



Public policy

Sharing knowledge and experience with government officials and regulators is an important role for business, as industry insights can contribute to effective policies. HP engages with policy makers to pursue laws and regulations that encourage growth and innovation in a socially and environmentally responsible manner. HP's public policy work complies with all applicable laws and our [Standards of Business Conduct](#) (SBC).

Policy priorities in 2011

Our public policy work focuses on the areas below. In addition, several themes cut across our priority areas, such as cloud computing, privacy and data security, and education. More detail on our policy positions and activities is available in our [global issue briefs](#).

Tax and economic incentives

HP promotes tax policies and economic incentives that encourage innovation, growth, and job creation. We advocate comprehensive tax reform that will move the United States' worldwide tax system to a competitive territorial tax system, to help ensure U.S.-based companies like HP can compete in global markets. We also work with national governments to devise attractive incentives such as research and development credits to encourage companies to operate in those countries.

Market access

Sixty-six percent of HP's sales were outside the United States in 2011. We support comprehensive and progressive trade agreements that include commitments to liberalize markets for our products and services and increase transparency in government procurement, regulations, and standards. We also support agreements that include strong commitments based on clear rules to protect intellectual property, labor standards, and the environment. In 2011, the United States Congress passed free trade agreements (FTAs) with Colombia, Panama, and South Korea. HP executives and employees supported these FTAs by writing more than 1,000 letters to members of Congress and composing opinion editorial pieces that were featured in local publications in Washington, D.C. HP strongly supported these trade agreements as they eliminate barriers to the spread of technology, enabling businesses to be more productive as well as encouraging economic growth and job creation.

Intellectual property rights

Our business is based on innovation and relies on fair and efficient intellectual property protection. However, many current patent and copyright systems do not provide adequate protection for legitimate digital content distribution, so we support policy reform that provides a reasonable balance between the interests of consumers, technology equipment manufacturers, and intellectual property rights holders. We also support further reform to curb abusive patent litigation and strengthen the patent system in the United States. Additionally, we support the need for new, more effective systems for rights holders' compensation.

Anti-counterfeiting

Counterfeiting poses a sizable challenge to HP globally and is more sophisticated and pervasive than ever before. It costs the information technology industry an estimated \$100 billion USD of annual revenue globally.¹ The sale of fake goods can damage our brand, and the loss of income lessens our ability to create jobs and develop new technological advancements. We work with law enforcement and government officials worldwide to help remove illicit goods from the market.

HP seeks to toughen laws and prosecute counterfeiters, whether small vendors or large manufacturers. We are focusing on countries in the Americas, the European Union (EU), the Middle East, Eastern Europe, and East Asia. We are forming country-specific partnerships to address the most pressing local concerns.

In 2011, we supported recently passed U.S. legislation that allows U.S. Customs to share information on suspected counterfeit imports with the rights holder. We also led initiatives around the world to educate government officials on the economic and social implications of allowing counterfeit products into a local marketplace.

Social and environmental responsibility

HP continues to drive advancements in public policy that help address global environmental and social concerns. A few examples from 2011 include:

- Signing the [2°C Challenge Communiqué](#) produced by the Corporate Leaders Network for Climate Action, in advance of the COP17 United Nations Climate Change Conference in Durban, South Africa. Signed by hundreds of corporate leaders worldwide, the communiqué calls for international government action to stabilize global average surface temperatures at a maximum 2°C above preindustrial levels.
- Our response to the EU Commission's public consultation on cloud computing, which highlighted our work on [protecting privacy and personal data](#). Consultation responses will inform the European cloud computing strategy, due for publication in 2012.
- Our leadership in the development and support of a public/private alliance for the Democratic Republic of the Congo (DRC) focused on in-region minerals traceability and certification. We also worked hard to develop practical regulations aimed at creating transparency on the use of conflict minerals in products. In 2011, we supported the U.S. Congress, U.S. Securities and Exchange Commission, and U.S. Department of State on the implementation of the Dodd-Frank Act introduced in 2010. See Conflict minerals on page 87 for full details.

Memberships and coalitions

Most of our public policy engagement is carried out by our Government Relations team. In addition, industry associations provide a collective voice that can efficiently reach government officials. We list the major associations HP belongs to worldwide on our [Government Relations](#) website and disclose the proportion of our membership fees that each association in the United States used for lobbying purposes in 2011.

We enhance our work with key officials in regions where we have significant business interests by engaging external consultants, including professional contract lobbyists with particular expertise within their region. While not HP employees, they work with us closely and strictly adhere to regulations within their country or region, as well as HP's SBC.

Political engagement

In 2011, HP contributed \$1,136,447 USD to state and local candidates, political memberships/sponsorships, and ballot measure campaigns in the United States. These contributions aligned with our policy positions and complied with HP's political guidelines, SBC, and applicable laws.

U.S. law prohibits corporate contributions to federal political candidates. However, eligible employees can make voluntary donations to the HP Political Action Committee (PAC) and legacy EDS PAC. These are separate legal entities from HP that contribute to campaigns for Democrat and Republican U.S. congressional candidates who share our policy views. In 2011, these PACs contributed a combined \$542,200 USD. HP does not make political contributions outside the United States.

See historical data in Public policy on page 165.

Learn more on our [Government Relations](#) website:

- Policies for corporate and PAC political contributions
- Criteria and responsibilities for approving political contributions
- List of candidates that received corporate or PAC contributions in 2011
- List of section 527 organizations² that received contributions from HP in 2011

¹ [Managing the Risks of Counterfeiting in the Information Technology Industry](#), page 2, KPMG LLP and the Alliance for Gray Market and Counterfeit Abatement.

² The term "527 organization" refers to a U.S. political organization that is not regulated by the Federal Election Commission. These organizations are created under Section 527 of the Internal Revenue Code.