

Circularity accounting manual

for the calculation of HP's fiscal year 2023 circularity metrics



Purpose of this document

The purpose of this document is to provide additional details on the calculation methodology for the Circularity metric of HP Inc. (HP) as communicated in HP's Sustainable Impact Report.

References to "the Company" in this document refer to HP Inc. as the operating entity during the November 1, 2022-October 31, 2023 (FY23) reporting period.



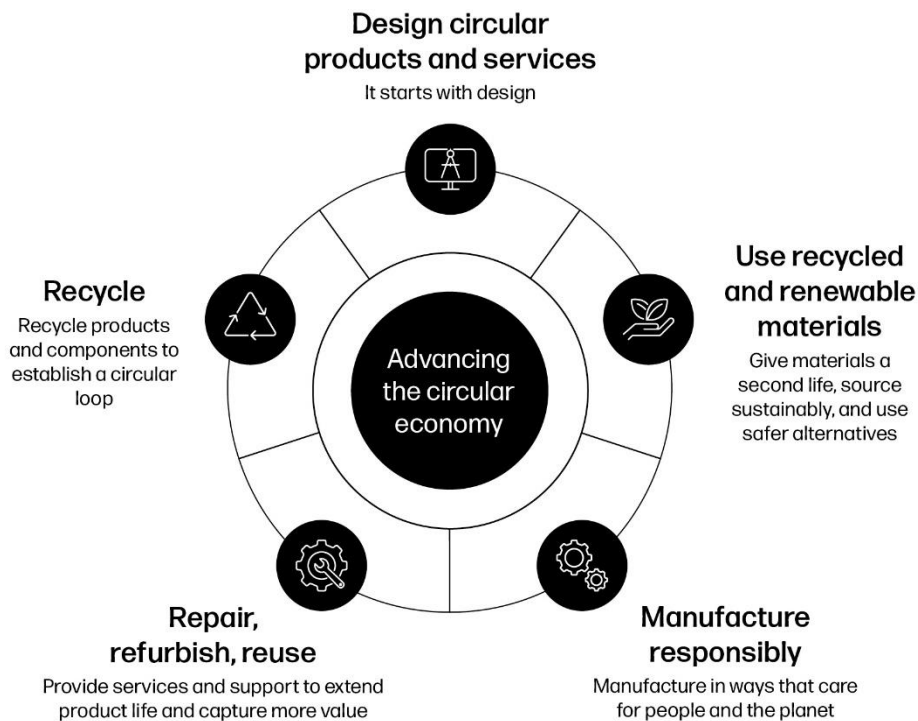
Introduction

HP has created a company-wide circularity metric to measure the total annual product and packaging content, by weight, that comes from recycled and renewable materials and reused products and parts. For goals related to circularity, see HP's Sustainable Impact Report. The objective of this metric and associated goals is to implement the principles of a circular economy by reducing the amount of finite resources used in products and packaging, keeping materials in use at their highest value, and reducing waste. This circularity accounting manual is intended to describe the methodology and data sources that HP uses to calculate its circularity metric.

There are other aspects of circularity that are incorporated into HP's Design for Sustainability requirements and our service-based solutions, but are not addressed directly by our company-wide circularity metric (see Figure 1.). Designing for Circularity is a key enabler to ensure that products are durable, repairable, reusable, and recyclable. Requiring that products, packaging, and materials are recyclable within current infrastructure and are recycled at the end of their useful life is also key to a circular economy. Moving toward safer alternatives to hazardous chemicals ensures that products, parts, and materials can continue to cycle through the economy. We provide services to recapture value from materials through a range of product repair, reuse, and recycling options.

It is also important to note that certain materials may have social, environmental, or supply availability impacts, such as critical raw materials, but do not comprise a large portion of the weight of materials shipped annually. HP has a materials prioritization process to assess these impacts and determine appropriate actions, such as reusing components that include these materials or sourcing recycled content.

Figure 1. HP Circularity Overview



HP's circularity calculation methodology is aligned with current frameworks or standards for recycled or renewable materials and reused parts and products (e.g. the Circular Transition Indicators, UL 3600, ISO 323). We are evaluating ways to incorporate HP's metrics for circular design (e.g. longevity) and recovering products for reuse and recycling into the company-wide circularity goal, which may lead to future adjustments in the calculation methodology.

To advance disclosure within and across industries, HP reports publicly against the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) standards, which include metrics for reuse, recycled, and renewable materials. We also certify recycled content to the ISO 14021 standard and align with certain eco-label definitions (e.g. EPEAT, TCO Certified) in order to meet market access criteria. The definitions below are based on these standards and were chosen to ensure that the external reporting, certification, or market access requirements are being met.

Definitions

- Recycled: Recycled material is defined as waste material that has been reprocessed or treated by means of production or manufacturing processes and made into a final product or a component for incorporation into a product.¹
 - Post-consumer recycled (PCR): Material generated by households or by commercial, industrial, and institutional facilities in their role as end-users of the product which can no longer be used for its intended purpose.²
 - Pre-consumer / post-industrial recycled (PIR): Material diverted from the waste stream during a manufacturing process. Excluded is reutilization of materials such as rework, regrind or scrap generated in a process and capable of being reclaimed within the same process that generated it.³
- Recycling: means processing of electronic hardware products to recover usable or marketable raw materials (ingredients in manufacturing) or other products such that the original products lose their identity. Recycling does not include processing to return products to use in their original form (for example, repair, remanufacturing or refurbishment for the purpose of reusing computers).
- Refurbishment: means actions carried out to prepare, clean, test, service and, where necessary repair an object that is waste or a product in order to restore its performance or functionality within the intended use and range of performance originally conceived at the design stage at the time of its placing on the market.⁴
- Renewable: Renewable material is defined as material that is derived from plentiful resources that are quickly replenished by ecological cycles or agricultural processes, so that the services

¹ Based on the ISO 14021 definition

² Based on the ISO 14021 definition

³ Based on the ISO 14021 definition

⁴ Based on the Eco design for Sustainable Product Regulation definition

provided by these and other linked resources are not endangered and remain available for the next generation.⁵

- Repair: means one or several actions carried out to return a defective product or waste to a condition where it fulfils its intended use.⁶
- Reused: Using an object again, for its original purpose, without significantly altering the physical form of the object although the object may be cleaned, repaired, or refurbished between uses.⁷

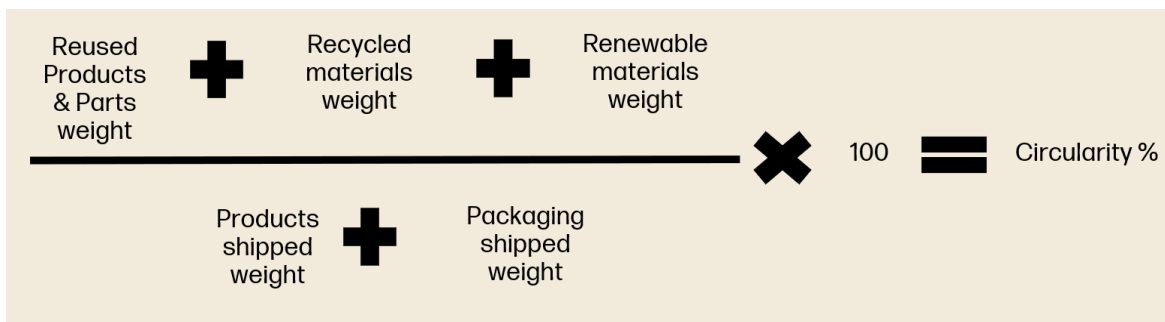
To supplement these definitions, HP has created guiding principles for the circularity attributes as follows:

- For recycled content, the preference is to source post-consumer materials where feasible; if post-industrial content is included, it must be diverted from the waste stream per the ISO 14021 definition. To claim recycled content, substantiation needs to be obtained via credible certifications or supplier declarations.
- To count as renewable, materials must be sustainably sourced and, where applicable, certified through a credible 3rd party certification scheme.

Calculation methodology

The circularity metric is calculated as a percentage of the total annual product and packaging content, by weight, that comes from recycled and renewable materials and reused products, parts, and packaging. The circularity percentage will be reported annually in HP's Sustainable Impact Report. The circularity metric includes HP products, parts, and product packaging that are shipped to customers or provided through HP services and support annually. Not included in the metric are materials used in the manufacturing process that are not part of product (e.g. process chemicals) or not provided to customers with the product (e.g. packaging used to ship parts between factories). Figure 2 shows the circularity metric formula.

Figure 2. HP Circularity metric formula



Products shipped weight: To determine the total product shipped weight, product weight data is collected for each product configuration to determine the weight of components and materials including plastics, metals, and other components in the product. This weight is then multiplied by the annual shipments for the

⁵ Based on the Global Reporting Initiative (GRI) definition

⁶ Based on the Eco design for Sustainable Product Regulation definition

⁷ Based on the IEEE 1680.1 standard definition

products. The total is summed to determine the weight of these materials and components used in products.

Packaging shipped weight: To determine the total packaging shipped weight, data is collected for each product's packaging to determine the weight of paper, plastic, and other materials. This weight is then multiplied by the annual shipments for the product. The total is summed to determine the weight of these materials used in packaging.

Reused products & parts weight: Reused product or part weight is calculated by tracking the number of units that are reused, then multiplying by the product or part weight to calculate the total weight.

Recycled materials weight: Currently included in our circularity calculation are recycled plastics and metals in products, and recycled fiber in HP brand paper and paper-based packaging. In the future, we will include other recycled materials as we source these materials and put processes in place to track the recycled content.

- Recycled materials weight for products is determined from supplier reported data and calculated for a product based on the recycled content percentage in each part.
- HP brand paper and paper-based packaging recycled content weight is reported by suppliers. Suppliers estimate the weight for each paper or packaging type and provide the annual average recycled content for the material.

Renewable materials weight: Currently included for renewable materials is certified sustainably managed fiber used in HP brand paper and packaging. Certified materials weight for HP brand paper and paper-based packaging comes from supplier-reported data. Suppliers estimate the weight for each paper or packaging type and provide the certification type for the material. We may include other materials as renewable in the future if it is determined that these materials meet HP's sustainable sourcing requirements outlined in the General Specification for the Environment.

Method maintenance

HP considers the way materials are used throughout its value chain to confirm that its circularity calculation methodology captures the key sources of the Company's materials usage in products and packaging. HP also considers the evolution of publicly available circularity accounting standards, definitions, methodologies and data to evaluate how these tools can inform the Company's circularity calculation methodology.