

## **Carly Fiorina**

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Thank you and good morning to all of you. It really is an honor for me to be here today. And on behalf of the 140,000 employees of HP, I want to thank you for the opportunity.

At HP, we believe that great organizations are defined not just by the companies they are – their character and their capability – but also by the company they keep. And it's been a great honor of ours to be associated with Business for Social Responsibility for nearly a decade now.

I think it says a lot about this organization as well as a lot about its leadership, in that what started with a few clients ten years ago, has grown to a roster that includes 500 of the best-known companies in the world.

In a minute, I'd like to say a few things about what HP is doing today to build and sustain environmental solutions and to make a lasting contribution to the communities in which we live and work, and also to make an announcement that we're quite proud of today. But before I do that, I'd like to kick things off by providing some perspective... It was actually 33 years ago this fall that the New York Times Magazine ran what to this day remains one of the most influential and reprinted articles in the history of business schools. It was Milton Friedman's seminal work entitled: "The Social Responsibility of Business is to Increase its Profits," and this work argued that business leaders basically had no responsibilities other than to maximize profits for the shareholders, who in turn could use their dividends in any way they saw fit, and governments and communities could use the taxes that a company paid on those profits for any goal they saw fit.

Now, it may be one of the most quoted works – and Milton Friedman is certainly an economist that I and all of us admire, but in my mind, what was most remarkable about that piece was how wrong it was. The idea that companies have no responsibility to the communities in which they operate; that in other words, we operate in a vacuum, or the idea that our actions have no consequences on the world around us is short-sighted at best, and it is certainly not sustainable for very long.

I for one am glad that we live in an age where those attitudes have begun to change; in an age when hundreds of employees and top executives will take time out of their busy schedules to meet here, for example, to discuss the idea of corporate social responsibility.

Now, as Bob mentioned in his opening comments, we live in an increasingly transparent age where every nook and cranny of a company is increasingly exposed for the entire world to see – and you can go on the HP web site right now and read about everything that I'm going to talk about here today.

Our web site, for example, will tell you that HP employees were given paid time-off each month to volunteer in their communities nearly two decades before Milton Friedman put pen to paper for the New York Times, and this practice is one we continue today.

It will tell you about the e-inclusion campaign that we have underway in communities as far away and diverse as India, or South Africa, or East Palo Alto—on-the-ground efforts that are working to close the gap between technology-enabled and technology-excluded communities, while we develop new products, and new customers, and new employees in the process.

It will tell you about the \$62 million that we donated worldwide last year, and the campaign that we have underway with Global Giving to allow our employees to donate directly to projects in the developing world. It will tell you that we believe in doing well and doing good. It will tell you that we are focused on invention for the common good.

Now, like other web sites from some of the many terrific organizations represented at this conference this week: from Sony, to UPS, to Schwab Fellows, it will also give you a lot of the details of our work in education, business ethics, customer engagement and the environment.

But there are two things this web site won't tell you. The web site won't tell that despite all of the learning we have done in this field as a company since the 1930's, that we sometimes still make mistakes or completely miss the mark on some issue or goal. And it also won't tell you that this is hard stuff to do, and that we still face questions every day from some investors, from the media, from partners, and from sometimes even employees on why we are doing any of this in the first place.

I got an email, just as an example, from an HP employee from the Northwest not terribly long ago, and this person wondered in an age of depressed profits and workforce restructuring, what reason we could possibly have for committing time and resources as we do to corporate and social responsibility; and asking as well why would we care about communities around the world instead of just concentrating our efforts here at home?

In my mind, there's not one good reason why we're doing these things; there are actually four. The first good reason is that it is simply the right thing to do. We live in a world today where half the population lives on two dollars a day; where one billion people cannot read or write; where a billion and a-half people never get a clean glass of water. And if none of these people ever feel part of the global economy, do any of us really believe that it is sustainable for the long term for any of us?

In this world, I think there is growing recognition that the role of companies is starting to change, and part of that recognition comes from financial strength. Today, 52 of the largest economies in the world are corporations, and of course with that strength and power come reach and presence. HP, for example, does business in 178 countries around the world, including many economies that are under-developed or developing, and we find that we have leverage in these communities that sometimes even governments do not.

In our minds, with global reach and global power comes global responsibility. If, just as one example of our leverage, we make as a condition of winning contracts from us, the need to meet high standards in environment and labor, what does that mean for a supplier to us in places like China, where the standards are not as high? And, we've also found that when we get involved in an area and back it with real resources – not just money and time, but importantly, our people and our products – we become a catalyst for change because governments, and NGO's, and community leaders, and even other companies are then more willing to make a commitment themselves.

So, it's the right thing to do, and it is good for the heart and good for the soul; but, as I'll try and persuade you in a moment, I think it's also good for the bottom line.

The second reason to do it is that the global movement to enforce labor, and environmental, and economic standards is clearly picking up steam, and we as companies still have the ability to shape that movement and to take control of that movement before it takes control of us.

One of the most enduring images that I think we all have of the global economy is the site of the protestors who show up at every meeting of the World Trade Organization or the World Bank, and we see those protestors marching for labor, or economic, or environmental rights. And more times than not in those protests, multinationals become stand-ins for countries, and we get caught in the crossfire, and in many cases we also become the target – in some cases the scapegoat.

Sometimes, for example, the food industry gets blamed for obesity, and energy companies get blamed for bad air, and Internet service providers are challenged to protect customers from child pornography. In many ways, this world is still chaotic, but where order is being brought to it, increasingly and frequently, order is being brought – by governments. It is no accident that two years ago, the U.S. and Jordan signed the very first trade agreement that institutes labor and environmental rights; just as it is no accident that in the past two years, France, the EU, the UN and the World Bank have all launched new efforts to require reporting on sustainability issues.

The point is, this change is inevitable. This movement can only grow stronger, and we as companies can sit back and wait to be regulated in ways that we might not like very much, or we can take control of these issues for ourselves, and by doing so, bring more predictability and more sustainability, and hopefully in some cases, better solutions to a chaotic world.

The third good reason to do this is that increasingly, it's become clear shareowners and customers are rewarding companies that achieve social change through business. Of course, this is an age old question: will investors actually seek out companies that do the right thing? Increasingly, the numbers suggest that the answer is yes. The number of socially responsible mutual funds in the United States alone has gone from two firms holding \$66 million in assets in 1980, to nearly 200 funds today with assets over \$150 billion.

And in a recent study by Governance Metrics International, which rates companies on their governance, labor, environmental and litigation histories, it found that stocks of the top-ranked firms significantly outperformed the market over time; while low rated firms trailed the market. The companies that are worthy of investor's money, time, energy and investments will be those with similar values that can meet a higher standard of performance. I would also say that as all of us are focused on how to retain, and motivate, and empower our employees, increasingly, I believe this is an element that employees look for. People want to be part of an enterprise they can be proud of. People want to be part of something larger and more important than themselves.

And finally, the fourth good reason is enlightened self-interest. I believe corporate social responsibility is good for the top line and good for the bottom line; it is not just the right thing to do, it is the smart thing to do.

For many years, community development goals were philanthropic activities that were seen as separate from business objectives, not fundamental to them; doing well and doing good were seen as separate pursuits. But I think that is changing. What many of the organizations that are represented here today are learning is that cutting-edge innovation and competitive advantage can result from weaving social and environmental considerations into business strategy from the beginning. And in that process, we can help develop the next generation of ideas and markets and employees.

Let me give you a simple math equation that I as a CEO think about a lot. In my industry, we live in a world today where less than 10 percent of the world's population can afford to buy our products. Now, I think it is a CEO's job to think about a decade, not just a quarter, and so, if we look ahead not just to the next quarter but to the next decade, we know that many of the markets, and the consumers, and the ideas, and the partners, and the employees that we need to grow will come from that other 90 percent. And what we are finding is that by getting directly involved in sustainable development and education projects in the developing world and in under-accessed and under-privileged communities here at home, we are actually inventing products that we never would have imagined otherwise. We are building businesses, and building partners, and customers, and employees in the process. And if we can develop this part of the market, the returns are real and they are large.

Let me just give you one very simple example. One of our programs in e-inclusion is what we call an i-community, and an i-community is where we invest our people on the ground for up to three years, as well as money and products to work side-by-side with communities to help them achieve their goals – goals that the community sets for itself and that then we help empower and enable through the use of our managerial talent and through the use of technology.

We have one of these i-communities in a very rural, very impoverished area of India called Kuppam. We had a group of employees who went to Kuppam early on in this process, and observed that electricity was unreliable, to say the least. One of the ideas that came out of this revelation was a solar-powered printer and a solar-powered digital camera.

Digital photography, as you know, is a huge growth opportunity. Now, it just so happens that in India, every citizen must have a national ID card, and so what happens is villagers must travel on a periodic basis out of their village, and come into a city to have a photograph taken for their ID card. This is a time consuming process, and it takes them away from their villages and their work.

With this solar-powered digital photography studio – which is in fact what it is – we have created a new business; and today in this community, there are five women who have become entrepreneurs and who are now photographers. They travel around villages and they create national identity cards for people.

What's happened in that process? We've developed a new product; we've helped create new businesses that are sustainable, and we've also created partners and customers for life. Yes, it's a small start, but imagine the potential of something like digital photography in a market like India.

So, those are all the reasons why we believe it's the right thing to do; it's the smart thing to do. If we don't do it for ourselves, someone will do it for us, and increasingly, money is going towards companies who have a sense of social responsibility.

But I'd like now to touch on what we're doing specifically in the area of our environmental policies, because there are few places where building and sustaining solutions is more measurable or more vital than in the area of environment.

Now, the policies and the programs that I'm about to talk to you about have taken a lot of work, and we've also made our share of mistakes. And when we make mistakes, we try to learn from them. To me, one of the things that separate organizations that are successful corporate citizens from those who aren't is the understanding that mistakes are going to be made; things are going to be missed. And if you have a willingness to learn from those mistakes, I think we can succeed, instead of, for example, jumping ship at the first sign of trouble.

Perhaps more than most companies, I have the great privilege to lead a company that had respect for the environment wired into its DNA almost from the very beginning. Our co-founder, for example, Bill Hewlett, was one of the leading environmentalists of his day. And today, we are the largest consumer technology company in the world at almost \$18 billion in the consumer space. We're the largest small and medium business technology company in the world at almost \$20 billion, and we are a \$36 billion enterprise and public sector technology company.

We have, as a company, more than one billion customers in 178 countries – that's a lot of people, that's a lot of packaging, and that's potentially a lot of waste. It's one of the reasons why we're proud to have pioneered a Design for the Environment program as far back as 1992, and why we were equally proud to be one of the first global businesses to achieve ISO 14001 certification for our worldwide manufacturing operations. Like many of you, we are committed to providing products and services that are environmentally sound throughout their lifecycles; conducting our operations in an environmentally

responsible way, and creating health and safety practices and work environments that enable HP employees to work injury-free. We think this is not just fundamental to our citizenship, it is fundamental to our long-term business success.

Now, our ability to meet those commitments rests upon four pillars. Our first pillar – and this comes from mistakes we've made and things we've learned – is that for us to be good environmental citizens, we need a common set of goals that everyone can aspire to, and we need a system that continually seeks to improve the environmental performance of our operations.

Our approach begins with comprehensive standards we apply to each and every HP site. The system is managed through what we call our Environmental, Health and Safety Management System, and this system provides performance monitoring, management reviews, plans for corrective action and enforcement mechanisms when needed.

Our performance is monitored through regular audits, and these audits complement annual self-assessments that are conducted by each site and third party audits, and together, the system provides a strong basis for continual improvement.

The important thing here, of course, is to celebrate the good news, but also to pay even more attention to the bad news. Take climate change – like many of you, we work to reduce greenhouse gas emissions that contribute to global warming, and as part of that, we work with the EPA and their voluntary initiatives.

By tracking emissions company-wide, we learned that increased production and more complicated production specifications led to increased emission. We experimented with alternative materials that had no climate impact, but unfortunately in many cases, these materials didn't work in our processes. And so last year, we changed our whole approach to emission reductions from materials substitution – which had not been yielding the results we needed – to process changes, and we reduced emissions by 15 percent on a per unit basis. And we could not have come to that understanding, and therefore, we could not have made those improvements, without our audit process. Now, once we have results of the audit process, we report our environmental performance, and then we set new goals and targets for our operations, and the audit process begins all over again.

We still have a lot of work to do. I'm confident we will still make some mistakes – but I'm equally confident that we are moving in the right direction, and this, like every other aspect of success, is a journey, not a destination. You never arrive. You just have to keep going.

And the second pillar – or the second thing we've learned – is that environmental performance of our products and services is largely determined in the design stage. Through intelligent design, we can limit the environmental impact of our products and those of our customers.

The Design for Environment program that we began more than ten years ago has as its priorities energy efficiency, materials innovation, and design for recyclability. For every product category, we have a product steward that works with product designers and

research and development teams to identify, prioritize, and recommend environmental innovations for products.

Energy efficiency is one example where we've achieved good results not only for our own company, but for our customers. One area that we focused on is our large data centers. With thousands of servers, these centers consume a lot of energy and they generate a lot of heat, and so to reduce the energy used in cooling, a team of our HP Labs people has developed a system that reduced energy consumption by 25 percent, and this has saved us, just as an example in our own company, a million dollars a year.

Here's an example of where our customers also came in: we applied this same technology to reduce the massive server farm that DreamWorks uses. We're the technology supplier to DreamWorks. They used a massive server farm to create the movie, *Shrek*, and we used this same technology and installed more efficient work stations. Working with this technology, we were able to help DreamWorks enjoy 40 times the performance of their previous system, in the same physical footprint, for less money than they did with their earlier setup, and it also helped them save costs in overtime, in hardware, and in energy consumption.

We have been amazed, as another example, at the cost of material savings that simple changes in packaging can produce. For example, we have a new bag design for toner cartridges that eliminates the need for end caps or a core-dated wrap around the boxes, and it allows us to reduce the box size by 30 percent and ship 40 percent more boxes per pallet. Now, that may not sound like a lot, but to a company that ships millions of these pallets every year, the savings are huge for us on our bottom line, as well as for the environment.

And the same goes for simple system changes. HP Personal Systems Group developed a bulk pack for large orders of PCs. Instead of packing them individually, we packed several PCs together on one container. That simple idea helped reduce packaging waste by 86 percent, and it translated into savings of about \$4 million for us in 2003, not to mention all the trees.

Now, I really do know that everyone here has their own examples, and we have a lot of work left to do to continue to be more efficient in our use of paper and plastics, but the point is that paying attention to small details can make a big difference, and the point also is to think about this way up at the front end of the design process, not after the fact.

The third thing we've learned – so our third pillar for meeting our commitments – is that when it comes to state-of-the-art recycling systems, we've learned that if we build it, they will come. Recycling is an area that HP has worked on for 10 years or more. We were one of the first companies to offer recycling programs for our LaserJet print cartridges in 1992, and our goal here is to offer customers a return and recycling service for as many HP products as possible, and provide an environmentally sound, end of life solution to reduce waste and to conserve resources.

Today, our return and recycling program, which we call Planet Partners, covers the return

of computer hardware and HP print cartridges. Our computer hardware recycling program operates in more than 20 countries, and interestingly, in some of those 20 countries we have enterprising entrepreneurs who have made a business out of taking those recycled parts and making something interesting and useful out of them. It works through specialist vendors that reclaim and recycle computer products made by HP and our competitors. We use two recycling facilities in the U.S., and a multitude of recycling vendors throughout Europe. Our operations are reviewed regularly to maintain the highest environment, labor, and union rights standards.

Now obviously, not only does this reduce the amount of garbage that goes into landfills, it is also smart business for us. It's about saving money. One interesting statistic is that you get six ounces of copper when it is mined from a ton of ore – but you get twice as much copper by recycling one ton of electronic products that goes through one of our recycling facilities.

Again, good recycling starts with designing products that are easier to upgrade and recycle, and that's expressed in many different ways – from eliminating glue and adhesives from product construction, to reducing the numbers and types of materials in HP products. We've tested new ways to recycle material in our products and to use recycled material to build our products.

Earlier this year, for example, we qualified and began to use a scanner part that is made completely from recycled plastic. The scanner carriage cover comprises 25 percent plastic from recycled HP InkJet cartridges, and 75 percent post-consumer plastic from soft drink bottles. And we even have some people in HP Labs experimenting today with a printer made entirely of recyclable cornstarch, not yet production-ready, but a really interesting idea.

Now of course, we know that products made with recycled content must continue to meet all of our own requirements and customer expectations, so we're not willing to lower our quality or our performance specifications, but so far, we are finding with the products we have on the market that we have not had to do that.

In the meantime, we continue to encourage sustainability by offering free recycling for HP LaserJet and InkJet cartridges. Customers can return empty HP original print cartridges by following simple instructions on the packaging, our web site, or even by phone, and some of the recyclable plastics are turned into products, such as auto parts or trays or wire spools. In total, we have recycled nearly 60 million HP LaserJet cartridges to date.

We were the first company to offer InkJet cartridge recycling here in the United States, and today, I'm pleased to announce a trial program where we are going to be adding U.S. postage-paid recycling envelopes in our packaging for two of our most popular HP InkJet cartridge products. For those of you who are customers – and I know all of you are – we're talking about numbers 56 and 57, but we believe this prepaid envelope is going to take our recycling program to a whole new level.

Now, we still have a lot to learn on recycling. Two of the big challenges we face are closing the loop on end-of-life IT equipment so that materials are recovered and reused by efficiently integrating our environmental design, reuse and recycling efforts across all of our product lines in a better way, and frankly, we still have a lot of waste.

The other thing we still have to work on is to continue to find cost effective ways not only to comply with emerging laws on recycling, but also to lead. All told, we still have a long way to go toward achieving the technological innovations required to maximize the recyclability of our products and developing the logistics required to implement global take-back of our products through a viable business model. And I know there are some great ideas around those topics that will be discussed at the conference here today.

Now, all the things that I've described so far are things that we have direct control over, but one of the truths about our business is that suppliers are key to our whole manufacturing process. We have a global network of more than 10,000 suppliers, and thousands more support our operations. So it is in this vital supply chain – and we have the largest supply chain in the technology industry today, almost \$46 billion a year – it is in this supply chain that we have some of our most significant social and economic impact, but we also have only a limited amount of control.

And so, our fourth pillar is that we can manage our supply chain to improve our environmental performance, but it is a major challenge for us. And while we're making progress – and two of the people who have helped us make a lot of progress are here today – it's going to also take us time.

Last year, we adopted a Supply Chain Social and Environmental Responsibility policy with a Supplier Code of Conduct that covers everything from employment, environment, and health and labor policies, to safety practices. Our goal is to use the leverage that our size gives us to get all of our suppliers to embrace and institutionalize the code of conduct.

The first step was to assess our 40 largest suppliers in 2003 – they collectively account for more than 70 percent of the total that we spend on product materials. Our experience supports the excellent report that BSR recently issued on this subject. I would be less than candid if I said to you this is easy. It is not. Most of our 40 largest suppliers are large, multi-national companies like us. Frankly, some of them took umbrage at being asked to sign our code; others wanted us to accept their citizenship reports as proof of their adherence; while some others flat out refused and discussions continue.

But the big stumbling block actually was in enabling them, helping them, asking them to provide the level of detailed information that we're asking for, and so we've worked with them to help them understand that we're not just tweaking them. We're not just trying to be objectionable here, but we really do want to make sure that their practices are within the bounds of our code, so that we can look our customers in the eye and say that we're sure that the product you're buying is consistent with our standards. But it is a dialog and there's learning going on on both sides.

At the end of our fiscal 2003 which we just concluded, we met our goal of engaging 50 suppliers so far, and we have gotten our top 45 suppliers on board, and that represents almost 80 percent of the total we spend on product materials. At this point, we've contacted an additional 100 suppliers in high risk and other categories for 2004 and beyond, but this is going to be an ongoing learning process – one that is difficult, but we think it's clearly worth the effort.

So, those are our four pillars and the numbers that we have in place today. Now, there may be some of you in the audience today who are saying, 'Wow, we don't yet have those same kinds of systems.' Maybe it's going to be years before you think you will reach that point, and, gee, is it really worth all this time and effort?

We've been at this for quite a long time. I think one thing I would say to you is not to worry too much about having the perfect strategy or answering every question of your critics. If you believe that the sustainability of your company is in play, if you believe that you can make a difference in a way that is meaningful to your customers, and your partners, and your shareowners, and your employees, just start the journey. Don't wait for perfection. Don't wait until all the pieces are together. Don't worry that your company doesn't have every single policy or written value statements. Just start the journey, and keep going.

We have been at this for more than six decades, and we still have a lot to learn. But, of course, the greatest opportunity missed is the one that is never tried in the first place.

Now, I'm going to close and take your questions, but before I do that, let me just add one other thought. For those of you who are seen our ads, you know that they end with a tagline, 'Everything is possible.' That is more than a tagline – I actually believe that. I don't believe that everything is easy...I don't believe that everything happens right away...I'm realistic enough to know that not everything happens just the way you think it will.

But I do believe that when people work together and are committed to a worthy goal, that everything is possible. And so I really do believe that together we can create the kind of future we want, that we can all work to make a profit while making a contribution and making a positive difference; that we can use our skills, and our knowledge, and our resources not only to advance the success of our companies, but to advance the cause of humanity, and that we really can all look back on our careers and be proud of what we did to leave this world a better place than we found it. That is our promise as well as our challenge here today, and HP is proud to be on that journey with you. Thank you very much.

## Questions & Answers

**Question:** Hi, I'm Judy Pendleton with the Aspen Institute, and I just want to thank you for being here. I think the mix of honesty and inspiration you provide this morning is a great start to the conference, so thanks. My question has to do with the ways in which business can continue to leverage power also in Washington on this front, and I'm curious

at HP what kind of conversation you're having internally or within industry associations to kind of set the bar higher?

**Carly Fiorina:** I think first, it is a really important part of any corporate responsibility, social responsibility program. In fact, Debra Dunn, who is here today, leads our corporate social responsibility programs for HP. Debra, you might just stand up for a second so people know who you are... This is Debra Dunn, who has provided great leadership, but she also has responsibility for our public affairs programs, both in Washington and around the world, because there is obviously a lot of synergy between what we practice and what we practice or encourage in terms of policy making.

So without getting into specifics, I guess I would say the role that HP generally tries to play as we talk with government officials – whether those government officials are in Washington, or in the State of California, or in a specific community – is to first and foremost, particularly around the area of environment, focus on producer responsibility.

That is not to say that we don't believe government has a real role, because we believe they do, but it is to say that we think producers – companies like HP – have a set of responsibilities that they need to step up to. And so, what we're always trying to marry is what is this set of responsibilities that a company should step up to, and what are the sets of policies that a government should step up to?

Generally speaking, in this area as well as in other areas, we like to encourage policy makers to focus their sights on policy making, not on describing what I would call the ceiling solution – the perfect solution that represents the height of aspiration. Instead, what they should focus on is the floor – that is, what is the minimally acceptable set of standards, or policies, or procedures, and ask producers to accept the responsibility to then go above that if they choose. And we as a company find that going above minimum standards in most cases gives us a competitive advantage.

So we're always looking to see what is the producer's responsibility, what is the government's role, and how can a producer go above and beyond a minimally acceptable set for competitive advantage, as opposed to a government saying everyone should meet the absolute highest standards.

**Question:** Hi, Carly. My name is Steve Brandt. I'm a business futurist out of the Wharton School, and, first, I don't know whether to try to propose you for a Nobel Peace Prize, or ask you to run for president, but my question has to do with HP's activities to reach out to the public and, as you say, let people know that everything is really possible so that the public will start to demand that level of aspiration. I recently discovered that one of the organizations you're associated with is Walt Disney. HP is the prime sponsor of the Mission to Mars attraction at Disney World, and to me, if we had a healthy, sustainable society, we could really afford to do that. It wouldn't just be a theme attraction. So I'm wondering if HP has any additional plans to work with the entertainment world, with its power to help people dream, so that we can get to that knowledge that everything is possible?

**Carly Fiorina:** Well, we certainly do a lot of work with the entertainment world. I'm not sure it's exactly focused the way you're describing. I mentioned that we worked very closely with DreamWorks. We are the major technology supplier to the Disney Company as well, and for those of you who aren't aware, our relationship with Disney really spans the entire breadth of our portfolio and is a relationship with consumers together, which is what the Mission: SPACE attraction really is all about. By the way, there's a really cool sweepstakes going on, so you can look up that, but it's a consumer engagement, and it's also a more traditional customer supplier engagement where we supply the technology to them, both in terms of rendering movies and theme parks.

We're engaged with a lot of other players in the entertainment industry, as well. And some of the work that we've done, particularly in the last nine to 12 months, has really been focused on trying to find the right set of solutions and compromises between the technology industry and the entertainment industry on hot topics like digital rights management, protection of intellectual property, etc., where once again, we're trying to play an honest broker kind of role and talk about the role that technology can play and the role that new business models, for example, can play.

I think in many cases, convincing people that everything is possible, or that you achieve more by aspiring to more, as opposed to aspiring to less, that's one of those things where actions speak louder than words, and over time, I don't think it's something you talk about as much as you do. We are a company that achieves a great deal because of the contributions of our partners. We are a partner by strategy and by choice, and so in working together with partners, we are focused on achieving higher and higher goals.

I guess the last thing I would say is that the people of HP represent all that is good and true about this company – including the power of our aspiration and the power of our contribution, and when you have 140,000 employees, they also by their own personal example, can have a big impact, and I know they do.

**Question:** Good morning. Thank you so much for your presentation. I'm Susan Aaronson from the Kenan Institute, and I'm very grateful for your company's support of something that we worked on, which was to examine the role of government in promoting global corporation responsibility. I wonder if you might build on what you said about the role of government and the role of the private sector, specifically regarding human rights. Could you discuss a little bit about what HP's strategy is regarding its human rights role in nations with inadequate governance, like China, where human rights aren't protected at all?

**Carly Fiorina:** So obviously, this is a very important subject, and it is one that comes up a lot. We have, for example, really every year at our shareowners' meetings at least one shareowner proposal that basically recommends that we cease doing business in China because of the known human rights violations.

We actually take a different point of view, and have taken a different point of view since we first entered China in the '70s, when Dave Packard first opened our very first joint venture there.

And our view is that we can do more to impact societies by positively engaging than in most cases we can do by withdrawing. Now, there are some exceptions to that. Hewlett-Packard was one of the companies that for example, withdrew from South Africa during apartheid, but generally speaking, we have been candidly very vocal in our support of China's entry into the WTO – in large part because we know that our participation in the Chinese market has created better opportunities for people, better living wages for people, better working environments for people, and higher standards for the suppliers with whom we do business.

It's not to say everything is perfect. It is to say that we believe we have made a positive contribution towards those kinds of societal goals. We also believe that technology is a huge leveler, and that technology creates awareness and opportunity.

I believe, by the way, the Chinese are very much aware of this as well. It is the Chinese country's and Chinese government's great objective to create a competitive, knowledge-based economy, but in order for them to create a competitive knowledge-based economy, they need certain things to happen. They need to have an economy that is protected by the rule of law. They need to have an economy that values and respects intellectual property. They need to have an economy where companies like ours feel free to invest, and all of those conditions require improvement over time.

It is also true that the Internet – I mean, you all know this – but the Internet is one of the great social organizing tools of all time. And the more technology becomes embedded in these repressive societies, the more awareness there is of alternatives, and the more opportunity there is for groups to be heard demanding alternatives. So I guess, all in all, I would certainly agree that these are important issues.

We certainly agree that we can make a positive impact in terms of how we work, how we employ, how we partner with our supply chain, but it is a place where we believe we can make more of a difference by staying engaged and focused on making a difference than we can by protesting and preaching.

Thank you.