable energy generation on-site, such as solar and wind. Example projects may also include power purchase agreements (PPAs) that are long term (5 or more years) and tied to a given project
Green Buildings	Expenditures of HP and in collaboration with its suppliers and/or partners related to the sustainable design, construction, and operation of facilities. Example projects may include: • Designing and building offices or other facilities that meet our sustainability criteria and are expected to achieve a third-party green building certification (e.g. Leadership in Energy and Environmental Design (LEED) Gold or higher, Living Building Challenge, Building Research Establishment Environmental Assessment Method("BREEAM") Excellent or higher, or other equivalent)
Energy efficiency	Expenditures related to reducing water usage, waste and carbon footprint from our operations, including LED lighting and HVAC upgrades, smart building retrofits, installation of smart water management services for landscaping, or rainwater capture that aim to achieve a 30% increase in energy efficiency for spends associated with HP's operations
Clean Transportation	Expenditures related to clean transportation that are designed to/expected to reduce greenhouse gas emissions ("GHG") such as electric vehicle purchase/use,

[1] HP Inc., "Sustainable Finance Framework", available at: https://s2.q4cdn.com/602190090/files/doc_downloads/2021/HP_BONDFRAMEWORK_JUNE2021.pdf
[2] HP Inc. Second party Opinion is available at Sustainalytics website at: https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/hp-sustainable-bond-framework-second-party-opinion.pdf?sfvrsn=8f4869e8_1

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	electric vehicle charging stations and hybrid purchase/use (with CO_2 emission thresholds of less than 50 gCO_2/pkm)
Pollution Prevention & Control	Expenditures related to projects that improve recycling rates, divert waste from landfills, extend product life. Example projects may include: • Funding of take-back programs (including infrastructure and program related costs) to collect end of life devices and supplies cartridges/toner, focusing on those countries where is it voluntary • Investments in new partner programs to promote the return and recycling of products and supplies • Expansion of new repair and re-sell programs to extend our product life • Cost associated with the recycling infrastructure and machinery in Haiti and other countries to allow the collection and recycling of ocean bound plastic to be used in products • Cost associated with sourcing recycled plastic used in the production of PC's, printers, and supplies
Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes	Expenditures related to design and development of more energy and material efficient products, reducing waste in the design phase incorporating more recycled content, and reducing product carbon and water footprint. HP goals are to use 30% postconsumer recycled content plastic across HP's personal systems and print product portfolio by 2025; eliminate 75% of single-use plastic packaging by 2025, compared to 2018 and to reduce HP product use GHG emissions intensity[3] by 30% by 2025, compared to 2015. Programs funded will meet at least one out of two of the following energy efficiency criteria: • Reduction in product use GHG emissions intensity (as described above) compared to the 2015 baseline • Obtain eco-label certifications (Electronic Product Environmental Assessment Tool ("EPEAT"), ENERGY STAR, Swedish Confederation of Professional Employees ("TCO") and/or Blue Angel or other equivalent labels Additionally, programs funded will meet one out of two of the following criteria: • Increase the use of sustainable, recycled, or reused materials and components in Print & Personal Systems devices & supplies compared to the 2018 baseline • Reduce or eliminate single use plastic packaging and shifting toward recyclable packaging compared to 2018 baseline R&D related to more sustainable printers such as Continuous Ink Supply and Continuous Toner Supply, which allow refill of cartridges and toner
Environmentally Sustainable Management of Living Natural Resources and Land Use	Expenditures related to afforestation or reforestation and preservation or restoration of natural landscapes. Through the Sustainable Forests Collaborative, HP is working to protect, restore and manage more than 200,000 acres of forests in Brazil and China. Involves several region-specific projects, including: • In Brazil – Restoration of up to 550 hectares (1,359 acres) of land in Brazil's Atlantic Forest to native forest • In China, supporting transition of working plantation forests to the Forest Stewardship Council ("FSC") certification
Socioeconomic Advancement and Empowerment	Expenditures related to projects and programs that: promote greater diversity, inclusion and equity for HP's employees, partners, industry and communities; protect and empower workers in supply chain; develop and promote products and programs that improve learning outcomes and promote digital inclusion; develop and promote innovations intended to democratize healthcare and improve healthcare outcomes; invest in product improvements that ensure accessibility of HP products for people

[3] Percentage of HP's total annual product and packaging content, by weight, that will come from recycled and renewable materials and reused products and parts by 2030.

	with disabilities and promote inclusive product design; address the acute needs of people crisis – including education and healthcare solutions related to the COVID-19 pandemic. Example projects may include: • Investments in recruitment, hiring & training diverse workforce – including goal to double the number of African American or Black Executives (vice president or above in the United States) at HP by 2025 and to grow the pipeline for diverse talent in the tech industry • Worker empowerment programs that support skill building, better health, communication skills, and economic knowledge • Targeted deployment of HP hardware and services to educational institutions and partners to support digital equity initiatives. Includes programs and partnerships such as, work with the Clooney Foundation for Justice to expand digital equity for refugees, development of additional HP LIFE courses and ensuring that this platform is mobile friendly and accessible, partnering with organizations such as the United Nations Industrial Development Organization ("UNIDO") to expand access to HP LIFE for women and girls and other underserved groups, and initiatives to ensure digital inclusion and quality education during the COVID-19 pandemic funded • Development of telehealth education campaigns, healthcare education and access initiatives in developing countries, maternal mortality reduction efforts, programs and products that support healthcare accessibility. Pending budget and program approval – a large scale healthcare equity program could include development of targeted healthcare solutions (low cost, accessible), a global partnership with an organization like the Gates Foundation to deploy quality healthcare to developing countries, programs designed to positively impact migrants/refugees/women and other marginalized communities, development and deployment of healthcare training programs to equip community with digital skills, telehealth solutions and policy development, etc. • R&D to improve the accessibility of HP devices and services – for people with physical or other disabilities • Investments in eligible certificates of deposits placed via Minority Deposit Institutions ("MDIs") that are certified Community Development Financial Institutions ("CDFIs")

Table 2: Use of Proceeds and associated Key Performance Indicators

Use of Proceeds Category	Key performance Indicators
Renewable Energy	Annual renewable electricity and attributes procured & generated by MWh
Green Buildings	• Number of sites that are Gold or Platinum LEED-certified or local equivalent (such as BREEAM) • Annual renewable energy generation and/or procurement in MWh/GWh (electricity) and GJ/TJ (other energy) related to global HP operations • Reduction in Scope 1 and 2 emissions from global operations • Reduction in potable water consumption in operations • Reduction in first-tier production supplier and product transportation-related GHG emissions intensity
Energy efficiency	Energy used from operations in MWh
Clean Transportation	Carbon footprint of transportation fleet
Pollution Prevention and Control	• Tonnes of postconsumer recycled content plastic used in HP products • Tonnes of hardware and supplies recycled • Reduction in % of single-use plastic packaging related to HP products

Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes	• Decrease in product use GHG emissions intensity • % of portfolio covered by EPEAT, Energy Star, Blue Angel or TCO
Environmentally Sustainable Management of Living Natural Resources and Land Use	• Percent of HP brand paper and paper-based product packaging derived from certified and recycled sources, with a preference for virgin fiber from certified sources of the Forest Stewardship Council® (FSC®). Packaging is the box that comes with the product and all paper (including packaging and materials) inside the box. • Progress toward goal to counteract deforestation for non-HP paper used in our products and print services[4] • Total number of acres of forest protected, restored and improved through HP's Forest Positive Framework
Socioeconomic Advancement and Empowerment	• Increase in % of Black or African American Executives • Number of supplier factory workers that have participated in socioeconomic advancement and empowerment educational programs • Number of students and adult learners have benefited from HP's educational programs and solutions that advance quality learning and digital literacy, and enable better learning outcomes • Number of users that have enrolled in HP LIFE courses

Issuing Entity's Responsibility

HP is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects, amounts allocated, and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of HP's Sustainability Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from HP employees and review of documentation to confirm the conformance with the HP Inc. Sustainable Bond Framework.

Sustainalytics has relied on the information and the facts presented by HP with respect to the Nominated Projects. Sustainalytics is not responsible, nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by HP.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the review.

Conclusion

Based on the limited assurance procedures conducted,[5] nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of HP's Sustainability Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the HP Inc. Sustainable Bond Framework. HP has disclosed to Sustainalytics that the net proceeds of nearly $1 billion from the sustainability bond were fully allocated as of October 31, 2021.

[4] Fiber by weight will be 1) certified to rigorous third-party standards, 2) recycled or 3) balanced by forest restoration, protection, and other initiatives through HP's Forest Positive Framework. Paper does not include fiber-based substrates for HP industrial presses not listed in HP Media Solutions Locator catalogues

[5] Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Detailed Findings

Table 3: Detailed Findings

Eligibility Criteria	**Procedure Performed**	**Factual Findings**	**Error or Exceptions Identified**
Use of Proceeds Criteria	Verification of the projects funded by the 2021 sustainability bond to determine if projects aligned with the Use of Proceeds Criteria outlined in the HP Inc. Sustainable Bond Framework and above in Table 1.	All projects reviewed complied with the Use of Proceeds criteria.	None
Reporting Criteria	Verification of the projects funded by the 2021 sustainability bond to determine if impact of projects was reported in line with the KPIs outlined in the HP Inc. Sustainable Bond Framework and above in Table 2. For a list of KPIs reported please refer to Appendix 1.	All projects reviewed reported on at least one KPI per Use of Proceeds criteria.	None

Appendix

Appendix 1: Allocation Reporting by Eligibility Criteria & Impact KPI's

Use of Proceeds Category	Project Description	Net Bond Proceeds Allocation[6] (rounded to the nearest Million USD)	Impact KPIs associated with the eligible projects
Green Buildings	Construction of a green building in South Korea that has achieved LEED Gold certification. Construction of another green building that has received BREEAM Excellent certification.	232	2 green buildings funded with the proceeds of this offering achieved LEED Gold certification (Gold or above) or BREEAM Excellent
Pollution Prevention & Control	Expenses associated with take-back programs for print & personal systems to collect empty cartridges, PCs, laptops and printers for recycling purposes,[7] programs promoting the return, repair and resale of products to extend product life, investments in machinery to assist local provider for the collection of oceans bound plastics in Haiti and the purchase of recycled plastic for the production of PC's and printers.	275	In fiscal year 2021, 108,800 tonnes of hardware recycled; 10,300 tonnes of Original HP and Samsung toner cartridges recycled; and 1,500 tonnes of Original HP Ink Cartridges recycled In fiscal year 2020, 106,500 tonnes of hardware recycled; 10,600 tonnes of HP and Samsung toner Cartridges recycled; 1,300 tonnes of Original HP Ink Cartridges recycled
Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes	Expenditures towards the research and development (R&D) expenses related to printers and personal systems products that comply with at least one of the two waste reduction criteria[8] and energy efficiency criteria[9] specified in the Framework & R&D of Continuous Ink Supply and Continuous Toner Supply printers that allow for the refill of cartridges and toner.	466	77% of Personal systems products shipped in 2021 are registered EPEAT and 85% recognized as Energy Star. 88% of Printers shipped in 2021 are registered EPEAT and 94% recognized as Energy Star In 2021, HP achieved a 44% reduction in single use plastic, from an average of 221 grams/unit in 2018 to 124 grams/unit in 2021 In 2021, HP achieved 13% postconsumer recycled content plastic across HP's personal system and print product portfolio

[6] HP has communicated with Sustainalytics that the net proceeds have been allocated towards eligible expenditures incurred between May 2019 and October 2021, and that no proceeds remain unallocated. The bond proceeds are rounded off to the nearest million USD.
[7] For takeback programs, HP takes steps to ensure that the bond proceeds are allocated only towards the expenses in countries where such programs are voluntary.
[8] The two waste reduction criteria specified in the Framework are (i) Increase the use of sustainable, recycled, or reused materials and components in Print & Personal Systems devices & supplies compared to the 2018 baseline and (ii) Reduce or eliminate single use plastic packaging and shift toward recyclable packaging compared to the 2018 baseline.
[9] The two energy efficiency criteria specified in the Framework are (i) Reduction in product use GHG emissions intensity (as described above) compared to 2015 and (ii) Carry or be expected to obtain eco-labels certifications (Electronic Product Environmental Assessment Tool ("EPEAT"), ENERGY STAR, Swedish Confederation of Professional Employees ("TCO") and/or Blue Angel or other equivalent labels). HP has confirmed to Sustainalytics that it used the ecolabels EPEAT ["Silver"] and ENERGY STAR "Gold" or "Silver" to assess alignment with criteria (ii).

Socioeconomic Advancement and Empowerment	Expenditures towards improving diversity in HP's workforce through the Diversity and Inclusion Taskforce, Racial Equity Taskforce and other initiatives, Digital Equity and Social Impact programs aimed at promoting digital equity and inclusion among Black/African American, Women, and other underrepresented minorities as mentioned in the framework; and skill enhancement programs aimed at empowering workers in the supply chain.	14	In fiscal year 2021 the number of Black/African American HP executives (VP and above) in the United States increased by 33% compared with fiscal year 2020 As of the end of fiscal year 2021, 4.1% of US executives were Black/African American as a percentage of the total In 2021, accelerated digital equity for 4 million people was achieved by the targeted deployment of HP hardware and services to educational institutions and partners

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